

(F) Comply with GNMA's policies regarding participation by minority and/or women-owned businesses and take appropriate measures to assure compliance by the other participants as specified in the GNMA Multiclass Securities Guide; and

(G) Provide GNMA with the opinions of trust counsel and accounting firms which are acceptable to GNMA and on which GNMA may rely.

(ii) *Co-sponsors.* A Co-sponsor must submit an application and a certification, as set forth in the GNMA Multiclass Securities Guide, as to its status as a minority and/or women-owned business.

(iii) *Trustees.* A trustee is selected by the Sponsor from institutions approved by GNMA using such procedures as GNMA deems appropriate.

(b) *Consolidated securities*—(1) *Description.* A depositor delivers, or executes an agreement to deliver, eligible collateral to a trust in exchange for a single GNMA guaranteed multiclass security, as set forth in the GNMA Multiclass Securities Guide.

(2) *Eligibility requirements for participant.* A Depositor must certify that:

(i) It is an "accredited investor" within the meaning of 17 CFR 230.501(a)(1), (a)(3) or (a)(7);

(ii) It has authority to deliver, and will deliver, the collateral to the trustee and that the collateral is free and clear of all liens and encumbrances; and

(iii) The information set forth by the depositor regarding the eligible collateral is true and correct.

(c) *Other types of GNMA guaranteed multiclass securities.* GNMA will set forth the requirements for the guaranty by GNMA of other types of multiclass securities, and the eligibility requirements for the appropriate participants, in the GNMA Multiclass Securities Guide or on the GNMA electronic bulletin board.

§ 395.25 Fees.

The Association, in its discretion, through publication in the GNMA Multiclass Securities Guide or on the

GNMA electronic bulletin board, may impose fees for application, guaranty, transfer, change from book entry to certificated form, or other related fees. Fees may vary, at GNMA's discretion, depending upon, but not limited to, such factors as size, collateral characteristics, expense or risk of the guaranty transaction undertaken.

§ 395.30 GNMA guaranty.

The Association guarantees the timely payment of principal and interest as provided by the terms of the multiclass security. The Association's guaranty is backed by the full faith and credit of the United States.

§ 395.35 Investors.

GNMA guaranteed multiclass securities may not be suitable investments for all investors. No investor should purchase securities of any class unless the investor understands, and is able to bear, the prepayment, yield, liquidity and market risks associated with the class. The Association assumes no obligation or liability to any person with regard to determining the suitability of such securities for such investor.

§ 395.40 Consultation.

The Association may consult with persons or entities in such manner as the Association deems appropriate to ensure the efficient commencement and operation of the Multiclass Securities program.

§ 395.45 Limitation on GNMA liability.

Except for its guaranty, the Association undertakes no obligation and assumes no liability to any person with regard to or on account of the existence or operation of this part or the conduct of any participants in the Multiclass Securities program.

§ 395.50 Administration of multiclass securities.

The GNMA guaranteed multiclass securities will be administered in accordance with GNMA requirements described in the GNMA Multiclass Securities Guide.

§ 395.55 Basis for removal from participation.

A participant may be removed from the Multiclass Securities program if GNMA, in its discretion, determines that any of the following exists or has occurred:

(a) The participant, at any time, fails to meet any condition for eligibility;

(b) The participant fails to comply with any provision of the GNMA Multiclass Securities Guide or this part;

(c) The participant is unable or fails to truthfully, correctly or fully submit such certifications as are required; and

(d) Such further reasons as GNMA determines necessary to protect the safety and soundness of the Multiclass Securities program, as set out in the GNMA Multiclass Securities Guide.

§ 395.60 Removal procedure.

(a) A participant may be suspended from participation in the Multiclass Securities program upon written notice from GNMA, which shall include the reasons for the suspension. The participant shall have the opportunity to submit a written presentation to the President of GNMA, or designee, in support of its reinstatement, subject to such limitations as GNMA in its discretion may impose as to length, time for submission, or otherwise. A determination by the President of GNMA, or designee, shall exhaust the participant's administrative remedies.

(b) If a participant is suspended from the Multiclass Securities program, GNMA shall have no obligation to complete a pending transaction involving the participant.

(c) After a participant has been removed from the Multiclass Securities program, the participant may request reinstatement. Approval of the reinstatement is at the sole discretion of the Association.

Dated: January 19, 1995.

Dwight P. Robinson,

President.

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