

Design Element	Terms
<b>Participation</b>	A Participation is the portion of a HECM loan that an Issuer pools into a Ginnie Mae HMBS. Participation is further defined in the Glossary of the MBS Guide.
<b>Participation Interest Rate</b>	The Participation Interest Rate is the HECM note rate less servicing fee margin, inclusive of Ginnie Mae Guaranty Fee.
<b>HMBS Rate</b>	The HMBS Rate is the weighted average of Participation Interest Rates.
<b>Structure</b>	<p>HMBS 2.0 pools have a loan-level pass through structure accruing at weighted average Participation Interest Rate. Maximum Participation UPB at pooling is 95% of HECM UPB. Tail Participations will also be subject to the 95% limit. HMBS 2.0 will be pooled as Custom, single Issuer pools.</p> <p>Despite the limitation to 95% of UPB, the HECM mortgage shall be construed to include a security instrument, together with the obligation secured thereby, the title evidence, and all other documents, instruments, and other papers pertaining thereto and the related Ginnie Participations and Other Interests, and the transaction(s) to which they relate, and all claims, funds, payments, proceeds, recoveries, property, monies or assets related in any way thereto, including but not limited to any and all mortgage insurance loan guaranty claim proceeds, hazard insurance proceeds, payments by mortgagors, refunds, rents, foreclosures or sales proceeds, and escrowed items.</p>
<b>Eligible HECM Collateral</b>	<p>HECMs eligible for HMBS 2.0 must meet all of the following criteria at pooling:</p> <ol style="list-style-type: none"> <li>1. The HECM UPB must be no less than 98% and no greater than 148% of MCA. Active Buyouts [“ABOs”] and Non-Active Buyouts [“NABOs”] are eligible;</li> <li>2. FHA HECM insurance is in full force;</li> <li>3. Each HECM must have received FINAL Certification from the respective Document Custodian;</li> <li>4. Each HECM must maintain its first lien position and be fully enforceable for the life of the HECM;</li> <li>5. The Maximum Adjusted Property Value Ratio (MAPVR) is 60% except for loans bought out of the pools prior to the HMBS 2.0 implementation date. The MAVPR is 70% for loans bought out of HMBS 1.0 pools prior to the HMBS 2.0 implementation date;</li> </ol>

6. Subsequent Participations from eligible HECMs are also eligible collateral.

HECMs presently existing in Fannie Mae's or SOHUD's [Secretary of HUD] portfolio are ineligible.

**Additional Document Requirements for Certification:**

1. If the note is present, the Original Note with wet signatures is required for all Ginnie Mae MBS pools.
2. If the note is unavailable due to foreclosure related activities, but not lost, Ginnie Mae will permit a Bailee Letter, or court documentation to substitute as a valid alternative document at Initial HMBS 2.0 Certification when the note is held by an attorney or court.
3. If a Bailee Letter is used at initial certification, and the note has not been delivered to the document custodian, the Bailee Letter must be updated within 45 days of the final certification due date. Pool may not be final certified more than 15 days before the due date.
4. If the note has been lost, a Lost Instrument Bond, or copy of the original note with wet signatures, can substitute as a valid alternative document.
5. If the original security instrument has been lost or is in the possession of an attorney or court, a copy clearly showing evidence of recording is acceptable.
6. If the HECM Loan Agreement is lost, a lender certified copy is required.
7. If the original title policy is lost, a copy is acceptable.
8. The chain of endorsements and assignments must be complete.

**Adjusted Property Value  
Ratio**

The Adjusted Property Value Ratio is determined through a two-step process. First, determine the Adjusted Property Value by multiplying the Property Value by the Valuation Adjustment Factor of 90%. Next, divide the HECM Loan UPB by the sum of the Adjusted Property Value plus 100% MCA Value. FHA appraisals dated within 180 days of the pool issue date will be accepted at 100% of valuation for this calculation. The HECM Loan UPB is equal to the sum of all participations, including the participation being pooled.

<b>Property Valuation Methods</b>	<p>Acceptable Property Valuation Methods, in order, include:</p> <ol style="list-style-type: none"> <li>1. FHA appraisal having an appraisal date within 2 years of the pool issue date.</li> <li>2. AVM from acceptable AVM Vendors.</li> <li>3. Broker’s Price Opinion prepared by an independent party.</li> </ol> <p>AVM Vendors include those “acceptable” AVM Providers by Fitch Ratings. Currently, these are: Black Knight, Clear Capital, Collateral Analytics, CoreLogic, House Canary, Red Bell Real Estate, LLC, and Veros.</p>
<b>Issuer Eligibility</b>	The HMBS Issuer must be in good standing with HECM and HMBS program requirements and have commitment authority to issue MBS. Commitment Authority Application Fee for HMBS 2.0 will be \$500 for the first \$1.5 million requested plus \$200 per each additional \$1 million requested.
<b>REMIC Eligibility</b>	Ineligible for Ginnie Mae’s multiclass REMICs.
<b>Multiclass Securities</b>	Multiclass execution and Platinum execution are under consideration but may not be implemented simultaneously with HMBS 2.0 pools.
<b>Cross – Collateralization</b>	Default under HMBS 2.0 is considered an event of default under the Guaranty Agreement. Full recourse to Issuer’s entire Ginnie Mae MBS servicing portfolio remains unchanged.
<b>Buyout Obligation</b>	<p>The Issuer is responsible for purchasing any and all Participations at the earlier of:</p> <ul style="list-style-type: none"> <li>• The HECM outstanding loan balance reaching 150% of MCA</li> <li>• Upon assignment to SOHUD</li> <li>• Upon termination of the HECM note</li> </ul>
<b>Annual Minimum Net Servicing Compensation</b>	30 basis points
<b>Annual Guaranty Fee</b>	6 basis points

<b>Minimum Pool Balances</b>	As of issue date, each pool must have an original principal balance of \$250,000 and must include at least 3 Participations, each related to a distinct HECM.
<b>Final Distribution Date</b>	HECM Origination Date plus 50 years.
<b>Pool Types</b>	<p>HMBS 2.0 will consist of six pool types:</p> <ol style="list-style-type: none"> <li>1. Monthly CMT ARMs</li> <li>2. Annual CMT ARMs</li> <li>3. Monthly LIBOR [now SOFR plus adjustment] ARMs</li> <li>4. Annual LIBOR [now SOFR plus adjustment] ARMs</li> <li>5. Annual SOFR ARMS</li> <li>6. Fixed Rate</li> </ol>
<b>Additional Pooling Data Fields</b>	<p>Twelve additional HECM data fields are proposed:</p> <ol style="list-style-type: none"> <li>1. Loan Status Code</li> <li>2. Loan Non-Active Reason Code</li> <li>3. Default Date</li> <li>4. Current Property Valuation Amount</li> <li>5. Current Property Valuation Method Type</li> <li>6. Automated Valuation Model Provider Name</li> <li>7. Current Property Valuation Effective Date</li> <li>8. Loan Called Due Date</li> <li>9. Loan Foreclosure Date</li> <li>10. Loan Bankruptcy Date</li> <li>11. Loan Buyout Date</li> <li>12. Loan Adjusted Property Valuation Ratio</li> </ol>