
APPENDIX IV-24
FORM HUD 11728-II - PROSPECTUS
GINNIE MAE II MORTGAGE-BACKED SECURITIES
(MANUFACTURED HOME LOANS, INCLUDING COMBINATION LOANS
ON MANUFACTURED HOMES AND LOTS)

- Applicability:** Ginnie Mae II MBS Program only.
- Purpose:** To provide a standard form of prospectus for securities backed by MH pools.
- Prepared by:** Issuer, unless the pool is submitted by GinnieNET or is a multiple issuer pool. If the pool is submitted by GinnieNET or is a multiple issuer pool, then the CPTA prepares the prospectus.
- Prepared in:** Number of copies needed for distribution below. The issuer or the CPTA, as appropriate, should reproduce this form HUD 11728-II as needed.
- Distribution:** Each primary purchaser of securities from the issuer. Unless the pool is submitted by GinnieNET or is a multiple issuer pool, the issuer must submit one copy to the PPA at a time consistent with the pool processing time requirements set forth in Section 10-7 of the Guide for the type of pool involved.
- Completion Instructions:** The circled numbers on the attached form correspond to the numbers listed below.
1. Aggregate original principal amount of proposed issue.
 2. Interest rate, per annum, stated on the securities.
 3. Full legal name of issuer, in the case of a custom pool or "Multiple Issuer," in the case of a multiple issuer pool.
 4. Commitment number previously assigned by Ginnie Mae, followed by the suffix "C" or "M" and by the program suffix "MH."
 5. The first day of the month of issue.
 6. The 20th day of the month next following the month of issue.
 7. The 20th day of the month following the month in which the latest maturity of a mortgage listed on the Schedule of Pooled Mortgages, form HUD 11706, occurs.
 8. Full legal name of Central Paying and Transfer Agent.

-
-
9. If the pool is a multiple issuer pool, the CPTA will type the following table and the required information on the “Annex - Special Disclosure”:

<u>Multiple Issuer Pool</u>		
<u>Name of Issuer</u>	<u>Number of Loans Contributed</u>	<u>Aggregate Original Principal Amount Contributed</u>

Ginnie Mae Guaranty

Ginnie Mae is a wholly-owned corporate instrumentality of the United States of America within the Department of Housing and Urban Development with its principal office at 451 Seventh Street, S.W., Washington, D.C. 20410. Timely payment of principal of and interest on the Securities is guaranteed by Ginnie Mae pursuant to Section 306(g) of the National Housing Act of 1934, as amended (the “National Housing Act”). Section 306(g) provides that “[t]he full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection.” An opinion, dated December 9, 1969, of William H. Rehnquist, Assistant Attorney General of the United States, states that such guaranties under Section 306(g) of mortgage-backed securities of the type offered hereby are authorized to be made by Ginnie Mae and “would constitute general obligations of the United States backed by its full faith and credit.”

Borrowing Authority—United States Treasury

Ginnie Mae, in its corporate capacity under Section 306(d) of the National Housing Act, may issue to the United States Treasury its general obligations in an amount outstanding at any one time sufficient to enable Ginnie Mae, with no limitations as to amount, to perform its obligations under its guaranty of the timely payment of the principal of and interest on the Securities offered hereby. The Treasury is authorized to purchase any obligations so issued.

The Treasury Department has indicated that it will make loans to Ginnie Mae, if needed, to implement the aforementioned guaranty as stated in the following letter:

The Secretary of the Treasury
Washington

February 13, 1970

Dear Mr. Secretary:

I wish to refer to your letter of November 14, 1969 asking whether the timely payment of principal and interest on mortgage-backed securities of the pass-through type guaranteed by the Government National Mortgage Association under Section 306(g) of the National Housing Act under its management and liquidating function is a function for which the Association may properly borrow from the Treasury.

It is the opinion of the Treasury Department that the Association may properly borrow from the Treasury for the purpose of assuring the timely payment of principal and interest on guaranteed pass-through type mortgage-backed securities as described in Chapter 3 paragraph 6 of the Mortgage-Backed Securities Guide dated December 1969. Accordingly, the Treasury will make loans to the Association for the foregoing purposes under the procedure provided in subsection (d) of Section 306 of Title III of the National Housing Act.

Sincerely,
DAVID M. KENNEDY

The Honorable George Romney
Secretary of the Department of
Housing and Urban Development
Washington, D.C. 20410

Manufactured Home Loans

The Securities are based on and backed by a pool of secured loans (the “Loans”) described below. The Issuer has represented that each Loan is a manufactured home loan, or a combination loan secured by a manufactured home and a developed manufactured home lot acquired in a single transaction, that is insured by the Federal Housing Administration (“FHA”) or guaranteed by the Department of Veterans Affairs (“VA”). The term “loan,” as used herein, may include one or more of the following: a note, a security instrument that secures the note or a retail installment sales contract.

The Issuer has also represented, except as otherwise disclosed in the “Annex — Special Disclosure,” that (a) the first scheduled monthly payment for each Loan is not more than 48 months prior to the Issue Date, (b) at least 50% of the original principal amount of the pool constitutes Loans that have original maturities equal to that of the Loan with the latest maturity, (c) no Loan has a maturity that exceeds the term of any other Loan by more than 60 months, and (d) no Loan is more than 15 days delinquent as to scheduled payments as of the Issue Date. Except for the first and last scheduled payment, each Loan provides for repayment in equal monthly installments, sufficient to repay the Loan by its scheduled maturity.

Each Loan bears interest at a fixed rate per annum. The highest such rate included in the pool may not exceed the lowest such rate by more than 1.50% per annum. Each Loan will bear interest at a rate of at least 2.25% (but not more than 4.75%) above the interest rate borne by the Securities.

If any of the foregoing representations, or any other representation made by the Issuer, is incorrect with respect to any Loan, the Issuer may be required by Ginnie Mae to purchase the Loan from the pool. Additionally, if any Loan comes into default and continues in default for a period of 90 days or more, the Issuer is permitted to purchase it from the pool. In either event, the remaining principal balance of the Loan will be passed through to the Security Holders as an unscheduled recovery of principal. See “Maturity, Prepayment, and Yield” herein.

Book-Entry Registration

The Securities initially will be issued and maintained in uncertificated, book-entry form, except that Securities issued in conversion of Ginnie Mae I securities may be issued in certificated form. Subsequent to closing, an investor may request that its book-entry Security be issued in certificated form. So long as they are maintained in book-entry form, the Securities may be transferred only on the book-entry system of the Depository. In the case of the book-entry Securities, Ginnie Mae guarantees only that payments will be made to the Depository in whose name the Security is registered.

Investors in book-entry Securities will ordinarily hold such Securities through one or more financial intermediaries, such as banks, brokerage firms, and securities clearing organizations. An investor in a Security held in book-entry form may transfer its beneficial interest only by complying with the procedures of the appropriate financial intermediary and must depend on its financial intermediary to enforce its rights with respect to a book-entry Security.

Certificated Registration

By request made through the Issuer or a securities dealer, accompanied by a transfer fee, an investor in book-entry Securities may receive from the central paying and transfer agent (“CPTA”) for the Securities a Security in fully registered, certificated form.

Securities held in fully registered, certificated form will be fully transferable and assignable, but only on the security register maintained by the CPTA (the “Security Register”). A Security Holder of a fully registered, certificated Security or its designated representative may transfer ownership or obtain a denominational exchange of its Security on the Security Register upon surrender of the Security to the CPTA at its Ginnie Mae transfer window, or through the mail, if the Security is duly endorsed by the Security Holder using the form of assignment on the reverse side thereof or any other written instrument of transfer acceptable to Ginnie Mae. A service charge in an amount determined by Ginnie Mae will be imposed for any registration of transfer or denominational exchange of a Security, and payment sufficient to cover any tax or governmental charge in connection therewith will also be required.

Payments of Principal and Interest

The Securities will provide for payments to Security Holders to be made by the CPTA using funds provided by the Issuer. Payments of principal and interest are required to be made to registered holders of the Securities in monthly installments by the twentieth calendar day of each month (or, in the case of payments on book-entry Securities, if such twentieth day is not a business day, on the next following business day). The first such payment is required to be made on such day in the month following the month in which the Issue Date occurs.

Amounts payable on each Security in respect of interest on each monthly payment date will equal the product of (i) one-twelfth of the interest rate specified on the cover page hereof, and (ii) the remaining principal balance of such Security at the end of the prior month. Principal payments on each monthly payment date will equal the sum of (i) all scheduled principal payments due on the Loans on the first day of the month immediately preceding the month of such payment date, and (ii) all unscheduled payments (including prepayments) and other recoveries received on the Loans during the preceding month. The maturity date for the Securities is set forth on the cover page hereof and is based on the latest maturity date of any Loan included in the pool.

The Issuer is required to make available to the CPTA the full amount described above prior to each monthly payment date regardless of whether sufficient amounts have been collected on the Loans.

Monthly payments on the Securities will be allocated among the holders of each Security in the proportion that the original principal amount of such Security bears to the aggregate original principal amount of the Securities.

Monthly payments on Securities held in book-entry form will be paid to the Depository for allocation and payment to the investors in accordance with the Depository’s procedures.

Monthly payments on Securities held in fully registered, certificated form will be paid to the Security Holder in whose name the Securities are registered on the last day of the month preceding the month in which the payment is made. Payments will be made by check or in such other manner as may be prescribed by Ginnie Mae. The CPTA will issue a single check (or otherwise consolidate payments) to each Security Holder each month for all payments due the Security Holder for all of its Ginnie Mae II securities. Final payment on a fully registered, certificated Security will be made only upon surrender of the outstanding certificate.

Denominations

The Securities will be issued in minimum dollar denominations representing initial principal balances of \$25,000 and in multiples of \$1 in excess thereof, except that Securities issued in conversion of Ginnie Mae I securities may be issued in amounts less than \$25,000.

Servicing of the Loans

If the suffix of the pool number on the cover hereof includes a “C,” the pool is a “custom” pool, which means that the Mortgages were all pooled by a single Issuer, who is named on the cover hereof and on each Security. The Issuer of a custom pool is responsible for servicing all of the Mortgages.

If the suffix of the pool number on the cover hereof includes an “M,” the pool is a multiple issuer pool, which normally means that the Mortgages consist of two or more “loan packages,” each contributed by a different Issuer (a multiple issuer pool may contain only a single loan package in some cases). If the Mortgages constitute a multiple issuer pool, the term “Multiple Issuer” appears on the cover hereof and on each Security, and each Issuer is named, and the portion of the pool it contributed is stated, on the “Annex — Special Disclosure.”

If the Mortgages constitute a multiple issuer pool, each Security is backed by all of the Mortgages and not merely the Mortgages contributed by a single Issuer. Each Issuer, however, has undertaken to service only the Mortgages it contributed to the pool and to perform certain administrative duties only with respect to those Mortgages. No Issuer is responsible for performing such functions with respect to Mortgages contributed by another Issuer, and no Issuer is responsible for any act or omission of any other Issuer.

Under contractual arrangements between the Issuer and Ginnie Mae, an Issuer is responsible for servicing and otherwise administering the Loans that it contributed to the pool in accordance with FHA and VA requirements, as applicable, Ginnie Mae requirements, and servicing practices generally accepted in the mortgage lending industry.

The monthly remuneration of the Issuer for its servicing and administrative functions with respect to each Loan (a) will depend on whether the Loan is insured by FHA or guaranteed by VA and on whether it is secured by a manufactured home only or by a manufactured home and developed lot and (b) will be one-twelfth of an amount ranging between 2.25 percent to 4.75 percent of the outstanding principal amount of the Loan. The amount will be withheld by the Issuer out of interest payments collected on each Loan. Late payment fees and similar charges collected will be retained by the Issuer as additional compensation. The Issuer will pay (a) to Ginnie Mae monthly a guaranty fee of not more than one-twelfth of 0.30% of the outstanding

principal amount of the Loans and (b) all other costs and expenses incident to the servicing of the Loans.

Custodial Agent

The underlying loan documentation for the Loans will be held in custody by a document custodian acceptable to Ginnie Mae.

Termination of Pool Arrangement

If the Loans constitute a custom pool, the pool arrangement may be terminated at any time prior to the maturity date of the Securities, provided that the Issuer and all holders of the outstanding Securities have entered into an agreement for such termination. Upon formal notification with satisfactory evidence that all parties to the termination agreement have concurred, and return of all certificated Securities to Ginnie Mae for cancellation, the guaranty will be terminated.

Federal Income Tax Aspects

A Security Holder generally will be treated as owning a pro rata undivided interest in each of the Loans. Accordingly, each Security Holder will be required to include in income its pro rata share of the entire income from the Loans, including interest (without reduction for servicing fees, to the extent those fees represent reasonable compensation for services) and discount, if any. The income must be reported in the same manner and at the same time as it would have been reported had the Security Holder held the Loans directly.

A Security Holder will generally be entitled to deduct its pro rata share of servicing fees, to the extent those fees represent reasonable compensation for services. However, an individual, trust, or estate that holds a Security directly or through a pass-through entity (e.g., a partnership) must treat servicing fees as miscellaneous itemized deductions, which are deductible only to a limited extent in computing taxable income and which are not deductible in computing alternative minimum taxable income.

Interest paid on the Securities will qualify as portfolio interest. Consequently, payment of interest to a Security Holder who is a non-resident alien or a foreign corporation will not be subject to withholding tax provided that the Security Holder properly certifies to the withholding agent the Security Holder's status as a foreign person.

THE FOREGOING REPRESENTS ONLY A SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES RELATED TO AN INVESTMENT IN A SECURITY.

PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX TREATMENT OF THE ACQUISITION, OWNERSHIP, AND DISPOSITION OF A SECURITY.

Maturity, Prepayment, and Yield

An investor considering a purchase of the Securities should consider the following factors.

1. The rate of principal payments (including prepayments) of the Loans underlying the Securities will affect their weighted average lives and the yields realized by investors in the Securities. The Loans do not contain “due-on-sale” provisions. Any Loan may be prepaid in full or in part at any time without penalty. The rate of payments (including prepayments and recoveries in respect of liquidations) on the Loans depends on a variety of economic, geographic, social, and other factors, including prevailing market interest rates. The rate of prepayments with respect to loans similar to the Loans has fluctuated significantly over the years. Also, there is no assurance that prepayment patterns for the Loans will conform to patterns for conventionally-financed, fixed-rate loans. In general, if prevailing loan interest rates fall materially below the stated interest rates on the Loans (giving consideration to the cost of refinancing), the rate of prepayment of those Loans would be expected to increase. If loan interest rates rise materially above the stated interest rates on the Loans, the rate of prepayment of those Loans would be expected to decrease.

2. Following any Loan default and the subsequent liquidation of the property securing the loan, Ginnie Mae guarantees that the principal balance of the Loan will be paid to Security holders. As a result, defaults experienced on the Loans will accelerate the distribution of principal of the Securities. Prepayments may also result from the repurchase of any Loan as described herein.

3. The yields to investors will be sensitive in varying degrees to the rate of prepayments (including liquidations and repurchases) on the Loans. In the case of Securities purchased at a premium, faster than anticipated rates of principal payments could result in actual yields to investors that are lower than the anticipated yields. In the case of Securities purchased at a discount, slower than anticipated rates of principal payments could result in actual yields to investors that are lower than the anticipated yields.

4. Rapid rates of prepayments on the Loans are likely to coincide with periods when prevailing interest rates are lower than the interest rates on the Loans. During such periods, the yields at which an investor may be able to reinvest amounts received as principal payments on the investor’s Securities may be lower than the yield on those Securities. Slow rates of prepayments on the Loans are likely to coincide with periods when prevailing interest rates are higher than the interest rates on the Loans. During such periods, the amount of principal payments available to an investor for reinvestment at such high rates may be relatively low.

5. It is highly unlikely that the Loans will prepay at any constant rate until maturity or that all of the Loans will prepay at the same rate at any one time. The timing of changes in the rate of prepayments may affect the actual yield to an investor, even if the average rate of principal prepayments is consistent with the investor’s expectation. In general, the earlier a prepayment of principal on the Loans, the greater the effect on an investor’s yield. As a result, the effect on an investor’s yield of principal prepayments occurring at a rate higher (or lower) than the rate anticipated by the investor during the period immediately following the Issue Date is not likely to be offset by a later equivalent reduction (or increase) in the rate of principal prepayments.

6. The effective yield on any Security will be less than the yield otherwise produced by its stated interest rate and purchase price because interest will not be paid to the Security Holder until the twentieth calendar day of the month following the month in which interest accrues on the Security.

Annex
Special Disclosure

9