



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-9000

THE GOVERNMENT NATIONAL
MORTGAGE ASSOCIATION

August 13, 2004

MPM-04-05

MEMORANDUM FOR: All Participants in the Ginnie Mae Multiclass Securities Program
FROM: George S. Anderson, Executive Vice President
SUBJECT: Modification of Policy Regarding Non-Sticky Jump and Sticky Jump Classes

The purpose of this Multiclass Participants Memorandum (“MPM”) is to inform interested parties in the Ginnie Mae Multiclass Securities Program of a change in policy regarding the issuance of Non-Sticky Jump and Sticky Jump classes (“NSJ and SJ classes”).

Effective immediately for transactions with a closing date of August 30, 2004, and thereafter; the requirements for NSJ/SJ classes are as follows:

| New Ginnie Mae NSJ/SJ Policy | Previous Ginnie Mae NSJ/SJ Policy |
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| 1. Jump conditions for the Accrual Amount payment rules have to be identical to the corresponding Principal Amounts payment rules. | 1. Previously, Ginnie Mae did not have written guidance on Accrual payment rules matching the Principal payment rules. However, in practice such differences in Accrual and Payment rules have been raised and discussed. |
| 2. The Non-Sticky Jump (“NSJ”) and Sticky Jump (“SJ”) designations will apply only to those classes subject to a single trigger. Any trigger calculated with reference to a prepayment speed or schedule must be structured at a single PSA or CPR speed. No other vectors or schedules without a single structuring speed will qualify for the NSJ or SJ designation. Further, no Segment or Component class will qualify for these designations. The minimum denomination for NSJ and SJ classes will be increased to \$100,000. | 2. Ginnie Mae Non-Sticky Jump (“NSJ”) and Sticky Jump (“SJ”) designations were applied to both single and multiple trigger configurations. Previously, Ginnie Mae had no restriction on the use of Segments or Components for NSJ classes. Ginnie Mae’s previous minimum denomination was \$50,000 for NSJ and SJ classes. |

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| <p>3. Any class subject to more than one priority-changing condition or any jump condition that fails to meet all of the requirements set forth above in paragraph 2 will receive a designation of “Jump” (“JMP”). In the case of each Jump class issued, we will require the modification of the Sponsor Agreement be modified to represent that each Jump (“JMP”) class sold by the Sponsor is a suitable investment for the applicable purchasers. The minimum denominations for each Jump class will be increased to \$1,000,000.</p> | <p>3. Previously, Ginnie Mae did not have a Jump (“JMP”) class designation to alert or indicate a higher level of risk regarding complex Jump class conditions.</p> |
| <p>4. In the case of Re-REMICs backed by NSJ, SJ or JMP classes, additional priority-changing conditions remain prohibited. Further, Re-REMICs backed by NSJ, SJ or JMP classes will be subject to the same designation requirements as apply to classes generally as described above. Furthermore, in the case of Re-REMICs, Ginnie Mae prohibits any additional priority changing conditions on the top level REMIC and will continue to evaluate each security group backed by an underlying Re-REMIC will be evaluated on its own merits.</p> | <p>4. Previously, Ginnie Mae did not specifically address Re-REMICs backed by NSJ or SJ classes. Ginnie Mae viewed a security group backed by a Re-REMIC as a stand-alone group that must stand on its own merits</p> |

Ginnie Mae is modifying the policy regarding the issuance of NSJ/SJ classes to meet the needs of issuers and investors of Ginnie Mae multiclass securities. Capitalized terms used herein and not otherwise defined will have the meaning ascribed to them in the Ginnie Mae Multiclass Securities Guide.

Questions regarding this MPM should be referred to the Office of Capital Markets at (202) 401-8970.