Exhibit 4

Government National Mortgage Association

Default Management Operating Procedures Manual for Master Subservicers

While this manual is comprehensive in its discussion of activities that support a default, it does not cover every possible contingency which could arise in a default. Given the varying urgency of defaults, not all procedures may be followed in the order specified in the manual during each individual default case. Accordingly, the Default Management Operating Procedures Manual for Master Subservicer's is an internal Ginnie Mae procedures guide only, and does not bind Ginnie Mae or its contracted Master Subservicer's to carrying out any of the procedures described within it. Failure to follow the procedures described in the manual does not compromise Ginnie Mae's authority to default an Issuer, complete the extinguishment of any right, title or interest of the issuer in the pooled mortgages and recover its assets. Ginnie Mae's authority to default an issuer is set forth in the statutes, regulations, Guides, and guaranty or contractual agreements.

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TERMS

ACH: Automated Clearing House

AE: Account Executive

AGC: Assistant General Counsel.

Bank Cutoff Date: The date of the monthly bank statement.

Bank Letter: Document sent to the issuer's financial institution informing the institution of the issuer's default and requesting that the name of the issuer's Ginnie Mae accounts be changed to reflect Ginnie Mae as the sole proprietor.

Basis Point: One one-hundredth of one percent.

Borrower: One who receives funds in the form of a loan with the obligation of repaying the loan in full with interest.

Certificate of Eligibility: A document issued by the Department of Veterans Affairs which verifies a veteran's eligibility for a VA mortgage guarantee.

Clearing Account: A bank account used by a mortgage service for temporary, short-term prior to transmittal. Example of these accounts are collection clearing and disbursement clearing accounts.

Coinsurance: In federal multifamily housing programs, it refers to a sharing of the risk of mortgage default between a mortgagee and the FHA.

Collection: The servicing procedure followed to bring a delinquent mortgage current and to file the required notices to begin foreclosure when necessary.

Convey: The act of transferring title of real property from one party to another.

CPTA: The Central Paying and Transfer Agent.

DMOP: Default Management Operating Procedures.

Document Custodian: A financial institution that holds the required documents relating to pooled mortgages for the life of a Ginnie Mae pool or until it is replaced by another such institution.

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Document Custodian Letter: Letter sent to the defaulted issuer's document custodian informing the custodian of the issuer's default and requesting that only Ginnie Mae or its representatives be allowed access to the issuer's files.

DP: Data Processing

Escrow Custodial Account or T&I Custodial Account: An account that an issuer maintains with a financial institution for the deposit of escrowed funds to be used to pay taxes, insurance premiums and other amounts due under the mortgage other than principal and interest.

Factor: The number, calculated monthly by Ginnie Mae, which represents the proportion of the original principal amount of the securities issuance that remains outstanding.

FHA: Federal Housing Administration, an agency of the United States Department of Housing and Urban Development.

Field Review Contractor: The independent contractor responsible for conducting annual field reviews, special field reviews, and on-site default procedures including reconciling portfolios, and gaining control of cash and other monetary accounts.

Foreclosure: A legal procedure in which a mortgaged property is sold to pay the outstanding debt in case of default.

Force Placed Insurance: Property insurance that is placed by the lender on the borrower's property when the borrower has failed to provide the required insurance. The property insurance premium is billed to the borrower.

Form HUD 11709: Master Letter Agreement For Servicer's Principal And Interest Custodial Account.

Form HUD 11710A: Issuer's Monthly Accounting Report.

Form HUD 11710D: Issuer's Monthly Summary Report.

Form HUD 11710E: Master Liquidation Schedule.

Form HUD 11715: Custodial Agreement.

Form HUD 11716: Summary of Guaranty Agreement - Single Family (Level Payment).

Form HUD 11720: Master Letter Agreement for Servicer's Escrow Custodial Account.

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INTRODUCTION

FRC: Field Review Contractor. The Field Review Contractor responsible for conducting annual
Field reviews, special field reviews, and on-site default procedures including reconciling portfolios, and gaining control of cash and other monetary accounts.

Ginnie Mae I Program: A mortgage-backed securities program in which individual mortgage Lending firms issue securities and pass principal and interest payments directly to the security holders, whether or not the mortgagor makes the monthly payment. Ginnie Mae mortgage-backed securities are backed by the "full faith and credit" of the U.S. Government.

Ginnie Mae II Program: A mortgage-backed securities program in which pools of loans from Several lenders are combined into a single issue of securities. A central paying agent passes principal and interest payments directly to the security holders. Ginnie Mae II pools are generally larger than those formed by individual lenders under Ginnie Mae I. Ginnie Mae mortgage-backed securities are backed by the "full faith and credit" of the U.S. Government.

Guaranty Agreement: The guaranty agreements provide for the timely payment by issuers to registered security holders of principal and interest. In the event that an issuer fails to make such timely payments to registered security holders.

IPMS: Intergrated Pool Management System.

IPADS: Issuer Portfolio Analysis Database System, which allows Ginnie Mae on-line access to summary information and performance statistics on all Ginnie Mae issuers.

Issuer Review Board ("IRB"): The purpose of the Board is to analyze data collected on high-risk, troubled issuers and to define Ginnie Mae's plan relative to the issuer. Examples of decisions to be made by the Board include: outlining specific terms whereby the issuer is allowed to continue as a Ginnie Mae issuer and identifying issuers that are to be defaulted.

Master Subservicer: Ginnie Mae contractor capable of expeditiously assuming the role of subservicer when Ginnie Mae either places an issuer in default or transfers Ginnie Mae existing portfolios. The Master Subservicer's role is to perform the complete range of services expected of a company servicing its own portfolio.

MBA: Mortgage Banking Analyst

MBS: Mortgage-Backed Securities

MH: The designation for a pool type consisting of manufactured home loans (Mobile Home Loan).

MIP: Mortgage Insurance Premium.

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MSS: Master Subservicer.

OF: Office of Finance.

OGC: Office of General Counsel.

OLA: Office of Lender Activities.

OMF: Office of Multifamily Programs

OPA: Office of Program Administration

OPPRM: Office of Policy, Planning, and Risk Management

Principal and Interest Custodial Account or P&I Custodial Account: The non-interest bearing account that an issuer maintains with a financial institution into which the issuer deposit of principal and interest collected from individual mortgagors for loans included in Ginnie Mae pools.

Pass-through: A security in which principal, interest, and prepayments are passed through to investors of the security each month, as received.

PIH: Public Indian Housing

Pipeline: Loan applications in process that have not yet closed.

Pool: An assemblage of loans brought together to back an issuance of securities.

PM: Program Monitoring

Portfolio: The collection of loans held for servicing by an issuer or a master subservicer.

Power of Attorney: A legal document authorizing one institution to act on behalf of another.

RD: Rural Development

Real Estate Owned ("REO"): Property a lender or a subservicer acquires as the result of foreclosure.

Reconciliation: An appraisal performed by the Master Subservicer and the Field Review Contractor during a default to determine the condition of the defaulted issuer's portfolio.

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RFR: Reserve for Replacement, which is a multifamily custodian account.

Security Holder: Any registered holder of securities issued under a Guaranty Agreement.

Security Holders Register: A list maintained by the issuer of the history of registered security holders of all securities for which the issuer has responsibility for payments.

Servicing: A function which includes the receipt of payments, customer service, escrow administration, investor accounting, collections, and foreclosures.

SF: The designation for a pool type consisting of single-family, level payment loans.

T&I: Taxes and insurance

T&I Custodial Account: An account that an issuer maintains with a financial institution into **which** account the issuer places funds escrowed to pay real estate taxes and hazard insurance premiums on property pledged as collateral for mortgages included in pools.

TIR: Transfer of Issuer Responsibility.

VA: Department of Veterans Affairs and its predecessor, the Veterans **Administration**.

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EXECUTIVE SUMMARY

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OVERVIEW OF THE DEFAULT MANAGEMENT OPERATING PROCEDURES FOR MASTER SUBSERVICERS MANUAL

This manual is organized into four sections as described below, consisting of an introduction and the three phases of a default. Note that Phases 1 through 3 outline in chronological order the procedures that the MSS uses when assisting in the default of an issuer.

Introduction

The introduction provides an executive summary, a process flow diagram of the defaultprocess, an overview of the DMOP-MSS Manual, and a description of how best to use the manual in order to familiarize the reader with the scope of activities and timing associated with defaulting an issuer.

Phase 1 - Default Preparation

Phase 1 begins with the MSS receiving notification from Ginnie Mae of an impending default, and concludes with the MSS traveling to the defaulted issuer's site. Emphasis is placed on planning for the acquisition and transfer of the defaulting issuer's portfolio, thereby expediting the conversion of the portfolio into the MSS's servicing operation. This phase typically lasts no longer than a few hours to 2 days. The key objectives of this phase are:

- To quickly assess the defaulted issuer's situation through the collection of readily available issuer portfolio information; and
- To prepare a strategy for acquiring and transferring the issuer's portfolio.

Phase 2 - Issuer Default Execution

Issuer default execution specifically addresses the defaulting issuer site visit. Default execution occurs primarily at the defaulted issuer's place of business, and usually covers days 2 and 3 of the default process. This section discusses the roles of each of the default team members, and focuses on the three objectives of default execution:

- Gaining control of funds;
- Taking possession of custodial documents; and
- Taking possession of the servicing records.

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Phase 3 - Portfolio Transfer and Integration

Phase 3 of the portfolio acquisition process covers the first several weeks after the site visit during which the MSS converts the portfolio onto its own servicing system and develops a final reconciliation and a plan for resolving any outstanding problems with the portfolio. Phase 3 concludes by addressing the ongoing servicing of the portfolio, including reporting requirements and periodic review by Ginnie Mae.

Appendices

The DMOP-MSS Manual concludes with three (3) appendices. The three (3) appendices relate directly to each phase of the default process. Sample worksheets, reports, letters, and files prepared in the course of each phase are included.

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HOW TO USE THE DMOP-MSS MANUAL EFFECTIVELY

I. The Structure Used Within Each Phase Of This Manual

Having some familiarity with the common structure will allow the user to follow the detailed default procedures with greater ease and speed. The following list identifies the common elements of each phase in the order in which they are presented.

(1) **One page summary of the phase,** including:
- objective;
- overview of activities;
- key participants;
- information inputs and outputs;
- time frame; and
- appendices referenced.

(2) **Process diagram,** identifying the activities in that phase;

(3) **Detailed operational procedures and their supporting steps,** which follow the numbering used in the diagram; and

(4) **Alternative procedures for multifamily or manufactured homes portfolios** where procedures differ from those used with single family issuers.

II. Using This Manual During a Default

New MSS personnel may wish to read the detailed operational procedures in Phases 1 through 3 of this Manual, which provide in-depth coverage of the portfolio acquisition procedures from the initial notification of the default through integration of the portfolio into the subservicer's servicing operation and ongoing servicing. MSS personnel experienced in the default process may consult the phase diagram at the beginning of each section, and then cross-reference the appropriate process section or subsection in the manual.

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HOW TO UPDATE THE DMOP-MSS

Included at the front of the DMOP-MSS Manual are several plastic pages holding diskettes. These diskettes contain the following information:

Information	Diskette/Filename
Detailed DMOP Activity Descriptions • Terms • Text of the manual • One page phase summaries	Diskette: DMOP-MSS Manual Filename: Dmopmss.doc
Charts • High-level process diagrams	Diskette: MSS Charts Filename: Charts.ppt
Appendices • Appendix A • Appendix B • Appendix C	Diskette: MSS Appendices Filename: Apda.doc Apdb.doc Apbc.doc

Those filenames which contain the suffix ".doc" are Microsoft Word files, and those filenames containing the suffix “.ppt” are graphic files prepared in Microsoft Powerpoint.

To facilitate updating the manual, the Director of the Asset Management Division and the Vice President of Multifamily projects are responsible for making all changes and distributing copies of updated pages to all MSSs:

All modifications to the procedures described within the DMOP-MSS Manual should have the full consent of AMD/OMF management.

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DRAFT
July 9, 2008

PHASE 1

DEFAULT PREPARATION

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PHASE 1 SUMMARY

OBJECTIVE OF DEFAULT PREPARATION PHASE

The default preparation phase (Phase 1 of the default management process) covers the period from the notification of the master subservicer (MSS) of the impending issuer default through the final preparations performed prior to the site visit. **The objectives of Phase 1 are two-fold:**

- **To quickly assess the defaulted issuer's situation through the collection of readily available issuer portfolio information; and**
- **To prepare a strategy for acquiring and transferring the issuer's portfolio.**

OVERVIEW OF PHASE 1 ACTIVITIES

The key activities which occur in the default preparation planning phase are as follows:

1. Receive notification of default;
2. Contact outside parties involved in acquisition/transfer;
3. Review defaulted issuer information;
4. Perform situation assessment;
5. Analyze issuer data processing specifications;
6. Prepare for acquisition; and
7. Gather necessary supplies.

KEY PARTICIPANTS

Ginnie Mae Participants	Non-Ginnie Mae Participants
AMD/OMF Analyst	MSS
Assistant General Counsel - Ginnie Mae/Finance	Field Review Contractor (FRC)
Ginnie Mae Vice Presidents	

INFORMATION INPUTS AND OUTPUTS

Inputs	Outputs
OCS/OMF Worksheets	MSS Default Team Matrix
FRC Worksheets	

TIME FRAME: Days 1 and 2

APPENDICES REFERENCED

Appendix A - Default Preparation Documents (Phase 1)

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DEFAULT PREPARATION - PHASE 1

Insert power point chart

1.1 RECEIVE NOTIFICATION OF DEFAULT

1.1.1 Receive Notification of Default

The MSS's Servicing Manager receives verbal notification from the AMD Director/OMF Vice President informing him/her of an issuer default and selection of his/her organization as the MSS of the defaulted portfolio.

The AMD Director/OMF Vice President supplies the Servicing Manager with general information concerning the default, including:

- Name of AMD/OMF analyst assigned to the default;
- Issuer's location;
- Approximate number of loans in the portfolio; and
- Approximate default date.
- Name of Sub-servicer (if applicable)

A situation assessment conference call involving all members of the default team is scheduled to occur within 24 hours of initial notification of the default. Before the conference call occurs, the AMD/OMF analyst will fax a copy of the Office of Customer Service (OCS) and FRC Worksheets (discussed in Section 1.3) to the MSS. Due to the confidential nature of the information, every effort should be made to limit the distribution of the fax including designating a senior individual to directly receive it as it is sent from Ginnie Mae.

1.1.2 Assign Default Team Members and Fax MSS Team Matrix to Ginnie Mae

Once notified of the default by an AMD Director/OMF Vice President, the Servicing Manager of the MSS selects the appropriate members of his/her staff to perform the defaulted portfolio conversion.

MSS Team Size - The size of the team is determined by the MSS based on the size of the defaulted portfolio and other considerations.

Team Composition and Experience - Team members are selected according to their area of expertise, ensuring that all facets of the operation are adequately supported. The MSS team will be comprised of senior personnel (i.e., vice president or manager-level employees), with junior staff members providing additional support as the size of the defaulted portfolio dictates.

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After determining the team composition, the MSS completes the **MSS Team Matrix** (see ***Appendix A***) and faxes it to AMD/OMF.

1.2 CONTACT OUTSIDE PARTIES INVOLVED IN ACQUISITION/TRANSFER

In order to effectively and efficiently complete the acquisition and transfer of the defaulted portfolio, the MSS may require the support of various outside parties. The MSS arranges, with the assistance of the AMD/OMF analyst, for any outside support it might need during the default and transfer process. Common examples of outside support required include:

- Trucking firm for pickup of mortgage loan files and servicing data;
- Local vendor to supply boxes to store files/documents if trucking firm is not able to locate a sufficient supply;
- Temporary agency to provide on-site packing and shipping support; and
- Office supply companies that furnish rental copy equipment.

Confidentiality is stressed in all interactions with outside parties. Temporary services and outside support firms SHOULD NOT be provided with the defaulted issuer's name prior to the default day.

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1.3 REVIEW DEFAULTED ISSUER INFORMATION

Shortly after AMD/OMF's initial notification, the MSS receives from the AMD/OMF analyst a faxed copy of the completed FRC and OCS/OMF Worksheets, Forms A and B (see ***Appendix A***), concerning the defaulted issuer. These worksheets supply the MSS with relevant information concerning the issuer, including the following:

- Issuer location(s);
- General portfolio characteristics (number of loans and pools, type of loans);
- Bank and branch location(s);
- Lockbox location(s);
- P&I, T&I and clearing account numbers;
- Document custodian name and location;
- Issuer hardware and software systems; and
- Other operational characteristics of the issuer.
- Sub-servicer location (if applicable)

In addition, the MSS should receive from the AMD/OMF analyst a key participant contact sheet providing names, addresses, telephone numbers, and facsimile numbers of the key contacts on the default team. Default team members may include the following:

- Ginnie Mae AMD/OMF analyst;
- Ginnie Mae OGC attorney;
- FRC; and
- MSS.

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1.4 PERFORM SITUATION ASSESSMENT

The MSS's team leader participates in a situation assessment conference call led by the AMD/OMF analyst. Other participants in the conference call include:

- AMD/OMF Division Director and/or VP-AMD/OMF;
- FRC Team Leader; and
- Assistant General Counsel-Ginnie Mae/Finance.

The purpose of the conference call is to identify issues and discuss solutions specific to the upcoming default. Refer to the AMD/OMF analyst's Situation Assessment Guide in ***Appendix A*** for detailed information on the agenda that will be followed during this important conference call.

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1.5 ANALYZE ISSUER DATA PROCESSING SPECIFICATIONS

Based on the hardware and software information and the service bureau information, provided on the FRC worksheet (Form A), the MSS will determine whether tape-to-tape transfers will be possible at the issuer's facility.

- If on-site conversion is possible, the data processing (DP) department packs and ships appropriate data processing supplies (e.g., magnetic tapes) to the issuer's city.

- If on-site conversion will not be possible, the DP manager identifies the resources necessary to effect the conversion, both on-site and in the MSS's office.

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1.6 PREPARE FOR ACQUISITION

1.6.1 Review Team Member Activities

Based upon the information obtained to this point, the MSS reviews the critical operational issues surrounding the acquisition process. A critical path for completing these activities is defined.

1.6.2 Make Travel Arrangements

The MSS appoints one staff member to coordinate its travel arrangements with Ginnie Mae's AMD/OMF travel contact or their own travel agent. Travel arrangements for the MSS team, including air travel, hotel accommodations, and automobile rental, are coordinated between the MSS and the AMD/OMF analyst.

Additionally, plans are made for part of the MSS's team to travel to the issuer's document custodian (if located in another city and on-site representation is deemed necessary) in order to deliver document custodian letters and ship all of the issuer's files.

1.6.3 Establish Toll Free Customer Service Line

The MSS may, at its discretion, establish a separate toll free customer service line for anticipated inquiries from borrowers in a defaulted portfolio containing 10,000 loans or more. This decision is based upon the MSS's ability to handle calls from borrowers in the defaulted portfolio on the current customer service line(s).

1.6.4 Receive Confirmation Letter

The MSS may receive a faxed copy of the engagement confirmation letter (see ***Appendix A***) from the AMD/OMF analyst, formally documenting its selection as Ginnie Mae's subservicer. The original confirmation letter is hand delivered by the AMD/OMF analyst to the MSS at the default execution meeting in Phase 2.

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1.7 GATHER NECESSARY SUPPLIES

The MSS's team leader ensures that members of the default team have made arrangements to ship all necessary supplies to the staff's hotel or that supplies are being provided on site by outside parties as arranged in Section 1.2. Essential supplies include the following:

- Computer tapes;
- Conversion programs;
- System manuals;
- Shipping supplies (e.g., boxes, tape, labels);
- MSS letterhead (for "good-bye" letters, etc.);
- Telephone numbers of outside suppliers; and
- OCS/OMF/FRC worksheets.

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DRAFT
July 9, 2008

PHASE 2

ISSUER DEFAULT EXECUTION

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PHASE 2 SUMMARY

OBJECTIVE OF ISSUER DEFAULT EXECUTION PHASE

The issuer default execution phase (Phase 2 of the default management process) covers the period from the default team's travel to the issuer's city through the completion of the site visit and the AMD/OMF analyst's return to headquarters. The goal of Phase 2 is to ensure that the site visit and actual default are carried out effectively and efficiently, minimizing potential conflict where possible. **Specifically, the objectives of Phase 2 are:**

- **Gaining control of cash;**
- **Taking possession of custodial documents; and**
- **Taking possession of the servicing records.**

OVERVIEW OF PHASE 2 ACTIVITIES

Key activities which occur in the issuer default execution phase are as follows:

1. Participate in default execution team meeting;
2. Assemble at the designated meeting point;
3. Perform preliminary on-site situation assessment;
4. Execute default;
5. Secure custodian records; and
6. Participate in end of day assessment.

KEY PARTICIPANTS

Ginnie Mae Participants	Non-Ginnie Mae Participants
AMD/OMF Analyst	FRC
OGC Attorney	MSS
	Issuer
	Bank Depository for P&I T&I Accounts
	Document Custodian

INFORMATION INPUTS AND OUTPUTS

Inputs	Outputs
Issuer Default Letter	Preliminary Site Visit Assessment
Issuer Portfolio Records	Site Visit Completion Plan
	Issuer Portfolio Records

TIME FRAME: Days 2 - 4

APPENDICES REFERENCED

Appendix B - Issuer Default Execution Documents (Phase 2)

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ISSUER DEFAULT EXECUTION-PHASE 2

insert power point chart

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Phase 2 discusses a team approach to a default in which Ginnie Mae representatives including the AMD/OMF analyst and OGC attorney are present. Depending upon the specific default, some of the Ginnie Mae representatives may not be present. Additionally, Ginnie Mae may elect not to be present at the default. This procedure, default by letter, requires the MSS to carry out the default as described in this Phase and to alert the AMD/OMF analyst if problems arise.

2.1 PARTICIPATE IN DEFAULT EXECUTION TEAM MEETING

On the evening before (or the morning of) the default execution, the AMD/OMF analyst may hold a default execution team meeting in the issuer's city with the principal default team members:

- OGC attorney;
- All MSS personnel; and
- All FRC personnel.

The purpose of the default execution team meeting is threefold: 1) to introduce the parties to each other; 2) to notify all participants of the operational aspects of delivering the default letter; and 3) to clarify the roles and responsibilities of the various parties. The following information is discussed at the default execution meeting:

1. Default logistics
   - Time and location to meet at or near Issuer's location
   - Time and location for team members to meet if personally delivering bank and document custodian letters
   - Time and location for default team members to meet at issuer's subservicer site (if applicable)
   - Location of warehouse lender (if applicable)
2. Roles and responsibilities
3. Any foreseeable problems

Based on the information learned in this meeting, the MSS may need to contact its office to alert other key personnel to stand by in the event they are needed at the defaulted issuer's site.

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2.2 ASSEMBLE AT THE DESIGNATED MEETING POINT

If the issuer is using a subservicer, a second AMD/OMF analyst and OCG attorney may be needed in order to hand deliver a copy of the issuer default letter to the subservicer while the AMD/OMF analyst and OGC attorney deliver the default letter to the issuer. All other default team members assemble at the subservicer's site, rather than the issuer's site, to await delivery of the default letter and initiation of the default execution.

At the time of the default, the MSS's team, along with the FRC, assembles at the designated meeting point (often, outside the issuer's office) to wait for the AMD/OMF analyst's notice to enter the issuer's facility.

During this time, the AMD/OMF analyst and OGC attorney will be delivering the default letter and addressing any concerns or resistance from the issuer concerning the Ginnie Mae portfolio transfer. It is important that the team members remain at the meeting point, prepared to begin the default process immediately upon notification from the AMD/OMF analyst.

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2.3 PERFORM PRELIMINARY ON-SITE SITUATION ASSESSMENT

2.3.1 Obtain Signed Powers of Attorney

Immediately following the delivery of the default letter by the AMD/OMF analyst, the OGC attorney attempts to obtain signed powers of attorney from the defaulted issuer.

2.3.2 Interview Defaulted Issuer's Staff

After receiving instruction from the AMD/OMF analyst to enter the issuer's site, the MSS's team interviews key issuer staff members to enhance its understanding of relevant issuer operations. The defaulted issuer's staff may or may not cooperate during this process and care should be taken in approaching issuer management and staff. See ***Appendix B*** for suggested conduct guidelines during the site visit.

Each member of the MSS's team identifies his/her operational counterpart among the issuer's staff and determines the following:

- Organization of issuer's operations;
- Level of cooperation;
- Key management and staff members who can/will assist, and
- If possible obtain an organizational chart or employee telephone directory.

2.3.3 Locate Critical Information

A. Single Family

During the issuer staff interviews, the MSS's team determines the location of critical records including the following:

<u>Monetary Records</u>

- Check register for Ginnie Mae accounts;
- Check stock for Ginnie Mae accounts;
- Tax records;
- Errors and Omissions and fidelity bond insurance records;
- Bank account statements for Ginnie Mae accounts;
- Data processing operations; and
- Letter of credit (LOC) information (to include LOC bank names, locations, amounts and status).

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Servicing Records

- Servicing files;
- Pending assumption files;
- Delinquency/foreclosure files;
- Flood, hazard, and mortgage insurance policies;
- Tax contractor processing records;
- Security holder records including CPTA transfer notices;
- Month end reports;
- Daily cash receipts batch process; and
- Bank reconciliations.

B. Manufactured Housing

In addition to the information collected in "A" above, MSSs for manufactured housing portfolios locate the following information:

Servicing Records

- Repossession dealer names and locations; and
- Repossession depot names and locations;
- Title I Billing Statements;
- Appraisals for repossessions.

C. Multifamily

In addition to the information collected in "A" above, MSSs for multifamily portfolios locate the following information:

Monetary Records

- FHA-required escrow account information (to include account numbers, location, amount and status).

Servicing Records

- Existence and status of assignments in process.

The MSS should determine from review of the servicing records, the amount of replacement reserves held in trust for mortgagors. The MSS should obtain a reconciliation of the replacement reserves from the servicing system to the underlying physical assets. The physical assets may be held by an outside third party, such as a bank, or they may be held by the issuer internally, such as certificates of deposit. In the former situation, the MSS should contact the party to notify them of the default. In the latter situation, control of the physical assets must be taken prior to the MSS leaving the issuer's premises.

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2.3.4 Inform MSS Team Leader of Issuer Condition

Having interviewed the issuer's staff, the MSS's team may reconvene briefly as a group to convey information to the MSS team leader. Based on information learned from team members, the MSS team leader may reassign staff or call for additional support in the form of extra MSS staff or local temporary support as needed to complete the default as quickly and efficiently as possible. Other needs (e.g., copiers, additional staff support) may be addressed at this time.

Should the MSS discover that issuer personnel are not available to assist in data collection, the MSS team leader should notify the AMD/OMF analyst of the situation immediately. At this point the MSS may consider other options to facilitate the default process such as temporarily rehiring issuer staff.

2.3.5 Communicate MSS Issues to AMD/OMF Analyst

The MSS's team leader conveys critical information to the AMD/OMF analyst throughout the default execution.

Critical information to be addressed by the AMD/OMF analyst includes the following:

- Items that require intervention from the AMD/OMF analyst with the issuer's management (e.g., inability to locate particular types of information, unwillingness from the issuer or issuer's staff to provide or release certain information);
- Issues that may affect the length of time needed to complete the default;
- Instances where fraud is suspected (the AMD/OMF analyst will immediately notify the AMD/OMF Division Director); and
- Responsibilities defined on the MSS Default Information Collection Checklist (included in ***Appendix B***) except as designated for OF analyst oversight below.

Similarly, the MSS's team leader informs the AMD/OMF analyst of any critical information which affects the responsibilities defined on the Default Information Collection Checklist such as the following:

- Mortgagor cash receipts processing;
- Banking; and
- Collections and delinquencies.

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2.4 EXECUTE DEFAULT

Immediately following the preliminary situation assessment, the MSS's team members return to their assigned operational areas within the defaulted issuer's organization and begin to take possession of the defaulted issuer's portfolio records. ***Appendix B*** contains a checklist for information collection which provides examples of the type of information requested from the issuer in each operational area.

2.4.1 Collect Financial Information

The MSS and FRC place top priority on securing the financial assets of the defaulted issuer. (For more information on the FRC's default responsibilities see ***Appendix B*** for FRC's Agreed Upon Procedures.) Key areas for financial information collection are listed below:

- Mortgagor cash receipts processing;
- Banking; and
- Collections and delinquencies.

2.4.2 Collect Operational Information

Although emphasis is placed on freezing Ginnie Mae accounts and gaining control of deposits and disbursements to those accounts, most operations occur simultaneously, limited only by the size of the MSS team. Other key operational areas for information collection are listed below:

- Security holder services including recent CPTA transfer notices;
- Loan administration;
- Escrow account processing;
- Foreclosure and bankruptcy;
- Litigation;
- Data processing; and
- Issuer insurance records.

2.4.3 Verify Existence of Loan Files

When preparing documents for shipment to the MSS, boxes are labeled according to the loan files contained in each box and inventoried prior to shipping. The MSS obtains the trial balance of the defaulted issuer's loans from the defaulted issuer's servicing system and verifies that a complete servicing file exists for each loan listed.

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2.4.4 Participate in OF Assessment

On a periodic basis the MSS and FRC will participate in an OF assessment on issues that pertain to mortgagor cash receipts processing, banking, and collections and delinquency. The following topics are addressed during the OF assessment:

- Handling of the first pass-through payment (e.g., whether or not exact amount of pass-through can be determined before the first payment, or whether last month's fixed installment pass-through amount will be repeated and the next month's payment will be adjusted); and
- Bank staff compliance.

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2.5 SECURE CUSTODIAN RECORDS

While the AMD/OMF analyst is delivering the issuer default letter, the AMD/OMF anchor or a second AMD/OMF analyst should also be delivering a copy of the default letter to the document custodian via fax or in person. The MSS is responsible for contacting the document custodian during the default to provide instructions as to the disposition of the issuer's custodian records. At the MSS's discretion, the custodian records may remain at the defaulted issuer's document custodian, or may be transferred to the MSS's custodian of choice.

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2.6 PARTICIPATE IN END OF DAY ASSESSMENT

At the end of the first day's default proceedings, the AMD/OMF analyst will lead an end of day assessment meeting involving the FRC, the OGC attorney and the MSS. Note that this meeting may occur at a time other than the end of the first business day of the default, depending upon the time of the default letter delivery and the cooperation of the issuer/bank.

During the AMD/OMF assessment, the MSS reports on the progress to date, and any problems which have arisen and have not already been communicated to the AMD/OMF analyst. ***Appendix B*** contains a sample guide used by the AMD/OMF analyst in conducting the AMD/OMF end of day assessment. Additionally, the MSS's team leader will be prepared to discuss the following:

- Need for additional support in packing/shipping;
- Issuer staff compliance;
- Estimated time requirements to complete the on-site default; and
- Issues to be addressed by the AMD/OMF analyst and General Counsel.

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DRAFT
July 9, 2008

PHASE 3

PORTFOLIO TRANSFER AND INTEGRATION

This document is for the internal use of Ginnie Mae and its MSS's only.

PORTFOLIO TRANSFER AND INTEGRATION - PHASE 3

PHASE 3 SUMMARY

OBJECTIVE OF PORTFOLIO TRANSFER AND INTEGRATION PHASE

The portfolio transfer and integration phase (Phase 3 of the default management process) covers the period from the return to headquarters by the default team through the finalization of the default execution report. **The objectives of Phase 3 are:**

- **To quickly and accurately reconcile the issuer's loan level information with Ginnie Mae's records to ensure all funds are accounted for in the default;**
- **To transfer the issuer's portfolio to the MSS's servicing system;**
- **To identify critical issues in the portfolio that must be addressed immediately; and**
- **To submit a report on activities and status of default to Ginnie Mae.**

OVERVIEW OF PHASE 3 ACTIVITIES

Key activities which occur in the portfolio transfer and integration phase are as follows:

1. Establish custodian accounts;
2. Process principal and interest payments to security holders;
3. Process tax and insurance payments that are due immediately;
4. Assign new Ginnie Mae portfolio numbers and transfer portfolio to MSS servicing system;
5. Complete conversion activities;
6. Assess the portfolio and begin servicing;
7. Conduct individual file reviews and certify all pools;
8. Participate in AMD/OMF assessment of default execution; and
9. Continue ongoing servicing.

KEY PARTICIPANTS

Ginnie Mae Participants	Non-Ginnie Mae Participants
AMD/OMF Analyst	MSS
Controller	Document Custodian

INFORMATION INPUTS AND OUTPUTS

Inputs	Outputs
Issuer Files	MSS Requests for Advances
	MSS Default Assessment Report
	MSS Initial Portfolio Conversion Report
	FRC Agreed Upon Procedures Report

TIME FRAME: Days 5 - 60+

APPENDICES REFERENCED

Appendix C - Portfolio Transfer and Integration Documents (Phase 3)

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PORTFOLIO TRANSFER AND INTEGRATION - PHASE 3

insert chart

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3.1 ESTABLISH CUSTODIAN ACCOUNTS

A. Single Family

The MSS establishes P&I and T&I accounts for the defaulted issuer's portfolio. Once the MSS has established the required accounts with its financial institution, it informs the Controller of the establishment of the appropriate accounts and forwards forms HUD 11709, 11720, and other applicable custodial agreements to Ginnie Mae's OF.

B. Manufactured Housing

Procedures for establishing accounts for manufactured housing portfolios are the same as those described for single family portfolios in "A" above.

C. Multifamily

In addition to the procedures described in "A" above, multifamily MSSs establish FHA-required escrow accounts as prescribed by FHA regulations.

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3.2 PROCESS P&I PAYMENTS TO SECURITY HOLDERS

3.2.1 Reconcile P&I Accounts and Prepare Advance Request

The first priority of the MSS after the default is ensuring the timely payment (15th of each month for Ginnie Mae I pools and 20th of each month for Ginnie Mae II pools) of principal and interest to security holders. In order to complete this transaction, the MSS first reconciles the P&I accounts as of the default date. This reconciliation is presented to Ginnie Mae's OF within one week (or less if pass-through payments are due) of the default date.

Once the reconciliation is complete, the MSS prepares the advance request. HUD Form SFPR-1 (Monthly Advance Status Form by Defaulted Issuer) is the form used to notify Ginnie Mae of the advance amount needed for a single family portfolio. Forms MHPR-1 and MFPR-1 correspond to manufactured housing and multifamily portfolios.

The advance request form is due in Ginnie Mae's OF on the 12th of each month for Ginnie Mae I pools and the 16th of each month for Ginnie Mae II pools. As decided by Ginnie Mae's OF in Section 2.4.4, the first Ginnie Mae I and/or Ginnie Mae II pass-through(s) subsequent to default may be the same as the prior month's pass-through amount(s). The subsequent month's fixed installment pass-through will be adjusted to make individual security holders whole.

3.2.2 Receive Ginnie Mae Advance

One day prior to the day of the pass-through, Ginnie Mae will wire the approved advance to the P&I multifamily custodian accounts; single family and manufactured homes advances are wire transferred on the pass-through date. If the amount wired by Ginnie Mae is not sufficient to make the entire pass-through, the MSS will advance its own funds to make the payment. Immediately following the pass-through the MSS will fax a revised advance request form to Ginnie Mae's OF which will transfer the shortage to a designated MSS account.

3.2.3 Pay Security Holders

On the pass-through date (15th or 20th of the month), the MSS passes through the P&I amounts due the security holders. Five days after the pass-through date, the MSS will return to Ginnie Mae all unused funds. For multifamily portfolios, Ginnie Mae will sweep the custodian account on the 16th of the month.

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3.3 PROCESS T&I PAYMENTS DUE IMMEDIATELY

3.3.1 Reconcile T&I Accounts and Determine Net Change in Advance Position

If the MSS determines that any tax payments and/or insurance premiums are due prior to the end of the month following the default, priority is placed on making those payments timely. In order to complete this transaction, the MSS first reconciles the T&I accounts as of the default date. This reconciliation is submitted to Ginnie Mae's OF by the end of the month.

To request that Ginnie Mae fund a deficit in the T&I accounts, HUD Form SFPR-5 (Detailed Report of Escrow Shortfall on Ginnie Mae MBS Pooled Loans) for single family portfolios is submitted by the 10th of each month. Forms MHPR-3 and MFPR-3 are used for manufactured housing and multifamily T&I advance requests.

3.3.2 Receive Advance From Ginnie Mae

One day prior to the day of payment, Ginnie Mae will wire the approved advance to the T&I custodian accounts. If the amount wired by Ginnie Mae is not sufficient to make the entire tax or insurance payment, the MSS will advance its own funds to make the payment. Immediately following the tax or insurance payment, the MSS will fax a revised T&I form to Ginnie Mae's OF which will transfer the shortage to a designated MSS account.

3.3.3 Pay Taxes and Insurance Due

Prior to the payment due date, the MSS disburses the tax and/or insurance amounts due.

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3.4 ASSIGN NEW GINNIE MAE PORTFOLIO NUMBERS AND TRANSFER PORTFOLIO TO MSS SERVICING SYSTEM

3.4.1 Assign New Portfolio Numbers

Within two weeks of the default date, the MSS receives from the AMD/OMF analyst the following types of portfolio numbers for the defaulted issuer's portfolio:

- New Ginnie Mae defaulted issuer number, and
- Lender approval number, (MH).

If account numbers are not received from Ginnie Mae when needed by the MSS, the MSS contacts the AMD/OMF analyst to obtain them.

3.4.2 Transfer Servicing Records to MSS Servicing System

The MSS sets up the defaulted issuer's loans on its servicing system. Priority is placed on integrating those records most vital to the immediate activities Ginnie Mae must perform (e.g., pass-through payments and P&I, T&I payments). All loan records should be transferred to the MSS's servicing system within 30 days of the default date.

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3.5 COMPLETE CONVERSION ACTIVITIES

3.5.1 Process Borrower Letters

A. Process "Good-bye/Hello" Letters

During default execution (Phase 2), the MSS discussed with the defaulted issuer the need for processing "Good-bye" letters. If the defaulted issuer did not process "Good-bye" letters while the MSS was at the issuer's site, or if the issuer did not agree to process those letters, the MSS processes a combination "Good-bye/Hello" letter (see example in ***Appendix C***) within two weeks of the default.

B. Process "Hello" Letters

If the defaulted issuer processed a "Good-bye" letter, the MSS processes a "Hello" letter within 15 days of the default informing the borrower that it has taken over the servicing responsibilities for his/her loan.

3.5.2 Process and Mail Coupon Books

The MSS is responsible for generating new coupon payment books for the loans acquired from the defaulted issuer. These coupon books may be sent to the borrower at the same time as the Hello or Good-bye/Hello letters, or sent separately at the MSS's discretion. Regardless of whether coupon books are sent with the borrower letters, new coupon books must be issued to borrowers within 30 days of the default date.

3.5.3 Obtain Portfolio Insurance

The MSS may obtain an impairment insurance policy to cover the entire portfolio until individual loans can be reviewed to determine which loans require force placed coverage.

3.5.4 Notify Borrowers to Change Allotments

The MSS notifies borrowers with allotment checks to request that their financial institution or servicer change the designee of their allotment from the defaulted issuer to the MSS. All allotment notification letters (see sample in ***Appendix C***) should be mailed within 15 days of the default date. Allotments that are sent to the issuer's lockbox or mailed directly to the default issuer may delay the monthly payment posting.

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3.5.5 Determine MSS Position With Respect to Defaulted Issuer's Service Contractors

The MSS notifies all of the defaulted issuer's service contractors of its intent to continue utilizing the contractor's services within 60 days of the default date. The various types of service contractors and the policies applicable to their retention are discussed below.

A. Legal Counsel

All legal counsel originally retained by the defaulted issuer must be notified as to the disposition of their services within 60 days of the default date, and earlier notification is recommended.

In general, retention of the defaulted issuer's legal counsel is not recommended due to the potential for conflict of interest and related party affiliation with the defaulted issuer's officers. However, the MSS may, at its discretion, retain the defaulted issuer's legal counsel indefinitely, or until the completion of pending cases. Questions about whether to retain the defaulted issuer's legal counsel should be discussed with the AMD/OMF analyst. As provided in the MSS Agreement, legal fees that exceed Ginnie Mae-imposed caps for services provided will not be reimbursed by Ginnie Mae. Ginnie Mae is not obligated to pay for services rendered prior to the default date and as of the date of default, all spending caps for individual loan cases are re-initiated, disregarding any services previously applied against the spending cap.

B. Tax and Insurance Service Providers

All tax and/or homeowner's insurance service providers originally retained by the defaulted issuer must be notified as to the disposition of their services within 60 days of the default date, and earlier notification is recommended.

C. Manufactured Housing Repossession Depots and Dealers

The MSS may, at its discretion, retain the services of the defaulted issuer's repossession (repo) dealers and depots, or continue utilizing their services through the disposition of the current caseload. As provided in the MSS Servicing Agreement, repo fees that exceed Ginnie Mae-imposed caps will not be reimbursed by Ginnie Mae. Ginnie Mae is not obligated to pay for services rendered prior to the default date.

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All repo dealers and depots originally retained by the defaulted issuer must be notified as to the disposition of their services within 60 days of the default date, and earlier notification is recommended.

3.5.6 Submit MSS Initial Portfolio Conversion Report

A. Single Family

Within 30 days of the default date, the MSS submits to the AMD/OMF analyst an Initial Portfolio Conversion Report which identifies and prioritizes outstanding problems in the portfolio. The following types of issues are to be addressed in the report:

- Loans with missing/incomplete records;
- Status of defaulted issuer's year end reporting;
- Completeness of system conversion;
- Identification of security holders;
- Hello/Good-bye letter processing;
- Calls from security holders;
- Calls from borrowers;
- Unfunded loans identified to date;
- Homeowner's insurance companies notified;
- Tax companies notified;
- Submission of 11709, 11720 and other HUD forms; and
- Any other problems with the defaulted portfolio that may cause losses to Ginnie Mae.

Based on those issues identified in the MSS Initial Portfolio Conversion Report, the AMD/OMF analyst contacts the MSS to determine what may be done on the part of the AMD/OMF analyst and the MSS to expedite conversion processes or resolve issues.

B. Manufactured Housing

In addition to the information identified in "A" above, information specific to manufactured housing is to be addressed in the report, including:

- Status of repossessions; and
- Contact with repo dealers and depots.

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C. Multifamily

The information reported for multifamily portfolios is the same as that described in "A" above.

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3.6 ASSESS THE PORTFOLIO AND BEGIN SERVICING

3.6.1 Assess the Portfolio's Operating Condition

A. Single Family

Within 2 weeks of the default date, the MSS reviews the following:

- Delinquency history;
- Collection effort frequency and effectiveness;
- Bankruptcies; and
- Foreclosed accounts.

The purpose of the review is to identify those critical activities which will materially improve Ginnie Mae's position with respect to the portfolio and which will guide the MSS's resource allocation in the first 2 to 3 months of servicing.

B. Manufactured Housing

The MSS reviews the same information discussed in "A" above for single family procedures, except that foreclosed accounts become repossessions.

C. Multifamily

All coinsured loans are converted to full insurance at the earliest possible date.

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3.6.2 Assess the Portfolio's Financial Condition

Upon return to its office and within 10 working days, the FRC will submit to the OF a draft Agreed Upon Procedures Report, including the portfolio reconciliation. The FRC will also submit one copy of the report to the AMD/OMF analyst. A final Agreed Upon Procedures Report will be submitted within 30 days of the default execution.

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3.7 CONDUCT INDIVIDUAL FILE REVIEWS AND CERTIFY ALL POOLS

3.7.1 Certify All Pools

Recertify all pools that have been final certified by previous custodian(s), and final certify those pools that have not reached final certification at the time of default. The recertification and final certification are to be completed within 12 months of the date of default.

3.7.2 Record and File Assignment Documents

The MSS records and files all assignment documents to Ginnie Mae for each loan in the defaulted portfolio, and requests the document be returned to the MSS.

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3.8 PARTICIPATE IN AMD/OMF ASSESSMENT OF DEFAULT AND INITIAL REVIEW OF THE PORTFOLIO

3.8.1 Review Default Execution with Default Team

Within 10 business days after the default date, the MSS participates in a conference call with the AMD/OMF analyst, AMD/OMF Division Director, VP-OF and the FRC to discuss the default execution. Suggestions for improvement in the default execution process are discussed during this meeting.

3.8.2 Draft Assessment of Default and Issue Review of Portfolio

Within 30 days of the MSS's normal monthly closing date for reporting purposes, the MSS prepares a draft assessment of default and initial review of portfolio. The purpose of this report is threefold:

1. To document the default for defense against potential lawsuits; and
2. To assist the AMD/OMF analyst in preparing the default file.
3. To notify Ginnie Mae of any problem with the portfolio which may cause losses to Ginnie Mae.

The draft assessment must be prepared within 30 days after the site visit and should follow the outline presented in ***Appendix C***. The draft assessment is submitted to the AMD/OMF analyst for review, and will be used in the conference call with the default team to review the default.

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3.9 CONTINUE ONGOING SERVICING

Once all portfolio conversion issues are addressed and completed, the MSS conducts normal servicing activities as defined in the following documents:

- Handbook Ginnie Mae 5500.1 "Government National Mortgage Association Mortgage-Backed Securities Guide" (for Ginnie Mae I mortgages);
- Handbook Ginnie Mae 5500.2 "Government National Mortgage Association Mortgage-Backed Securities Guide" (for Ginnie Mae II mortgages);
- Single family, manufactured housing, and multifamily MSS servicing agreements; and
- Applicable laws and regulations.

In addition to normal servicing activities, the MSS submit to Ginnie Mae special reports depending upon the type of portfolio as described in the MSS servicing agreements. For quick reference, a summary of those reports and due dates is provided in ***Appendix C***.

Other special requirements for the MSS include:

- Obtaining advance funding from Ginnie Mae for P&I pass-through payments;
- Obtaining written AMD/OMF approval for specific actions as defined in the MSS Servicing Agreement; and
- Accommodating annual site visits conducted jointly by Ginnie Mae's AMD/OMF and/or OF.

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