APPENDIX VI-3 FORMS OF IRREVOCABLE UNCONDITIONAL LETTER OF CREDIT AND TRANSFER OF LETTER OF CREDIT

Applicability:	Ginnie	Ginnie Mae I MBS Program and Ginnie Mae II MBS Program.		
Purpose:	situati MBS	This Appendix provides the forms of letter of credit that must be used in the situations in which letters of credit are permissible or required in the Ginnie Mae MBS program. It also provides a form letter for use in transferring a letter of credit. The situations for the use of these forms are:		
	А.	Use of letter of credit in connection with pools or loan packages past for final certification or recertification. This form is also used for a le of credit to be used as collateral in mark to market requirements.		
	B.	Use of letter of credit as collateral in connection with VA vendee account mortgages on installment contracts guaranteed pursuant to VA regulation 4600 ("VA vendee loans").		
	C.	Use of letter of credit as collateral to fund FHA or RD Project Escrows where FHA or RD permits their use.		
	D.	Use of transfer letter for transferring all rights to a letter of credit.		
		The forms are provided, respectively, in the following pages.		
follow	v the pre	he letters of credit in connection with the Ginnie Mae MBS Program must escribed form without deviation. Nonconforming letters of credit are not		

acceptable. Ginnie Mae will not accept any letter of credit that departs in any manner from the prescribed form, and use of such a letter of credit would constitute a failure to comply with Ginnie Mae requirements. In using a letter of credit the parties agree that the Uniform Customs and Practices for Documentary Credits (UCP) shall not apply thereto.

Instructions for Completing Forms

These instructions relate to the entry to be made in the corresponding numbered space in the form.

- 1. Identifies the beneficiary, i.e., the party entitled to draw on the letter of credit. The letter of credit in the case of pools or loan packages past due for final certification or recertification and in mark to market cases is non-transferable in that the beneficiary's right to draw on the letter cannot be assigned to a third party. For pools or loan packages past due for final certification or recertification, the beneficiary always is Ginnie Mae. For mark to market cases, the beneficiary is the party that is contra to the party with an unrealized loss. For VA vendee loans, the beneficiary always is Ginnie Mae. For FHA or RD Multifamily project loans, the beneficiary is the issuer.
- 2. A letter of credit number is assigned by the issuing bank. In order to draw on the letter of credit, the beneficiary must identify the letter by its assigned number.
- 3. An issuance date is assigned by the issuing bank. This is the date on which the letter of credit becomes effective.
- 4. Identifies the party in whose name the account is established. In the mark to market situation, the Account Party is that party obligated to make a deposit of collateral by virtue of having suffered an unrealized loss (when the market price is measured against the contract's price). For pools or loan packages past due for final certification or recertification, VA vendee loan, 23(f) project loan situations, and RD Guaranteed Rural Rental Housing Program (Section 538) loans, the Account Party always is the Ginnie Mae issuer.
- 5. Shows the amount of the letter of credit, as specified by the Account Party, in accordance with applicable Ginnie Mae regulations and Ginnie Mae MBS Guide requirements.
- 6. Expiration date of the letter of credit. The Account Party is responsible for renewing the letter of credit (or, in the mark to market situation, arranging other eligible collateral) if it has obligations to the beneficiary to maintain collateral still outstanding as of the expiration date of the letter of credit.
- 7. The office at which drafts drawn under the letter of credit may be presented (including presentment by a mechanical or electronic method) and will be honored.
 - **Note:** In the mark to market collateral situation, the terms and conditions under which draws may be made on the letter of credit are to be negotiated by the parties and stated in their trading contract. Presentation of a draft under the letter of credit shall constitute a representation by the beneficiary of its compliance with the contract's terms.
- 8. Type in the name of the issuing bank.
- 9. Signature of the authorized agent and/or officer of the issuing bank.
- 10. Typed name of the authorized agent and/or officer who signs the letter of credit.

- 11. Title of the authorized agent and/or officer who signs the letter of credit.
- 12. Pools or loan packages past due for final certification or recertification only: Attach a list of Ginnie Mae pool numbers for the pools or loan packages preventing final certification or recertification.
- 13. VA vendee loans only: enter the Ginnie Mae pool number associated with the subject securities issuance.
- 14. FHA/RD Multifamily project loan situations only: enter the case number(s) assigned by FHA/RD to the project(s) being financed by the securities issuance.
- 15. FHA/RD Multifamily project loan situations only: enter the Ginnie Mae pool number associated with the subject securities issuance.
- 16. Date of transfer letter.
- 17. Name of transferee.

A. Form of Letter of Credit for Use as Collateral in Connection with Pools or Loan Packages Past Due for Final Certification or Recertification

(Issuing Bank's Letterhead)

Irrevocable Unconditional Letter of Credit

Beneficiary:	1	Letter of Credit No.:	2	
Date:3				
Gentlemen:				
For the account of	4	, we hereb	y authorize you to draw or	us at sight
up to an aggregate amount of	of	5	dollars \$().

This letter of credit is irrevocable, unconditional, and nontransferable.

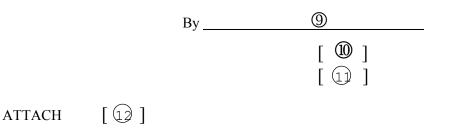
Drafts drawn under this letter of credit must specify the letter of credit number and be presented at the office identified below not later than ______. Any sight draft may be presented to us by electronic, reprographic, computerized or automated system, or by carbon copy, but in any event must visibly bear the word "original". If the document is signed, the signature may consist of (or may appear to us as) an original handwritten signature, a facsimile signature or any other mechanical or electronic method of authentication.

This letter of credit sets forth in full the terms of our obligations to you, and such undertaking shall not in any way be modified or amplified by any agreement in which this letter is referred to or to which this letter of credit relates, and any such reference shall not be deemed to incorporate herein by reference any agreement.

We engage with you that sight	nt drafts drawn under, a	and in compliance with,	, the terms of this letter of credit
will be duly honored at	\bigcirc	-	

Yours very truly,

(Issuing Bank]



B. Form of Letter of Credit for use as Collateral in Connection with VA Vendee Loans*

(Issuing Bank's Letterhead)

Irrevocable Unconditional Letter of Credit

Letter of Credit No.:	(2)
Date:	3
Ginnie Mae Pool No.:	(13)
<u>4</u> , w	ve hereby authorize you to draw on us a dollars (\$).
	Date: Ginnie Mae Pool No.:

This letter of credit is irrevocable and unconditional.

Drafts drawn under this letter of credit must specify the letter of credit number and be presented at the office identified below not later than _______. Any sight draft may be presented to us by electronic, reprographic, computerized or automated system, or by carbon copy, but in any event must visibly bear the word "original". If the document is signed, the signature may consist of (or may appear to us as) an original handwritten signature, a facsimile signature or any other mechanical or electronic method of authentication.

This letter of credit sets forth in full the terms of our obligations to you, and such undertaking shall not in any way be modified or amplified by any agreement in which this letter is referred to or to which this letter of credit relates, and any such reference shall not be deemed to incorporate herein by reference any agreement.

We engage with you that si	ight drafts drawn under,	, and in compliance wi	rith, the terms of this	letter of credit
will be duly honored at	\bigcirc			

Yours very truly,

⑧ [Issuing Bank]

Ву	9	
	[10] [11]	

^{*} To be used in connection with VA vendee account mortgages, or installment contracts guaranteed pursuant to VA Regulation 4600.

C. Form of Letter of Credit for use as Collateral in the Multifamily Mortgage-Backed Securities Program

(Issuing Bank's Letterhead)

Irrevocable Unconditional Letter of Credit

Beneficiary -	\bigcirc	Letter of Credit No.	2
		Ginnie Mae Pool No.	\bigcirc
		FHA or RD Project No.	15
		Date No	3
Gentlemen:			

For the account of ______, we hereby authorize you or your transferee to draw on us at sight up to an aggregate amount of _______ dollars (\$_____).

This Credit is irrevocable, unconditional and transferable. This Credit may be transferred without charge one or more times upon receipt of your written instructions submitted in accordance with the attached transfer form.

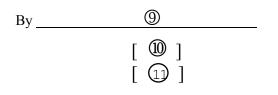
Drafts drawn under this Credit must specify the number of this Credit and be presented at the office identified below not later than _______. Any sight draft may be presented to us by electronic, reprographic, computerized or automated system, or by carbon copy, but in any event must visibly bear the word "original". If the document is signed, the signature may consist of (or may appear to us as) an original handwritten signature, a facsimile signature or any other mechanical or electronic method of authentication.

This Credit sets forth in full the terms of our obligation to you, and such undertaking shall not in any way be modified or amplified by any agreement in which this Credit is referred to or to which this Credit relates, and any such reference shall not be deemed to incorporate herein by reference any agreement.

We engage with you that	t drafts drawn under	and in compliance	e with the terms of	this credit will	be duly
honored at	\bigcirc				

Yours very truly,

⑧ [Issuing Bank]



D. Sample Form for Transfer of Letter of Credit

To: Name and Address of Issuing Ba	ank	Bank Date:	6	
Gentlemen:				
We hereby transfer to.:	1 7	8	Il rights to your Lett	er of Credit
Number.:	, subject to the terms	of such Credit. I	Enclosed is the origin	al Letter of
Credit which should be returned to u	is with the endorsement of	of this transfer th	iereon.	
	V			

Yours very truly,

(Authorized Signature) (Beneficiary)

Enclosure