



*Presentation by  
Ginnie Mae President Ted Tozer  
Global Chinese Real Estate Congress  
July 8, 2015*



@GinnieMaeGov



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## ***About Ginnie Mae***

- Ginnie Mae is a self-sustaining government-owned corporation organized within HUD. Its President is nominated by the President of the United States and confirmed by the United States Senate.
- Ginnie Mae securities are the only mortgage-backed securities that offer the full faith and credit guaranty of the United States Government.

***Ginnie Mae's role is to guarantee timely principal and interest payments to investors and to maintain the common securitization platform that provides a level playing field for mortgage entities of every size.***

## ***Ginnie Mae's Platform is Flexible and Economical***

Ginnie Mae's relevance is evidenced in its steady, increased growth and its share of the secondary mortgage market.

Ginnie Mae's average issuance in last five years is \$382 Billion.

2015 YTD August volume now has Ginnie Mae at about 38% of total new MBS issue market.

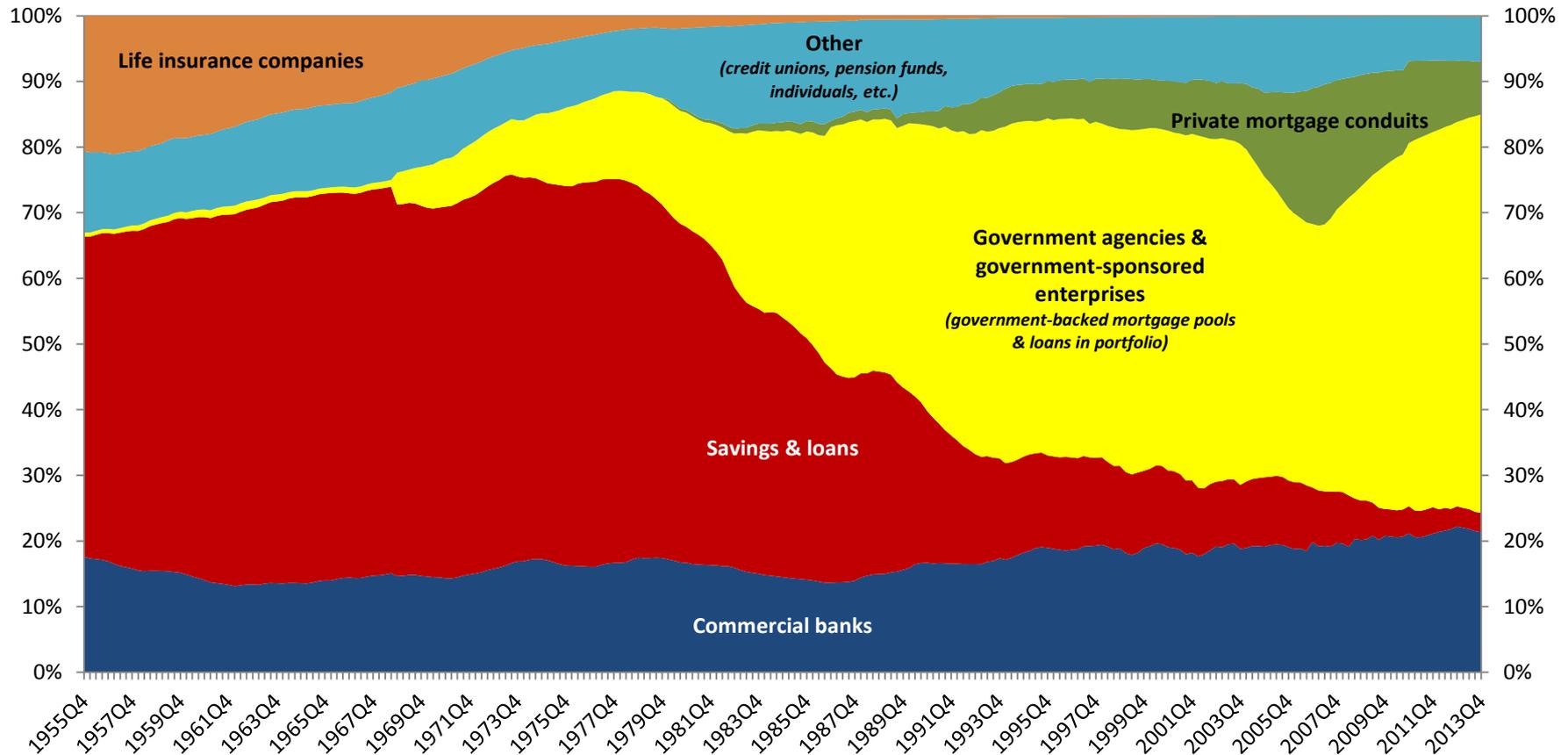
Our counterparty risk has changed dramatically. Our staffing level has not.



## Government Support of Mortgages

- The U.S. Government has had a significant role in the mortgage market going back at least 30 years

### Single-family Mortgage Market Share



Source: Federal Reserve Board of Governors

## ***TBA Transaction Example – Day 1***

Sun.  
9PM

- U.S. Dealer Bank sells \$100 million of Ginnie Mae or GSE MBS with 4% coupon rate to Asian investors

Mon.  
9AM

- Mortgage Banker shorts (promises to deliver) \$100 million of 4% MBS to Dealer Bank locking in rate for loan originations

Monday  
Bus. Hrs.

- Throughout day, Mortgage Banker's loan originators across the U.S. make loans at 4% to fill position

## ***TBA Transaction Example – Day 2 thru Settlement, 13 weeks later***

Day 2 up to  
48 hrs. to  
Settlement

- Mortgage Banker has ability to fine tune trade, e.g., sell excess loan production or buy shortfall in TBA market

At most  
48 hrs. to  
Settlement

- Mortgage Banker sells loans to GSE or delivers loans to Ginnie Mae for pool processing in exchange for guaranteed MBS

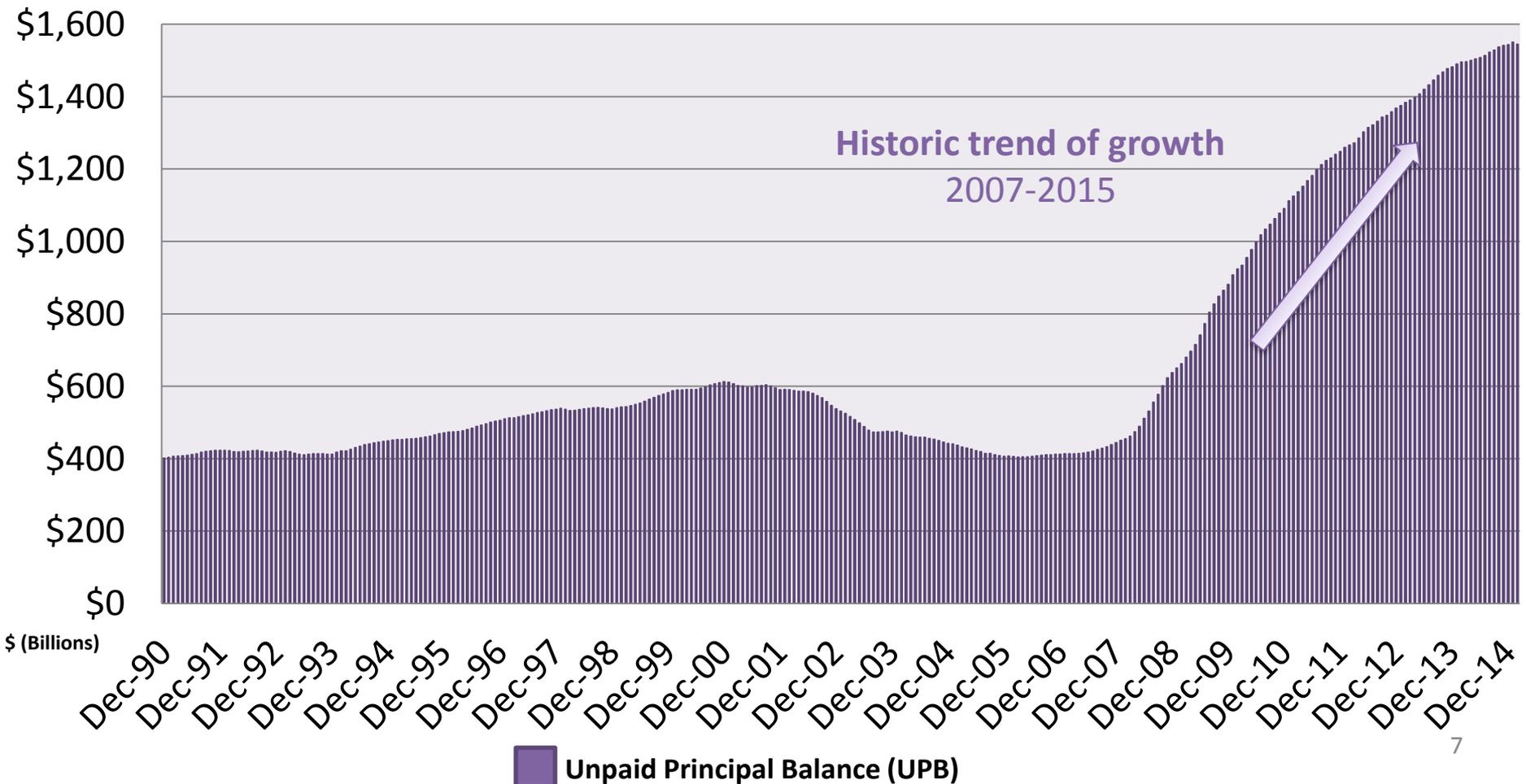
48 hrs. to  
Settlement

- Mortgage Banker must provide specific MBS pool information to Dealer Bank at this point

Settlement  
Date

- Mortgage Banker delivers MBS to Dealer Bank, Dealer Bank delivers MBS to investors

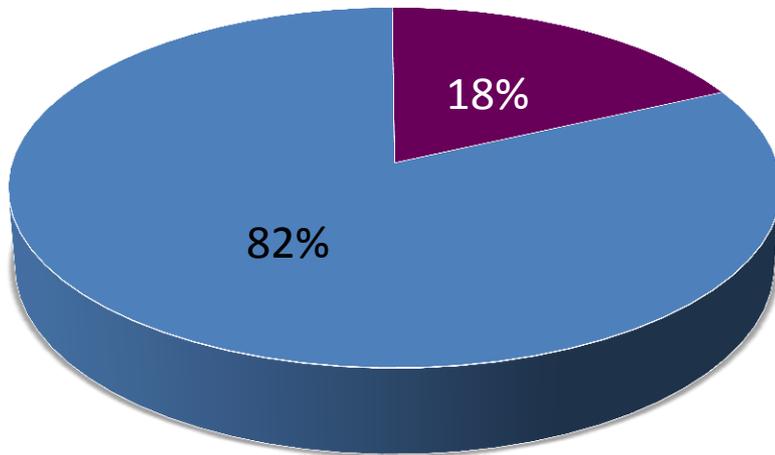
## Ginnie Mae MBS Outstanding Surges, 42 Years to Reach \$1 Trillion then to \$1.5 in Five Years



## Composition of Ginnie Mae MBS Issuance Volume

**FY 2010**

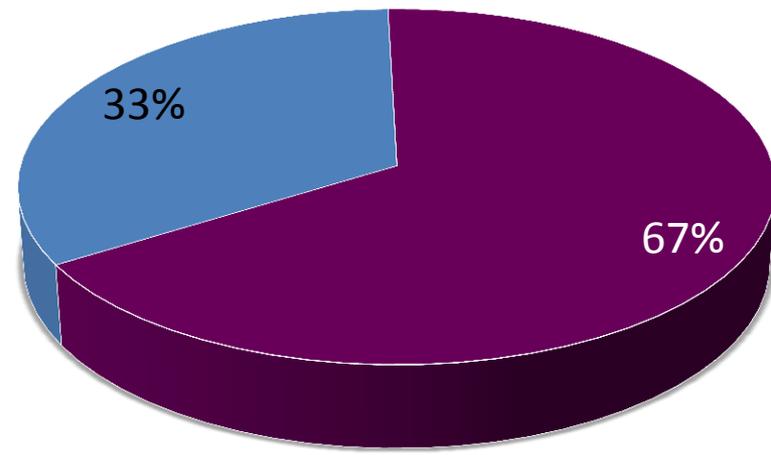
■ Depositories   ■ Non-Depositories



**FY2010 Issuance Volume: \$413 B**

**YTD\* FY 2015**

■ Depositories   ■ Non-Depositories



**FY2015 YTD\* Issuance Volume: \$258 B**

\*YTD as of May 2015

## New Entrants Reducing Concentration, Systemic Risk No Ginnie Mae Issuer is “Too Big To Fail”

Top 5 Issuers of SF MBS in FY2011		
Rank	Issuer Name	% of Total
1	WELLS FARGO BANK, NA	34%
2	BANK OF AMERICA	26%
3	JP MORGAN CHASE BANK	8%
4	PHH MORTGAGE CORP	4%
5	U.S. BANK	4%
Total Top 5 Issuers		76%
Total Issuance FY2011		\$322.3 billion

Top 5 Issuers of SF MBS in FY2015 YTD*		
Rank	Issuer Name	% of Total
1	WELLS FARGO BANK, NA	16%
2	FREEDOM MORTGAGE CORP	7%
3	PENNYMAC LOAN SERVICES	6%
4	QUICKEN LOANS INC	6%
5	U.S. BANK	4%
Total Top 5 Issuers		39%
Total Issuance FY2015 YTD		\$130.9 billion

Red = Issuers that have fallen out of Top 5 since 2011

Blue = Issuers that have risen into Top 5 since 2011

\*as of April 2015

## ***Summary***

- The flexibility of Ginnie Mae’s common security allowed new entrants to flourish in the secondary market space – avoiding costly overlays and keeping credit flowing to home buyers.
- The model creates competition and levels the playing field because all “Issuers” play by the same rules.
- Monitoring non-banks is much more labor intensive than monitoring depository institutions which are governed by FDIC.
- Ginnie Mae is modernizing its platform and needs to hire additional staff to keep up with the changing marketplace.



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