Ginnie Mae
Our Guaranty Matters

ANNUAL REPORT 2024

Above: (From left to right) Ginnie Mae leadership: Senior Vice President of Issuer and Portfolio Management Leslie Meaux Pordzik, Chief Financial Officer Adetokunbo "Toky" Lofinmakin, Senior Vice President and Chief Risk Officer Greg Keith, Acting Senior Vice President of the Office of Securities Operations Stewart Spettel, Senior Vice President of the Office of Data and Technology Solutions Russell "Haj" Ramos, and Senior Vice President of the Office of Capital Markets John Getchis.

Cover: (Top) Assistant Secretary for Housing and Federal Housing Commissioner Julia Gordon; U.S. Department of Housing and Urban Development, The Honorable Adrianne Todman; and Ginnie Mae Acting President Sam Valverde.

Cover: (Middle) Director of Digital Collateral Lynne Chandler participates in a roundtable with State Housing Finance Agencies.

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U.S. Department of Housing and Urban Development, The Honorable Adrianne Todman

MAKING A POSITIVE SOCIAL IMPACT ON THE HOUSING FINANCE SYSTEM FOR 56 YEARS

At all levels in the U.S. Department of Housing and Urban Development (HUD), there is a deep and abiding commitment to lowering the cost of housing, boosting the supply of affordable housing, and increasing homeownership opportunities for low- and moderate-income households across the United States. Ginnie Mae acts as a force-multiplier for this commitment, maximizing the reach and impact of federal mortgage insurance programs through its guaranty of mortgage-backed securities (MBS) collateralized by these government loans, helping millions of Americans—including underserved communities—access affordable credit and housing to achieve their goals.

Each day, we employ all the tools available to provide a level playing field for Americans to achieve the dream of homeownership. Assisting homeowners through all stages of the homeownership lifecycle, from housing counseling services and developing new loss mitigation tools to maintaining their homes later in life, our values are codified in our programs and made real by our people—HUD staff, dedicated and mission-driven experts.

Ginnie Mae's programs and achievements in fiscal year 2024 (FY24) exemplify HUD's values at work. In 2020, Ginnie Mae implemented its Digital Collateral program with the goal of modernizing and digitizing government lending and its MBS program. This program makes it easier for borrowers to access affordable lending through virtual means, which is transformative for rural and Tribal communities and overseas households, including military personnel and borrowers with health, mobility, or other issues.

FY24 saw a significant milestone in the program with the introduction of commingling, or the combining of digital collateral (eNotes) into the same pools of mortgages as traditional paper collateral. Issuers that have also been approved to participate in Ginnie Mae's Digital Collateral program (eIssuers) have seen additional efficiencies in loan processing, bringing down the cost of transactions for lenders and consumers while creating more opportunities to expand loan offerings to more borrowers. In FY24, Ginnie Mae added 13 additional participants to the program and is on track to securitize 183,000 eNotes, equal to $44.78 billion, by the end of this fiscal year.

Ginnie Mae's success is reflected in its book of business. In FY24, a total of 1.3 million loans were securitized. Of these loans, 46 percent were to first-time homebuyers, and, of these first-time buyers, 61 percent were people of color. Geographically, 230,000 loans were originated in low- to moderate-income areas.

I am proud of the work and accomplishments of the team at Ginnie Mae. We represent the leading edge of the Administration's coordinated effort to support the American dream of equitable and affordable housing opportunities for families and future generations.

THE HONORABLE ADRIANNE TODMAN
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

A Message From Acting President Valverde

Ginnie Mae Acting President
Sam Valverde

THE HONORABLE ADRIANNE TODMAN,

I am pleased to present you with the Fiscal Year 2024 Annual Financial Report for the Government National Mortgage Association (Ginnie Mae). This year was marked by the continued growth of our mortgage-backed securities (MBS) program, significant modernization successes, new collateral disclosures, and an expansion of our investor network for the benefit of investors, issuers, and borrowers. This work, which reflects the dedication of the Ginnie Mae team, supports our efforts to create a more resilient and inclusive housing finance system.

In Fiscal Year 2024 (FY24), Ginnie Mae MBS issuances reached $423.4 billion, supporting an additional 1.2 million households, including veterans and families from urban, rural, Tribal, and underserved communities, and more than 630 thousand loans for first-time home buyers. Ginnie Mae's total outstanding MBS hit a historic high of $2.64 trillion as of September 30, 2024, an increase of 6 percent year over year, representing a total of over 11 million loans. These achievements underscore our commitment to ensuring that all Americans have access to affordable mortgage options.

Our FY24 modernization efforts were wide-ranging. Ginnie Mae announced updates to our manufactured Housing (MH) MBS program, which included changing our issuer financial and liquidity requirements to reduce barriers to entry and boost program participation. In response to comments from a request for information we published in 2022 with the Federal Housing Administration (FHA), this update represents the first phase in a series of systematic enhancements to the MH MBS program.

In addition, Ginnie Mae takes seriously the risks posed by cybersecurity threats—both to our agency and our counterparties—and has been proactively hardening our platform by expanding cybersecurity capabilities that protect our critical business systems, improving the visibility of cybersecurity incidents that impact our counterparties, updating our cybersecurity incident reporting and recovery planning requirements, and hiring experienced cyber security professionals. These actions are critical components toward ensuring the integrity of our program, providing confidence to both issuers and investors in our products, and ultimately safeguarding the U.S. housing finance sector.

Over several months, Ginnie Mae participated in the Financial Stability Oversight Council (FSOC) Nonbank Mortgage Servicing Task Force, lending our expertise to support the Task Force's initiatives. Through this collaboration, Ginnie Mae played a pivotal role in shaping the FSOC's report on Nonbank Mortgage Servicing, which was published in May 2024. The report highlighted key risks, including liquidity challenges, for nonbank mortgage servicers. Our contributions show Ginnie Mae's role as a key player in promoting stability and building a resilient housing finance system.

Ginnie Mae also continued to engage with stakeholders worldwide to strengthen the U.S. housing finance system and broaden our investor base. Our strategic housing finance engagements took us to Singapore, Tokyo, and Mexico City, where we fostered dialogues that reinforce the value of Ginnie Mae's mission. At our inaugural U.S.-Latin America Investor Roundtable, held at HUD headquarters in collaboration with the Inter-American Development Bank, over 150 participants from Latin America, the Caribbean, and beyond gathered to discuss innovation, sustainable housing finance, social impact, and climate resilience, amongst other topics. Domestically, our landmark Mortgage Market Resilience and Access to Credit Summit in October convened leaders from the Federal Government, private sector, and housing industry to address the importance of liquidity, innovation, and the role of independent mortgage banks in preserving access to affordable credit. These stakeholder engagements are crucial to advancing affordable housing, ensuring the strength of Ginnie Mae's MBS program, and maintaining its appeal as a global investment.

Ginnie Mae also enhanced its social impact disclosures, beginning to provide low- to moderate-income data for Home Equity Conversion Mortgage (HECM) borrowers in its HECM MBS program and expanding its disclosure of rural borrowers to include FHA and Veterans Affairs loans in specified geographies. These disclosures are responsive to investor demand at home and abroad, helping demonstrate the value proposition and impact of Ginnie Mae securities and drive additional interest and investment.

I am proud of what we accomplished this year, and I remain grateful for your support and partnership toward our efforts to create a more equitable and stable housing finance system.

SAM VALVERDE
ACTING GINNIE MAE PRESIDENT

Executive Summary

PROMOTING AFFORDABLE HOMEOWNERSHIP BY STRENGTHENING AND EXPANDING THE GINNIE MAE PROGRAM

Congressionally chartered in 1968 as a wholly government-owned corporation in the U.S. Department of Housing and Urban Development (HUD), the Government National Mortgage Association (Ginnie Mae) serves a critical role in the U.S. housing finance system, tasked with a mission to support the liquidity and stability of the mortgage market and expand equitable access to affordable credit and housing to historically underserved communities. By providing the full faith and credit guaranty of the U.S. Government on mortgage-backed securities (MBS) collateralized by mortgages insured or guaranteed by the Federal Housing Administration (FHA), U.S. Department of Veterans Affairs (VA), U.S. Department of Agriculture (USDA)'s Office of Rural Development (RD), and HUD's Office of Public and Indian Housing (PIH). Ginnie Mae connects the U.S. housing market with global capital to bring scale to the insuring agency lending programs, helping expand the availability of lending and reduce costs for borrowers and addressing longstanding barriers to homeownership, particularly for communities of color. With 11.9 million loans in our book, representing more than $2.6 trillion in outstanding principal balance, Ginnie Mae remains one of the most successful social enterprises operating today.

The Ginnie Mae guaranty ensures the timely payment of scheduled principal and interest to MBS investors. This guaranty attracts domestic and global investors who favor the certainty of Ginnie Mae's guaranteed fixed-income bonds while also incentivizing lenders to make government-backed loans, knowing that the demand on the secondary market mitigates the costs to carry that loan. Lenders can then use the proceeds to make new mortgage loans to first-time homebuyers, veterans, rural and Tribal homeowners, low- to moderate-income (LMI) borrowers, and others who qualify under federal mortgage programs.

Understanding our critical role in supporting additional capital to mortgage lenders participating in federally backed mortgage programs, Ginnie Mae has been recognized in HUD's 2022–26 strategic plan under Strategic Goal three to "Promote Homeownership." Ginnie Mae is called on in Strategic Objective 3B to "Create a more accessible and inclusive housing finance system" through four strategies.

Ginnie Mae leadership and staff members pose for a photo at the Mortgage Market Resilience and Access to Credit Summit.

1. Broaden housing finance availability for underserved participants and expand access to Ginnie Mae programs.
2. Pursue further methods of enhancing the value of Ginnie Mae securities by meeting new sources of investor demand.
3. Develop the operational capacity to advance the digitalization and optimization of the Ginnie Mae MBS platform to drive more efficient outcomes for issuers, investors, and borrowers.
4. Provide a leading voice in the housing finance system by engaging with key stakeholders to communicate and coordinate Ginnie Mae's strategic objectives.

Over the last decade and a half, Ginnie Mae's securities outstanding principal balance has grown every year, reaching $2.6 trillion at the close of Fiscal Year 2024 (FY24) and reflecting year-over-year growth of more than 6.8 percent. In FY24, FHA-insured mortgages accounted for 64 percent of issuance in Ginnie Mae pools. VA-guaranteed mortgages accounted for 33.1 percent, and USDA and PIH loans contributed the remainder. Mortgages made to first-time homebuyers collateralized more than 70 percent of Ginnie Mae's issuance. During FY24, 97.01 percent of FHA single-family insured loans were pooled into Ginnie Mae MBS. Of the securitized loans from agencies reporting demographics, 61 percent of the loans made to minority households were made to first-time homebuyers. Within the subgroup of loans made to each minority classification, the percentage of those loans made to first-time homebuyers was:

- 65 percent to Asian-American Pacific Islander households.
- 50 percent to African-American households.
- 69 percent to Hispanic households.
- 60 percent to Native American households.

The progress made in FY24 continues to demonstrate that despite an elevated interest rate environment and challenging economic conditions, new monthly issuance in government lending remains steady. The counter-cyclical nature of Ginnie Mae and our insuring agency partners' programs ensures that opportunities continue to exist for affordable homeownership and rental housing, especially for our nation's historically underserved communities.

Acting President Sam Valverde joins the Affordable Housing and Sustainable Communities panel hosted by Nuveen and the Business Council for International Understanding.

BROADEN HOUSING FINANCE AVAILABILITY FOR UNDERSERVED PARTICIPANTS AND EXPAND ACCESS TO GINNIE MAE PROGRAMS

In support of the HUD Strategic Plan's objective to "broaden housing finance availability for underserved participants and expand access to Ginnie Mae Programs," in FY24, Ginnie Mae published a progress report on our role in increasing access for community-based lending institutions. The plan included recommendations to increase data and information sharing between interagency and institutional partners, enhance geographic areas of analysis and outreach, and expand educational campaigns focusing on community-based lending institutions in underserved communities—particularly rural areas and Tribal communities. Read more about the plan here.[1]

Manufactured Housing

Understanding the need to increase the supply of affordable housing, Ginnie Mae continued to work closely with FHA to modernize the Title I Manufactured Housing Program. In the second quarter of FY24, Ginnie Mae announced updates to our manufactured housing (MH) MBS program intended to expand program participation and support additional liquidity for MH borrowers.[2] Ginnie Mae, in coordination with the FHA Title I policy changes, revised our issuer financial eligibility requirements for both institutions seeking approval as Ginnie Mae MH issuers (MH applicants) and existing, approved Ginnie Mae MH issuers. Revisions to the net worth and liquidity requirements went into effect on March 1, 2024, for MH applicants and on June 1, 2024, for existing MH issuers.

Ginnie Mae and FHA's MH program enhancements are part of the Biden-Harris Administration's actions to boost housing supply and lower housing costs[3] and are part of an ongoing, comprehensive effort to build a more substantial secondary market for Title I loans while also understanding the evolving risk environment since the last major program update in 2010.

1 GINNIE MAE PROGRESS REPORT: Expanding Access for Community-Based Lending Institutions

2 All Participant Memorandum (APM) 24-01

3 FACT SHEET: Biden-Harris Administration Announces New Actions to Boost Housing Supply and Lower Housing Costs | The White House

ENHANCING THE VALUE OF GINNIE MAE SECURITIES

In support of the objective to enhance the value of Ginnie Mae securities as an investment product and asset class, in FY24, Ginnie Mae continued work in a number of areas. Managing the multiclass securities program, continuing program development, and engaging with global investors underscore Ginnie Mae's commitment to enhancing our securities as a trusted investment product and asset class.

Ginnie Mae expanded our Environmental, Social, and Governance (ESG) disclosures, data integration, and infrastructure while maintaining a monthly ESG public disclosure cycle by reporting data for the pool issue month. In FY24, Ginnie Mae provided LMI disclosures for FHA, VA, and USDA, and we anticipate participation from every insuring agency in FY25. Ginnie Mae also began providing LMI disclosures for our Home Equity Conversion Mortgage MBS (HMBS) program in FY24. Additional disclosures are anticipated in FY25.

The Multiclass Securities Program continues to meet investor demand. The program achieved 100 percent on-time deal settlements throughout FY24, ensuring reliability and trust in Ginnie Mae securities. Additionally, the program was strengthened through internal capacity-building by hiring subject matter experts to support processing programs and policy enhancements, ensuring continuous improvement and adaptation to market needs.

In an effort to broaden the eligible population and revitalize the strength of the HMBS program, Ginnie Mae published a proposed term sheet for a new reverse mortgage security, HMBS 2.0, and provided a public comment period for industry stakeholder feedback.

Assessing and Managing Counterparty Risk

To advance the objective of counterparty and issuer risk management, several offices within Ginnie Mae have undertaken initiatives throughout FY24. These efforts have been pivotal in enhancing oversight, improving data collection, and managing risks associated with program participants.

In 2022, Ginnie Mae introduced the Risk-Based Capital Ratio requirement for Single-Family issuers, which goes into effect at the end of the calendar year. This requirement considers balance sheet composition to determine capital requirements, creating incentives for risk-reducing behavior. Ginnie Mae intends to implement capital relief for hedged mortgage servicing rights (MSRs) and is exploring capital relief for responsibly structured excess servicing transactions.

We have also undertaken several initiatives to manage program risk. Ginnie Mae's Office of Enterprise Risk (OER) continues to establish and monitor Ginnie Mae's Enterprise Risk Management program, which now includes cybersecurity. OER is championing an initiative to monitor the value of MSRs better to understand the Independent Mortgage Bank (IMB) industry and identify situations where IMBs are susceptible to balance sheet volatility. By collecting market clearing prices of MSR transactions, Ginnie Mae aims to calibrate an MSR valuation model, providing a comprehensive view of the Ginnie Mae MSR market and aiding in developing mitigation strategies for issuers under stress.

Continuing efforts to implement Executive Order 14030[4] on climate-related financial risk, a pilot program was executed to develop Ginnie Mae's climate risk modeling capabilities. A prototype model leveraging industry climate risk data and vendor tools was developed to estimate the impact of natural hazards on Ginnie Mae's programs. This initiative will expand to include other physical risk perils and transition risks, assessing the long-term effects of climate change on the housing and mortgage market. Additionally, the 14030 climate risk methodology for the federal lending programs (section 5c) was enhanced, increasing the granularity of climate risk estimates and assisting federal lending agencies in understanding their climate risk footprints and exposures.

These collective efforts have significantly advanced the goal of counterparty and issuer risk management. Achievements in enhancing oversight, improving data collection, managing MSR values, and addressing climate risks underscore Ginnie Mae's commitment to managing program risk effectively and ensuring the stability and resilience of our programs.

Managing Director of International Markets Alven Lam poses for a photo with a delegation from DKI Jakarta City Council, Indonesia, that visited Ginnie Mae on Nov. 22, 2023. Referred by the U.S. Embassy Jakarta, we shared policy experiences in financing homeownership and developing healthy fiscal system in our governments. We also discussed Ginnie Mae's environmental and social impact housing finance as Indonesia is undergoing major efforts of relocating the capital city to Nusantara to address the environmental and economic challenges of Jakarta.

[4] Executive Order 14030

Attendees and panelists pose for a photo on stage at the U.S.–Latin America Investor Roundtable Summit Series hosted at the U.S. Department of Housing and Urban Development headquarters in Washington, D.C. on March 14, 2024. The event, supported by the Inter-American Development Bank (IDB), convened over 150 participants from across Latin America and the Caribbean—both in-person and virtually—to engage in discussions on housing finance within a framework of social impact and sustainability.

ADVANCING DIGITALIZATION AND OPTIMIZATION OF THE MORTGAGE-BACKED SECURITIES PROGRAM

Digital Collateral

Since Ginnie Mae implemented our Digital Collateral program in 2020, the program has continued to expand and meet our goal to modernize and digitize the collateral backing Ginnie Mae's MBS program. In FY24, the program achieved a very significant milestone with the advent of commingling, or combining, digital collateral (eNotes) into the same pools of mortgages as traditional paper collateral. This step was greeted with tremendous enthusiasm in the industry as it allows issuers to better integrate their digital processes into their main line of business, promoting liquidity and decreasing costs for both issuers and borrowers. Since the implementation of commingling, the program has seen both increased growth in securitization and the number of issuers applying to participate in the program.

Ginnie Mae implemented our Digital Collateral program to support the HUD strategic plan and, in FY24, exceeded strategic plan benchmarks by adding 13 new participants to our program. Ginnie Mae actively securitized and placed in our electronic storage system (eVault) over 183,000 eNotes (transferable records) as of the end of the fiscal year. That equals $44.8 billion in collateral securitized in this new program by Ginnie Mae. Approximately 63 percent of our securitized Digital Collateral are FHA loans, the remainder largely being VA loans and a small but consistent number of RD loans. Ginnie Mae is proud of the support and flexibility that this program provides to borrowers, particularly active service members and veterans of our Armed Forces and their families, who may not otherwise be able to pursue homeownership.

As the housing finance industry evolves, we remain committed to using technology to support issuers, borrowers, and taxpayers.

STRATEGIC INVESTMENTS IN FY24: DRIVING INNOVATION AND EFFICIENCY

In FY24, Ginnie Mae continued making strategic investments centered around improving the user experience, embracing digitization, optimizing issuer application processes, and enhancing our cybersecurity posture. These efforts were undertaken with a clear objective: to drive efficiency, improve the user experience for all our stakeholders, and promote the cyber resilience of Ginnie Mae's program and issuers/counterparties.

In May 2024, Ginnie Mae implemented a transformational platform called Ginnie Mae Central, bringing data directly in-house for monitoring insurance requirements, financial statement audits, and issuer and document custodian field reviews. This platform has enabled Ginnie Mae to start insourcing key program requirements, allowing in-house staff to manage and engage directly in these workstreams. Additionally, we developed and implemented recovery planning requirements for the largest Ginnie Mae issuers, releasing the associated All Participants Memorandum (APM) in May 2024. This requirement requires issuers with $50 billion or more in Ginnie Mae servicing to provide additional data and information annually, strengthening Ginnie Mae's risk posture relative to the large issuer failure risk. Furthermore, we sponsored a new data requirement—the payment default status data requirement—to provide Ginnie Mae with loan-level status information on delinquent loans in Ginnie Mae pools, assisting in assessing the risk of active issuer portfolios and servicing effectiveness.

Ginnie Mae worked collaboratively with several stakeholders to expand the collection of loan-level data. Effective September 1, 2024, the monthly loan-level investor reporting file was successfully expanded. The Reporting and Feedback System now includes 11 new data elements for all Single-Family, Multifamily, and MH loans in the Ginnie Mae pools. These new data elements support data reporting and in-house analytics, enabling increased granularity in pool/loan calculations, expanded loan-level metrics for disclosure to investors, and enhanced monitoring of MBS collateral at the loan level.

As part of our modernization efforts, Ginnie Mae has also initiated several projects to transition from using the Oracle Application Development Framework (ADF) to adopting open-source software. Oracle ADF is a Java-based platform for building enterprise applications and providing tools for developing web and mobile solutions. Moving to open-source software will allow for greater flexibility, lower costs, and enable faster innovation.

In addition to these transitions, we are committed to continuous enhancements of our applications. This ongoing improvement process ensures that our technology evolves with emerging needs and trends, providing our stakeholders with the most current and effective solutions. Optimization of applications not only streamlines processes but also brings forth several additional benefits, including

Senior Vice President of the Office of Capital Markets John Getchis participates in a panel discussion on innovative housing solutions and housing finance at IDB's Third Regional Housing Forum in Mexico City.

The 2024 U.S. Department of Housing and Urban Development Innovative Housing Showcase on the National Mall in Washington, D.C. from June 7 to 9, 2024.

enhanced data integrity, reduced operational risks, and faster transaction processing—enabling our issuers, investors, and partners to operate more effectively.

Furthermore, several initiatives have been undertaken with the sole focus of enhancing our security posture. This process includes upgrading the operating systems and software underpinning all applications to ensure a robust and secure foundation for future innovation. These enhancements bolster our ability to proactively address emerging cyber threats and safeguard critical data.

Looking ahead, Ginnie Mae remains committed to leveraging emerging technologies and driving further optimization, ensuring that we stay at the forefront of the digital transformation of the MBS industry.

In FY24, Ginnie Mae made significant strides in enhancing our cloud and cybersecurity infrastructure. Key accomplishments include enhanced real-time monitoring and Securities Operations Center visibility and streamlined and reduced response times. We proactively tested and remediated vulnerabilities and streamlined vulnerability management. We reduced network congestion and security risks while ensuring continued compliance with federal guidelines and operational integrity. We added new nonproduction environments to mitigate risks associated with production changes and made enhancements to improve data reliability and recovery.

Further accomplishments include strengthened security and the implementation of new quota policies to improve governance and cost predictability. The successful deployment of new applications supported critical transitions and enhanced capabilities. Upgrading more than forty application software and database servers helped mitigate risks, and developing AI governance frameworks further bolstered Ginnie Mae's infrastructure. These initiatives collectively enhance Ginnie Mae's security posture, operational resilience, and ability to meet evolving cybersecurity mandates, justifying continued investment in cloud and cyber services.

This past year saw a significant increase in cyber threats targeting federal agencies and the financial sector. In response to this concerning trend, Ginnie Mae established a cybersecurity incident notification requirement through APM 24-02[5] and APM 24-10[6], which improves our visibility of cybersecurity incidents with our issuers and Document Custodians and supports the management of cyber risks that could impact Ginnie Mae's MBS program.

(From left to right) Senior Advisor Alejandro Avilés; Acting President Sam Valverde; U.S. Department of Housing and Urban Development team: Assistant Secretary for Administration Elizabeth de León Bhargava, Acting Assistant Secretary Natalia Vanegas, Policy Advisor Wendy Gomez, and Senior Advisor Juven Jacob pose for a photo at the 2024 UnidosUS Conference in Las Vegas, Nevada, on July 15, 2024.

5 All Participant Memorandum (APM) 24-02
6 All Participant Memorandum (APM) 24-10

PROVIDING A LEADING VOICE IN THE HOUSING FINANCE SYSTEM AND STRENGTHENING OUR INTERNAL PARTNERSHIPS

In support of our strategy to be a leading voice in the housing finance system, Ginnie Mae hosted several events and engagements this fiscal year as part of our Summit Series. These engagements provide a platform for housing finance leaders to collaborate on solutions that advance our mission of providing affordable housing to underserved communities.

On January 10, Ginnie Mae hosted a roundtable discussion with the state housing agencies at the Brooke-Mondale Auditorium at HUD headquarters. The roundtable, done in collaboration with the National Council of State Housing Agencies, brought together senior leaders from 30 state housing agencies from around the country as part of an ongoing conversation about ways to partner to increase the financing available for LMI borrowers.

On March 14, Ginnie Mae hosted the U.S.–Latin America and the Caribbean Investor Roundtable to discuss housing finance in a social impact and sustainability framework in partnership with the Inter-American Development Bank. This event brought together housing finance stakeholders from across Latin America, the Caribbean, and the United States to foster a deeper understanding of housing finance, challenges, and opportunities in housing policy and set the tone for further collaboration. This event was followed by a Latin America and Caribbean Housing Finance Roundtable on Green Bonds, Innovation, and Investments in the Secondary Market on July 24 in Mexico City, Mexico. The roundtable panel discussions allowed participants across the Western Hemisphere to discuss the global demand for MBS, green bonds, and sustainable finance. Practitioners and thought leaders from the public and private sectors shared best practices to spur innovation.

On April 4, along with senior leaders at FHA, including Assistant Secretary for Housing and Federal Housing Commissioner Julia Gordon, a roundtable was held in New York City with domestic MBS traders and asset managers on various product-related issues. The forum is part of an ongoing effort to strengthen the feedback loop between investors in the market and Ginnie Mae's product teams. Senior leaders also met with investors during the July 2024 Mexico City trip and in Singapore and Japan in September. International engagements and forums continue to promote our value proposition and attract foreign capital to improve liquidity with international investors worldwide. This summer, Ginnie Mae also hosted the Saudi Real Estate Refinance Company (SRC), which is working to establish a securities market, and facilitated their visits to Ginnie Mae, the Federal Housing Finance Agency, and the government-sponsored enterprises. This engagement builds on Ginnie Mae and SRC's joint letter outlining areas of collaboration as part of a Memorandum of Understanding established between HUD and the Kingdom of Saudi Arabia in 2020. Additionally, Ginnie Mae hosted Nippon Life Insurance (Japan) in November, the Korea Housing Finance Corporation meeting in July, and the Korea Vice Minister for Land, Infrastructure, and Transport in April.

Ginnie Mae staff members pose for a photo outside the gates of the White House in Washington, D.C.

Senior Vice President of the Office of Capital Markets John Getchis presents Ginnie Mae's value proposition to investors in Tokyo, Japan.

Road Ahead

During FY24, Ginnie Mae demonstrated our ability to operate effectively across market cycles. Although the market showed more stability in FY24, economic conditions and interest rates remain challenging, but Ginnie Mae and our insuring agency partners continued to deliver for borrowers. The impact of Ginnie Mae's program on historically underserved, LMI, and first-time homebuyers remains clear, as does our value proposition for investors.

As we look ahead to the new fiscal year, we remain confident that Ginnie Mae will continue to be both a pillar of the housing finance system and a thought-leader on housing finance policy. Ginnie Mae is focused on supporting issuer liquidity to ensure a resilient and sustainable housing finance system and ensure borrowers have access to affordable credit throughout economic cycles. Through collaboration with interagency and industry partners, Ginnie Mae will work to identify potential solutions supporting this goal.

One such project is HMBS 2.0. Ginnie Mae is committed to maintaining a well-functioning HMBS program that meets the needs of older Americans. We will continue proactively working with our partners and stakeholders to build a new securitization pool type to make it easier for issuers to access liquidity. We believe the path we are on, in collaboration with industry stakeholders, will play an important role in improving the HMBS program. The proposed changes will provide issuers with better liquidity access and lead to a more robust HMBS market.

In addition, cybersecurity remains at the forefront of Ginnie Mae's efforts to protect our program from the increased cyber threats plaguing the industry. We will continue to focus on enhancing business resiliency and continuity of operations through shared situational awareness with all of our program participants and partners. We remain steadfast in our resolve to guard the MBS program, and we are excited about the opportunities that lie ahead, demonstrating the value of the investments made to support that objective.

Going forward, Ginnie Mae will deploy a borrower-focused and market-driven strategy to support affordable access to credit while protecting taxpayers.

(From left to right) Ginnie Mae team: Program Specialist Raqibah Muhammad, Senior Business Analyst Nisha Rastogi, and Tamula Anderson sit at a registration table at the Summit Series Roundtable with State Housing Finance Agencies co-hosted by Ginnie Mae and the National Council of State Housing Agencies on January 10, 2024.

Management's Discussion and Analysis of Financial Position and Results of Operations

The following is management's discussion and analysis (MD&A) of the financial position and results of operations of Ginnie Mae for the fiscal years ended September 30, 2024 and 2023. This MD&A should be read in conjunction with Ginnie Mae's financial statements and related notes included in this annual report and issued to Congress.

OUR MISSION AND LEADERSHIP

Ginnie Mae's mission is to provide liquidity and stability to the housing finance system by guaranteeing mortgage-backed securities (MBS) collateralized by mortgage loans insured or guaranteed by the Federal Housing Administration (FHA), the U.S. Department of Veterans Affairs (VA), the U.S. Department of Agriculture (USDA), and the Office of Public and Indian Housing (PIH). Our primary focus has been ensuring liquidity and stability for issuers and managing counterparty risks to ensure the health and sustainability of the housing finance system during a high interest rate environment that continues to support access to affordable credit and housing for borrowers. We also stayed focused on our domestic and international investor bases, communicating the inherent value proposition of our mortgage bond programs, while solidifying relationships with current investors and expanding our engagement with new investors. We progressed on our MBS investor data disclosures, and sustainability framework to convey Ginnie Mae's social impact and our ability to provide a unique opportunity for values-aligned fixed income-investments. We also continued to pursue our mission through implementing policies and initiatives to support the issuer liquidity and borrower needs, enhancing the value of Ginnie Mae securities, and advancing the digitalization and optimization of the MBS program.

Ginnie Mae is overseen and managed by Ginnie Mae's Executive Leadership team. The team is comprised of 10 members. The executive offices represented in this team include Capital Markets, Chief Financial Officer, Communications and Congressional Relations, Enterprise Data and Technology Solutions, Enterprise Risk, Issuer and Portfolio Management, Management Operations, and Securities Operations. The Executive Leadership team is led by the Office of the President and Executive Vice President.

ECONOMIC ENVIRONMENT

In 2024, the housing market continued to face challenging macroeconomic conditions, characterized by inflation and elevated interest rates, which impact Ginnie Mae. However, there are signs that inflation is leveling off. As measured by the Consumer Price Index (CPI), the inflation rate was 2.4% in September 2024, which reached its lowest point since February 2021. It also represents a decrease of 1.3 percentage points over the last 12 months and a 6.7 percentage point decrease from its post-COVID peak of 9.1% in June 2022. Moreover, the Federal Reserve approved an interest rate decrease of 50 basis points on September 18, 2024.

In conjunction with this macroeconomic climate, the 30-year fixed-rate mortgage rate decreased to 6.08% as of September 30, 2024, compared to 7.31% as of September 30, 2023. While mortgage rates have come down slightly, the current housing market continues to present affordability challenges for many households, given home price appreciation. From September 2023 to August 2024, the U.S. National Home Price Index increased from 312.6 to 325.0. The lack of affordable housing supply is exacerbated by the housing lock-in effect, when homeowners are hesitant to sell their homes, and higher costs to construct new housing.

Despite these market headwinds, Ginnie Mae and its insuring agency partners continued to serve borrowers well, and Ginnie Mae was able to continue generating a strong revenue stream of guaranty fees. The ensuing sections provide more details on the impact of these macroeconomic factors on Ginnie Mae's business.

Key Market Economic Indicators

Below we discuss how the relevant macroeconomic conditions can influence our business and financial results. The key economic indicators include interest rates, along with broad macroeconomic factors including Gross Domestic Product (GDP), the unemployment rate, and personal consumption. Our forecasts and expectations are based on many assumptions, subject to many uncertainties and may change, perhaps substantially, from our previous forecasts and expectations.

How Interest Rates Can Affect Our Business

Fair value gains (losses)

Ginnie Mae is exposed to fair value gains and losses resulting from changes in interest rates, primarily through the fair value measurement of the guaranty asset, forward mortgage loans, and reverse mortgage loans and the related home equity conversion mortgage (HECM) mortgage-backed security (MBS, collectively HMBS) obligations.

- ***Discount rate:*** As interest rates rise, Ginnie Mae's estimated discount factor increases. The discount factor is used to measure the fair value of future cash flows. All else equal, higher discount rates used in the valuation of these financial assets and liabilities would result in lower fair value estimates of these items. Conversely, a lower discount factor used in the fair value estimate of these assets and liabilities would result in a higher fair value.
- ***Borrower rate:*** For fixed-rate loans, which represent the majority of forward loans, the valuation is mainly driven by the impact of interest rates on the discount rate. For variable-rate loans, which represent the majority of reverse mortgage loans and the related HMBS obligations, the borrower's interest rate resets to current market interest rates. Accordingly, net cash flows typically increase when borrower's interest rates are higher. However, this increase can be outweighed by the impact that changes in the interest rates have on the discount rates used in this valuation.
- ***Prepayment rate:*** Increases in interest rates usually lengthen the expected lives of mortgage loans, as borrowers are less likely to refinance or make additional payments, thus lowering prepayment rates. Similarly, decreases to interest rates increase the likelihood that borrowers refinance or make additional payments, which increases prepayment rates. Lower prepayment rates lengthen the weighted-average life used in estimating the guaranty asset, which has a beneficial effect on its valuation. However, this positive increase can be outweighed by the effect that changes in interest rates have on the discount rates used in this valuation.

Ginnie Mae Executive Leadership.

Counterparty credit risk

As interest rates rise, MBS issuers experience lower origination volumes and, generally, downward pressure on margins. This combination of effects, characteristic of high interest rate environments, can increase liquidity pressure on issuers. Refer to the Risk Factors section for more details on counterparty credit risk.

How GDP, the Unemployment Rate, and Personal Consumption Can Affect Our Business

General economic indicators, such as GDP, the unemployment rate, and personal consumption, can have a broad effect on businesses, including Ginnie Mae, and influence many aspects of the mortgage industry, such as the demand for housing and borrower default rates.

- ***Housing demand:*** During periods of economic prosperity, demand for housing is higher, which can lead to increased mortgage originations, refinancings, and, thus, MBS issuances. Higher MBS issuances can increase the growth rate of Ginnie Mae's MBS portfolio, as well as MBS program income, most notably in the form of guaranty fees and commitment fees. The opposite is true in a slowing economy, when unemployment rates may be higher and personal consumption and demand for housing is lower. In these situations, the growth rate could become stagnant or decrease. In 2024, housing demand increased slightly, which resulted in more MBS issuances.
- ***Default rates:*** Elevated unemployment rates and lower income growth can also limit borrowers' abilities to meet their financial obligations, leading to higher default rates. In 2024, unemployment remained low, household income continued to grow, and mortgage default rates remained consistent. The severity of credit losses Ginnie Mae incurs on defaulted loans is minimized by the added layers of risk absorption that Ginnie Mae is positioned behind. In addition to borrowers' home equity and issuers' capital, Ginnie Mae has the added protection of the insurance of other federal agencies (FHA, VA, USDA, and PIH). This means that Ginnie Mae's most significant exposure to losses would be to the extent costs (e.g., foreclosure costs) are incurred that are not subject to reimbursement by the insurers.

Ginnie Mae staff members attentively watch a presentation during a professional development program.

FINANCIAL POSITION

As highlighted in *Figure 1*, total assets as of September 30, 2024, increased to $61.0 billion from $60.2 billion as of September 30, 2023. Total liabilities were $27.1 billion, and investment of the U.S. Government was $33.9 billion as of September 30, 2024, compared to $29.4 billion and $30.8 billion, respectively, as of September 30, 2023.

In fiscal years 2024 and 2023, Ginnie Mae generated ample cash to fund its operations. As of September 30, 2024, Ginnie Mae held unrestricted cash and cash equivalents of $30.4 billion, which is an increase of approximately $1.9 billion from $28.5 billion as of September 30, 2023. Restricted cash and cash equivalents totaled $1.7 billion as of September 30, 2024 and September 30, 2023.

Forward mortgage loans, at fair value, was $1.4 billion as of September 30, 2024, and September 30, 2023. It has steadily been declining as loans pay down as a result of scheduled and unscheduled payments or transition to foreclosure and to acquired properties. In December 2022, Ginnie Mae extinguished a defaulted HECM issuer. Subsequently, Ginnie Mae stepped in to assume the role of the issuer by taking over its servicing rights and obligations, which resulted in the addition of two new financial statement line items to the Balance Sheet as of September 30, 2023: Reverse mortgage loans, at fair value, and HMBS obligations, at fair value. As of September 30, 2024, Reverse mortgage loans, at fair value, amounted to $18.0 billion, which is a decrease of approximately $1.5 billion from $19.5 billion as of September 30, 2023. HMBS obligations, at fair value, amounted to $16.5 billion as of September 30, 2024, which is a decrease of approximately $2.6 billion from $19.1 billion as of September 30, 2023. The guaranty asset was $8.7 billion as of September 30, 2024, which represents 14.24% of total assets, compared to $8.4 billion as of September 30, 2023, an increase of $0.3 billion. The guaranty liability for fiscal year 2024 is $9.6 billion, which represents 35.57% of total liabilities and is compared to $9.4 billion as of September 30, 2023, an increase of $0.2 billion.

(From left to right) Ginnie Mae Senior Advisor Alejandro Avilés, HUD Assistant Secretary of Administration Elizabeth de León Bhargava, National Association of Hispanic Real Estate Professionals Executive Director Jason Riveiro, and Ginnie Mae Acting President Sam Valverde pose for a photo at the State of Hispanic Homeownership event hosted by the U.S. Department of Housing and Urban Development and Ginnie Mae where Acting President Valverde highlighted Ginnie Mae's commitment to supporting Latino homeownership, recognizing that a diverse and inclusive housing market benefits all Americans. The event also featured a discussion led by Executive Director of the National Association of Hispanic Real Estate Professionals Jason Riveiro, exploring trends in Hispanic homeownership and economic trends.

FIGURE 1 – SELECTED FINANCIAL DATA FROM THE BALANCE SHEET

	September 30, 2024 *(Dollars in thousands)*	September 30, 2023 *(Dollars in thousands)*
Assets:		
Cash and cash equivalents	$30,425,203	$28,494,701
Restricted cash and cash equivalents	1,745,248	1,683,383
Forward mortgage loans, at fair value	1,383,609	1,435,663
Reverse mortgage loans, at fair value	17,978,318	19,525,649
Guaranty asset	8,680,509	8,352,885
Other assets[1]	759,225	709,625
Total Assets	**$60,972,112**	**$60,201,906**
Liabilities:		
Liability for loss on mortgage-backed securities program guaranty	$196,318	$111,115
Guaranty liability	9,632,671	9,371,617
HMBS obligations, at fair value	16,498,804	19,147,154
Other liabilities[2]	751,644	730,768
Total Liabilities	**$27,079,437**	**$29,360,654**
Investment of U.S. Government	$33,892,675	$30,841,252
Total Liabilities and Investment of U.S. Government	**$60,972,112**	**$60,201,906**

[1] Other assets include Accrued fees and other receivables; Claims receivable, net; Advances, net; Acquired property, net; Fixed assets, net; Reimbursable costs receivable, net; and Other assets.

[2] Other liabilities include Accounts payable and accrued liabilities; Deferred liabilities and deposits; Deferred revenue; and Liability for representations and warranties (applicable to fiscal year 2023 only).

LIQUIDITY AND CAPITAL ADEQUACY

Ginnie Mae reported $32.2 billion total cash and cash equivalents as of September 30, 2024, an increase of approximately $2.0 billion from $30.2 billion as of September 30, 2023. The total balance of cash and cash equivalents includes unrestricted cash of $30.4 billion and restricted cash of $1.7 billion as of September 30, 2024, compared to unrestricted cash of $28.5 billion and restricted cash of $1.7 billion as of September 30, 2023. Restricted cash and cash equivalents included legally restricted deposits, principal and interest payments not collected by security holders, and unapplied deposits held in a suspense account. Total cash and cash equivalents included $23.2 billion and $9.0 billion of U.S. Treasury overnight certificates and Funds with U.S. Treasury[3], respectively, as of September 30, 2024, compared to $21.2 billion and $9.0 billion, respectively, as of September 30, 2023.

MBS Guaranty Fees, driven by the outstanding unpaid principal balance (UPB) of Ginnie Mae's guaranteed MBS portfolio, continued to provide a strong source of cash at $1.6 billion collected, which is consistent with previous years. The overall increase to cash and cash equivalents was mainly attributed to interest income earned on U.S. Treasury Securities from our investments in U.S. Treasury overnight certificates, which benefited from a high interest rate environment.

Ginnie Mae's MBS guaranty is backed by the full faith and credit of the U.S. Government. Currently, Ginnie Mae's activities are self-financed and do not require financial assistance from the U.S. Government. Rather, Ginnie Mae generates income, which increases U.S. Government receipts. Ginnie Mae's management believes that the organization should continue to maintain adequate cash reserves to withstand downturns in the housing market that could cause issuer defaults to increase. Title III of the National Housing Act authorizes Ginnie Mae to issue obligations to the U.S. Treasury in an amount sufficient to enable Ginnie Mae to service MBS portfolios for which HMBS issuers have defaulted and extinguished. On September 15, 2023, Ginnie Mae and Treasury entered into a borrowing agreement that establishes the operating procedures for this long-standing authority and the specific terms and conditions for loans from Treasury to Ginnie Mae. This agreement provides Ginnie Mae additional flexibility to service defaulted MBS portfolios. As of September 30, 2024, Ginnie Mae has not exercised its borrowing authority and has no apportioned borrowing authority.

Ginnie Mae's primary uses of cash consist of administrative and contractor costs related to the support of its MBS guaranty program. Refer to the *Results of Operations—Revenues and Expenses* sections for further detail. Purchases of forward mortgage loans, at fair value were $31.4 million in fiscal year 2024 and purchases of forward mortgage loans, at fair value were $31.2 million in fiscal year 2023. In some cases, Ginnie Mae seizes MSRs in the event of issuers' defaults, at which point Ginnie Mae assumes the role of the defaulted and extinguished issuer. Due to the HMBS issuer extinguishment, Ginnie Mae stepped into the role of the issuer beginning in fiscal year 2023. In fiscal year 2024, Ginnie Mae purchased $701.1 million in reverse mortgage loans, at fair value, representing additional principal draws by borrowers and made $3.9 billion in payments to HMBS investors on HMBS obligations. In fiscal year 2023, Ginnie Mae purchased $695.8 million in reverse mortgage loans, at fair value and made $3.4 billion in payments to HMBS investors on HMBS obligations. Conversely, $1.7 billion in proceeds from repayments of reverse mortgage loans were received from borrowers in fiscal year 2024 compared to $1.5 million in fiscal year 2023. Next, purchases of fixed assets were $14.1 million in fiscal year 2024 and $13.6 million in fiscal year 2023, respectively. Ginnie Mae's fixed-asset purchases include commercial software, hardware, and internally developed software.

Further, Ginnie Mae maintained highly favorable expense coverage and efficiency ratios throughout fiscal years 2024 and 2023, which is indicative of healthy cash flow and effective cost management. Expense coverage ratio measures Ginnie Mae's ability to generate enough cash to satisfy cash requirements of routine operations. While Ginnie Mae's expense coverage ratio slightly decreased from 53.5 in fiscal year 2023 to 53.1 in fiscal year 2024, this ratio continues to demonstrate Ginnie Mae's strong cash position. Efficiency ratio shows Ginnie Mae's ability to utilize resources effectively; an efficiency ratio of 50% or under is considered optimal. See *Figure 2* for Balance Sheet Highlights and Liquidity Analysis.

[3] Funds with U.S. Treasury balance includes Deposit in Transit.

FIGURE 2 – **BALANCE SHEET HIGHLIGHTS AND LIQUIDITY ANALYSIS**

	For the year ended September 30, 2024 *(Dollars in thousands)*	**For the year ended September 30, 2023** *(Dollars in thousands)*
Balance Sheet Highlights		
Total Cash and cash equivalents	$32,170,451	$30,178,084
Other	28,801,661	30,023,822
Total Assets	**60,972,112**	**60,201,906**
Total Liabilities	**27,079,437**	**29,360,654**
Liquidity Analysis		
Total UPB Outstanding[4]	2,642,595,451	2,472,843,019
Investment of U.S. Government as a Percentage of Average Total Assets[5]	56.22%	51.47%
Expense Coverage Ratio[6]	53.1	53.5
Efficiency Ratio[7]	18.97%	20.44%

4 Unpaid Principal Balance (UPB) of Ginnie Mae MBS.

5 Investment of U.S. Government divided by Average Total Assets.

6 Cash and cash equivalents divided by the non-interest expense exclusive of fixed-asset amortization.

7 Non-interest expense exclusive of fixed-asset amortization divided by the total revenue exclusive of income on guaranty obligation. See Results of Operations section for description of non-cash flow income.

RESULTS OF OPERATIONS

Explanation and Reconciliation of Ginnie Mae's Use of Non-Generally Acceptable Accounting Principles (Non-GAAP) Financial Measures and Key Performance Measures

Throughout this MD&A, non-GAAP financial measures are used to provide users with meaningful insights into Ginnie Mae's results for the period presented. Non-GAAP financial measures represent the comparable GAAP financial measures adjusted for certain items outside of normal business operations. Whenever used, non-GAAP financial measures are reconciled to GAAP measures to show adjustments applied.

Below are the non-GAAP financial measures used in this MD&A.

Non-GAAP Results of Operations (Earnings)

To arrive at non-GAAP earnings, GAAP results of operations are adjusted for expense or income items that do not involve any real cash flow impact for Ginnie Mae, as shown in the table below:

FIGURE 3 – NON-GAAP RESULTS OF OPERATIONS FOR FISCAL YEARS 2024 AND 2023

	For the year ended September 30, 2024 *(Dollars in thousands)*	**For the year ended September 30, 2023** *(Dollars in thousands)*
GAAP Results of Operations	$3,051,423	$937,606
Adjustments for non-real cash flow items:		
Income on guaranty obligation	(855,905)	(824,828)
Total Non-cash Other (Gains)/Losses[8]	138,208	2,201,391
Total (Recapture)/Provision	98,046	(7,601)
Fixed-Asset Depreciation and Amortization	16,607	18,545
Non-GAAP Results of Operations	**$2,448,379**	**$2,325,113**

[8] Total Non-cash Other (Gains)/Losses includes Gain (Loss) on Guaranty Asset, Gain (Loss) other, Gain (Loss) on forward mortgage loans, at fair value; Gain (Loss) on reverse mortgage loans, at fair value; Gain (Loss) on HMBS obligations, at fair value; and Gain (Loss) on acquisition of HMBS obligations, at fair value.

Free Cash Flow

As Ginnie Mae is expected to have enough cash reserves to satisfy our guaranty to investors, our free cash flow has been determined as cash flow from operating activities.

FIGURE 4 – FREE CASH FLOW FOR FISCAL YEARS 2024 AND 2023

	For the year ended September 30, 2024 *(Dollars in thousands)*	**For the year ended September 30, 2023** *(Dollars in thousands)*
Cash generated from operating activities	$4,655,891	$3,400,448
Adjustments for:		
Purchases of Fixed Assets	(14,107)	(13,628)
Free Cash Flow	**$4,641,784**	**$3,386,820**

Revenues

Ginnie Mae generated positive results of operations (i.e., net gain) of $3.1 billion in fiscal year 2024, compared to positive results of operations of $0.9 billion in fiscal year 2023, an increase of $2.2 billion from 2023. The increase was largely driven by a $1.8 billion decrease in total other losses, which was $136.6 million in fiscal year 2024, compared to $1.9 billion in fiscal year 2023. This decrease is primarily due to significantly lower unrealized losses from fair value adjustments for forward mortgage loans at fair value, HMBS obligations at fair value, and the guaranty asset in 2024 compared to 2023. The overall increase in results of operations was also partially driven by a $301.8 million increase in interest income and $112.2 million increase in MBS guaranty fee, which were $1.2 billion and $1.6 billion in 2024, compared to $944.3 million and $1.5 billion in 2023, respectively. The increase in interest income was driven by a continued increase in the U.S. Treasury rates and the U.S. Treasury Securities balance compared to 2023. The increase in MBS guaranty fee is primarily due to the increase in total UPB of Ginnie Mae guaranteed MBS. Ginnie Mae's core business and overall cash position remains strong in 2024 as evidenced by positive non-GAAP Earnings of $2.4 billion, compared to positive non-GAAP Earnings of $2.3 billion in 2023 due to increased interest income when rates move higher.

Ginnie Mae's profitability ratios remain strong. As of September 30, 2024, Ginnie Mae's non-GAAP Results of Operations (Earnings) as a percentage of Average Total Assets is 4.06%, compared to 3.88% as of September 30, 2023. The ratio demonstrates our ability to generate net earnings from our core business and highlights Ginnie Mae's actual performance. For more profitability metrics, see *Figure 5* for Highlights from Statement of Revenues and Changes in Investment of U.S. Government and Profitability Ratios.

FIGURE 5 – HIGHLIGHTS FROM STATEMENT OF REVENUES AND CHANGES IN INVESTMENT OF U.S. GOVERNMENT AND PROFITABILITY RATIOS

	For the year ended September 30, 2024 *(Dollars in thousands)*	For the year ended September 30, 2023 *(Dollars in thousands)*
Highlights from Statement of Revenues and Changes in Investment of U.S. Government		
MBS program income[9]	$1,773,522	$1,661,462
Interest income earned on U.S. Treasury Securities	1,246,064	944,298
Income on guaranty obligation	855,905	824,828
Total Revenues	**3,875,491**	**3,430,588**
Fixed-asset depreciation and amortization	(16,607)	(18,545)
Administrative expenses	(51,625)	(46,786)
Mortgage-backed securities program and other expenses[10]	(512,033)	(477,109)
Acquired Property expenses, net	(9,181)	(8,833)
Total Expenses	**(589,446)**	**(551,273)**
Total Recapture (Provision)[11]	**(98,046)**	**7,601**
Gain (loss) on forward mortgage loans, at fair value	147,859	(92,138)
Gain (loss) on reverse mortgage loans, at fair value	1,747,266	1,968,690
Gain (loss) on acquisition of HMBS obligations, at fair value	-	(282,679)
Gain (loss) on HMBS obligations, at fair value	(1,244,244)	(1,996,867)
Gain (loss) on guaranty asset	(789,335)	(1,545,856)
Gain (loss) other	1,878	(460)
Total Other Gains/(Losses)	**(136,576)**	**(1,949,310)**
Results of Operations	**3,051,423**	**937,606**
Non-GAAP Results of Operations (Earnings)	**2,448,379**	**2,325,112**

[9] MBS program income includes MBS guaranty fees; commitment fees; multiclass fees; and MBS program and other income.

[10] MBS program and other expenses includes contractor expenses totaling $479.1 million and $451.0 million as of September 30, 2024 and 2023, respectively. Refer to Expenses section for further details.

[11] Total recapture (provision) includes mortgage-backed program guaranty, claims receivable; and loss on advances, net.

	For the year ended September 30, 2024 *(Dollars in thousands)*	For the year ended September 30, 2023 *(Dollars in thousands)*
Profitability Ratios		
Return on Average Total Assets[12]	5.06%	1.56%
Non-GAAP Results of Operations (Earnings) as a percentage of Average Total Assets[13]	4.06%	3.88%
Non-GAAP Results of Operation (Earnings) as a percentage of Total Revenues[14]	63.18%	67.78%

In fiscal year 2024, Ginnie Mae earned total revenues of $3.9 billion compared to $3.4 billion in 2023. Revenue streams for Ginnie Mae mainly consist of MBS program income, income on guaranty obligation, and interest income earned on U.S. Treasury Securities.

[12] Results of Operations divided by Average Total Assets.

[13] Non-GAAP Results of Operations divided by Average Total Assets.

[14] Non-GAAP Results of Operations divided by Total Revenues.

Acting President Sam Valverde, Director of External Affairs Luke Villalobos, and Managing Director of International Markets Alven Lam sit at a table during the Korean Housing Finance Corporation's opening ceremony in New York City.

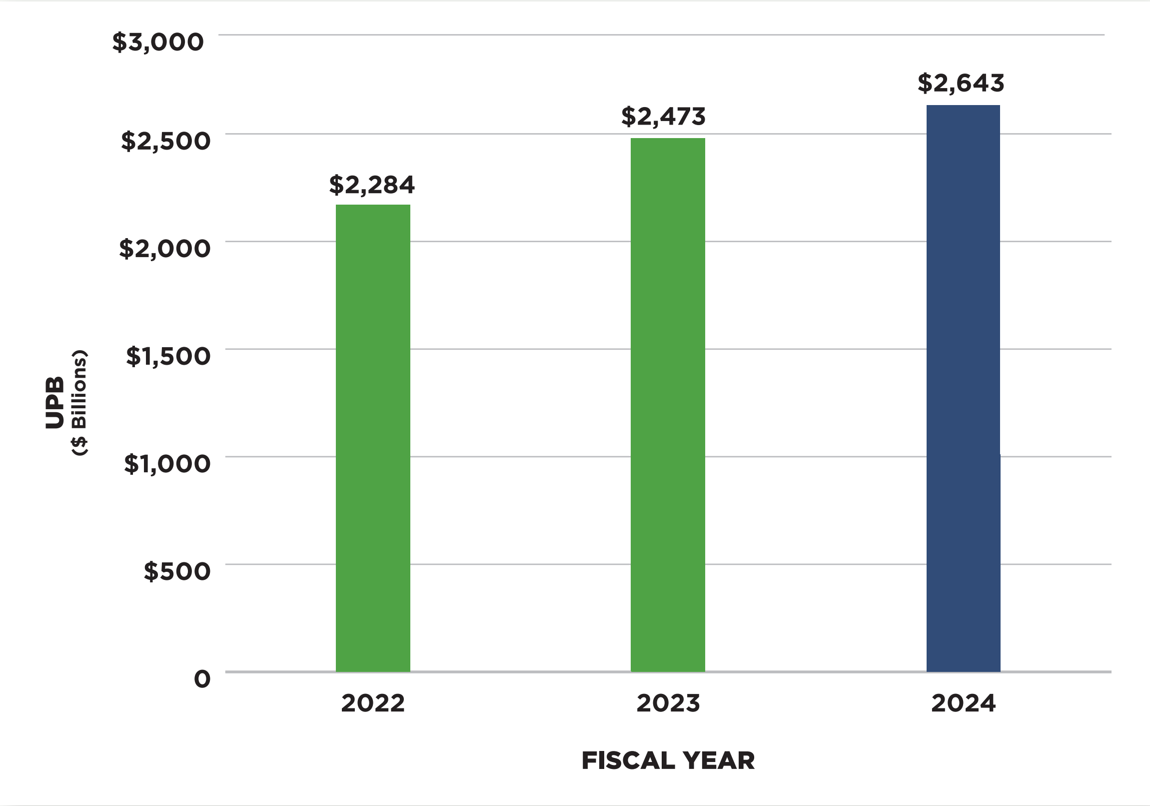
MBS Program Income

MBS program income consists primarily of guaranty fees, commitment fees, and multiclass fees. For fiscal year 2024, MBS program income was primarily driven by guaranty fees of $1.6 billion, followed by commitment fees of $85.6 million, and multiclass fees of $40.7 million. Combined, guaranty fees and commitment fees contributed 97.27% of total MBS program revenue for fiscal year 2024.

For fiscal year 2023, MBS program income was primarily driven by guaranty fees of $1.5 billion, followed by commitment fees of $85.2 million, and multiclass fees of $37.5 million. Combined, guaranty fees and commitment fees contributed 97.05% of total MBS program revenue for fiscal year 2023.

- ***Guaranty Fees:*** Ginnie Mae guarantees the payment of principal and interest pass-through payments, backed by the full faith and credit of the U.S. Government, to its MBS investors. Ginnie Mae charges a fee for providing this guaranty to each MBS mortgage pool. These fees are received over the life of Ginnie Mae securities. Guaranty fees are collected on the aggregate UPB of the guaranteed securities outstanding. The outstanding MBS portfolio balance as of fiscal year 2024 was $2.6 trillion, which increased by $169.8 billion compared to fiscal year 2023. MBS guaranty fees also grew year over year, by approximately 7.35% to $1.6 billion in fiscal year 2024. Refer to Figure 6 below for a more detailed view of UPB growth over the past three fiscal years.

FIGURE 6 – UPB OUTSTANDING IN GINNIE MAE'S MBS PORTFOLIO FROM FISCAL YEAR 2022 TO FISCAL YEAR 2024



- ***Commitment Fees:*** Ginnie Mae earns a fee for providing approved issuers with the authority to pool mortgages into Ginnie Mae MBS. This authority expires at the end of the 12th month from its approval for single-family, HMBS, and manufactured housing issuers and 24th month from its approval for multifamily issuers. Ginnie Mae receives commitment fees as issuers request commitment authority. Ginnie Mae issued $0.4 trillion in commitment authority in fiscal year 2024, a 1.48% increase from fiscal year 2023. Ginnie Mae recognizes the commitment fees as earned when issuers use their commitment authority. Total commitment fees earned in fiscal year 2024 were $85.6 million, compared to $85.2 million earned in fiscal year 2023. Commitment Fees are deferred until earned or expired, whichever occurs first. As of September 30, 2024 and 2023, commitment fees deferred totaled $29.2 million and $28.2 million, respectively.

- ***Multiclass Fees:*** Multiclass fees are one-time upfront fees related to the issuance of multiclass products. Multiclass fees are part of MBS program revenue and consist of Real Estate Mortgage Investment Conduits (REMIC) and Platinum Securities Program fees. Ginnie Mae guaranteed approximately $40.8 billion of newly issued Platinum Certificates in fiscal year 2024, compared to $35.1 billion of newly issued Platinum Certificates in fiscal year 2023. Fees earned on Platinum Certificates totaled $8.3 million for fiscal year 2024, and $7.6 million in fiscal year 2023. Ginnie Mae guaranteed REMIC issuances of $143.4 billion in fiscal year 2024, compared to $108.8 billion in fiscal year 2023. Fees earned on REMIC securities for fiscal year 2024 totaled $32.4 million, compared to $29.9 million for fiscal year 2023. REMIC fees consist of a guaranty fee and may include a Modification and Exchange (MX) combination fee. MX combination fees allow sponsors to combine REMIC and/or MX securities at the time of issuance. Ginnie Mae recognizes the MX combination portion of the REMIC fee in the period it is received. Platinum Securities Program fees, as well as the guaranty fee portion of the REMIC fees are deferred and amortized into income evenly over the contractual life of the underlying financial instruments. As of September 30, 2024, and 2023, REMIC and Platinum Securities Program fees deferred totaled $607.2 million and $580.3 million, respectively.

  The outstanding balance of multiclass securities as of September 30, 2024, was $840.3 billion, of which $163.1 billion and $677.2 billion were Platinum and REMIC securities, respectively. This represents a $102.4 billion increase from the $737.9 billion outstanding balance as of September 30, 2023, of which $139.9 billion and $598.0 billion were Platinum and REMIC securities, respectively.

Income on Guaranty Obligations

The guaranty obligation represents the non-contingent liability for Ginnie Mae's obligation to stand ready to perform its guaranty. Ginnie Mae amortizes the guaranty obligation into revenue based on the declining UPB of MBS pools. In fiscal year 2024, income on guaranty obligation was $855.9 million, which is 22.09% of total revenues and increased by $31.1 million compared to fiscal year 2023.

Interest Income Earned on U.S. Treasury Securities

Ginnie Mae invests excess cash held within the Capital Reserve Account and the Liquidating Account in U.S. Treasury overnight certificates. Ginnie Mae's interest income increased significantly in fiscal year 2024 due to the significant increase in the U.S. Treasury overnight rate as well as an increase in the U.S. Treasury Securities balance as compared to fiscal year 2023. In fiscal year 2024, interest income on U.S. Treasury overnight certificates increased to $1.2 billion, up from $944.3 million in fiscal year 2023.

Expenses

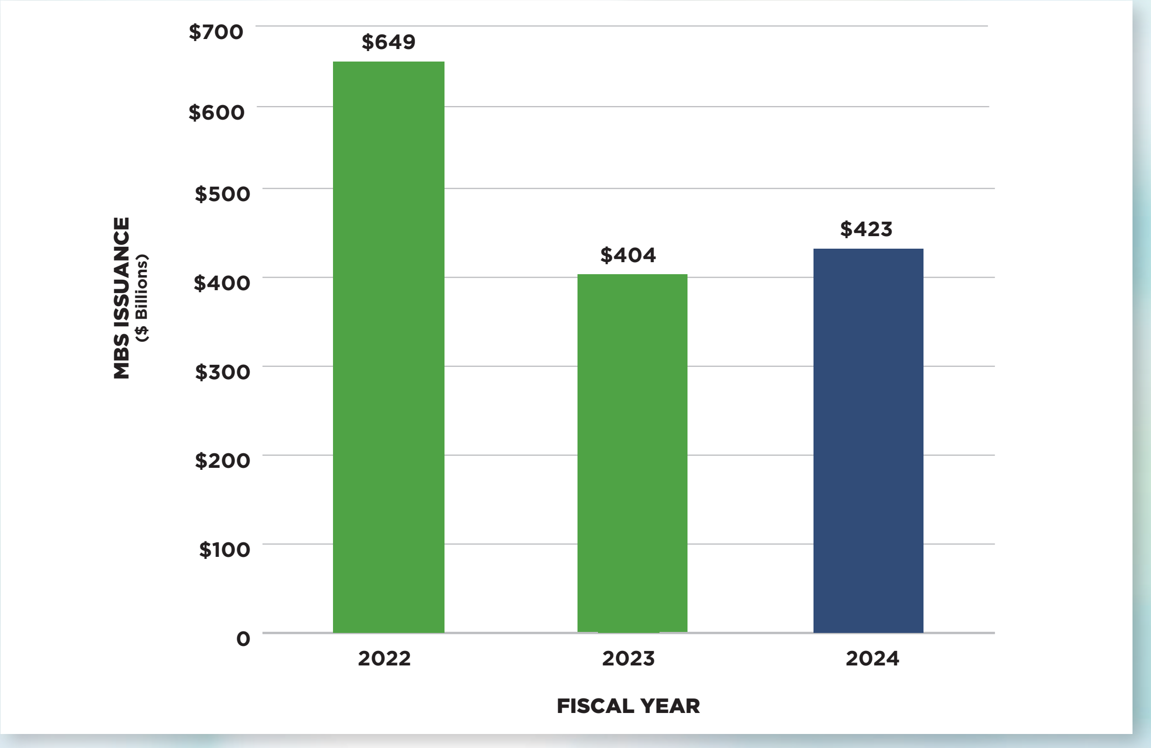
Total expenses increased by 6.91% to $589.4 million in fiscal year 2024, compared to $551.3 million in fiscal year 2023, an increase of $38.1 million. The increase was associated with increased MBS system and operational expenses, servicing fee, and IT support expenses.

In recent years, Ginnie Mae's staffing model has been characterized by modest levels of permanent staff complemented by private firms or consultants that provide certain operational support services on a contractual basis. This relationship is integral to Ginnie Mae's business model and will continue to be an important part of Ginnie Mae's approach. In fiscal year 2024, Ginnie Mae's total contractor expenses were 81.27% of total expenses, compared with 81.82% in fiscal year 2023.

MBS PROGRAMS, ISSUANCES, AND PORTFOLIO GROWTH

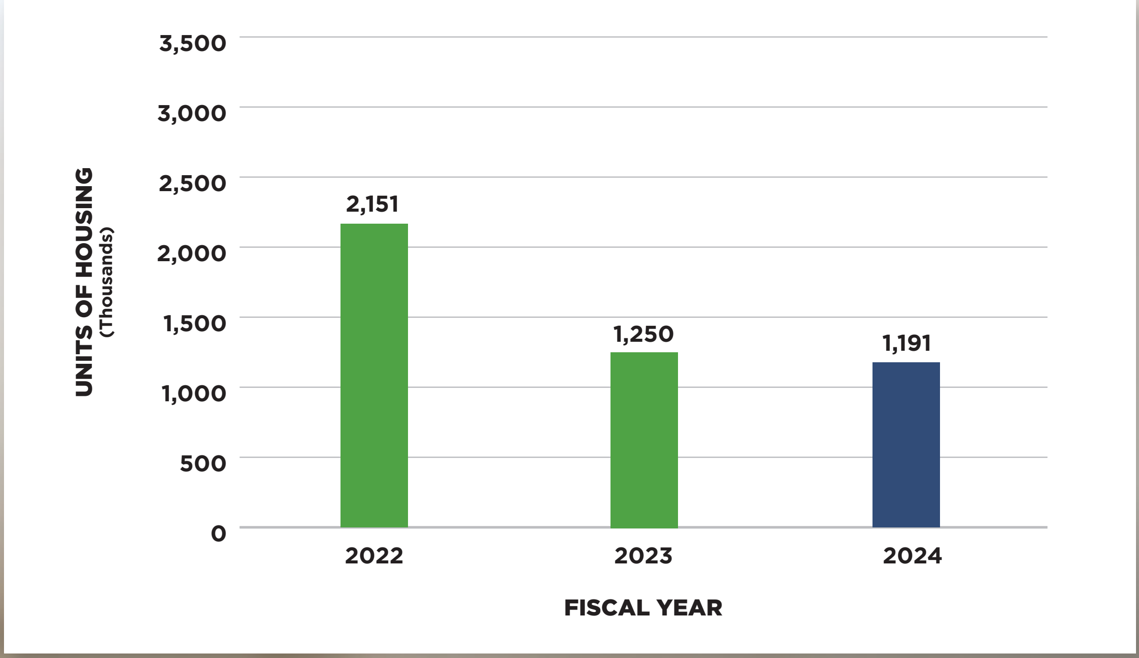
Fiscal year 2024 showed a slight increase in Ginnie Mae MBS issuances mainly due to continued demand for additional housing and the attractiveness of government lending program compared to conventional lending programs during a high interest rate environment. Ginnie Mae MBS issuances increased by 4.70% to $423.4 billion in fiscal year 2024 from fiscal year 2023, as shown in *Figure 7.*

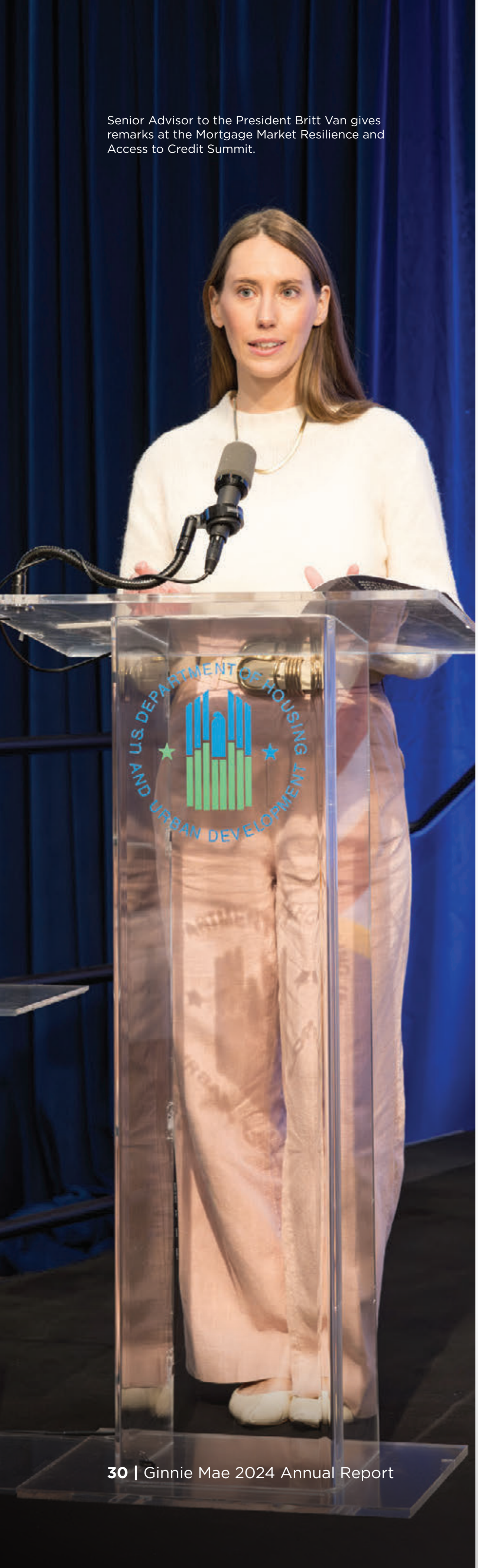
FIGURE 7 – **GINNIE MAE MBS ISSUANCES FROM FISCAL YEAR 2022 TO FISCAL YEAR 2024**



As shown in *Figure 8* below, Ginnie Mae supported approximately 1.2 million units of housing for individuals and families in fiscal year 2024, a 4.68% decline from fiscal year 2023 due to the high interest rates. The current total outstanding UPB in Ginnie Mae's MBS portfolio balance of $2.6 trillion represents over 11.9 million active loans. As of September 30, 2023, the total outstanding Ginnie Mae MBS portfolio of $2.5 trillion represents over 11.5 million active loans. Ginnie Mae has guaranteed approximately $10.7 trillion in MBS since its inception.

FIGURE 8 – **TOTAL HOUSING UNITS FINANCED BY GINNIE MAE'S SINGLE-FAMILY, MULTIFAMILY, AND MANUFACTURED HOUSING PROGRAMS FROM FISCAL YEAR 2022 TO FISCAL YEAR 2024**





Senior Advisor to the President Britt Van gives remarks at the Mortgage Market Resilience and Access to Credit Summit.

Single-Family Program

Ginnie Mae's Single-Family Program is the conduit for government-insured or guaranteed mortgage lending to the global capital markets. By providing a full faith and credit guarantee of the United States, Ginnie Mae plays a crucial role in the housing market stability and provides consistent financing access to borrowers during economic headwinds. The program aims to promote affordable homeownership by lowering borrowing costs for FHA and VA borrowers and enabling issuers to expand lending to additional borrowers.

Ginnie Mae's Single-Family Program consists of single-family mortgages originated for the purchase, construction, or renovation of single-family homes originated through FHA, VA, USDA, and PIH loan insurance or guaranty programs. Ginnie Mae's credit risk exposure is limited by additional protections and coverage from the aforementioned insuring or guaranteeing agencies. The vast majority of the mortgages in Ginnie Mae securities are insured by FHA and VA. FHA-insured loans accounted for 64.03% of fiscal year 2024 Ginnie Mae MBS issuances, while VA-insured loans accounted for 33.13%; USDA and PIH loans combined contributed to 2.84%. Comparatively, FHA-insured loans accounted for 64.03% of fiscal year 2023 Ginnie Mae MBS issuances, while VA-insured loans accounted for 32.12%; USDA and PIH loans contributed to 3.85%.

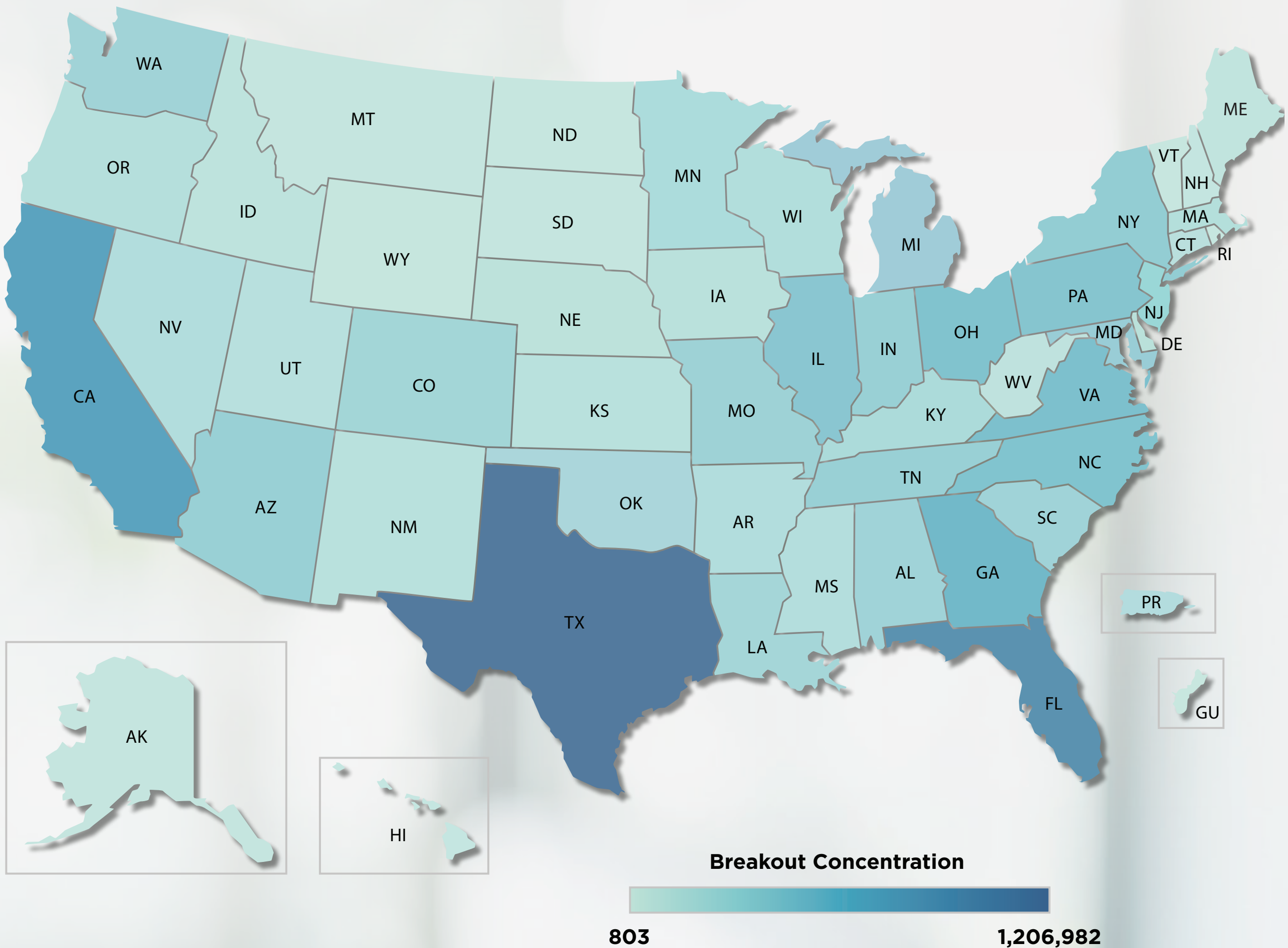
Ginnie Mae's portfolio of Single-Family FHA loans grew in fiscal year 2024 to a UPB of $1.3 trillion compared to $1.2 trillion at the end of fiscal year 2023. There were FHA loans in all 50 states, three territories, and the District of Columbia in Ginnie Mae pools as of September 30, 2024, and September 30, 2023.

In addition, Ginnie Mae's portfolio of single-family VA loans grew to a UPB of $985.0 billion compared to $940.2 billion in fiscal year 2023. There were VA loans in all 50 states, 3 territories, and the District of Columbia in Ginnie Mae pools as of September 30, 2024, and September 30, 2023.

Although other agencies and private issuers may pool FHA and VA insured loans for their own MBS or hold them in portfolios as whole loans, almost all FHA and VA loans are financed through Ginnie Mae securities. In fiscal year 2024, 97.01% of FHA fixed-rate loans and 98.59% of VA fixed-rate loans were placed into Ginnie Mae guaranteed MBS. In fiscal year 2023, 98.08% of FHA fixed-rate loans and 97.31% of VA fixed-rate loans were placed into Ginnie Mae guaranteed MBS. Since inception, Ginnie Mae has guaranteed $10.1 trillion in single-family MBS, helping to finance affordable and community-stabilizing single-family developments across the nation.

Ginnie Mae has provided homeownership opportunities in every U.S. state and territory. Figure 9 highlights the diversity in geographic distribution of single-family properties securing Ginnie Mae MBS across the United States as of September 30, 2024.

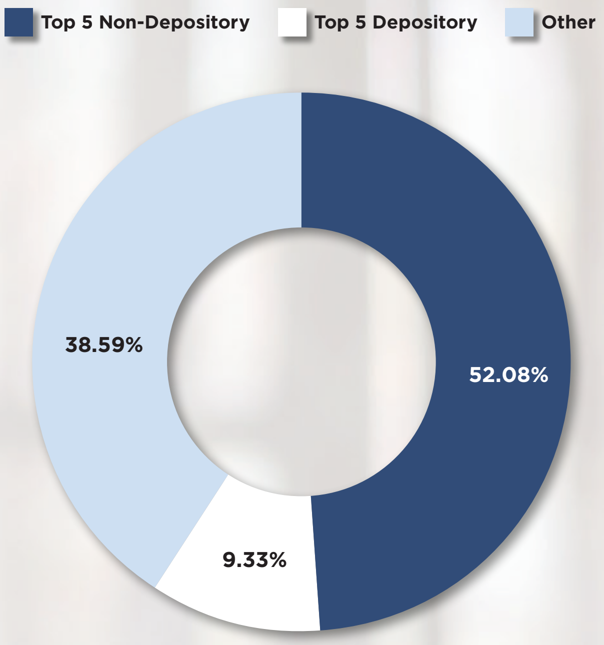
FIGURE 9 – GEOGRAPHIC DISTRIBUTION OF SINGLE-FAMILY PROPERTIES SECURING GINNIE MAE MBS AS OF SEPTEMBER 30, 2024



State	Loans	Percent of Total Loans	UPB
Texas	1,206,982	10.42%	$240,714,686,303
Florida	940,445	8.12%	$217,107,425,692
California	735,085	6.35%	$251,094,898,833
Georgia	533,199	4.60%	$104,190,763,739
Virginia	463,813	4.01%	$122,936,924,637
North Carolina	443,938	3.83%	$84,917,240,961
Ohio	442,017	3.82%	$61,047,531,579
Pennsylvania	401,111	3.46%	$61,568,393,866
Illinois	383,997	3.32%	$63,382,923,915
New York	316,043	2.73%	$69,222,247,458
Top 10 Total	**5,866,630**	**50.66%**	**$1,276,183,036,983**

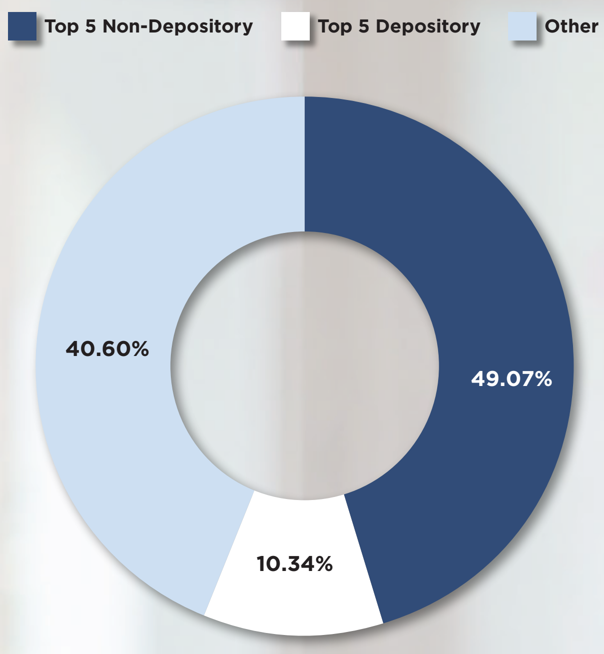
The figures below display the percentage of Ginnie Mae's single-family mortgages (measured by UPB) by Ginnie Mae's top five depository issuers, top five non-depository issuers, and other remaining depository and non-depository issuers. In 2024, the issuer base continued to shift from depository to non-depository issuers, which changes the risk profile of Ginnie Mae's issuers. Ginnie Mae actively manages counterparty risk of its issuers, which includes enhancing issuer requirements. Refer to the *Significant Program Changes* section for further detail.

FIGURE 10 – TOP FIVE DEPOSITORY AND NON-DEPOSITORY ISSUERS OF GINNIE MAE SINGLE-FAMILY MORTGAGES AS OF SEPTEMBER 30, 2024



AS OF SEPTEMBER 30, 2024

FIGURE 11 – TOP FIVE DEPOSITORY AND NON-DEPOSITORY ISSUERS OF GINNIE MAE SINGLE-FAMILY MORTGAGES AS OF SEPTEMBER 30, 2023

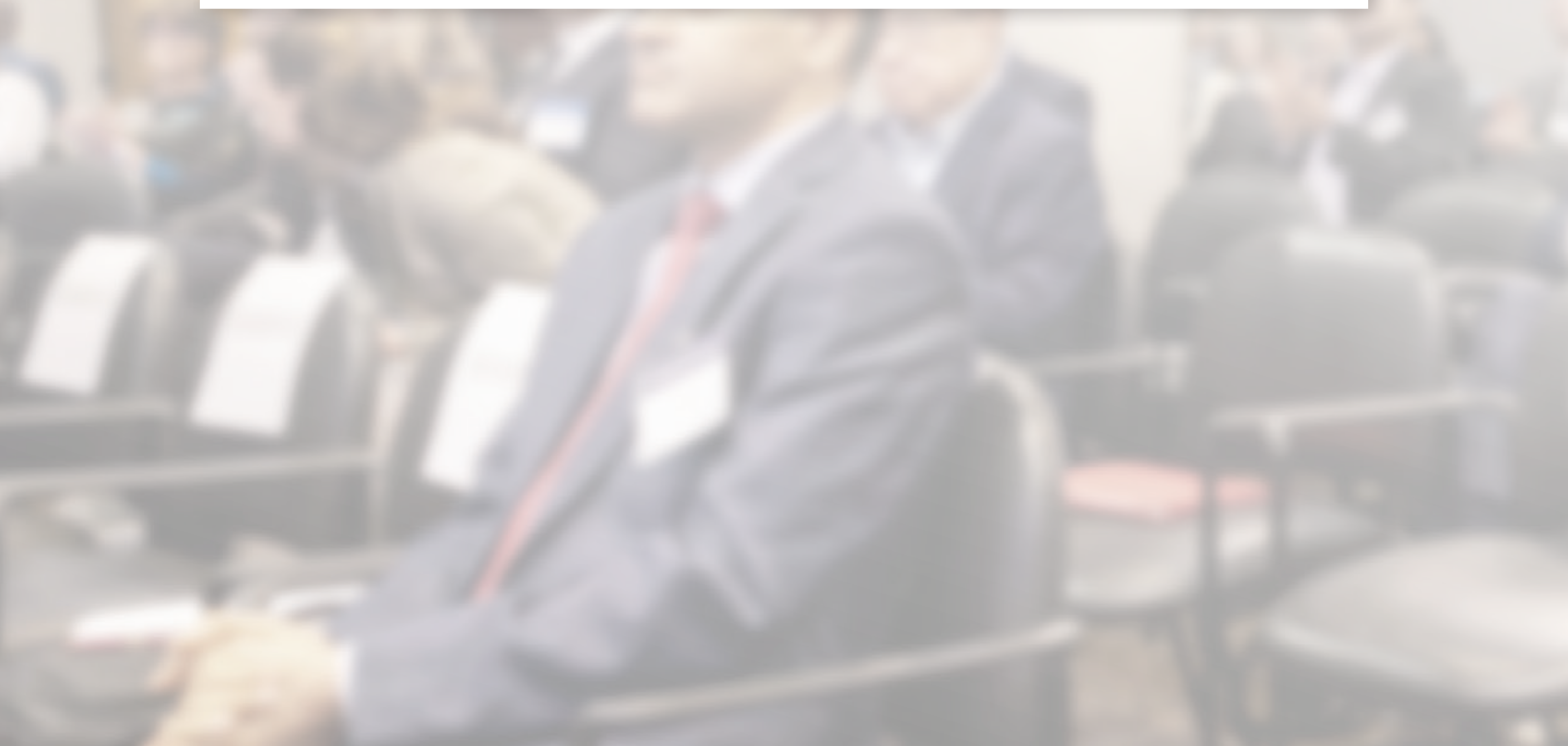


AS OF SEPTEMBER 30, 2023

The tables below show the UPB of the top 10 single-family Ginnie Mae MBS issuers.

FIGURE 12 – UPB OF THE TOP 10 SINGLE-FAMILY GINNIE MAE MBS ISSUERS AS OF SEPTEMBER 30, 2024

Issuer Name	Category	UPB
Lakeview Loan Servicing, LLC[15]	Non-Depository	$370,184,847,675
Freedom Home Mortgage Corporation	Non-Depository	$351,826,336,810
PennyMac Loan Services, LLC	Non-Depository	$286,245,473,482
Newrez LLC	Non-Depository	$134,295,418,934
Nationstar Mortgage, LLC	Non-Depository	$125,759,862,762
Carrington Mortgage Services, LLC	Non-Depository	$115,163,659,663
Rocket Mortgage, LLC	Non-Depository	$114,054,676,684
Wells Fargo Bank, NA	Depository	$91,189,438,250
Planet Home Lending, LLC	Non-Depository	$73,995,500,171
U.S. Bank, NA	Depository	$57,250,892,291



[15] As of September 30, 2024, Lakeview Loan Servicing, LLC, together with its affiliates, serviced approximately 15.20% of our single-family mortgages, compared with Lakeview Loan Servicing, LLC, with its affiliates, which serviced approximately 13.42% as of September 30, 2023.

FIGURE 13 – UPB OF THE TOP 10 SINGLE-FAMILY GINNIE MAE MBS ISSUERS AS OF SEPTEMBER 30, 2023

Issuer Name	Category	UPB
Lakeview Loan Servicing, LLC	Non-Depository	$304,319,539,668
Freedom Home Mortgage Corporation	Non-Depository	$291,201,480,507
PennyMac Loan Services, LLC	Non-Depository	$263,859,411,506
Nationstar Mortgage, LLC	Non-Depository	$127,617,751,015
Newrez LLC	Non-Depository	$125,862,240,433
Rocket Mortgage, LLC	Non-Depository	$109,973,350,811
Carrington Mortgage Services, LLC	Non-Depository	$107,102,610,767
Wells Fargo Bank, NA	Depository	$101,794,042,300
Planet Home Lending, LLC	Non-Depository	$63,598,906,077
U.S. Bank, NA	Depository	$55,440,953,569

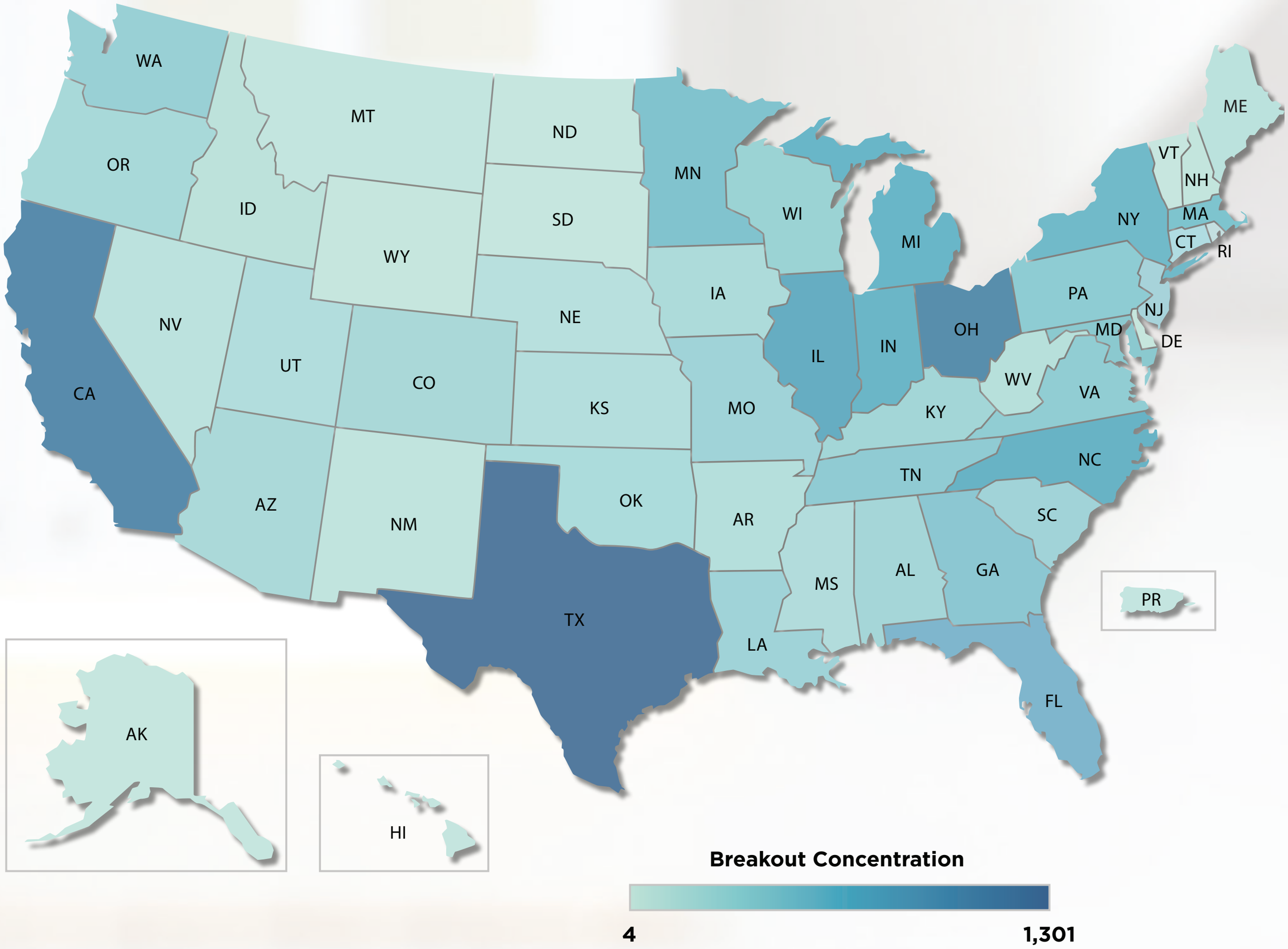
Multifamily Program

Ginnie Mae's Multifamily Program consists of FHA and USDA insured or guaranteed loans originated for the purchase, construction, or renovation of apartment buildings, hospitals, nursing homes, assisted living facilities, and other housing options. The Multifamily Program directly supports the financing of affordable housing for low and moderate-income (LMI) households, seniors, and patients. These multifamily projects further promote employment opportunities for construction and healthcare industry across the country.

At the end of fiscal year 2024, Ginnie Mae guaranteed securities comprising 100.00% of eligible multifamily FHA loans. The Multifamily Program portfolio increased by $4.4 billion, from $149.3 billion at the end of fiscal year 2023 to $153.7 billion at the end of fiscal year 2024. This increase was consistent across FHA multifamily loans and was largely due to higher net new issuances compared to the liquidation caused by the ongoing housing shortage and continued demand for additional multifamily housing despite rising interest rates.

Figure 14 shows the diversity in geographic distribution of multifamily properties securing Ginnie Mae MBS across the United States as of September 30, 2024. Since 1971, Ginnie Mae has guaranteed $481.8 billion in multifamily MBS, helping to finance affordable and community-stabilizing multifamily housing developments across the nation.

FIGURE 14 – **GEOGRAPHIC DISTRIBUTION OF MULTIFAMILY PROPERTIES SECURING GINNIE MAE MBS AS OF SEPTEMBER 30, 2024**



State	Loans	Percent of Total Loans	UPB
Texas	1,301	8.70%	$17,339,598,604
California	1,069	7.15%	$10,494,643,583
Ohio	1,035	6.92%	$6,002,051,606
Illinois	707	4.73%	$7,082,053,278
North Carolina	651	4.35%	$5,247,851,106
Michigan	627	4.19%	$4,764,476,705
Indiana	586	3.92%	$4,034,075,257
New York	574	3.84%	$10,332,411,041
Florida	550	3.68%	$7,788,173,179
Minnesota	486	3.25%	$4,301,971,091
Top 10 Total	**7,586**	**50.73%**	**$77,387,305,450**

Ginnie Mae's portfolio of Multifamily FHA loans grew in fiscal year 2024 to a UPB of $151.8 billion compared to $147.5 billion at the end of fiscal year 2023. There were Multifamily FHA loans in all 50 states, 2 territories, and the District of Columbia in Ginnie Mae pools as of September 30, 2024, and September 30, 2023.

In addition, Ginnie Mae's portfolio of Multifamily USDA loans, grew in fiscal year 2024 to an outstanding UPB balance of $1.9 billion compared to $1.8 billion in fiscal year 2023. There were Multifamily USDA loans in 47 states and one territory in Ginnie Mae pools as of September 30, 2024, and September 30, 2023.

The figures below display the percentage of Ginnie Mae's multifamily loans (measured by UPB) by Ginnie Mae's top five depository issuers and top five non-depository issuers, and other remaining depository and non-depository issuers.

In 2024, the composition of the issuer base between non-depository and depository issuers remained consistent compared to 2023.

FIGURE 15 – **TOP FIVE DEPOSITORY AND NON-DEPOSITORY ISSUERS OF GINNIE MAE MULTIFAMILY MORTGAGES AS OF SEPTEMBER 30, 2024**

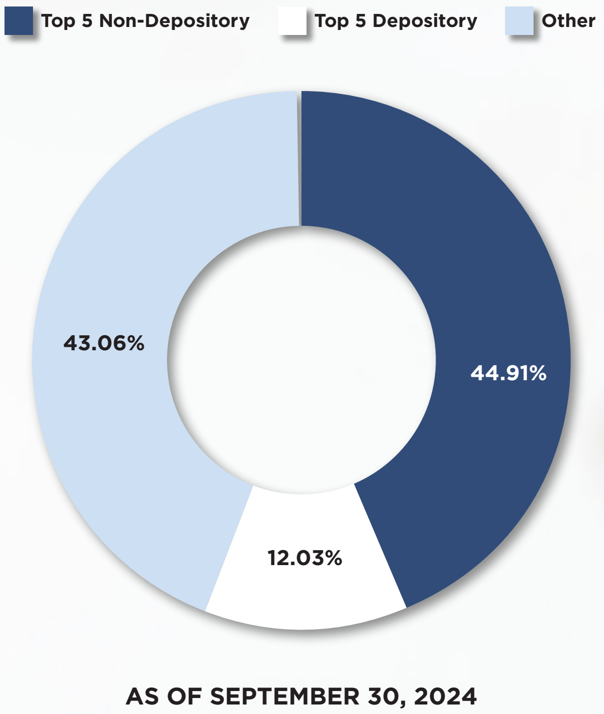
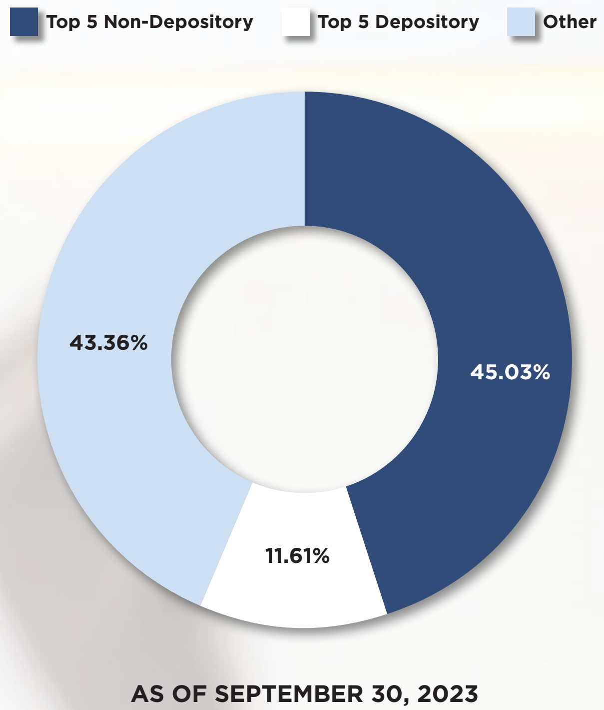


FIGURE 16 – **TOP FIVE DEPOSITORY AND NON-DEPOSITORY ISSUERS OF GINNIE MAE MULTIFAMILY MORTGAGES AS OF SEPTEMBER 30, 2023**



The tables below show the UPB of the top 10 multifamily Ginnie Mae MBS issuers.

FIGURE 17 – TOP 10 MULTIFAMILY GINNIE MAE MBS ISSUERS AS OF SEPTEMBER 30, 2024

Issuer Name	Category	UPB
Lument Real Estate Capital, LLC[16]	Non-Depository	$22,685,869,103
Greystone Funding Company, LLC	Non-Depository	$14,014,077,740
Berkadia Commercial Mortgage, LLC	Non-Depository	$12,432,970,486
Walker & Dunlop, LLC	Non-Depository	$10,717,858,702
Dwight Capital LLC	Non-Depository	$9,171,859,849
Wells Fargo Bank, N.A.	Depository	$7,115,201,751
Merchants Capital Corp.	Non-Depository	$5,745,508,706
PGIM Real Estate Agency Financing, LLC	Non-Depository	$5,270,018,722
KeyBank National Association	Depository	$5,009,408,453
NewPoint Real Estate Capital LLC	Non-Depository	$4,807,641,584

[16] As of September 30, 2024, Lument Real Estate Capital, together with its affiliates, serviced approximately 14.76% of our multifamily loans, compared with Lument Real Estate Capital, together with its affiliates, which serviced approximately 14.94% as of September 30, 2023.

FIGURE 18 – TOP 10 MULTIFAMILY GINNIE MAE MBS ISSUERS AS OF SEPTEMBER 30, 2023

Issuer Name	Category	UPB
Lument Real Estate Capital, LLC	Non-Depository	$22,298,958,076
Greystone Funding Company LLC	Non-Depository	$13,137,868,996
Berkadia Commercial Mortgage, LLC	Non-Depository	$11,756,945,422
Walker & Dunlop, LLC	Non-Depository	$10,276,358,173
Dwight Capital LLC	Non-Depository	$9,725,805,435
Wells Fargo Bank, N.A.	Depository	$7,081,032,155
PGIM Real Estate Agency Financing, LLC	Non-Depository	$5,750,597,488
Merchants Capital Corp.	Non-Depository	$5,472,534,203
KeyBank National Association	Depository	$4,964,747,514
NewPoint Real Estate Capital LLC	Non-Depository	$4,475,313,694

Director of Mortgage-Backed Securities Policy and Program Development Stephanie Schader and Senior Policy Advisor Karan Kaul participate in a panel at the Mortgage Market Resilience and Access to Credit Summit.

HMBS Program

As previously mentioned, Ginnie Mae's HMBS Program provides liquidity for FHA-insured reverse mortgages. Total HMBS issuances in fiscal year 2024 decreased to $5.9 billion from $7.2 billion in fiscal year 2023. The decrease in HMBS issuances was due to consistently high interest rates throughout the fiscal year. The UPB of HMBS as of September 30, 2024, was $57.9 billion, of which $41.9 billion was from non-defaulted issuers. The UPB of HMBS balance remained relatively stable year over year, as compared to $59.0 billion as of September 30, 2023. Refer to Note 14: *Concentrations of Credit Risk* for risk analysis related to Ginnie Mae's HMBS Program.

The tables below show the UPB of the top 10 Ginnie Mae HMBS issuers.

FIGURE 19 – TOP 10 GINNIE MAE NON-DEFAULTED HMBS ISSUERS AS OF SEPTEMBER 30, 2024

Issuer Name	Category	UPB
Finance of America Reverse	Non-Depository	$17,493,823,760
Longbridge Financial	Non-Depository	$8,443,767,971
PHH Mortgage Corporation	Non-Depository	$7,821,533,347
Mutual of Omaha Mortgage	Non-Depository	$2,383,094,994
Mortgage Assets Management	Non-Depository	$2,975,088,514
Traditional Mortgage	Non-Depository	$1,409,033,421
Plaza Home Mortgage	Non-Depository	$578,988,935
Guild Mortgage Company	Non-Depository	$372,930,844
Sun West Mortgage Company	Non-Depository	$318,418,429
The Money Source Inc	Non-Depository	$102,556,048

FIGURE 20 – TOP 10 GINNIE MAE HMBS ISSUERS AS OF SEPTEMBER 30, 2023

Issuer Name	Category	UPB
Finance of America Reverse	Non-Depository	$16,522,369,317
Longbridge Financial	Non-Depository	$7,995,668,977
PHH Mortgage Corporation	Non-Depository	$7,445,989,990
Mortgage Assets Management	Non-Depository	$4,373,240,176
Mutual of Omaha Mortgage	Non-Depository	$1,351,911,411
Traditional Mortgage	Non-Depository	$1,282,861,192
Plaza Home Mortgage	Non-Depository	$490,229,553
Sun West Mortgage Company	Non-Depository	$327,502,169
Cherry Creek Mortgage	Non-Depository	$187,221,000
The Money Source Inc	Non-Depository	$156,250,393

Manufactured Housing Program

Ginnie Mae's Manufactured Housing Program provides a guaranty for mortgage loans insured by FHA for the purchase of a new or used manufactured homes. This program provides liquidity in the market that in turn lowers costs for borrowers. The manufactured housing program consists of more affordable housing alternatives for first time low-income borrowers. Manufactured housing loans (FHA Title I) include loans secured by a manufactured (mobile) home unit or both the manufactured unit and land. In the past, the limited nature of this program left LMI borrowers with no adequate financing options for manufactured housing. To support HUD's Strategic Plan to address the critical role of Manufactured Housing, Ginnie Mae revised financial eligibility requirements for Manufactured Housing issuers and applicants in fiscal year 2024 in collaboration with FHA to provide greater affordable financing and securitization opportunities for personal property manufactured housing. The Manufactured Housing program's UPB was $123.0 million at the end of fiscal year 2024, a decrease from $143.0 million at the end of fiscal year 2023. Refer to Note 14: *Concentrations of Credit Risk* for risk analysis related to Ginnie Mae's Manufactured Housing Program.

MORTGAGE-BACKED SECURITIES PRODUCTS

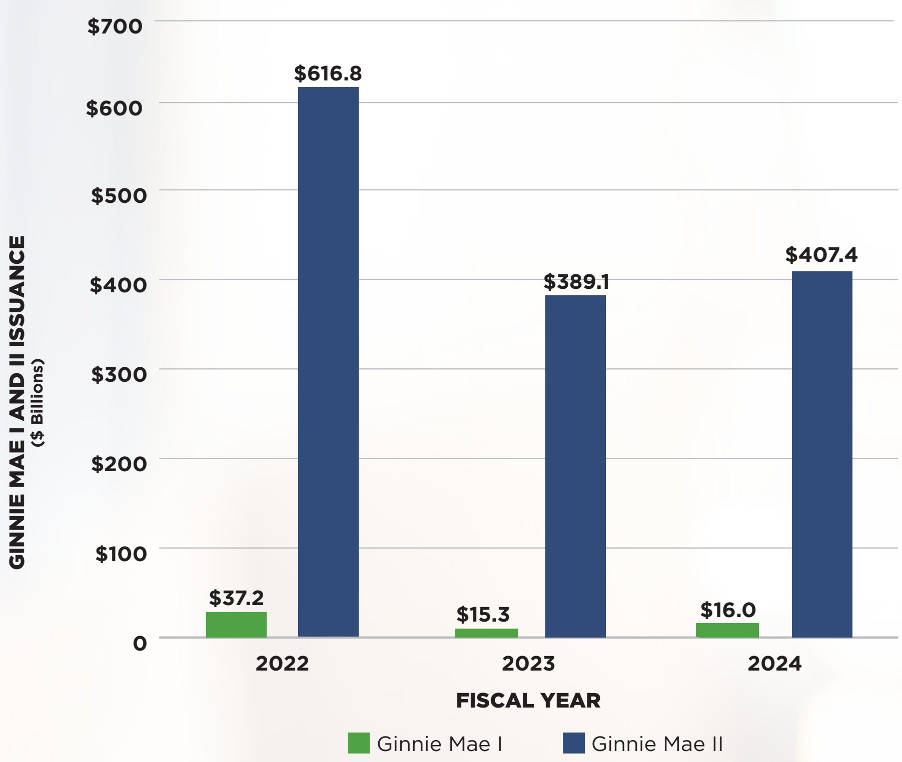
Single-Class

Ginnie Mae offers two single-class securities product structures—Ginnie Mae I MBS and Ginnie Mae II MBS:

- Ginnie Mae I MBS are pass-through securities providing monthly principal and interest payments to each investor. They are single-family, multifamily, or manufactured housing pools of mortgages with similar maturities and interest rates offered by a single issuer.
- Ginnie Mae II MBS are similar to Ginnie Mae I MBS but allow multiple issuers and single-issuer pools. They permit the securitization of Adjustable-Rate Mortgages (ARMs), manufactured home loans, and HECM, and allow small issuers unable to meet the dollar requirements of Ginnie Mae I MBS program to participate in the secondary mortgage market.

The figure below shows Ginnie Mae single-class securities product issuances by year.

FIGURE 21 – **GINNIE MAE I AND II MBS ISSUANCES FROM FISCAL YEAR 2022 TO FISCAL YEAR 2024**



(From left to right) Moderator Principal Deputy Assistant Secretary of the Office of Policy Development and Research Solomon Greene, Assistant Secretary for Housing and Federal Housing Commissioner Julia Gordon, Principal Deputy Assistant Secretary of the Office of Public and Indian Housing Richard Monocchio, Principal Deputy Assistant Secretary of the Office of Community Planning and Development Marion McFadden, and Ginnie Mae Acting President Sam Valverde engage in a panel discussion during the U.S. Department of Housing and Urban Development Leaders Respond session at the 2024 Insurance Summit.

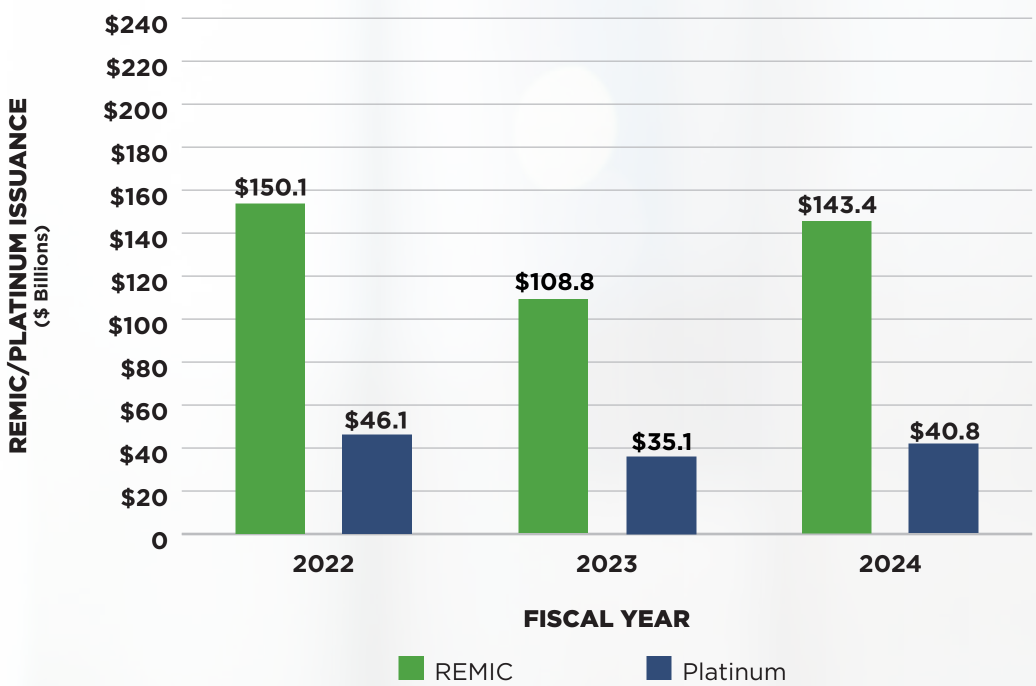
Multiclass

Ginnie Mae offers two multiclass securities product structures—Platinum and REMIC securities:

- Platinum Securities are formed by combining Ginnie Mae MBS into a new single security. Platinum Securities can be constructed from both fixed-rate and ARM securities. They provide MBS investors with greater market and operating efficiencies, and may be used in structured financings, repurchase transactions, and general trading.
- REMIC Securities direct underlying MBS principal and interest payments to classes with different principal balances, interest rates, average lives, prepayment characteristics and final maturities. REMIC Securities allow dealers to have more flexibility for creating securities that meet the needs of a variety of investors. Principal and interest payments are divided into varying payment streams to create classes with different expected maturities and other characteristics.

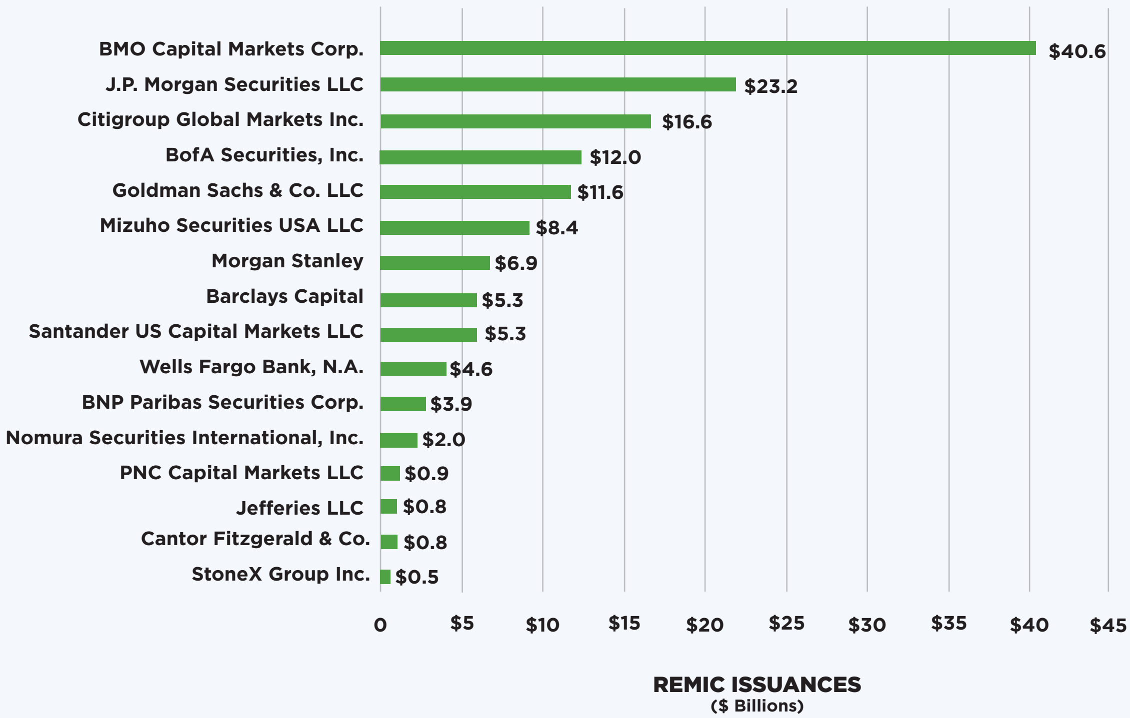
The figure below shows Ginnie Mae multiclass securities product issuances by year.

FIGURE 22 – REMIC AND PLATINUM SECURITY ISSUANCES FROM FISCAL YEAR 2022 TO FISCAL YEAR 2024



The figure below shows Ginnie Mae REMIC security issuances by sponsor for the current year.

FIGURE 23. REMIC SECURITY PRODUCTS CONTRIBUTIONS BY SPONSOR IN FISCAL YEAR 2024



Demand in international markets

Demand from foreign investors on MBS continues to grow. Most of the new investments were allocated to Ginnie Mae MBS products. Ginnie Mae securities are attractive to foreign investors as they offer a credit risk-free interest rate that is backed by the U.S. Government, which has never defaulted on its debt. Additionally, Ginnie Mae MBS are attractive to investors as they typically offer higher yields than U.S. Treasuries having comparable maturities due to the embedded call option in MBS while having the full faith and credit guaranty of the U.S. Government.

Of the outstanding Ginnie Mae MBS portfolio of $2.6 trillion, as of September 30, 2024, over $400.0 billion is held by foreign investors. The majority of foreign investors are from Asia, the Middle East, Europe, and Latin America, and primarily consist of central banks, sovereign wealth funds, pension funds, life insurance companies, and investment banks.

Additionally, Ginnie Mae has strengthened relationships with global investors and reinforced its commitment to provide liquidity and stability to the housing finance system by linking domestic and global capital to the nation's housing finance market. Throughout fiscal year 2024, Ginnie Mae continued deepening relationships with Asian investors through conferences in Japan and Singapore and expanding engagement with Latin America investors by holding roundtables in Washington D.C. and Mexico City.

Mortgage Servicing

Ginnie Mae's loan servicing functions are contracted to two Master Sub-Servicers (MSS). As Ginnie Mae relies on these MSS for servicing data and accounting reports, any operational or technical failures in MSS own controls may negatively impact Ginnie Mae's own operations. To mitigate such a risk, Ginnie Mae performs ongoing reviews and monitoring of the MSS.

Upon Ginnie Mae's assumption of defaulted issuers' entire Ginnie Mae guaranteed pooled-loan portfolio, Ginnie Mae assumes the servicing rights and servicing obligations associated with servicing those portfolios. Ginnie Mae earns servicing fees as compensation for its servicing and administrative duties. Refer to Note 2: *Summary of Significant Accounting Policies—Mortgage Servicing Right* for further information.

SIGNIFICANT PROGRAM CHANGES

Home Equity Conversion Mortgage-Backed Security (HMBS) Enhancement

Ginnie Mae is committed to enhancing and maintaining its HMBS program to address the critical liquidity issues in the reverse mortgage industry. In October 2023, Ginnie Mae updated existing HMBS requirements in the guide to allow for multiple securitizations of borrower advances or draws in the same month. The enhancement shortened the time additional participations need be held and aimed to alleviate the short-term liquidity pressure on issuers. Ginnie Mae has also been proactively exploring additional measures to address liquidity constraints and provide additional flexibility to HMBS issuers, including proposing a HMBS 2.0 program, a new securitization pool type to permit re-securitization opportunities for active and non-active buyouts. In June 2024, Ginnie Mae published a preliminary HMBS 2.0 Term Sheet and provided a period for public comment. The new program would aim to further support reverse mortgage issuer liquidity in this challenging environment.

John Getchis shakes hands while participating in a series of engagements in Tokyo, Japan, to strengthen Ginnie Mae's relationships with global investors.

Issuer Requirement Enhancements

To manage counterparty risk and support seamless guaranty operations in the challenging macroeconomic environment, Ginnie Mae took a multifaceted approach to counterparty risk management and announced multiple issuer requirement enhancements in fiscal year 2024. Ginnie Mae announced new recovery planning guidelines for eligible issuers which require that they prepare and submit recovery plans no later than June 30, 2025. Additionally, eligible issuers are required to provide monthly financial reporting forms to Ginnie Mae. These requirements allow Ginnie Mae to proactively prepare for a rapid and orderly servicing transfer in the case of an issuer's material failure. Ginnie Mae additionally introduced risk-based capital requirements for single-family and manufactured housing issuers that are non-depository mortgage companies in an effort to measure these issuers' ability to remain sustainable during market disruptions, effective December 31, 2024. These enhanced requirements reflect Ginnie Mae's goals to promote confidence in approved issuers and improve the safety and soundness of the U.S. MBS ecosystem through all economic cycles. Ginnie Mae also introduced the 48-hour cybersecurity incident notification requirements for issuers and document custodians to enhance Ginnie Mae's monitoring and response to counterparties' cybersecurity incidents.

Single-Family Pool Delivery Module Adoption

As of December 1, 2023, Ginnie Mae completed the transition to Single-Family Pool Delivery Module (SFPDM) platform for Single-Family and Manufactured Housing Program pooling and concurrently discontinued the paper pooling methods for those issuers. SFPDM enables Ginnie Mae to align with mortgage industry standards for the delivery of issuance data. This modernized application provides new capabilities, including more insight into the progress of pool submissions through an intuitive and user-friendly interface that enhances the user experience. Since SFPDM became available in April 2022, Ginnie Mae has closely monitored and facilitated a seamless onboarding of issuers onto the platform and smooth business operations. The successful implementation of the SFPDM reflects Ginnie Mae's commitment to modernization and ongoing efforts to enhance user experience.

Issuer Platform Enhancement

As part of Ginnie Mae's ongoing modernization efforts, Ginnie Mae announced the issuer system transition from the Independent Public Accounting module to the new Ginnie Mae Central application (GMC) platform effective May 13, 2024. The new platform creates a more efficient and transparent process for issuers to submit required documents, such as insurance and audited financial statements. As part of the three initial modules implemented in the GMC, the introduction of the Compliance module added a new internal capability for Ginnie Mae to manage compliance requirements with issuers directly. This module allows Ginnie Mae to strengthen internal oversight of issuers and reduce reliance on third-party contractors. Additionally, to ensure a sound oversight and greater understanding of issuer operations during the changing economic environment, Ginnie Mae has been proactively engaged with issuers throughout the fiscal year 2024, including hundreds of meetings with counterparties.

MORTGAGE-BACKED SECURITIZATION PLATFORM MODERNIZATION

Ginnie Mae's securitization platform consists of the systems and processes that function collectively to execute the conversion of government-insured or guaranteed loans into government guaranteed securities.

As part of the modernization efforts, Ginnie Mae introduced its Digital Collateral Program, which allows issuers and borrowers in the government-backed mortgage segment to access a paperless, efficient, secure means of closing on a home mortgage (i.e., eMortgage). Since implemented in 2020, the program has exceeded its goal to modernize and digitize the collateral backing Ginnie Mae's program. In fiscal year 2024, the program achieved a very significant milestone with the advent of commingling its Digital Collateral (eNotes) into the same pools of mortgages as its traditional paper collateral. The introduction of commingling supports the HUD Strategic Plan for modernization and digitalization of the MBS program as well as promotes participation and liquidity for issuers and borrowers.

In addition, the updated Digital Collateral Program Guide (eGuide) further expanded participation eligibility requirements and Ginnie Mae has seen continued strong growth of securitization in the program. As of fiscal year 2024, Ginnie Mae has actively securitized over 183,000 eNotes, representing $44.8 billion in securitized collateral. Approximately 50% of securitized Digital Collateral are FHA loans, with the remainder being VA loans and Rural Development loans, reflecting the program's great flexibility and support to active service members and veterans.

Additionally, in fiscal year 2024, Ginnie Mae continued to focus on optimizing application processes, advancing digitization, and improving the user experience. As part of the effort, Ginnie Mae expanded its data analytics capabilities by enhancing internal dashboards and Geographic Information System mapping tools to improve issuer monitoring. These advancements provided decision-makers with quicker access to insights across the organization's loan portfolio. Ginnie Mae also explored and analyzed alternative technologies that would fit its long-term technology vision. Launched in 2024, a broader multi-year technology refresh initiative is committed to upgrading or replacing legacy software with cloud-based solutions, impacting 90% of Ginnie Mae's applications. In the near-term, Ginnie Mae is transitioning away from Oracle-based technologies to open-source platforms. These modernization efforts reflect Ginnie Mae's goal to build a scalable and adaptable technology infrastructure, benefiting issuers and investors.

RISK FACTORS

Risk Management

The Office of Enterprise Risk (OER) oversees Ginnie Mae's Enterprise-wide Risk Management (ERM) program that establishes the organization's risk appetite and aligns it with its strategy, budget, objectives, and key performance indicators. ERM includes Environmental, Social, and Governance (ESG), cybersecurity, counterparty, financial control, third-party (i.e., contractors), fraud, and operational risks. Ginnie Mae's ERM approach helps leadership achieve our mission and goals by providing timely and accurate information on risk levels and potential critical effect on business outcomes.

Credit Risk

Credit risk is the risk of loss arising from another party's failure or inability to meet its financial and/or contractual obligations. Ginnie Mae is exposed to both borrower credit risk and counterparty credit risk.

Borrower credit risk is the risk of loss arising from the failure or inability of a borrower to meet its financial and/or contractual obligations. Ginnie Mae's borrower credit risk primarily consists of mortgage assets in the non-pooled loans portfolio, which is composed of loans acquired from defaulted, terminated, and extinguished issuers of Ginnie Mae guaranteed MBS and loans purchased/repurchased out of Ginnie Mae guaranteed MBS pools, in accordance with Ginnie Mae MBS guidelines. Ginnie Mae's borrower credit risk also includes potential default from multifamily borrowers. Refer to Note 4: *Financial Guaranties and Financial Instruments with Off-Balance Sheet Exposure* and Note 7: *Mortgage Loans* for further information.

Counterparty credit risk is the risk of loss arising from the default of an issuer or other counterparty, which may include, but is not limited to, trustees, mortgage servicers, document custodians, and other related institutions. Ginnie Mae considers several factors as part of the counterparty credit risk assessment process, including the issuer's financial and operational vulnerability, credit analysis, and other evidence of probability of default, such as interest rates, other economic conditions, and known

Acting President Sam Valverde speaks at Barclay's U.S. Rates and Residential Mortgage-Backed Securities (RMBS) Conference.

A room filled with Ginnie Mae staff members, separated into groups at tables, working collaboratively in teams.

noncompliance with applicable laws and regulations. Refer to Note 13: *Reserve for Loss* for further information.

Concentrations of Credit Risk

Concentrations of credit risk exist when a significant number of issuers are susceptible to similar changes in economic conditions that could affect their ability to meet contractual obligations. This concentration of credit risk may be the result of several factors including, but not limited to, geographic or federal insurer/guarantor concentration within the portfolio. Generally, Ginnie Mae MBS pools are diversified among issuers. Ginnie Mae issuers hold loans in all 50 states, several U.S. territories, and the District of Columbia, and this helps mitigate the risks associated with geographic concentrations. Risk arising from federal insurer/guarantor concentration exists when these agencies fail or are unable to meet their contractual obligations in the event of a severe economic downturn. However, this risk is deemed remote by Ginnie Mae given the federal backing of these agencies, as well as their proven track record through historical economic downturns.

Natural disasters affecting Ginnie Mae's loan portfolio (pooled and non-pooled) occur throughout the year but are typically concentrated during each year's hurricane season. In fiscal year 2024, natural disasters had no material impact on the Ginnie Mae loan population. Refer to Note 14: *Concentrations of Credit Risk* for further information.

Model Risk

Ginnie Mae bears the risk of changes in fair value due to uncertainties related to underlying model inputs and the related difficulty in measurement. Refer to Note 10: *Fair Value Measurement* for an illustration of the potential magnitude of certain alternate judgments, including how sensitive estimates are to assumptions based on changes in certain inputs. Ginnie Mae's Modeling and Valuation Committee meets quarterly to approve all key model assumptions and results for applicability and to analyze trends quarter over quarter.

Model risk is the potential for adverse results from decisions based on incorrect model inputs and outputs. OER uses models to determine the value of, and measure risk related to mortgage loans, HMBS obligations, the guaranty asset and related guaranty obligation, claims, advances, and other contingent liabilities. OER is responsible for developing, testing, and implementing the models.

Adjustments to existing models due to the current economic environment are subjective and require management judgment. Ginnie Mae actively monitors the performance of its models and stands ready to effectuate changes based on observations and validation findings. OER performs various model testing on a yearly basis to measure the accuracy and effectiveness of modeled estimates. Furthermore, model validation is performed by an independent third-party firm.

Cybersecurity Risk

Protecting the core and critical assets that Ginnie Mae relies on for successful operations increases in complexity year over year. Malicious cyber actors continuously evolve their tactics and are highly adaptive against shifting defensive measures. Cyber criminals are increasingly more brazen in their targeting of government and financial/banking organizations. As such, to address significantly increasing malicious cyber threats, Ginnie Mae continued to strengthen and mature a strong Cybersecurity Program by further enhancing our cloud and cybersecurity infrastructure.

In fiscal year 2024, Ginnie Mae transitioned all remote connectivity to a fully managed and authorized desktop platform, refining and improving security delivery, which remediated thousands of monthly vulnerabilities and tightened endpoint security. Integration of internal operating systems also allowed Ginnie Mae to streamline vulnerability management and enhance security posture. Ginnie Mae has further bolstered our infrastructure by developing artificial intelligence governance frameworks to comply with guidelines and standards outlined in Executive Order 14110: *Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence.* In addition to the continuous upgrade of over 40 application software and database servers, Ginnie Mae also completed the architecture implementation to be compliant with the federal Continuous Diagnostics and Mitigation program mandates. These enhancements collectively strengthened Ginnie Mae's security posture, promoted operational resilience, and met evolving cybersecurity mandates.

Besides hardening our systems to prevent incursions, Ginnie Mae is also committed to engaging with our counterparties in response to rising cyber threats. Although, to date, we have not experienced any cybersecurity incidents resulting in a material impact to our company, there is cybersecurity risk and exposure from incidents that affect our issuers and loan servicers. Ginnie Mae has developed processes and controls to identify, prevent, detect, respond to, and mitigate such risks. In October 2023, one of our issuers "experienced a cybersecurity incident in which an unauthorized third party gained access" to its systems, as disclosed in its amended Form 8-K/A filing with the Securities and Exchange Commission in November 2023. Upon being notified, Ginnie Mae immediately contacted the issuer to understand the nature and severity of the incursion. Ginnie Mae further notified investors and the public that the cybersecurity incident potentially impacted the issuer's reporting to Ginnie Mae related to certain loan activity in the November reporting period and related pool factor calculations. Subsequently, the issuer reconciled loan activity data for impacted pools and reflected any necessary adjustments in December reports and related pass-through remittances. To further enhance monitoring and incident response, Ginnie Mae introduced the 48-hour cybersecurity incident notification requirements which has improved our visibility of cybersecurity incidents with our issuers and document custodians. Further enhancing our cybersecurity framework and promptly managing cybersecurity events as they arise has been a continued focus area for Ginnie Mae.

With governance being at the foundation, we have set a course to clearly define cybersecurity roles and responsibilities, develop uniform standards, publish policies and procedures, and establish improved training and awareness methods. Additionally, Ginnie Mae has increased its in-house resources to advance cybersecurity program objectives. We are committed to investing in, grooming, and retaining tech-fluent, analytical talent.

As we look ahead to fiscal year 2025, our strategic initiatives will continue to build on the investments and advancements made thus far, with an intense focus on resilience and readiness. In doing so, we will look for opportunities to advance automation and integration of security tools that enable our ability to measure and visualize cybersecurity risk, increase collaboration with our business partners and service providers. We expect to conduct more integrated incident response, disaster recovery, continuity of operations, or other simulation events. Ginnie Mae, in partnership with all program participants, must be able to monitor the full spectrum of risks, collaborate in real-time, and reduce the likelihood and impact of cyber attacks.

SUSTAINABILITY IMPACT

Since our inception over 55 years ago, Ginnie Mae has been a leading social enterprise, expanding access to affordable housing and mortgage lending for historically underserved communities. Ginnie Mae's programs and products provide investors with a unique opportunity for values-aligned fixed-income investment opportunities. Investors are able to positively contribute to environmental and social outcomes through investments in Ginnie Mae MBS.

Since the sale of our very first MBS in 1970, Ginnie Mae has been the leader of driving social impact through the secondary mortgage market; thus, we have placed increased focus on opportunities to provide greater insights into the composition of our securities, highlighting our environmental and social impact in the underlying collateral of our bonds. Growing investor interest in ESG-related investments has allowed us to harness a potential new source of demand increasing the impact we have on historically underserved communities.

To further drive the progress on ESG objectives, Ginnie Mae developed a strategic approach to identify and pursue ESG opportunities while also seeking to mitigate climate-related risks. Ginnie Mae designed an ESG journey map, including four steps: 1) ESG assessment, 2) ESG strategic roadmap, 3) Enhance Disclosures, and 4) Physical Climate Risk Assessment. These four steps were designed to help Ginnie Mae identify, set, and make progress towards strategic ESG goals over the short-, medium-, and long-term. Through this ESG journey, Ginnie Mae has developed a Social Impact and Sustainability Framework to identify ESG risks and opportunities to the agency, the communities it serves, and the broader housing market. With an established ESG strategy roadmap, Ginnie Mae has been continuously exploring different opportunities to improve the ESG disclosure transparency and enhance climate modeling.

The sections below provide additional information on environmental, social, and climate risk factors that are related to Ginnie Mae's mission and objectives.

Environmental

Over the past several years, Ginnie Mae has been increasingly focused on disclosing how our securities support environmentally positive housing investments that also lower costs for homeowners and renters. The following descriptions give an overview of Ginnie Mae's progress on disclosing the sustainable impact of our securities:

Green Mortgage Insurance Discount Program

In 2021, Ginnie Mae partnered with the FHA to recognize our Green Mortgage Insurance Discount Program (Green MIP), which is designed to incentivize borrowers to make energy-efficient improvements to their properties or to invest in new "green" properties. The program offers a reduction in the annual mortgage insurance premium rates for properties that meet certain green and energy efficiency standards as defined by FHA. Accordingly, Ginnie Mae was able to add the "Green" status field to our multifamily MBS disclosure.

Since the introduction of the "Green" status disclosure, Ginnie Mae has achieved several milestones. In 2021, Bloomberg recognized this program as "Green" and flagged multifamily MBS with a Green leaf symbol. In addition, Bloomberg noted Ginnie Mae securities that were both "Broadly Affordable" and "Green" as part of a larger category, "Sustainable," indicated by a blue lightbulb symbol. The addition of the "Green" status field to Ginnie Mae's MBS instruments allows third parties to measure the sustainable impact of Ginnie Mae's products, resulting in Ginnie Mae receiving the Climate Bond Initiative Award for the Largest Green Asset-Backed Security Issuer of 2022—a significant achievement for the MBS program. Subsequently in 2023, the Climate Bonds Initiative aggregated Ginnie Mae's total multifamily Green MBS issuance for the prior year and, based on this data, awarded Ginnie Mae the "Most Green Asset-Backed Securities (ABS) Issuance in 2022."

In fiscal year 2024, Ginnie Mae continued to provide multifamily "Green MBS" data at the pool-level, which identifies properties with "green" features, like energy-efficient windows or water-saving devices, as defined by FHA. As of September 2024, 5,164 multifamily green loans (green/market, green/affordable, green/broadly affordable) are securitized within Ginnie Mae backed MBS, representing more than double the increase on multifamily green loans amounting 1,961 as of September 2023.

Ginnie Mae-Securitized Loans with LEED Certification

A significantly growing number of borrowers with Ginnie Mae-securitized loans have received Leadership in Energy and Environmental Design (LEED) certification through the U.S. Green Building Council. LEED is the most widely recognized international standard for sustainable design and construction. LEED-certified buildings, including residential homes, are designed to provide clean indoor air and ample natural light and help reduce energy and water consumption. In some cases, the LEED-certified buildings use renewable energy sources, such as solar, offering additional financial and environmental benefits. Ginnie Mae identified 2,062 loans in its portfolio with LEED certification as of February 2024. These borrowers benefit from significantly lower costs for water, energy, and electricity consumption. This further demonstrates how Ginnie Mae's focus on sustainability creates equitable and quality housing for American households.

Senior Advisor for Strategic Operations Laura Kenney.

Social

Through its MBS programs, Ginnie Mae supports LMI households, seniors, rural and Tribal borrowers, and military veterans, among others, by expanding access to homeownership. The timeline below provides an overview of Ginnie Mae's progress toward communicating our unique value proposition as a key contributor to creating a more equitable housing finance system for all Americans.

In 2021, Ginnie Mae enhanced its single-family MBS disclosures to include information about the extent to which loans are located in LMI areas. More specifically, these LMI geographic disclosures provide investors with pool-level aggregate information about the number of loans, percent of loans, UPB dollars, and percent UPB dollars across low- and moderate-income areas applicable to the pool. In 2022, Ginnie Mae enhanced its MBS disclosures to include the "Affordability" status on its multifamily securities. The "Affordability" status shows the Affordability code as passed on by the FHA.

In 2023, Ginnie Mae made significant progress in communicating critical information to investors about the significant and measurable positive impact Ginnie Mae's securities have on the lives of many lower-income households who achieve homeownership through government lending. More specifically, Ginnie Mae enhanced ESG-related disclosures through five key projects to help communicate this message to investors: 1) "Social Bond" label, 2) Social Impact and Sustainability Framework, 3) LMI disclosure, 4) Composite of ESG metrics, 5) ESG web page.

In 2024, Ginnie Mae announced three additional expansions of its LMI disclosure initiative.

1. ***Single-Family LMI Borrower charts:*** The charts provide investors and the public with pool-level aggregate information about the number of underlying loans made to LMI borrowers, the percentage of LMI loan count of total loan count, the UPB of LMI loans in the MBS, and the percentage of LMI UPB of total MBS UPB. This additional visual display of data makes comparisons easier and promotes a better understanding of trends in Ginnie Mae's disclosure data.

2. ***An Analytics Page for Single-Family pools:*** Ginnie Mae has created a new Analytics Page for each Single-Family pool that details the social and environmental impacts identified from

Acting President Sam Valverde at the Ginnie Mae U.S.–Latin America Investor Roundtable.

Ginnie Mae's guaranty program. This page will be expanded to include LMI borrower income and Rural Area data in the fourth quarter of fiscal year 2024.

3. ***LMI disclosure for the HMBS program:*** Ginnie Mae's new HMBS LMI disclosures cover active loans pooled from 2012 through the present time. This new disclosure reflects the unique impact of our HMBS program in helping to drive retirement security for lower-income households.

These initiatives are an integral part of Ginnie Mae's response to increased investor interest in greater transparency into Ginnie Mae mortgages in pools, with a particular focus on meeting ESG investment mandates. They also allowed Ginnie Mae to provide more visibility into how the underlying collateral in our MBS are designed to support a positive social and affordable housing outcome.

In addition to the positive impact from our MBS products, Ginnie Mae furthered our social impact by engaging with members of our community and creating an inclusive workplace for our employees. The Community Engagement and Human Capital Management subsections provide a greater detail on these efforts.

Interagency Community Investment Committee Engagement

Ginnie Mae has worked to expand access for community-based lending institutions by sustained engagement with stakeholders and federal agency partners through the Interagency Community Investment Committee (ICIC). Since the creation of the ICIC in 2022, Ginnie Mae has played an active role in supporting its action plan, which is to advance the access of community-based lending institutions to secondary capital markets.

As part of these ongoing efforts, Ginnie Mae initiated a focused educational campaign to successfully expand awareness throughout historically underserved communities. In 2024, there were additional efforts focused on educating tribal and rural communities on secondary market opportunities. By closely collaborating with ICIC partners, Ginnie Mae has continued to expand its guaranty to mission-driven lenders on behalf of the agency and promoted public interest in government-lending products.

Community Engagement

Ginnie Mae continues to foster its commitment to community by participating in several community service initiatives. For example, Ginnie Mae had the opportunity to collaborate with Habitat for Humanity ReStores. A collective of Ginnie Mae staff from across the organization participated in this initiative, which included the Office of the President, Office of the Chief Financial Officer, OER, Office of Issuer and Portfolio Management, Office of Enterprise Data and technology, and the Workforce Innovation Team (WIT). The volunteers assisted the ReStore staff with tasks that included the collection and receipt of donated materials, along with stocking new items on the store floor. Additional assignments included cleaning and organizing, as well as assisting with displays, and customer service. This experience not only enhanced teamwork and communication but also provided a platform to share different backgrounds and experiences and build lasting connections.

In addition, Ginnie Mae organized the Ginnie Gives Back Toy and Food Donation Drive, which took place mid-November through December of 2023. This special event helped provide local families with gifts and nourishment during the holiday season. Lastly, Ginnie Mae continues to be actively engaged in Feds Feed Families, a food drive designed to support healthy eating for families in the community.

Human Capital Management

Ginnie Mae recognizes that the key to sustained success extends beyond external social factors, placing significant emphasis on the invaluable contributions of our dedicated, determined, and collaborative employees and staff. In a strategic move to further invest in our workforce, Ginnie Mae has introduced two pivotal initiatives: the Fast Track Hiring Initiative and the Futures and Foundations Initiative.

The Fast Track Hiring Initiative, launched in March 2024, signifies a progressive step towards enhancing our recruitment process. By integrating a project management framework into existing hiring protocols, this initiative supported the substantial recruitment of 106 positions, demonstrating our commitment to reinforcing our workforce. At the end of fiscal year 2024, Ginnie Mae achieved a significant headcount growth rate of 25% compared to fiscal year 2023.

In parallel, Ginnie Mae introduced the Futures and Foundations Initiative, representing a transformative approach to enriching the onboarding experience for new hires. This initiative is tailored to elevate the customer experience for our newest team members through targeted training programs, enabling Ginnie Mae to realign its focus towards a more inclusive and supportive onboarding process. Moreover, Ginnie Mae has been developing an integrated and comprehensive approach to administering a sustainable customer experience program in fiscal year 2024. It provides a suite of comprehensive and easily accessible tools and trainings for employees to enhance customer-centricity throughout the organization. The

Ginnie Mae Acting President Sam Valverde and Policy Advisor Wendy Gomez engage in discussion on stage at the Hispanic Heritage Month Pioneers of Change: Shaping the Future Together event on September 15, 2024.

program aims to create a culture of human-centered approach for problem solving.

As a continued investment in our people, Ginnie Mae's WIT and the Ginnie Mae Employee Engagement Council (GMEEC) strive to foster a sense of belongingness and connectivity through social interaction among peers by hosting team building activities. Through these activities, Ginnie Mae hopes to increase engagement with our employees to improve employee satisfaction, retention, and workforce capability.

WIT and GMEEC continued to focus on developing long-term workforce planning strategies and sponsoring initiatives to promote and achieve a culture of performance excellence and accountability, while supporting diversity, equity, fairness, and inclusion. For example, Ginnie Mae's annual Ginnie Mae Matters Café initiatives provide employees with valuable opportunities to come together, collaborate, and engage in discussions on vital topics aimed at strengthening employee engagement and human capital resource management insight.

In addition to meeting these objectives, Ginnie Mae has used the Lunch and Learn forum to highlight special observation months, such as Dr. Martin Luther King, Jr. Day, African American History Month, National Women's History Month, National Fair Housing Month, Asian and Pacific American Heritage Month, LGBTQIA Pride Month, and National Hispanic Heritage Month. Insights gathered during our Ginnie Mae Café sessions have led to the delivery of a series of focused training workshops throughout the organization. Information provided during these workshops and professional development trainings have allowed employees to gather a diverse set of skills and skill enhancements from fostering open dialogues around sensitive topics to effective communication techniques that encourage idea sharing and decision-making with unity and commitment.

These initiatives built on the results from a 2022 enterprise-wide blended skills assessment that addressed both workforce planning and succession planning. The goal of the skills assessment was to identify a high-performing talent pool, skills gaps (current and identified future skills needed within the Ginnie Mae workforce), and opportunities to close the skills gaps by:

a) Creating and implementing a strategic recruitment, hiring, and retention plan that focuses on gap-closure of existing needs and identified future skill needs

b) Advising on recommended training offerings for employees who wish to move up in leadership by developing their leadership competencies

c) Identifying competency-specific training to recommend to existing Ginnie Mae employees to hone their competencies

Climate Risk

In the last several years, Ginnie Mae has been increasingly focused on identifying and managing risks associated with climate change. In accordance with President Biden's Executive Order on Climate-Related Financial Risk, issued May 2021, Ginnie Mae sought to comply with the Federal Government's expectation for "consistent, clear, intelligible, comparable, and accurate disclosure of climate-related financial risks". The actions Ginnie Mae has taken, along with assessing climate risks, align with the executive order's mandate, which states the need for agencies to formulate strategies that:

- Measure, assess, mitigate, and disclose climate-related financial risks to Federal Government programs, assets, and liabilities
- Address financing needs associated with achieving net-zero greenhouse gas emissions for the U.S. economy by no later than 2050, limiting global average temperature rise to 1.5 degrees Celsius, and adapting to the acute and chronic impact of climate change
- Identify areas in which private and public investments can play complementary roles in meeting financing needs

Ginnie Mae has identified two types of climate-related risks that are being closely monitored:

- ***Physical risks:*** Including direct damage to assets and indirect impact from supply chain disruption. Physical risks considered include, but are not limited to, the following: geographical distribution of current MBS portfolios and potential exposure to various natural disasters (flooding, wildfires, severe convective storms, among others); historical estimates of expected losses attributable to weather-related natural catastrophes by geographic region; and the impact to building safety and soundness from extreme heat, sea level rise, and other precipitation variability.
- ***Transition risks:*** Including extensive policy, legal, technology, and market changes to transition to a lower-carbon economy. Transition risks considered include, but are not limited to, the following: increased homeownership costs to borrowers and operating costs for issuers, devaluation of property in climate-impacted areas, population migration and adaptation requirements; a potential shift of investor preference to environmentally sustainable MBS products, and broader reputational risks.

The initial framework to identify climate risks faced by the organization, the communities, and the broader housing market developed in 2022 has been further expanded to address more complex data issues. Ginnie Mae is currently utilizing an internal risk model to capture the impact of historical natural disasters on issuers, pooled loans, and non-pooled assets. Additionally, Ginnie Mae has been actively engaged with the HUD's Climate and Environmental Justice Working Group exploring ideas for including the potential needs of historically underrepresented communities in climate-related risk considerations.

Ginnie Mae has been able to make further progress in the climate risk modeling in fiscal year 2024 due to better data availability, e.g. observation of more frequent and severe weather events due to climate change. An external vendor was engaged to collect and assess data for physical climate risk, e.g., mainly for flood and wind events, to enhance the current model. The enhancements made would allow a better integrated analysis of asset- and portfolio-level climate risk exposure. Ginnie Mae is also incorporating Federal Emergency Management Agency data to monitor physical risk exposure for mortgage loans in the flood zone designation over time.

Looking ahead, Ginnie Mae will continue to develop its plan to incorporate forward-looking climate risk modeling into the enterprise risk analysis framework. Ongoing collaboration with agencies, industry groups, and climate risk experts will inform the development and implementation of the risk framework.

ACCOUNTING GOVERNANCE

Sustained Audit Readiness

The U.S. Department of Housing and Urban Development Office of the Inspector General has issued an unmodified audit opinion on Ginnie Mae's financial statements since 2020. Ginnie Mae has achieved this through its commitment to audit readiness, which has been evidenced by significant investment in technology, infrastructure, and personnel spanning multiple years.

Ginnie Mae has placed a high level of emphasis on strengthening the overall internal control environment by enhancing our accounting policy governance and improving key processes to drive operational efficiencies. These activities are helping drive dynamic change within the finance function at Ginnie Mae in an effort to continue to reach our strategic goals and instill reliability in the financial statements as a whole.

Central to its commitment to standardized, auditable financial records is Ginnie Mae's Subledger Database (SLDB) solution. This provides Ginnie Mae the capability to translate mortgage loan servicing data into loan-level accounting entries in an integrated system that supports appropriate accounting treatment in accordance with U.S. GAAP and Ginnie Mae's accounting policies. The SLDB solution has enabled Ginnie Mae personnel to more effectively perform critical accounting, reporting, data processing, technology support and oversight tasks required to track and report the non-pooled asset portfolio.

Ginnie Mae has continued to build upon the accomplishments achieved in fiscal year 2020, the first full year the SLDB solution was operational, gaining efficiencies through automation, standardization, and modernization of the existing technology. In regard to processing HECM loans in SLDB, a semi-automated solution was implemented in the prior year. While significant manual effort was required for the onboarding of a HECM portfolio of an extinguished issuer in December 2022, SLDB and the semi-automated solution were pivotal to a successful and timely onboarding. Efforts to fully automate HECM loan processing, similar to other loan level assets, are ongoing with further optimization of accounting operations and automation of reporting and governance procedures planned. Ginnie Mae's existing capabilities and expected enhancements enable operational and audit readiness in the event there is a need to onboard additional HECM portfolio.

Internal Controls

Ginnie Mae management is responsible for establishing, maintaining, and assessing internal controls to provide reasonable assurance that the objectives of the Federal Managers' Financial Integrity Act (FMFIA) of 1982 and the Federal Financial Management Improvement Act (FFMIA) of 1996 are met throughout the organization. The Office of Management and Budget (OMB) Circular No. A-123, Management's Responsibility for ERM and Internal Control, sets forth the guidance agencies must follow to meet the requirements of FMFIA and FFMIA.

Former Ginnie Mae President Alanna McCargo speaks at the Summit Series Roundtable with State Housing Finance Agencies.

Ginnie Mae management is responsible for enacting and ensuring a strong internal control environment is in place to mitigate against reporting, financial, operational, and compliance risks. In addition, Ginnie Mae's OER provides guidance and manages the internal control framework for the organization, including conducting internal control assessments and ERM activities, coordinating with other program offices to evaluate their monitoring and assessment results, and reporting these results to HUD. The assessment, review, and continuous monitoring of issuers and contractors enables Ginnie Mae to strengthen our internal controls and minimize risks that would negatively impact financial and operating results. Additionally, the consolidated evaluation of these assessments enable management to prepare a statement of assurance to report any deficiencies in internal control over financial reporting (ICFR) to HUD to ensure the auditability of Ginnie Mae's financial statements.

In reference to the ERM component of OMB Circular No. A-123, Ginnie Mae delivers on the requirements and meets the standards in accordance with the circular. Ginnie Mae maintains a standard three-level risk taxonomy to identify, classify, and report the risks associated with the operations of each of the program offices. Each program office is assessed on an annual basis. These results are compiled, analyzed, and aggregated into Ginnie Mae's Risk Register, which is provided to HUD leadership. Ginnie Mae management also uses this Risk Register to understand organizational challenges and prioritize activities for Ginnie Mae's ERM program.

Ginnie Mae maintains a Management Internal Control Program that reflects the requirements of the revised OMB Circular No. A-123, which integrates ERM and ICFR. This structure reflects the requirements of the revised A-123 and *Government Accountability Office Standards for Internal Control in the Federal Government* (the Green Book) to explicitly integrate ERM with traditional internal control over financial reporting. OER aligns appropriate resources, responsibility, and governance to the program, and provides sufficient annual assessment support to comply with the A-123 reporting requirements. Ginnie Mae maintains comprehensive documentation and performs an assessment of internal controls supporting significant financial statement line items and classes of transactions on an annual basis. Based on the results of this assessment and other program enhancements, Ginnie Mae was able to provide reasonable assurance that the internal controls were designed appropriately and operating effectively for fiscal years 2024 and 2023.

Additionally, Ginnie Mae has established and maintains financial management systems to substantially comply with the three essential requirements with FFMIA: Federal financial management system requirements, Federal accounting standards, and the U.S. Standard General Ledger at the transaction level. Ginnie Mae annually assesses whether the financial management systems substantially comply with the essential requirements of OMB Circular A-123 Appendix D, FFMIA Implementation Guidelines, the Federal Information Security Modernization Act (FISMA), and OMB Circular A-123: Management's Responsibility for ERM and Internal Controls. Based on the review, Ginnie Mae reported that all financial management systems were substantially in compliance with FFMIA, FISMA, and OMB Circular A-123.

OTHER KEY INFORMATION

Critical Accounting Estimates

Certain Ginnie Mae accounting policies require management to use estimates and judgments that affect the amounts reflected in our annual financial statements. Ginnie Mae has established policies, procedures, and internal controls to ensure that estimation methods, including any significant judgments, are appropriately reviewed and applied consistently from period to period. Such estimates and judgments inevitably involve varying degrees of uncertainty. Accordingly, certain amounts currently recorded in the financial statements will likely be adjusted in the future based on new available information, and changes in other facts and circumstances. The following is a brief description of Ginnie Mae's critical accounting estimates involving significant judgments.

Ginnie Mae staff members pose for a photo on the rooftop of Ginnie Mae headquarters in Washington, D.C.

Items Measured at Fair Value

Ginnie Mae carries several of our assets and liabilities at fair value. The guaranty asset is, and has historically been, measured at fair value on a recurring basis at the end of each reporting period. Ginnie Mae has elected the fair value option on forward mortgage loans, reverse mortgage loans, and HMBS obligations, which are also measured on a recurring basis at the end of each reporting period. Acquired properties are measured at fair value on a nonrecurring basis as they are reported at the lower of cost or market subsequent to acquisition.

Estimating fair value requires the application of judgment. The type and level of judgment required is largely dependent on the amount of observable market information available to Ginnie Mae. All assets measured at fair value use internally developed valuation models and other valuation techniques that use significant unobservable inputs and are, therefore, classified within Level 3 of the valuation hierarchy in accordance with Accounting Standards Codification 820. Refer to Note 2: *Summary of Significant Accounting Policies and Practices* and Note 10: *Fair Value Measurement* for further details on Ginnie Mae's processes for determining the fair value of the aforementioned assets and liabilities.

Off-Balance Sheet Arrangements

Ginnie Mae enters into commitments to guarantee future MBS issuances in the normal course of business, which are not recognized on the balance sheets. These commitments end when the securities are issued or the commitment period expires, 12 months and 24 months for single-family and multifamily issuers, respectively. Outstanding MBS commitments were $145.8 billion in fiscal year 2024 compared to $140.8 billion in fiscal year 2023. These outstanding commitments are not representative of Ginnie Mae's actual risk due in part to Ginnie Mae's ability to limit an issuer's request for pools or loan packages to an approved amount of commitment authority.

Ginnie Mae's highest potential off-balance sheet exposure to credit losses is related to the outstanding principal balance of our MBS held by third parties, which was $2.6 trillion as of September 30, 2024, and $2.5 trillion as of September 30, 2023. The maximum exposure is not a representation of Ginnie Mae's actual exposure as it does not consider the impact of insurance, recourse, or the recovery Ginnie Mae would receive by exercising Ginnie Mae's right to the underlying collateral. Ginnie Mae recognized guaranty obligation of $9.6 billion and $9.4 billion on September 30, 2024 and 2023, respectively, related to this portfolio.

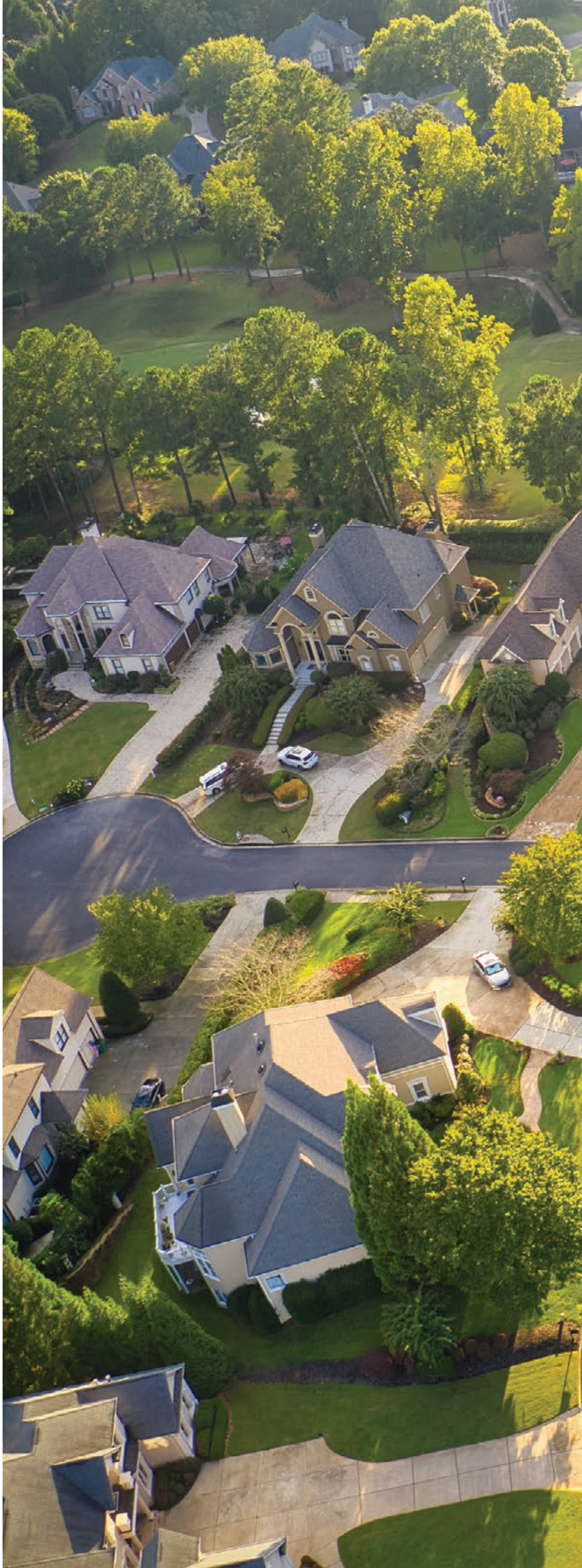
Aggregate Contractual Obligations

Periodically, Ginnie Mae makes certain representations and warranties and indemnification clauses associated with purchase and sales agreements that are enforceable and legally binding. These agreements may require Ginnie to repurchase loans that were previously sold to a third party or to indemnify the purchaser for losses if the loans are modified or not insured/guaranteed by FHA, VA, USDA, or PIH. Given the immateriality of the contingent liability to account for these agreements, Ginnie Mae determined zero loss liability starting fiscal year 2024.

Financial System Enhancements and Automation

Throughout fiscal year 2024, enhancement initiatives have continued for Ginnie Mae's financial systems and supporting applications. This positions Ginnie Mae for end-to-end automated financial reporting and enduring readiness to accommodate future business and workflow requirements. Some key initiatives and enhancements are included below:

- ***SLDB Enhancements:*** As previously noted, SLDB continues to be a crucial application for maintaining audit readiness. Accordingly, Ginnie Mae continued to invest in the modernization of SLDB to improve operational efficiency. In 2024, Ginnie Mae successfully accelerated the monthly closing process by streamlining loan data validation procedures, and further enhanced HECM portfolio validation procedures to improve the data quality.
- ***Budget Transformation (BT) and Enterprise Planning and Budgeting Cloud Service:*** The BT project transitions Ginnie Mae to a new budget management approach to enable more strategic and long-term financial planning. It seeks to maximize the return on investment for federal government resources.



OFFICE of INSPECTOR GENERAL

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Audit of Government National Mortgage Association's Fiscal Years 2024 and 2023 Financial Statements

Audit Report Number: 2025-FO-0001

November 13, 2024

Office of Audit | Office of Inspector General

U.S. Department of Housing and Urban Development

Date: November 13, 2024

To: Sam Valverde
Acting President, Government National Mortgage Association, T

//signed//
From: Kilah S. White
Assistant Inspector General for Audit, GA

Subject: Transmittal of Independent Public Accountant's Audit Report on the Government National Mortgage Association's Fiscal Years 2024 and 2023 Financial Statements

Attached are the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) results of the audit of the Government National Mortgage Association's (Ginnie Mae) fiscal years 2024 and 2023 financial statements and reports on internal control over financial reporting and compliance with laws, regulations, contracts, and grant agreements and other matters.

We contracted with the independent public accounting firm Sikich CPA LLC to audit the financial statements of Ginnie Mae as of and for the years ending September 30, 2024 and 2023,[1] and to provide reports on Ginnie Mae's (1) internal control over financial reporting and (2) compliance with laws, regulations, contracts, and grant agreements and other matters. Our contract with Sikich required that the audit be performed in accordance with U.S. generally accepted auditing standards, Office of Management and Budget audit requirements, and the Financial Audit Manual of the U.S. Government Accountability Office and the Council of the Inspectors General on Integrity and Efficiency.

In its audit of Ginnie Mae, Sikich reported

- That Ginnie Mae's financial statements as of and for the fiscal year ending September 30, 2024, were presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles.
- No material weaknesses or significant deficiencies[2] for fiscal year 2024 in internal control over financial reporting, based on limited procedures performed.

[1] The accompanying financial statements as of and for the fiscal year ending September 30, 2023, were audited by other auditors, whose Independent Auditor's Report, issued on November 13, 2023, expressed an unmodified opinion on those financial statements.

[2] A material weakness is a deficiency or a combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of Ginnie Mae's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency or a combination of deficiencies in internal control over financial reporting that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

- No reportable noncompliance for fiscal year 2024 with provisions of applicable laws, regulations, contracts, and grant agreements or other matters.

In connection with the contract, we reviewed Sikich's reports and related documentation and questioned its representatives. Our review, as differentiated from an audit of the financial statements in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express and we do not express opinions on Ginnie Mae's financial statements or conclusions about (1) the effectiveness of Ginnie Mae's internal control over financial reporting and (2) Ginnie Mae's compliance with laws, regulations, contracts, and grant agreements or other matters. Sikich is responsible for the attached Independent Auditors' Report, dated November 13, 2024, and the conclusions expressed therein. Our review disclosed no instances in which Sikich did not comply, in all material respects, with U.S. generally accepted government auditing standards.

The Inspector General Act, as amended, requires that OIG post its reports on the OIG website. Accordingly, this report will be posted at https://www.hudoig.gov.

If you have any questions or comments about this report, please do not hesitate to call Brittany Wing, Audit Director, at (202) 320-7296.

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Alexandria, VA 22314
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INDEPENDENT AUDITORS' REPORT

Inspector General
U.S. Department of Housing and Urban Development

Acting President
Government National Mortgage Association

In our audit of the fiscal year 2024 financial statements of the Government National Mortgage Association (Ginnie Mae), we found:

- The financial statements as of and for the fiscal year ended September 30, 2024, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America;
- No material weaknesses in internal control over financial reporting based on the limited procedures we performed;
- No reportable noncompliance for fiscal year 2024 with provisions of applicable laws, regulations, contracts, and grant agreements that we tested.

The following sections contain:

1. Our report on Ginnie Mae's financial statements, including an other matter paragraph related to the prior period financial statements having been audited by a predecessor auditor, required supplementary information (RSI) and other information included with the financial statements; and
2. Other reporting required by *Government Auditing Standards*, which is our report on Ginnie Mae's (a) internal control over financial reporting and (b) compliance and other matters. This section also includes Ginnie Mae's comments on our report.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion
We have audited the financial statements of Ginnie Mae, which comprise the balance sheet as of September 30, 2024, and the related statement of revenues and expenses and changes in investment of U.S. Government, and cash flows for the fiscal year then ended, and the related notes to the financial statements (collectively, the basic financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Ginnie Mae as of September 30, 2024, and its revenues and expenses and changes in investment of U.S. Government, and cash flows for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); standards applicable to financial statement audit contained in Generally Accepted Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States; and guidance contained in Office of Management and Budget (OMB) Bulletin 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB

Bulletin 24-02 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements subsection of our report. We are required to be independent of Ginnie Mae and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

Ginnie Mae's financial statements as of and for the year ended September 30, 2023, were audited by other auditors, whose Independent Auditors' Report thereon dated November 13, 2023, expressed an unmodified opinion on those financial statements. We were not engaged to audit, review, or apply any procedures to Ginnie Mae's fiscal year 2023 financial statements and accordingly, we do not express an opinion or any other form of assurance on the fiscal year 2023 financial statements.

Responsibilities of Management for the Financial Statements

Management is responsible for (1) the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles; (3) preparing and presenting other information included in Ginnie Mae's Annual Report, and ensuring the consistency of that information with the audited financial statements and the RSI; and (4) for the design, implementation, and maintenance of effective internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ginnie Mae's ability to continue as a going concern for a reasonable period of time.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, GAGAS, and OMB guidance will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgments made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, GAGAS, and OMB guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements in order to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ginnie Mae's internal control over financial reporting. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ginnie Mae's ability to continue as a going concern for a reasonable period of time.
- Perform other procedures we consider necessary in the circumstances.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information
OMB Bulletin 24-02 requires that the Management's Discussion and Analysis (MD&A) and other required supplementary information be presented to supplement the basic financial statements. Such required supplementary information is the responsibility of management and, although not a part of the basic financial statements, is required by OMB, who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit, and we do not express an opinion or provide any assurance on the information because the limited procedures we applied do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Ginnie Mae's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the required supplementary information. Management is responsible for the other information included in Ginnie Mae's Annual Report. The other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

SIKICH

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Report on Internal Control over Financial Reporting and on Compliance and Other Matters

Internal Control over Financial Reporting
In connection with our audit of Ginnie Mae's financial statements, we considered Ginnie Mae's internal control over financial reporting, consistent with our auditors' responsibilities discussed below.

Results of Our Consideration of Internal Control over Financial Reporting
Our consideration of internal control over financial reporting was for the limited purpose described below and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies or to express an opinion on the effectiveness of Ginnie Mae's internal control over financial reporting. Given these limitations, during our 2024 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

During our fiscal year 2024 audit, we identified deficiencies in Ginnie Mae's internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies. Nonetheless, these deficiencies warrant Ginnie Mae management's attention. We have communicated these matters to Ginnie Mae management and, where appropriate, will report on them separately.

Basis for Results of Our Consideration of Internal Control over Financial Reporting
We performed our procedures related to Ginnie Mae's internal control over financial reporting in accordance with GAGAS and OMB audit guidance.

Responsibilities of Management for Internal Control over Financial Reporting
Ginnie Mae management is responsible for designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for Internal Control over Financial Reporting
In planning and performing our audit of Ginnie Mae's financial statements as of and for the fiscal year ended September 30, 2024, in accordance with GAGAS, we considered Ginnie Mae's internal control relevant to the financial statement audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ginnie Mae's internal control over financial reporting. Accordingly, we do not express an opinion on Ginnie Mae's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control over Financial Reporting
An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel. The objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Intended Purpose of Report on Internal Control over Financial Reporting
The purpose of this report is solely to describe the scope of our consideration of Ginnie Mae's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of Ginnie Mae's internal control over financial reporting. This report is an integral part of an audit performed in accordance with GAGAS in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

Compliance and Other Matters
In connection with our audit of Ginnie Mae's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditors' responsibilities discussed below.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements and Other Matters
Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance or other matters for fiscal year 2024 that would be reportable under GAGAS. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to Ginnie Mae. Accordingly, we do not express such an opinion.

Basis for Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements and Other Matters
We performed our tests of compliance in accordance with GAGAS and OMB audit guidance.

Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements
Ginnie Mae management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to Ginnie Mae.

Auditors' Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements
Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements that have a direct effect on the determination of material amounts and disclosures in Ginnie Mae's financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to Ginnie Mae. We caution that noncompliance may occur and not be detected by these tests.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements and Other Matters

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with GAGAS in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements and other matters is not suitable for any other purpose.

Ginnie Mae's Comments

Ginnie Mae's comments on this report are included in Attachment A.

Sikich CPA LLC

Alexandria, VA
November 13, 2024

Attachment A

Ginnie Mae's Comments to the Audit Report

Ginnie Mae
Our Guaranty Matters

Office of the President
425 3rd Street, SW, Fifth Floor
Washington, DC 20024
(202) 708-0926

DATE:	November 6, 2024
MEMORANDUM FOR:	Kilah White, Assistant Inspector General for Audit, Contracted Financial Statement Audits, Financial Audits Division, HUD Office of Inspector General (OIG)
FROM:	Sam Valverde, Acting President, Government National Mortgage Association (Ginnie Mae) DocuSigned by: Sam Valverde
SUBJECT:	Management Response to Fiscal Year (FY) 2024 Audit Report

As Acting President of Ginnie Mae, I am pleased to respond to the Independent Auditors' Report for FY 2024, conducted by Sikich on behalf of the Office of Inspector General (OIG). After acquiring CliftonLarsonAllen's federal government practice, Sikich seamlessly continued this critical audit process, allowing us to uphold our high standards of accountability and transparency for the American taxpayer. We deeply value the role of our auditors in enhancing our financial reporting's integrity, benefiting investors, borrowers, and the broader capital markets.

This year, we are proud to announce another unmodified audit opinion, a testament to the rigorous internal controls and transparency Ginnie Mae upholds. This positive outcome reflects our ongoing commitment to a robust internal control environment, strengthened by continuous investment in our financial reporting capabilities. These audit results play a vital role in maintaining trust in our guarantee, reinforcing Ginnie Mae's role in U.S. housing finance.

Our FY 2024 accomplishments underscore Ginnie Mae's impact and progress. Our operations increased the Investment of U.S. Government by $3.05 billion, and Mortgage-Backed Securities (MBS) issuances of $423.4 billion raised our total portfolio to an all-time high of $2.64 trillion. This growth is fueled by our core mission within HUD to advance affordable housing and attract capital globally into the U.S. housing market.

In March, the passage of the FY 2024 funding bill provided essential support for our mission, increasing our salaries and expenses budget by 34 percent to $54 million – the largest increase in our 56-year history. This funding has allowed us to scale our team to meet the growing size and complexity of our portfolio and operations, and address emerging risks, such as cybersecurity threats. It also enables us to modernize our securitization platform, positioning Ginnie Mae to remain competitive and responsive to market needs.

Our efforts this year were especially critical in a challenging economic environment. High interest rates presented liquidity and operational hurdles for issuers, especially in the reverse mortgage sector. To support American seniors and stabilize the reverse mortgage market, we

Attachment A

Ginnie Mae's Comments to the Audit Report

explored the development of a new reverse securitization product, HMBS 2.0, to improve liquidity for issuers. We also modernized our Manufactured Housing MBS program to increase program participation, expanded our social impact disclosures, and continued to grow and improve our digital collateral program.

Ginnie Mae also prioritized cybersecurity, responding to rising cyber risks by expanding our cybersecurity team and platform protections. We strengthened the cybersecurity framework for issuers, introduced a new incident notification requirement, and enhanced recovery planning for major issuers. These steps support a secure, resilient MBS program and safeguard our operations, adding further value to the securities we guarantee.

Throughout FY 2024, Ginnie Mae made substantial strides in financial risk management, control environment improvements, and collaboration with our auditor, contributing to a successful and transparent audit. We remain committed to operational excellence, integrity in financial reporting, and our mission to expand affordable housing access for underserved Americans.

We look forward to ongoing collaboration with OIG and other stakeholders to continue building on the success of the Ginnie Mae MBS Program, benefiting homeowners and supporting the nation's housing finance system.

Appendix A

Government National Mortgage Association

Fiscal Year Financial Statements

September 30, 2024

Government National Mortgage Association

Fiscal Year Financial Statements

September 30, 2024

Table of Contents

Balance Sheets	2024 September 30	2023 September 30
	(Dollars in thousands)	
Assets:		
Cash and cash equivalents	$ 30,425,203	$ 28,494,701
Restricted cash and cash equivalents	1,745,248	1,683,383
Accrued fees and other receivables	139,013	133,195
Reimbursable costs receivable, net	367	397
Claims receivable, net	53,901	59,787
Advances, net	462,692	416,595
Forward mortgage loans, at fair value	1,383,609	1,435,663
Reverse mortgage loans, at fair value	17,978,318	19,525,649
Acquired property, net	50,095	44,574
Fixed assets, net	44,008	46,528
Guaranty asset	8,680,509	8,352,885
Other assets	9,149	8,549
Total Assets	**$ 60,972,112**	**$ 60,201,906**
Liabilities and Investment of U.S. Government:		
Liabilities:		
Accounts payable and accrued liabilities	$ 114,810	$ 121,686
Deferred liabilities and deposits	275	401
Deferred revenue	636,559	608,664
Liability for loss on mortgage-backed securities program guaranty	196,318	111,115
Liability for representations and warranties	-	17
Home equity conversion mortgage-backed securities (HMBS) obligations, at fair value	16,498,804	19,147,154
Guaranty liability	9,632,671	9,371,617
Total Liabilities	**$ 27,079,437**	**$ 29,360,654**
Commitments and Contingencies (See Note 15)		-
Investment of U.S. Government	$ 33,892,675	$ 30,841,252
Adjustment to Investment of U.S. Government	-	-
Total Liabilities and Investment of U.S. Government	**$ 60,972,112**	**$ 60,201,906**

The accompanying notes are an integral part to these financial statements

Government National Mortgage Association

Statements of Revenues and Expenses and Changes in Investment of U.S. Government				
	For the years ended September 30,			
	2024		2023	
	(Dollars in thousands)			
Revenues:				
Income on guaranty obligation	$	855,905	$	824,828
Mortgage-backed securities guaranty fees		1,639,491		1,527,255
Interest income earned on U.S. Treasury securities		1,246,064		944,298
Commitment fees		85,615		85,221
Multiclass fees		40,674		37,452
Mortgage-backed securities program and other income		7,742		11,534
Total Revenues	**$**	**3,875,491**	**$**	**3,430,588**
Expenses:				
Administrative expenses	$	(51,625)	$	(46,786)
Fixed asset depreciation and amortization		(16,607)		(18,545)
Mortgage-backed securities program and other expenses		(512,033)		(477,109)
Acquired property expenses, net		(9,181)		(8,833)
Total Expenses	**$**	**(589,446)**	**$**	**(551,273)**
Recapture (provision):				
Recapture (provision) for mortgage-backed securities program guaranty	$	(85,203)	$	15,981
Recapture (provision) for claims receivable, net		(12,841)		(8,446)
Recapture (provision) for loss on advances, net		(2)		66
Total Recapture (Provision)	**$**	**(98,046)**	**$**	**7,601**
Other Gain (Loss):				
Gain (loss) on forward mortgage loans, at fair value	$	147,859	$	(92,138)
Gain (loss) on reverse mortgage loans, at fair value		1,747,266		1,968,690
Gain (loss) on acquisition of HMBS obligations, at fair value		-		(282,679)
Gain (loss) on HMBS obligations, at fair value		(1,244,244)		(1,996,867)
Gain (loss) on guaranty asset		(789,335)		(1,545,856)
Gain (loss) other		1,878		(460)
Total Other Gains / (Losses)	**$**	**(136,576)**	**$**	**(1,949,310)**
Results of Operations	**$**	**3,051,423**	**$**	**937,606**
Investment of U.S. Government at Beginning of Year	$	30,841,252	$	29,848,453
Adjustment to Investment of U.S. Government		-		55,193
Adjustment to Investment of U.S. Government-HUD				-
Investment of U.S. Government at Beginning of Period	**$**	**30,841,252**	**$**	**29,903,646**
Investment of U.S. Government at End of Period	**$**	**33,892,675**	**$**	**30,841,252**

The accompanying notes are an integral part to these financial statements

Government National Mortgage Association

Statements of Cash Flows				
	For the years ended September 30,			
	2024		2023	
	(Dollars in thousands)			
Cash Flows from Operating Activities				
Results of Operations	**$**	**3,051,423**	**$**	**937,606**
Adjustments to reconcile Results of Operations to Net Cash provided by Operating Activities:				
Fixed asset depreciation and amortization		16,607		18,545
Provision (Recapture) for mortgage-backed securities program guaranty		85,203		(15,981)
Provision (Recapture) for reimbursable costs receivable, net		-		-
Provision (Recapture) for claims receivable, net		12,841		8,446
Provision (Recapture) for loss on advances, net		2		(66)
Acquired property expenses, net		9,181		8,833
(Gain)/loss on forward mortgage loans, at fair value		(147,859)		92,138
(Gain)/loss on acquisition of HMBS obligations, at fair value		-		531,901
(Gain)/loss on reverse mortgage loans, at fair value		(1,747,266)		(1,968,690)
(Gain)/loss on HMBS obligations, at fair value		1,244,244		1,996,867
(Gain)/loss on guaranty asset		789,335		1,545,856
(Gain)/loss other		(246)		3,319
(Income) on guaranty obligation		(855,905)		(824,828)
Mortgage-backed securities program and other expenses		27,675		21,775
Changes in operating assets and liabilities:				
Accrued fees and other receivables		(5,818)		(10,369)
Claims receivable, net		2,208,696		1,442,567
Advances, net		(46,099)		(415,880)
Reimbursable costs receivable, net		(107)		(45)
Acquired property, net		(6,574)		(4,216)
Other assets		(335)		(4,194)
Accounts payable and accrued liabilities		(6,876)		23,426
Deferred liabilities and deposits		(126)		(373)
Deferred revenue		27,895		13,811
Net cash provided by operating activities	**$**	**4,655,891**	**$**	**3,400,448**
Cash Flows from Investing Activities				
Proceeds from repayments and sales of forward mortgage loans, at fair value	$	211,991	$	233,573
Proceeds from repayments and sales of reverse mortgage loans, at fair value		1,706,703		1,524,171
Proceeds from the dispositions of acquired property and preforeclosure sales		57,039		33,188
Purchases of forward mortgage loans, at fair value		(31,448)		(31,177)
Purchases of reverse mortgage loans, at fair value		(701,107)		(695,780)
Purchases of fixed assets		(14,107)		(13,628)
Net cash provided by investing activities	**$**	**1,229,071**	**$**	**1,050,347**
Cash Flows from Financing Activities				
Payments on HMBS related obligations	$	(3,892,594)	$	(3,375,847)
Net cash (used for) provided by financing activities	**$**	**(3,892,594)**	**$**	**(3,375,847)**
Net change in cash and cash equivalents	$	1,992,368	$	1,074,948
Cash and cash equivalents, beginning of the year		30,178,083		29,103,136
Cash and cash equivalents, end of the period	**$**	**32,170,451**	**$**	**30,178,084**
Supplemental Disclosure of Non-Cash Activities				
Non-cash Transfers from forward mortgage loans, at fair value to claims receivable, net	$	14,772	$	32,713
Non-cash Transfers from reverse mortgage loans, at fair value to claims receivable, net		2,201,488		1,427,345
Non-cash Transfers from forward mortgage loans, at fair value to acquired property, net		4,700		3,897
Non-cash Transfers from reverse mortgage loans, at fair value to acquired property, net		49,916		23,470
Transfers from mortgage loans held for investment including accrued interest, net to forward mortgage loans, at fair value		-		(1,807,939)
Transfers from reimbursable costs receivable, net to forward mortgage loans, at fair value		-		(35,010)

The accompanying notes are an integral part to these financial statements

Notes to the Financial Statements

Note 1: Entity and Mission

The Government National Mortgage Association (Ginnie Mae) was created in 1968, through an amendment of Title III of the National Housing Act as a wholly owned United States (U.S.) government corporation within the U.S. Department of Housing and Urban Development (HUD). Ginnie Mae is a government corporation; and, therefore, is exempt from both federal and state taxes. Ginnie Mae guarantees the timely payment of principal and interest (P&I) on Mortgage-Backed Securities (MBS) backed by federally insured or guaranteed mortgage loans to its MBS investors. The guaranty, which is backed by the full faith and credit of the U.S. government, increases liquidity in the secondary mortgage market and attracts new sources of capital for mortgage loans from investors for properties located in the U.S. and its Territories. Its role in the market enables qualified borrowers to have reliable access to a variety of mortgage products.

Ginnie Mae supports the following groups through its MBS program:

- first-time home buyers;
- low and moderate-income households;
- borrowers in rural, or other areas, where credit access is limited;
- young professionals with unestablished credit histories;
- borrowers with lower credit scores;
- working families with little, or no, down payment;
- borrowers with higher debt to income ratios;
- the construction and renovation of multifamily housing and hospitals;
- senior citizens who need housing and support services; and
- military veterans who have served the country.

Ginnie Mae requires all mortgages collateralizing guaranteed MBS to be insured or guaranteed by government agencies, including the Federal Housing Administration (FHA), the U.S. Department of Veterans Affairs (VA), the U.S. Department of Agriculture (USDA), and the Office of Public and Indian Housing (PIH) . Ginnie Mae neither originates, purchases, or guarantees direct loans.

Ginnie Mae offers two single-class securities product structures – Ginnie Mae I MBS and Ginnie Mae II MBS:

- Ginnie Mae I MBS are pass-through securities providing monthly P&I payments to each investor. They are single-family, multifamily, or manufactured housing pools of mortgages with similar maturities and interest rates offered by a single issuer.
- Ginnie Mae II MBS are similar to Ginnie Mae I MBS but allow multiple-issuer and single-issuer pools. They permit the securitization of adjustable-rate mortgages (ARMs), manufactured home loans, and home equity conversion mortgages (HECM), and allow small issuers unable to meet the dollar requirements of the Ginnie Mae I MBS program to participate in the secondary mortgage market.

Ginnie Mae established the following four programs to service a variety of loan financing needs and different issuer origination capabilities:

- ***Single-Family Program*** **–** consists of single-family mortgages originated for the purchase, construction, or renovation of single-family homes originated through FHA, VA, USDA, and PIH loan insurance programs;
- ***Multifamily Program*** **–** consists of FHA and USDA insured loans originated for the purchase, construction, or renovation of apartment buildings, hospitals, nursing homes, and assisted living facilities;
- ***Home Equity Conversion Mortgage-Backed Securities (HMBS) Program*** **–** consists of reverse mortgage loans insured by FHA; and
- ***Manufactured Housing Program*** **–** consists of pools of loans insured by FHA's Title I Manufactured Home Loan Program.

Ginnie Mae offers two multiclass security product structures – Platinum Securities and Real Estate Mortgage Investment Conduits (REMIC) Securities:

- Ginnie Mae Platinum Securities are formed by combining Ginnie Mae MBS into a new single security. Platinum Securities can be constructed from both fixed rate and Ginnie Mae ARM Securities. They provide MBS investors with greater market and operating efficiencies, and may be used in structured financing, repurchase transactions, and general trading.
- REMIC Securities direct underlying MBS principal and interest payments to classes with different principal balances, interest rates, average lives, prepayment characteristics and final maturities. REMIC Securities provide issuers greater flexibility in creating securities that meet the needs of a variety of investors. Principal and interest payments are divided into varying payment streams to create classes with different expected maturities, differing levels of seniority or subordination or other characteristics.

Note 2: Summary of Significant Accounting Policies

The following disclosures pertain to current practices followed by Ginnie Mae in accordance with its accounting policies, except as otherwise indicated.

Basis of Presentation: Ginnie Mae's functional currency is the U.S. dollar, and the accompanying financial statements have been prepared in that currency. The financial statements conform to U.S. Generally Accepted Accounting Principles (GAAP), except as otherwise indicated.

Going Concern: The accompanying financial statements are prepared on a going concern basis and do not include any adjustments that might result from uncertainty about Ginnie Mae's ability to continue as a going concern.

Use of Estimates: The preparation of financial statements in conformity with U.S. GAAP, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenses for the periods presented, and the related disclosures in the accompanying notes. Ginnie Mae evaluates these estimates and judgments on an ongoing basis and bases its estimates on experience, historical, current, and expected future conditions, third-party evaluations, and various other assumptions that Ginnie Mae believes are reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities, as well as identifying and assessing the accounting treatment with respect to commitments and contingencies.

Ginnie Mae has made significant estimates in a variety of areas including, but not limited to, fixed assets, net, and the valuation of certain financial instruments, such as mortgage servicing rights (MSR), acquired property, net; claims receivable, net and other loan-related receivables, guaranty assets, guaranty liability, HMBS obligations, at fair value, liability for representations and warranties, liability for loss on mortgage-backed securities program guaranty, forward mortgage loans, at fair value, and reverse mortgage loans, at fair value. Actual results could differ from those estimates.

Fair Value Measurement: Ginnie Mae uses fair value measurement for the initial recognition of certain assets and liabilities, periodic re-measurement of certain assets on a recurring and non-recurring basis, and certain disclosures. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. Ginnie Mae bases its fair value measurements on an exit price that maximizes the use of observable inputs and minimizes the use of unobservable inputs.

Fair Value Option: The fair value option under Accounting Standards Codification (*ASC) 825: Financial Instruments* allows certain financial assets and liabilities, such as acquired loans, to be reported at fair value (with unrealized gains and losses reported in the Statement of Revenues and Expenses and Changes in Investment of U.S. Government and related cash flows classified as operating activities). The fair value option was elected by Ginnie Mae for the guaranty asset, and beginning October 1, 2022, mortgage loans, including forward mortgage loans, at fair value; reverse mortgage loans, at fair value and HMBS obligations, at fair value.

Natural Disasters: The occurrence of a major natural disaster, such as a hurricane, tropical storm, wildfire, flood, and other large-scale catastrophe, in an area where Ginnie Mae's pooled and non-pooled loans or properties are located could have an adverse impact on our financial condition and results of operations. An unpredictable natural disaster could cause damage or destroy properties that Ginnie Mae owns, while negatively affecting the ability of borrowers to continue to make principal and interest payments, increasing the potential for credit losses as Ginnie Mae's program insurers may not cover all losses. Further, a major disruptive event, such as a natural disaster, may negatively impact an issuer if the issuer's portfolio is highly concentrated in the affected region. This could lead to an increase in probability of issuer default and Ginnie Mae having to step into the role of the issuer. In doing so, Ginnie Mae would then need to assume all servicing rights and obligations of the issuer, including making timely principal and interest payments to the MBS investors. Finally, a natural disaster could negatively impact the valuation of the guaranty asset and MSR assets through adverse impacts on significant modeling inputs and key economic assumptions, such as prepayment rates and default rates.

Cash and Cash Equivalents: Ginnie Mae's cash consists of cash held by the U.S. Treasury (Funds with U.S. Treasury), and cash that is held by the master sub-servicer (MSS) and the trustee and administrator of securities on Ginnie Mae's behalf but has not yet been transferred to Ginnie Mae (Deposits in transit). Cash equivalents consist of U.S. Treasury short-term investments issued with an original maturity date of three months or less. Cash receipts, disbursements, and investment activities are processed by the U.S. Treasury. All cash not classified as restricted cash is accessible in the event of an issuer default[1], termination and extinguishment[2].

Funds with U.S. Treasury: Represent the available budget spending authority of Ginnie Mae according to the U.S. Treasury and is the aggregate amount of Ginnie Mae's accounts with the U.S. Treasury.

Deposits in Transit: Include principal, interest, and other payments collected by the MSS and the trustee and administrator of securities, on Ginnie Mae's behalf, in custodial accounts that have not yet been received by Ginnie Mae or remitted to the HMBS holders at the end of the reporting period.

U.S. Treasury Short-term Investments: Represent U.S. Treasury securities which are bought and sold at composite prices received from the Federal Reserve Bank of New York. These securities are maintained in book-entry form at the Bureau of Public Debt and include U.S. Treasury overnight certificates. U.S. Treasury overnight certificates are issued with a stated rate of interest to be applied to their par value with a maturity date of the next business day. These overnight certificates are measured at cost, which approximates fair value. Interest income on such securities is presented within Interest income earned on U.S. Treasury securities in the Statement of Revenues and Expenses and Changes in Investment of U.S. Government.

Restricted Cash and Cash Equivalents: Cash and cash equivalents are classified as restricted when the statutes, regulations, contracts, or Ginnie Mae's statements of intentions legally limit the use of funds. Restrictions may include legally restricted deposits, contracts entered into with others, or the entity's statements of intention with regard to particular deposits. Restricted cash and cash equivalents also include P&I payments that were not collected by security holders and unapplied deposits held in a suspense account until the appropriate application is determined. Restricted cash balances are recorded in a separate line item as restricted cash and cash equivalents. Ginnie Mae received approval from the Office of Management and Budget (OMB) to invest certain portions of restricted cash in U.S. Treasury short-term investments and Ginnie Mae is entitled to the interest income earned on these investments.

Escrow Funds (Held in Trust for MBS Certificate Holders or Mortgagors): Escrow funds are held in a trust for payments of mortgagors' taxes, insurance, and related items. These funds are collected by the MSS and held at depository institutions for which Ginnie Mae does not have access. This escrow funds balance was $21.9 million and $21.7 million as of September 30, 2024, and September 30, 2023, respectively and represent amounts submitted by the MSS. Escrow funds are not owned, invested, or controlled by Ginnie Mae. Ginnie Mae receives no current or future economic benefits, and there is no associated risk or reward to Ginnie Mae from the escrow funds. As such, escrow funds are not included on Ginnie Mae's Balance Sheet.

Accrued Fees and Other Receivables: Ginnie Mae's accrued fees and other receivables primarily include accrued guaranty fees. Accrued guaranty fees, are based on the aggregate unpaid principal balances (UPB) of the guaranteed securities outstanding, and recorded in the month they are

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[1] *Issuer default is defined as any failure or inability of the issuer to perform its responsibilities under the Ginnie Mae MBS programs.*

[2] *Extinguishment occurs when defaulted issuer's right, title, and interest in the pooled mortgages is taken over by Ginnie Mae. Note that Ginnie Mae may sell the mortgage portfolio to another issuer, or take over the right, title, and interest from issuers after default.*

earned. Guaranty fees are discussed in Note 4: *Financial Guarantees and Financial Instruments with Off-Balance Sheet Exposure.*

Ginnie Mae is a designated recipient agency for criminal restitution payments as a result of court order in connection with criminal proceedings against certain defendants, primarily for fraud and false claims. U.S. District Courts are responsible for receiving payments, disbursing restitution to victims, and tracking the debt. Ginnie Mae has determined that these receivables are not probable of collection and have no net realizable value. This assessment is based on Ginnie Mae's position in the recovery hierarchy for debts from defendants, its historical experience with collections on these accounts, and the overall historical experience for the U.S. Government in collecting on this category of receivable.

Claims Receivable, Net: Claims receivable, net represents receivables from properties conveyed to insuring or guaranteeing agencies (FHA, VA, USDA, and PIH) and payments owed to Ginnie Mae from such insuring or guaranteeing agencies. Claims receivable consists of the following primary components:

Short Sale Claims Receivable: As an alternative to foreclosure, a property may be sold for an agreed-upon price, at which the net proceeds fall short of the debts secured by liens against the property. Accordingly, short sale proceeds are often insufficient to fully pay off the mortgage. Ginnie Mae's MSS analyze mortgage loans for factors such as delinquency, the appraised value of the property collateralizing the loan, and market locale of the underlying property to identify loans that may be short sale eligible. Short sale transactions are analyzed and approved by the Office of Issuer and Portfolio Management (OIPM) at Ginnie Mae. For FHA-insured loans where the underlying property was sold in a short sale, the FHA typically pays Ginnie Mae the difference between the proceeds received from the sale and the total contractual amount of the mortgage loan and delinquent interest payments at the debenture rate (less the first two months of delinquent interest). FHA is the largest insurer for Ginnie Mae. Short sales on VA, USDA, and PIH guaranteed loans follow a similar process in which the claims receivable amount is determined in accordance with the respective agency guidelines. Ginnie Mae records a short sale claims receivable while it awaits repayment of the shortfall amount from the insuring or guaranteeing agencies.

Foreclosed Property: Ginnie Mae records foreclosed property when the MSS receives title to a residential real estate property that has completed the foreclosure process in its respective legal jurisdiction, or when the mortgagor conveys all interest in the property to Ginnie Mae through its MSS to satisfy the loan through completion of a deed in lieu of foreclosure process or similar legal agreement. These properties differ from acquired properties as Ginnie Mae intends to convey the property to an insuring or guaranteeing agency, instead of marketing and selling the properties through the MSS. The claimed asset is measured based on the amount of the loan outstanding balance expected to be recovered from the insuring or guaranteeing agency.

Assignment Claims Receivable: In the event of an HMBS issuer extinguishment, Ginnie Mae will manage the acquired HMBS portfolio by purchasing reverse loans out of securitization pools once the outstanding principal balance of the related reverse mortgage loan is equal to or greater than 98% of the Maximum Claim Amount (MCA). Loans purchased out of securitization pools are assigned to the FHA in accordance with FHA insurance program requirements and the amount of the outstanding loan balance expected to be recovered from FHA as the insuring agency is recognized as an assignment claim receivable.

***Allowance for Claims Receivable*:** Once the claims receivable is established, Ginnie Mae periodically assesses its collectability by utilizing statistical models, which incorporate expected recovery based on the underlying insuring or guaranteeing agency guidelines, and Ginnie Mae's historical loss experience. Ginnie Mae records an allowance for claims that represents the expected unrecoverable amounts within the portfolio. Claims net of an allowance is the amount that Ginnie Mae determines to be collectible.

The allowance for claims receivable includes effects of charge-offs, recoveries, and amounts deemed uncollectible from the insuring or guaranteeing agency. At initial recognition, a claims receivable is recognized for the amount recoverable from the insurers and any excess amounts not recoverable are charged-off against the corresponding allowance.

Charge-Off: Once losses are confirmed, Ginnie Mae charges-off any uncollectable amounts against the corresponding allowance.

Recoveries: If the claim proceeds received exceed the claim receivable's carrying amount, Ginnie Mae will apply the excess to amounts previously charged-off (i.e., recovery) with any residual amounts recognized as a gain on the Statement of Revenues and Expenses and Changes in Investment of U.S. Government.

Advances, Net: Advances represent pass-through payments made to the MSS to fulfill Ginnie Mae's guarantee of timely P&I payments to MBS holders and excess funds paid to the MSS to service the HECM portfolio, including funding scheduled and unscheduled draws, reimbursable cost advances, FHA monthly insurance premiums paid on behalf of borrowers, and payments to HMBS investors for loan buyouts. Ginnie Mae reports Advances net of an allowance to the extent that management believes Advances will not be collected. The allowance is calculated based on expected recovery amounts from any mortgage insurance or guaranty per established insurance or guarantor rates, Ginnie Mae's collectability experience, and other economic factors.

Acquired Property, Net: Ginnie Mae recognizes acquired property when marketable title to the underlying property is obtained and the property has completed the foreclosure process, or the mortgagor conveys all interest in the residential real estate property to Ginnie Mae to satisfy the loan through the completion of a foreclosure or a deed in lieu of foreclosure or other similar legal agreement. These assets differ from "foreclosed property" as they are not conveyed to the insuring or guaranteeing agencies and Ginnie Mae will hold the title while the properties are marketed for sale by the MSS.

Ginnie Mae initially measures acquired property at its fair value, net of estimated costs to sell. However, at acquisition, the difference between loan fair value and acquired property fair value, net of estimated costs to sell, is booked through gain (loss) on forward mortgage loans, at fair value or gain (loss) on reverse mortgage loans, at fair value, in the Statement of Revenue and Expenses and Changes in Investment of U.S. Government.

Ginnie Mae subsequently measures acquired property at the lower of its carrying value or fair value less estimated costs to sell. Any subsequent write-downs to fair value, net of estimated costs to sell, from its carrying value (i.e., holding period write-downs) are recognized through a valuation allowance with an offsetting charge to acquired property expenses. Any subsequent increases in fair value, net of estimated costs to sell, up to the cumulative loss previously recognized through the valuation allowance are recognized in acquired property expenses, net in the Statement of Revenue and Expenses and Changes in Investment of U.S. Government.

Ginnie Mae records gains and losses on sales of acquired property as the difference between the net sales proceeds and the carrying value of the property, less amounts recoverable from the insuring or guaranteeing agency. These gains and losses are recognized through acquired property expenses, net on the Statement of Revenues and Expenses and Changes in Investment of U.S. Government.

Subsequent material development and improvement costs for acquired property are capitalized. Other post-foreclosure costs are expensed as incurred to acquired property expenses, net on the Statement of Revenues and Expenses and Changes in Investment of U.S. Government.

Fixed Assets, Net: Ginnie Mae's fixed assets consist of hardware and software. Ginnie Mae capitalizes costs based on guidance in *ASC 350-40: Intangibles – Goodwill and Other – Internal-Use Software* and *ASC 360: Property, Plant and Equipment*. Additions to fixed assets consist of improvements, newly purchased items, and betterments. Purchased software is recorded at cost and amortized using the straight-line method over its estimated useful life.

The capitalization of software development costs is governed by *ASC 350-40: Intangibles – Goodwill and Other – Internal-Use Software* if the software is for internal use. After the technological feasibility of the software has been established at the beginning of application development, software development costs, which primarily include salaries and related payroll costs and costs of independent contractors incurred during development, are capitalized. Research and development costs incurred prior to application development (for internal-use software), are expensed as incurred. Software development costs are amortized on a program-by-program basis using a straight-line method commencing on the date when ready for use. Ginnie Mae did not develop software to be marketed during the year ended September 30, 2024, or the year ended September 30, 2023.

Ginnie Mae depreciates its hardware assets using the straight-line basis over a three to five year period beginning when the assets are placed in service. Expenditures for ordinary repairs and maintenance are charged to expense as incurred.

Ginnie Mae amortizes its software assets using the straight-line basis over a three to five year period beginning when the assets are ready for their intended use. Ginnie Mae shall determine and periodically reassess the estimated useful life over which the capitalized costs will be amortized. Ginnie Mae assesses the recoverability of the carrying value of its long-lived assets, including finite-lived intangible assets, whenever events or changes in circumstances indicate the carrying amount of the assets may not be recoverable. Ginnie Mae evaluates the recoverability of such assets based on the expectations of undiscounted cash flows from such assets. If the sum of the expected future undiscounted cash flows were less than the carrying amount of the asset, an impairment loss would be recognized for the difference between the fair value and the carrying amount. Refer to Note 11: *Fixed Assets, Net* for additional information.

Mortgage Servicing Rights: MSRs represent Ginnie Mae's rights and obligations to service mortgage loans underlying a terminated and extinguished issuer's Ginnie Mae guaranteed pooled-loan portfolio. Ginnie Mae contracts with multiple MSS to provide the servicing of its pooled mortgage loans. The servicing functions include collecting and remitting loan payments, responding to mortgagor inquiries, reporting P&I payments, holding custodial funds for payment of property taxes and insurance premiums, counseling delinquent mortgagors, supervising foreclosures and property dispositions, and generally administering the loans. Ginnie Mae receives a monthly servicing fee based on the interest portion of each monthly installment of P&I collected by the MSS on the pooled mortgage loans. Ginnie Mae records servicing fees accrued revenue based on P&I payments collected by the MSS during the current month that are remitted to Ginnie Mae in the following month. Ginnie Mae then pays a sub-servicing expense to the MSS in consideration for servicing the loans.

In accordance with *ASC 860: Transfers and Servicing,* Ginnie Mae records a servicing asset (or liability) each time it takes over a terminated and extinguished issuer's Ginnie Mae guaranteed pooled-loan portfolio. The MSR asset (or liability) represents the benefits (or costs) of servicing that are expected to be more (or less) than adequate compensation to a servicer for performing the servicing. The determination of adequate compensation is a market notion and is made independent to Ginnie Mae's cost of servicing. Accordingly, Ginnie Mae's determination of adequate compensation is based on compensation active issuers demand in the marketplace. Typically, the benefits of servicing are expected to be more than adequate compensation for performing the servicing, and the contract results in a servicing asset. However, if the benefits of servicing are not expected to adequately compensate for performing the servicing, the contract results in servicing liability.

Ginnie Mae reports MSRs at fair value to better reflect the potential net realizable or market value that could be realized from the disposition of the MSR asset or the settlement of a future MSR liability. Consistent with *ASC 820: Fair Value Measurements,* to determine the fair value of the MSR, Ginnie Mae uses a discounted cash flow valuation model that calculates the present value of estimated future net servicing income. The valuation methodology factors in key economic assumptions and inputs including prepayment rates, costs to service the loans, contractual servicing fee income, ancillary income, escrow account earnings, delinquency rates, and the discount rate. In addition, the MSR also considers future expected cash flows for loans underlying a terminated and extinguished issuer's portfolio including credit losses. The discount rate is used to estimate the present value of the projected cash flows to estimate the fair value of the MSR. The discount rate assumptions reflect the market's required rate of return adjusted for the relative risk of the asset type. Upon acquisition, Ginnie Mae measures its MSRs at fair value and subsequently re-measures the MSR assets or liabilities with changes in the fair value recorded in the Statement of Revenues and Expenses and Changes in Investment of U.S. Government.

Ginnie Mae's MSR portfolio consists of FHA, VA, USDA, and PIH insured loans with similar collateral types and underwriting standard. Since these loans have similar risk profiles, Ginnie Mae identifies single-family residential MSRs and multifamily residential MSRs. As such, although MSRs are valued at the pool level, they are presented on a net basis (as a servicing asset or liability) at the aggregate class level. Ginnie Mae's MSR balance as of September 30, 2024, and September 30, 2023, is $572.7 thousand and $307.5 thousand, respectively, and is included within the Other assets line item on the Balance Sheet.

Accounts Payable and Accrued Liabilities: Ginnie Mae's accounts payable and accrued liabilities generally include obligations for items that have entered the operating cycle, such as accrued compensated absences and other payables. Amounts incurred by Ginnie Mae, but not yet paid at the end of the periods presented, are recognized as accounts payable and accrued liabilities.

Compensated Absences: Under the Accrued Unfunded Leave and Federal Employees Compensation Act (FECA), annual leave and compensatory time are accrued when earned and the liability is reduced as leave is taken. The liability at period-end reflects cumulative leave earned but not taken, priced at current wage rates. Earned leave deferred to future periods is to be funded by future appropriations. To the extent that current or prior period appropriations are not available to fund annual leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of leave are expensed as taken. Compensated absence balances are provided by HUD and included within accounts payable and accrued liabilities on the Balance Sheet.

Other*:* Includes payables for fees incurred in the acquisition of services provided by the MSS and third-party vendors, unclaimed securities holders' payments, and a refund liability for transfer of issuer responsibility fees. Ginnie Mae uses estimates and judgments, as required under U.S. GAAP, to accrue for expenses when incurred, regardless of whether expenses were paid as of month-end.

Accounts payable and accrued liabilities balance is carried at cost, which approximates its fair value at the respective balance sheet dates.

Deferred Liabilities and Deposits: Ginnie Mae's deferred liabilities and deposits mainly represent restricted cash receipts from loan prepayments, curtailments, and payoffs from borrowers. These receipts must be directly refunded to the MSS for payment to the MBS investors.

Deferred Revenue: The classification of deferred revenue depends on the reason the revenue has not yet been recognized.

- ***Deferred Revenue – Multiclass Fees***: Deferred multiclass fee revenue represents the guaranty fees paid by the REMIC or Platinum Certificate sponsor, which are deferred and amortized into income evenly over the weighted average contractual life of the security unless truncated by early termination.
- ***Deferred Revenue – Commitment Fees***: Deferred commitment fee revenue represents payments received in advance of completion of Ginnie Mae's performance obligation. Commitment fee revenue is recognized in income over time as Ginnie Mae completes its performance obligation or the Commitment Authority expires.

Refer to Note 12: *Revenue from Contracts with Customers and Deferred Revenue* for further details.

Liability for Representations and Warranties (Repurchase Liability): Ginnie Mae may enter into business transactions and agreements, such as the sale of an MSR or loan portfolio, which provide certain representations and warranties associated with the underlying loans. If there is a breach of these contractual covenants, Ginnie Mae may be required to repurchase certain loans or provide other compensation. Ginnie Mae recognizes a loss contingency that arises from these obligations when it is probable that Ginnie Mae will be required to repurchase loans or provide other compensation. When a loss contingency arises from such obligations and is assessed as reasonably possible, Ginnie Mae discloses the estimate of the possible loss. Repurchase liabilities are measured initially and in subsequent periods under *ASC 450-20: Contingencies – Loss Contingencies.* In instances where the terms of these agreements are determined to include financial guaranties, Ginnie Mae recognizes expected credit losses related to the guaranties in accordance with *ASC 326-20: Financial Instruments – Credit Losses.*

Refer to Note 13: *Reserve for Loss* for details on Ginnie Mae's liability for representations and warranties balance.

Home Equity Conversion Mortgage-Backed Securities Obligations, at Fair Value: HMBS obligations, at fair value, represent the related liability associated with the pooled HECM loan assets acquired by Ginnie Mae in an HMBS issuer extinguishment event. As the securitized HECM loans are accounted for by Ginnie Mae as secured borrowings, the liability for pass through payments to HMBS security holders, that Ginnie Mae is obligated to execute on in its assumed role as HMBS issuer, is recorded as a liability on Ginnie Mae's balance sheet at fair value, and referred to as HMBS obligations, at fair value.

Refer to Note 10*: Fair Value Measurement* for further details on how the fair value of HMBS obligations is determined.

Recognition of Revenues and Expenses: *ASC 606: Revenue from Contracts with Customers*, establishes principles for reporting information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from Ginnie Mae's contracts with customers. *ASC 606* requires Ginnie Mae to recognize revenue to depict the transfer of promised services to customers in an amount that reflects the consideration received in exchange for those services recognized as performance obligations being completed. A performance obligation may be satisfied over time or at a point in time. Revenue from a performance obligation satisfied over time is recognized based on the measurement of value to the customer of the services transferred by Ginnie Mae to-date relative to the remaining services promised under the contract. Revenue from a performance obligation satisfied at a point in time is recognized at the point in time the customer obtains control of the promised service. Commitment fees, Real Estate Mortgage Investment Conduit (REMIC) modification and exchange (MX) combination fees, and certain MBS program fees, such as transfer of issuer responsibilities, new issuer applications, certificate handling, and acknowledgement of agreement fees are in the scope of *ASC 606*, as these revenues are from Ginnie Mae's contracts with issuers (i.e., Ginnie Mae's customers in the ordinary course of business). The guidance in *ASC 606* applies to all contracts with customers except financial instruments and other contractual rights or obligations within the scope of *ASC 310: Receivables*, *ASC 860: Transfers and Servicing*, and guarantees within the scope of *ASC 460: Guarantees*, among other topics. As such, interest income on mortgage loans, interest income earned on U.S. Treasury securities, income on guaranty obligation, MBS guaranty fees, REMIC and Platinum Certificates guaranty fees, and certain MBS program and other fees are subject to other GAAP requirements for recognition and excluded from the scope of *ASC 606*.

Refer to Note 12: *Revenue from Contracts with Customers and Deferred Revenue* for disaggregation of revenue in the scope of *ASC 606*.

Ginnie Mae recognizes revenue from the following sources:

- ***Interest Income on Forward Mortgage Loans*** – Interest income on forward mortgage loans is included within the gain/loss on forward mortgage loans, at fair value financial statement line item. Ginnie Mae accrues interest for loans at the contractual interest rate of the underlying mortgage. Any prepaid interest is recognized as deferred revenue when received.
- ***Interest Income on Reverse Mortgage Loans –*** Interest income on reverse mortgage loans is included within the gain/loss on reverse mortgage loans, at fair value financial statement line item. Ginnie Mae accrues interest for reverse mortgage loans at the contractual interest rate of the underlying reverse mortgage.
- ***Interest Income Earned on U.S. Treasury Securities*** – Ginnie Mae earns interest income on U.S. Government securities related to U.S. Treasury overnight certificates. Prior to

2018, Ginnie Mae also earned and collected interest on uninvested funds, which was calculated using the applicable version of the Credit Subsidy Calculator 2 (CSC2) provided by the OMB. In September 2018, the U.S. Treasury clarified rules regarding the collection of interest on uninvested funds in the Financing Fund. Based on additional conversations with and clarifications from the U.S. Treasury, Ginnie Mae was not entitled to earn interest on uninvested funds without a signed borrowing agreement in accordance with the Federal Credit Reform Act of 1990. Ginnie Mae is in ongoing discussions with OMB and its legal counsel on whether it is fully subject to the provisions of the Federal Credit Reform Act of 1990. As a resolution of the matter between Ginnie Mae and OMB is pending, the U.S. Treasury and Ginnie Mae agreed that Ginnie Mae will not earn or collect interest on uninvested funds until the matter is resolved. Due to U.S. Treasury's new criteria for earning and collecting interest on uninvested funds, no interest income was earned and recognized on uninvested funds for the year ended September 30, 2024. At present, there is uncertainty regarding the applicability of the Federal Credit Reform Act of 1990 to Ginnie Mae, and whether Ginnie Mae will be required to pay or earn such interest in the future.

- ***Income on Guaranty Obligation*** – Ginnie Mae amortizes its guaranty obligation into revenues based on the remaining UPB of the related MBS pools.
- ***Mortgage-Backed Securities Guaranty Fees*** – Ginnie Mae receives monthly guaranty fees for each MBS mortgage pool, based on a percentage of the pool's UPB. Fees received for Ginnie Mae's guaranty of MBS are recognized as earned.
- ***Commitment Fees*** – Ginnie Mae receives commitment fees in exchange for providing review and approval services of commitment authority usage requests submitted by the issuers. This service allows for the approved issuer to pool mortgages into MBS that are guaranteed by Ginnie Mae.

  Ginnie Mae uses a third-party entity, the Pool Processing Agent (PPA), to determine whether the issuer has sufficient commitment authority to issue the pool or loan package and approve the issuance. Ginnie Mae recognizes commitment fee revenue based on the gross amount collected from the issuers because Ginnie Mae directs the PPA's services and is ultimately responsible for fulfilling the services performed by the PPA on Ginnie Mae's behalf.

  The total amount of the commitment fees is determined and paid at the time the issuer initially requests the commitment authority. Commitment fee revenue depends on the volume of commitment authority used, which is affected by changes in interest rates. Commitment fee revenue is recognized in income over time as issuers use their commitment authority, which represents the completion of Ginnie Mae's performance obligation. The remaining balance of the commitment fees is deferred until the service is used or expired, whichever occurs first. Fees from expired commitment authority are not returned to issuers and are recognized as income.
- ***Multiclass Fees*** – Ginnie Mae receives one-time upfront fees related to the issuance of multiclass products. Multiclass products include REMICs and Platinum Certificates. The fees received for REMICs consist of a guaranty fee and may include a MX combination fee.

The guaranty fee is paid by the REMIC sponsor and is based upon the total principal balance of the deal. It is deferred and amortized into income evenly over the weighted average contractual life of the security unless truncated by early termination. All deferred REMIC guaranty fee income is recognized at security termination.

The MX combination fee allows the sponsor to combine REMIC and/or MX securities at the time of issuance. Ginnie Mae provides administrative services when MX combinations are requested by sponsors. Any permitted combinations by the sponsor are set forth in the combination schedule to an offering circular supplement. The MX combination fees are recognized immediately in income at the point in time when the administrative services are complete (i.e., upon the combination of REMIC and/or MX securities). Revenue earned from REMIC MX combination fees depends on the demand for the service, which is affected by the interest rate environment.

The guaranty fees received for Platinum Certificates are deferred and amortized into income evenly over the weighted average contractual life of the security.

- ***Mortgage-Backed Securities Program and Other Income –*** Ginnie Mae recognizes income for MBS program related fees, including transfer of issuer responsibilities, new issuer applications, acknowledgement agreement fees, certificate handling, mortgage servicing, and civil monetary penalty.

  Transfer of issuer responsibility fees are one-time, upfront fees received by Ginnie Mae for providing review and approval services of issuers' requests to transfer responsibilities associated with their MBS. Transferors and transferees may reject the transfer at any time before its completion, even after Ginnie Mae approves it, which requires a fee refund. As such, the entire amount of consideration is constrained until the pool transfer is complete. Transfer of issuer responsibility fees are recorded as a refund liability and recognized as income when Ginnie Mae's performance obligation is complete and the uncertainty around the constraint is resolved (i.e., when pool transfer is complete).

  New issuer application fees, acknowledgment agreement fees, and certificate handling fees are one-time non-refundable upfront fees received by Ginnie Mae for providing various services related to the MBS program. These services include Ginnie Mae's consideration of the issuer's application to become an authorized MBS issuer, approval of an acknowledgment agreement permitting a pledge of servicing by an issuer and providing evidence of security ownership. The fees are recognized in income when payment is received, as Ginnie Mae's performance obligation is completed at that time.

Ginnie Mae receives various other fees which are recognized in income when payment is received.

Ginnie Mae's expenses are classified into three groups:

- ***Administrative Expenses –*** The main components of the administrative expenses are payroll expenses, travel and training expenses, benefit expenses, and other operating expenses.
- ***Fixed Assets Depreciation and Amortization –*** Depreciation and amortization consists of depreciation on acquired, leased, and in-use hardware; and amortization of capitalized software acquired, leased, and in-use, by Ginnie Mae. Fixed assets are depreciated and amortized, on a straight-line basis, over a three to five year period.

- ***Mortgage-Backed Securities Program and Other Expenses*** **–** The main components of the MBS program and other expenses are multiclass expenses, MBS information systems and compliance expenses, sub-servicing expenses, asset management expenses, and pool processing and central paying agent expenses.

Amounts recognized as expenses represent actuals or, when actuals are not available, estimates of costs incurred during the normal course of Ginnie Mae's operations.

Securitization and Guarantee Activities: Ginnie Mae's primary business activity is to guarantee the timely payment of P&I on securities backed by federally insured or guaranteed mortgages issued by private institutions. Unlike substantially all the securitization market, Ginnie Mae approves issuers to pool loans and issue Ginnie Mae guaranteed MBS, or "virtual trusts". Additionally, for federal income tax purposes, the Ginnie Mae pool is considered a grantor trust[3]. For consolidation purposes, each of these virtual trusts is considered individual legal entities and, in accordance with *ASC 810: Consolidation,* are considered variable interest entities (VIEs).

Variable Interest Entities Model*:*

For entities in which Ginnie Mae has a variable interest, Ginnie Mae determines whether, if by design, (i) the entity has equity investors who, as a group, lack the characteristics of a controlling financial interest, (ii) the entity does not have sufficient equity at risk to finance its expected activities without additional subordinated financial support from other parties or (iii) the entity is structured with non-substantive voting rights. If an entity has at least one of these characteristics, it is considered a VIE, and is consolidated by its primary beneficiary. The primary beneficiary is the party that (i) has the power to direct the activities of the entity that most significantly impact the entity's economic performance; and (ii) has the obligation to absorb losses or the right to receive benefits from the entity that could potentially be significant to the entity. Only one reporting entity, if any, is expected to be identified as the primary beneficiary of a VIE. Ginnie Mae reassesses its initial evaluation of whether an entity is a VIE upon occurrence of certain reconsideration events.

Ginnie Mae's involvement with legal entities that are VIEs is limited to providing a guaranty on interest payments and principal returns to MBS holders of the Ginnie Mae virtual trusts. Ginnie Mae is not the primary beneficiary of the Ginnie Mae virtual trusts as it does not have the power to control the significant activities of the trusts. Other than its guaranty, Ginnie Mae does not provide, nor is it required to provide, any type of financial or other support to these entities. The guaranty fee receivable represents compensation for taking on the risk of providing the guaranty to MBS certificate holders for the timely payment of P&I in the event of issuers' default. Ginnie Mae's maximum potential exposure to loss under these guaranties is primarily comprised of the amount of outstanding MBS and commitments and does not consider loss recoverable from the FHA, VA, USDA, and PIH.

The following table presents assets and liabilities that relate to Ginnie Mae's interest in VIEs:

[3] *This liability for pass through payments includes Ginnie Mae's assumed obligation to repay the secured borrowing to HMBS security holders, as well as obligations related to the servicing of the HECM loans and HMBS.*

	September 30, 2024		September 30, 2023	
	(Dollars in thousands)			
Guaranty asset	$	8,680,509	$	8,352,885
Guaranty fee receivable		139,000		128,000
Total	**$**	**8,819,509**	**$**	**8,480,885**
Guaranty liability	$	9,632,671	$	9,371,617
Liability for loss on mortgage-backed securities program guaranty		196,318		111,115
Total	**$**	**9,828,989**	**$**	**9,482,732**
Maximum exposure to loss				
Outstanding MBS	$	2,642,595,451	$	2,472,843,019
Outstanding MBS commitments		145,821,514		140,780,632
Total	**$**	**2,788,416,965**	**$**	**2,613,623,651**

Refer to Note 4: *Financial Guarantees and Financial Instruments with Off-Balance Sheet Exposure* for further details.

The Current Expected Credit Loss Standard

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instruments, which was later amended by ASU 2019-04, ASU 2019-05, and ASU 2019-11. These ASUs (collectively, the “Current Expected Credit Loss (CECL) standard”) replace the existing incurred loss impairment methodology for financial instruments that are collectively evaluated for impairment with a methodology that reflects lifetime expected credit losses and requires consideration of a broader range of reasonable and supportable forecast information to develop an estimate. Ginnie Mae adopted this guidance in the Fiscal Year beginning October 1, 2022, using the modified retrospective approach. Ginnie Mae elected the fair value option on mortgage loans held for investment including accrued interest, net and related reimbursable costs receivable. Ginnie Mae is also required to recognize expected lifetime credit losses related to the contingent portion of its guaranty obligation, which is recognized in liability for loss on mortgage-backed securities program guaranty.

Mortgage Loans: When a Ginnie Mae issuer defaults, and is terminated and extinguished, Ginnie Mae steps into the role of the issuer and assumes all servicing rights and obligations of the issuer’s entire Ginnie Mae guaranteed portfolio, including making timely pass-through payments. Ginnie Mae utilizes the MSS to service these portfolios. There are currently two MSS that service the terminated and extinguished issuer portfolios of pooled and non-pooled loans.

In its role as issuer, Ginnie Mae assesses individual loans within its pooled portfolio to determine whether the loan must be purchased out of the pool. Ginnie Mae must purchase mortgage loans out of the MBS pool when the mortgage loans are ineligible for insurance or guaranty by the FHA, VA, USDA, or PIH, as well as loans that have been modified beyond the trial modification period. Additionally, Ginnie Mae has the option to purchase mortgage loans out of the MBS pool when the mortgage loans are insured or guaranteed but are delinquent for more than 90 days.

Ginnie Mae also has the option to repurchase reverse mortgage loans out of the securitization pools in certain instances. These situations include when the outstanding principal balance of the related HECM loan is equal to or greater than 98% of the MCA and the borrower’s loan becoming due and payable under certain circumstances; the borrower not occupying the home for greater than twelve consecutive months for physical or mental illness, and the home is not the residence of another borrower; or the borrower failing to perform in accordance with the terms of the loan.

Ginnie Mae has elected to irrevocably apply Fair Value Option (FVO) accounting to its forward mortgage loans purchased out of the pool and reverse mortgage loans as part of the adoption of *ASC 326: Financial Instruments – Credit Losses* and the transition relief afforded by the guidance. The election allows Ginnie Mae to provide meaningful information to the users of the financial statements, as fair value provides a proxy into market participants' viewpoint on value of these instruments as of the measuring date, with considerations of both market and credit risks.

Forward Mortgage Loans, at Fair Value (forward MFV): Forward mortgage loans, at fair value includes traditional mortgage loans acquired upon default of a Ginnie Mae MBS issuer. Ginnie Mae reports the carrying value of forward mortgages in forward mortgage loans, at fair value on the Balance Sheet at the fair value of the UPB, accrued interest and reimbursable costs receivables, as required by U.S. GAAP.

Accrued Interest Receivable – Ginnie Mae accrues interest on forward mortgage loans at the contractual rate. Interest income on forward MFV is reported in the gain (loss) on forward mortgage loans, at fair value financial statement line item on the Statement of Revenue Expenses and Changes in U.S. Government.

Changes in Fair Value – On a quarterly basis, Ginnie Mae evaluates the fair value of forward MFV and assesses whether adjustments need to be made to account for the changes in the fair value of forward MFV. Gains and losses from fair value changes of forward MFV are reported in the gain (loss) on forward mortgage loans, at fair value financial statement line-item on the Statement of Revenue Expenses and Changes in U.S. Government.

Reverse Mortgage Loans, at Fair Value (reverse MFV): Reverse mortgage loans, at fair value includes home equity conversion mortgage (HECM) loans acquired upon extinguishment of a Ginnie Mae HMBS issuer. HECM loans provide seniors aged 62 and older with a loan secured by their home which can be taken as a lump sum or line of credit with scheduled or unscheduled payments. HECM loan balances grow over the loan term through borrower draws of scheduled payments or line of credit draws, funded by the issuer, as well as through the accrual of interest, servicing fees, and FHA mortgage insurance premiums.

HECM loan balances are included within the Reverse mortgage loans, at fair value, and are comprised of securitized HECM loans subject to HMBS obligations as well as any unsecuritized interests that relate to partially securitized HECM loans.

Accrued Interest Receivable – Ginnie Mae accrues interest on reverse mortgage loans, at fair value at the contractual rate. Interest income on reverse MFV is reported in the Gain (loss) on reverse mortgage loans, at fair value financial statement line item on the Statement of Revenue Expenses and Changes in U.S. Government.

Changes in Fair Value – On a quarterly basis, Ginnie Mae evaluates the fair value of reverse MFV and assesses whether adjustments need to be made to account for the changes in the fair value. Gains and losses from fair value changes of reverse MFV are reported in the Gain (loss) on reverse mortgage loans, at fair value financial statement line-item on the Statement of Revenue Expenses and Changes in U.S. Government.

Reimbursable Costs Receivable, Net: Costs incurred on pooled forward loans, that are expected to be reimbursed, are recorded as reimbursable costs receivable, and reported net of an allowance for amounts that management believes will not be collected. These costs for non-pooled forward and reverse loans are included within forward and reverse mortgage loans, at fair value effective October 1, 2022. Reimbursable costs arise when there are insufficient escrow funds available to make scheduled tax and insurance payments for loans serviced by Ginnie Mae, wherein Ginnie Mae advances funds to cover the escrow shortfall to preserve a first lien position on the underlying collateral. In addition, Ginnie Mae advances funds to cover servicing related expenses to preserve the value of the underlying collateral. The allowance for reimbursable costs is estimated based on historical loss experience, which includes expected collections from the mortgagors, proceeds from the sale of the property, and reimbursements collected from third-party insurers or guarantors (FHA, VA, USDA, and PIH).

Financial Guarantees: Ginnie Mae's financial guaranty obligates Ginnie Mae to stand ready, over the term of the guaranty, to advance funds to cover any shortfall of P&I to the MBS holders in the event of an issuer default.

Ginnie Mae, as guarantor, follows the guidance in *ASC 460: Guarantees*, for its accounting and disclosure of its guaranties. As these guaranties are within the scope of *ASC 326*, expected credit losses (the contingent aspect) are measured and accounted for in addition to and separately from the fair value of the guaranty (the noncontingent aspect), which is measured in accordance with *ASC 460*.

At inception of the guaranty, Ginnie Mae recognizes the guaranty obligation (the noncontingent aspect) at fair value. When measuring the guaranty liability under *ASC 460*, Ginnie Mae applies the practical expedient, which allows for the guaranty obligation to be recognized at inception based on the premium received or the receivable owed to the guarantor, provided the guaranty is issued in a standalone arm's length transaction with an unrelated party. The fair value of the guaranty obligation is calculated using the discounted cash flows of the expected future premiums from guaranty fees over the expected life of the mortgage pools. The estimated fair value includes certain assumptions such as future UPB, prepayment rates, issuer buyouts and default rates.

Guaranties are issued on standalone transactions for a premium and Ginnie Mae records a guaranty asset for the same value as the guaranty liability at inception. These offsetting entries are equal to the considerations received and have a neutral net impact upon the initial recognition of the guaranty liability and guaranty asset on the net financial position of Ginnie Mae.

Refer to Note 4*: Financial Guarantees and Financial Instruments with Off-Balance Sheet Exposure* for further details.

Liability for Loss on Mortgage-Backed Securities Program Guaranty: U.S. GAAP requires Ginnie Mae to recognize a loss contingency that arises from the following:

- The guaranty obligation that Ginnie Mae has to the MBS holders as a result of expected lifetime credit losses associated with issuer default events. The issuers have the obligation to make timely P&I payments to MBS certificate holders. However, if an issuer defaults, Ginnie Mae ensures the contractual payments to MBS certificate holders are made. When assessing whether an issuer may default, Ginnie Mae takes into consideration various factors including the issuer's financial and operational vulnerability, a qualitative and quantitative corporate credit analysis, and other evidence of the issuer's potential default (e.g., known regulatory investigations or actions).

- The obligation that Ginnie Mae has to the multifamily MBS issuers to reimburse them for applicable losses in the event of a loan default, pursuant to the Multifamily Guaranty Agreement.
- Determination of the liability is based on factors such as the likelihood of issuer default and macroeconomic indicators (e.g., the FHFA Housing Price Index).

The contingent aspect of the guaranty obligation is measured initially and in subsequent periods under *ASC 326-20: Financial Instruments – Credit Losses*.

Refer to Note 13: *Reserve for Loss* for details on Ginnie Mae's current practice.

Recently Adopted Accounting Pronouncements

There were no recent accounting pronouncements that have been adopted as of September 30, 2024, for fiscal year 2024. The following accounting pronouncements were adopted in fiscal year 2023:

As a result of the adoption of CECL, Ginnie Mae recorded one-time adjustments to impacted financial statement line items that resulted in an estimated realized gain from forward mortgage loans, at fair value of $171.4 million, an increase to the liability for loss on mortgage-backed securities program guaranty of $116.2 million, and a related increase to the investment of U.S. Government of $55.2 million. Upon the adoption of CECL on October 1, 2022, Ginnie Mae did not recognize an allowance for credit losses on cash and cash equivalents or restricted cash and cash equivalents. The adoption of this standard did not have a material impact on accrued and other fees receivable, Advances, net, or the portion of reimbursable costs receivable, net recognized for pooled loans.

***Reference Rate Reform* –** In December 2022, the FASB issued ASU 2022-06, Reference Rate Reform (Topic 848), which defers the sunset date of Topic 848 from December 31, 2022, to December 31, 2024, to ease the potential burden of transitioning away from the London Interbank Offered Rate (LIBOR) and other discontinued interest rates. The FASB had previously issued guidance under Topic 848 that provided optional practical expedients and exceptions under GAAP related to contract modifications and hedging relationships that reference LIBOR or another reference rate expected to be discontinued. Although Ginnie Mae does not have any hedge accounting relationships, the MBS comprised of LIBOR ARMs (i.e., FHA Single-Family Forward and FHA Reverse) and multiclass securities that reference the LIBOR index only (i.e., REMIC/HREMIC programs) will be impacted by the LIBOR transition. Ginnie Mae elected to apply the provisions of Topic 848, which was effective immediately and will be applied prospectively. Ginnie Mae started transitioning from LIBOR to SOFR on September 1, 2023, and the adoption of this guidance on the transitioned loans in the reverse mortgage portfolio did not have a material impact on our financial statements.

Recent Accounting Pronouncements Not Yet Adopted

There were no recent accounting pronouncements that apply to Ginnie Mae; therefore, not yet adopted as of September 30, 2024.

Government National Mortgage Association
Notes to the Financial Statements

Note 3: Unrestricted and Restricted Cash and Cash Equivalents

Cash and cash equivalents – unrestricted and restricted – include the following:

	September 30, 2024 Unrestricted	Restricted (Dollars in thousands)	Total
Funds with U.S. Treasury [1]	$ 7,224,473	$ -	$ 7,224,473
Unapplied deposits	-	15	15
Fund balances precluded from obligation	-	1,609,728	1,609,728
Liability for investor pass-through payments	-	249	249
Total Funds with U.S. Treasury	$ 7,224,473	$ 1,609,992	$ 8,834,465
Deposit in Transit:			
Cash held by MSS [2]	$ 32,381	$ 111,360	$ 143,741
Cash held by Trustee and Administrator of securities [3]	6,757	-	6,757
Total Deposit in Transit:	$ 39,138	$ 111,360	$ 150,498
U.S. Treasury short-term investments [4]	$ 23,161,592	23,896	23,185,488
Total	**$ 30,425,203**	**$ 1,745,248**	**$ 32,170,451**

	September 30, 2023 Unrestricted	Restricted (Dollars in thousands)	Total
Funds with U.S. Treasury [1]	$ 7,328,704	$ -	$ 7,328,704
Unapplied deposits	-	13	13
Fund balances precluded from obligation	-	1,510,194	1,510,194
Liability for investor pass-through payments	-	388	388
Total Funds with U.S. Treasury	$ 7,328,704	$ 1,510,595	$ 8,839,299
Deposit in Transit:			
Cash held by MSS [2]	$ 28,392	$ 149,030	$ 177,422
Cash held by Trustee and Administrator of securities [3]	7,122	-	7,122
Total Deposit in Transit:	$ 35,514	$ 149,030	$ 184,544
U.S. Treasury short-term investments [4]	$ 21,130,483	23,758	21,154,241
Total	**$ 28,494,701**	**$ 1,683,383**	**$ 30,178,084**

(1) *This amount represents Ginnie Mae's account balance with the U.S. Treasury. It includes cash and cash equivalents that are restricted by Congress, which Ginnie Mae cannot spend without approval from the legislative body; cash and cash equivalents that are restricted temporarily, until Ginnie Mae determines the appropriate allocation for cash received; and liability for investor payoff, which consists of funds collected for borrower prepayments, principal curtailments, loan payoffs and loan buyouts that have not been remitted to investors as of the end of the reporting period.*

(2) *This amount represents cash collected by the MSS on behalf of Ginnie Mae but not yet received by Ginnie Mae.*

(3) *This amount represents cash collected by the Trustee and Administrator of securities on behalf of Ginnie Mae but not yet received by Ginnie Mae.*

(4) *This amount represents investments in overnight certificates. It also includes the money owed to MBS certificate holders who cannot be located by the administrator of the Ginnie Mae MBS and have not yet been claimed. There is no statute of limitations stating when the MBS certificate holder can claim this cash.*

Funds with U.S. Treasury: Ginnie Mae's cash receipts and disbursements are processed by U.S. Treasury. Cash held by U.S. Treasury represents the available budget spending authority of Ginnie Mae (obligated and unobligated balances available to finance allowable expenditures). The restricted balances represent amounts restricted for use for specific purposes. Restrictions may include legally restricted deposits, contracts entered with others, or Ginnie Mae's statements of intention with regard to particular deposits. The balance consists of the following:

- ***Unapplied Deposits:*** Cash received by Ginnie Mae held in a suspense account until the appropriate application is determined.
- ***Fund Balances Precluded from Obligation****:* Unobligated money within the Programs Fund balance that is restricted by law and cannot be utilized unless allowed by a subsequently enacted law.
- ***Liability for Investor Pass-Through Payments:*** Cash from unremitted P&I collections sent to Ginnie Mae that Ginnie Mae has an obligation to pass through to MBS holders.

Deposits in Transit:

- ***Cash Held by the MSS:*** There may be a time lag between when the MSS receives cash collections on behalf of Ginnie Mae, such as principal, interest, and insurance proceeds, and when cash collections are transferred to Ginnie Mae. Ginnie Mae records cash and cash equivalents for receipts collected by the MSS on behalf of Ginnie Mae, but not yet transferred to Ginnie Mae and/or remitted to HMBS holders, at the end of the reporting period.
- ***Cash Held by Trustee and Administrator of Securities***: There may be a time lag between when the Trustee and Administrator of securities receives cash for commitment fees and multiclass fees, respectively, on behalf of Ginnie Mae, and when cash is transferred to Ginnie Mae. Ginnie Mae records cash and cash equivalents for receipts collected by the Trustee and Administrator of securities, but not yet transferred to Ginnie Mae, at the end of the reporting period.

U.S. Treasury Short-term Investments: Ginnie Mae invested the full balance of the Capital Reserve Fund of approximately $23.1 billion and $21.0 billion and the Liquidating Fund of approximately $123.3 million and $124.6 million in overnight U.S. Government securities at September 30, 2024, and September 30, 2023, respectively. At September 30, 2024, and September 30, 2023, Ginnie Mae only held overnight certificates. The U.S. Treasury short-term investments balance includes $23.9 million and $23.8 million of restricted cash related to unclaimed MBS holder payments at September 30, 2024, and September 30, 2023, respectively. U.S. Treasury securities are carried at cost, which approximates fair value.

Note 4: Financial Guarantees and Financial Instruments with Off-Balance Sheet Exposure

Ginnie Mae receives monthly guaranty fees for guaranteeing the timely payment of P&I to the MBS certificate holders in the event of issuer default. The guaranty fee is computed based on the aggregate principal balance of the guaranteed securities outstanding at the beginning of the monthly reporting period. Ginnie Mae only guarantees securities created by approved issuers and backed by mortgages insured by other federal agencies. The underlying sources of loans for the Ginnie Mae I MBS and Ginnie Mae II MBS products come from Ginnie Mae's four main MBS programs (the single family, multifamily, HMBS, and manufactured housing programs) which serve a variety of loan financing needs and issuer origination capabilities. Refer to Note 1: *Entity and Mission* for more information on each program.

Ginnie Mae recognizes a guaranty asset upon issuance of a guaranty for the expected present value of the guaranty fees. The guaranty asset recognized on the Balance Sheet is $8.7 billion and $8.4 billion at September 30, 2024, and September 30, 2023, respectively. The guaranty liability represents the non-contingent liability for Ginnie Mae's obligation to stand ready to perform on its guaranty. The guaranty liability recognized on the Balance Sheet is $9.6 billion and $9.4 billion at September 30, 2024, and September 30, 2023, respectively. After the initial measurement, the guaranty asset is recorded at fair value and the guaranty liability is amortized based on the remaining UPB of the MBS pools. The difference in measurement for the guaranty asset and guaranty liability subsequent to initial recognition may cause volatility in reported earnings due to different measurement attributes in reporting the related financial asset (using projected economic exposures such as interest rates and prepayments) and the financial liability (using actual payoffs and paydowns). Refer to Note 10: *Fair Value Measurement* for discussion surrounding the volatility reflected in the Statement of Revenues and Expenses and Changes in Investment of U.S. Government as a result of changes in assumptions used in estimating the fair value of the guaranty asset.

For the guaranty asset and guaranty liability recognized on the Balance Sheet, Ginnie Mae's maximum potential exposure under these guaranties is primarily comprised of the UPB of MBS and outstanding commitments and does not consider loss recoverable from other agencies. The UPB of Ginnie Mae's MBS was approximately $2.6 trillion at September 30, 2024, and $2.5 trillion on September 30, 2023. It should be noted, however, that Ginnie Mae's potential loss is considerably less due to the financial strength of its issuers. In addition, the value of the underlying collateral and the insurance provided by insuring or guaranteeing agencies indemnify Ginnie Mae for most losses.

Exposure to credit loss is primarily contingent on the nonperformance of Ginnie Mae issuers. Ginnie Mae recognizes a liability for potential non-performing issuers, based on assessed probability of default, within the liability for loss on mortgage-backed securities program guaranty line item on the Balance Sheet. The maturity date associated with Ginnie Mae guaranteed securities is based off the pooled mortgage with the latest maturity date. Accordingly, the maturity date can be leveraged in determining the period of guarantee. Eligible single family MBS program mortgages have a maximum maturity of 30 years, while eligible multifamily program mortgages have a maximum maturity of 40 years. Eligible HECM loans do not have scheduled maturity dates, however the maximum maturity of HMBS securities is viewed by Ginnie Mae as 50 years following the issuance date. Refer to Note 13: *Reserve for Loss* for discussion of contingent and non-contingent guaranty liability.

Ginnie Mae is also exposed to losses related to its outstanding commitments to guarantee MBS, which are not recognized on its Balance Sheet. These commitments represent Ginnie Mae's guaranty of future MBS issuances. The commitment ends when the securities are issued or the commitment period expires, which is the last day of the month that is one year after the authority is approved for single family and HECM issuers and on the last day of the month that is two years after the authority is approved for multifamily issuers. Ginnie Mae's risk related to outstanding commitments is significantly lower than the outstanding balance of MBS due in part to Ginnie Mae's ability to limit commitment authority granted to individual MBS issuers.

Outstanding MBS and commitments were as follows:

	September 30, 2024	September 30, 2023
	(Dollars in billions)	
Outstanding MBS	$ 2,643	$ 2,473
Outstanding MBS commitments	146	141
Total	**$ 2,789**	**$ 2,614**

The Ginnie Mae MBS serves as collateral for multiclass products, REMICs and Platinum Certificates, for which Ginnie Mae also guarantees the timely payment of P&I. These structured securities allow the private sector to combine and restructure cash flows from Ginnie Mae MBS into securities that meet unique investor requirements for cash flow, yield, maturity, and call-option features.

For the years ended September 30, 2024, and 2023, multiclass security program issuances totaled $184.2 billion and $143.9 billion, respectively. The estimated outstanding balance of multiclass securities was $840.3 billion and $737.9 billion on September 30, 2024, and September 30, 2023, respectively. These guaranteed securities do not subject Ginnie Mae to additional credit risk beyond that assumed under the MBS collateral.

Note 5: Reimbursable Costs Receivable, Net

The following tables present reimbursable costs[1] and related allowance, by loan insurance type:

	September 30, 2024 (Dollars in Thousands)				
	FHA	VA	USDA	Conventional	Total
Reimbursable costs[2]	$ 299	$ 66	$ 2	$ -	$ 367
Allowance for reimbursable costs	-	-	-	-	-
Reimbursable costs, net	**$ 299**	**$ 66**	**$ 2**	**$ -**	**$ 367**

	September 30, 2023 (Dollars in Thousands)				
	FHA	VA	USDA	Conventional	Total
Reimbursable costs	$ 312	$ 80	$ 5	$ -	$ 397
Allowance for reimbursable costs	-	-	-	-	-
Reimbursable costs, net	**$ 312**	**$ 80**	**$ 5**	**$ -**	**$ 397**

(1) *Refer to Note 2:* Summary of Significant Accounting Policies *for the reimbursable costs description.*

(2) *Costs incurred on pooled forward loans, which are expected to be reimbursed, are recorded as reimbursable costs receivable and reported net of an allowance for amounts that management believes will not be collected. However, costs for non-pooled forward and reverse loans are included within forward and reverse mortgage loans, at fair value effective October 1, 2022.*

Note 6: Advances, Net

Advances include payments made to the MSS to cover any shortfalls to investors resulting from mortgagors defaulting on their mortgage payments and excess funds paid to the MSS to service the HECM portfolio, including funding scheduled and unscheduled draws, reimbursable cost advances, FHA monthly insurance premiums paid on behalf of borrowers, and payments to HMBS investors for loan buyouts. Advances are reported net of an allowance, which is based on management's expectations of future recoverability from mortgage insuring and guaranteeing agencies such as FHA, VA, USDA, and PIH. HECM portfolio advances are only classified as advances until the MSS executes on the servicing need, at which point the balance is capitalized to the HECM loan UPB or reduces the HMBS obligation. Given this, HECM advance balances represent excess cash held by the MSS on behalf of Ginnie Mae and are expected to be fully utilized for future servicing or recovered.

In December 2022, Ginnie Mae assumed the servicing rights and obligations of an HMBS issuer, and in March 2024, it did the same for a single-family issuer, both following extinguishments. Accordingly, Ginnie Mae delegated portfolio management and advanced funds to the MSS to cover the servicing needs of the extinguished portfolios. Ginnie Mae also made advance payments to cover the liability to investors for MBS portfolios acquired from five previously defaulted issuers for the year ended September 30, 2024, and the year ended September 30, 2023.

The following table presents Advances and related allowance:

	September 30, 2024	September 30, 2023
	(Dollars in thousands)	
HECM portfolio advances	$ 460,933	$ 414,857
MBS advances	1,786	1,764
Allowance for uncollectible MBS advances	(27)	(26)
Advances, net	**$ 462,692**	**$ 416,595**

Note 7: Mortgage Loans

Ginnie Mae adopted the CECL standard as of October 1, 2022. Accordingly, the disclosures below reflect these adoption changes. See Note 2: *Summary of Significant Accounting Policies* for additional information.

Forward Mortgage Loans, at Fair Value

Ginnie Mae has the option to classify loans as either MFV, HFS, or HFI. As of September 30, 2024, Ginnie Mae classifies single family forward mortgage loans as MFV. Ginnie Mae reports the carrying value of forward mortgage loans at fair value, which represents the fair value of the UPB, including accrued interest and reimbursable costs receivable of the mortgage loan. For the years ended September 30, 2024 and 2023, Ginnie Mae reported a total gain of $147.9 million and loss of $92.1 million due to changes in fair market value of forward mortgage loans.

The tables below present the carrying value of MFV loans including accrued interest and reimbursable costs receivable under FVO:

	September 30, 2024			
	Fair Value	Unpaid Principal Balances	Fair Value Over (Under) Unpaid Principal Balance	UPB of aggregated mortgage loans at fair value that are 90 days or more past due
	(Dollars in thousands)			
FHA	$ 1,247,689	$ 1,385,425	$ (137,736)	$ 164,722
VA	49,372	55,000	(5,628)	14,137
USDA	21,214	23,639	(2,425)	3,115
Conventional	65,334	72,875	(7,541)	9,079
Total	**$ 1,383,609**	**$ 1,536,939**	**$ (153,330)**	**$ 191,053**

	September 30, 2023			
	Fair Value	Unpaid Principal Balances	Fair Value Over (Under) Unpaid Principal Balance	UPB of aggregated mortgage loans at fair value that are 90 days or more past due
	(Dollars in thousands)			
FHA	$ 1,293,519	$ 1,504,635	$ (211,116)	$ 182,392
VA	52,261	60,897	(8,636)	11,586
USDA	22,282	26,067	(3,785)	4,338
Conventional	67,601	79,899	(12,298)	8,328
Total	**$ 1,435,663**	**$ 1,671,498**	**$ (235,835)**	**$ 206,644**

Ginnie Mae had forward mortgage loans at fair value that are 90 days or more past due of $163.7 million which had unrealized losses[4] of $27.3 million as of September 30, 2024. Ginnie Mae had the forward mortgage loans at fair value that are 90 days or more past due of $168.7 million which had unrealized losses[4] of $37.9 million as of September 30, 2023.

Reverse Mortgage Loans, at Fair Value

Ginnie Mae reports reverse mortgage loans at the fair value of their UPB, accrued interest and reimbursable costs receivable. In December 2022, a large HECM issuer was defaulted and extinguished, and Ginnie Mae assumed its servicing rights and obligations, recognizing a loss of $282.7 million. For the years ended September 30, 2024 and 2023, Ginnie Mae had a fair market value gain of $1.7 billion and $2.0 billion. The tables below present the carrying value of reverse mortgage loans including accrued interest and reimbursable costs receivable under FVO:

	September 30, 2024		
	Fair Value	Unpaid Principal Balances	Fair Value Over (Under) Unpaid Principal Balance
		(Dollars in thousands)	
FHA	**$ 17,978,318**	**$ 18,015,802**	**$ (37,484)**

	September 30, 2023		
	Fair Value	Unpaid Principal Balances	Fair Value Over (Under) Unpaid Principal Balance
		(Dollars in thousands)	
FHA	**$ 19,525,649**	**$ 20,020,106**	**$ (494,457)**

Note 8: Claims Receivable, Net

Claims receivable are balances owed to Ginnie Mae from insuring or guaranteeing agencies (FHA, VA, USDA, and PIH) related to conveyed properties and short sales. Ginnie Mae records an allowance that represents the expected unrecoverable amounts within the portfolio for claims receivable. The claims receivable balance, net of the allowance, represents the amounts that Ginnie Mae determines to be collectible.

The following tables present Ginnie Mae's claims receivable and related allowance, by type of claim:

	September 30, 2024			
	FHA	VA	USDA	Total
		(Dollars in thousands)		
Foreclosed property claims receivable(1)	$ 49,531	$ 875	$ 524	$ 50,930
Short sale claims receivable(2)	1,261	53	-	1,314
Assignment claims receivable(3)	3,507	-	-	3,507
Allowance for claims receivable	(1,716)	(131)	(3)	(1,850)
Claims receivable, net	**$ 52,583**	**$ 797**	**$ 521**	**$ 53,901**

[4] *Unrealized gains or losses on forward mortgage loans at fair value, which are 90 days or more past due, are traditionally reported as "Fair Value Over (Under) Unpaid Principal Balance" for the aggregated mortgage loans in this category.*

	September 30, 2023			
	FHA	VA	USDA	Total
	(Dollars in thousands)			
Foreclosed property claims receivable[(1)]	$ 55,497	$ 864	$ 870	$ 57,231
Short sale claims receivable[(2)]	1,896	53	-	1,949
Assignment claims receivable[(3)]	3,268	-	-	3,268
Allowance for claims receivable	(2,460)	(201)	-	(2,661)
Claims receivable, net	**$ 58,201**	**$ 716**	**$ 870**	**$ 59,787**

(1) Foreclosed property claims receivable represents reimbursements owed to Ginnie Mae by insuring or guaranteeing agencies (which may include FHA, VA, USDA, and PIH) for foreclosed property.

(2) Short sale claims receivable are amounts reimbursable to Ginnie Mae from the insuring or guaranteeing agencies (which may include FHA, VA, USDA, and PIH) for properties sold to avoid foreclosure where the proceeds received are insufficient to fully satisfy the remaining balances of the mortgages.

(3) Assignment claims receivable are amounts due to Ginnie Mae from the FHA for reverse mortgage sales to FHA. Ginnie Mae, in its assumed role as issuer may buy out HMBS investors and assign (sell) mortgagee rights to FHA when the unpaid principal balance of reverse mortgage loans exceeds 98% of the Maximum Claim Amount established at origination.

Note 9: Acquired Property, Net

Ginnie Mae recognizes acquired property in accordance with the accounting policy described in Note 2: *Summary of Significant Accounting Policies.* The acquired properties are typically acquired from foreclosed loans that are either USDA insured[5], FHA-insured[6] or uninsured conventional loans[7]. Properties from foreclosed VA insured loans are usually conveyed to the insuring agency subsequent to foreclosure, and are recognized as foreclosed properties under claims receivable, net on Ginnie Mae's balance sheet upon the completion of the foreclosure process. Therefore, acquired properties are usually from USDA insured, FHA-insured or uninsured conventional loans, not VA insured loans. Acquired properties are assets that Ginnie Mae intends to sell and is actively marketing through the MSS. Activity for acquired properties is presented in the table below:

	For the years ended September 30,	
	2024	2023
	(Dollars in thousands)	
Balance, beginning of period – acquired property, net	$ 44,574	$ 6,160
Additions	76,939	84,917
Dispositions	(75,457)	(40,940)
Change in valuation allowance	4,039	(5,563)
Balance, end of period – acquired property, net	**$ 50,095**	**$ 44,574**

Note 10: Fair Value Measurement

ASC 820: Fair Value Measurement defines fair value, establishes a framework for measuring fair value, and sets forth disclosure requirements regarding fair value measurements. This guidance applies whenever other accounting guidance requires or permits assets or liabilities to be measured at fair value. Fair value measurement assumes that the transaction to sell the asset or transfer the

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[5] *Properties from foreclosed USDA insured loans are not conveyed to the insuring agency subsequent to foreclosure per the insurance guidelines published by USDA.*

[6] *Properties from foreclosed FHA-insured loans that are under FHA's Claims Without Conveyance of Title program are not conveyed to the insuring agency subsequent to foreclosure, per the insurance guidelines published by FHA.*

[7] *Properties from foreclosed uninsured conventional loans are not insured by a government agency.*

liability takes place either in the principal market for the asset or liability, or, in the absence of a principal market, in the most advantageous market for the asset or liability.

Ginnie Mae uses fair value measurements for the initial recognition of assets and liabilities and periodic re-measurement of certain assets and liabilities on a recurring or non-recurring basis. In determining fair value, Ginnie Mae uses various valuation techniques. The inputs to the valuation techniques are categorized into a three-level hierarchy, as described below:

Level 1 Quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Items Measured at Fair Value on a Recurring Basis: The following tables present the fair value measurement hierarchy level for Ginnie Mae's assets and liabilities that are measured at fair value on a recurring basis:

	September 30, 2024			
	Level 1	Level 2	Level 3	Total
	(Dollars in thousands)			
Assets:				
Guaranty asset	$ -	$ -	$ 8,680,509	$ 8,680,509
Forward mortgage loans, at fair value	-	-	1,383,609	1,383,609
Reverse mortgage loans, at fair value	-	-	17,978,318	17,978,318
Total Assets	**$ -**	**$ -**	**$ 28,042,436**	**$ 28,042,436**
Liabilities:				
HMBS obligations, at fair value	$ -	$ -	$ 16,498,804	$ 16,498,804
Total Liabilities	**$ -**	**$ -**	**$ 16,498,804**	**$ 16,498,804**

	September 30, 2023			
	Level 1	Level 2	Level 3	Total
	(Dollars in thousands)			
Assets:				
Guaranty asset	$ -	$ -	$ 8,352,885	$ 8,352,885
Forward mortgage loans, at fair value	-	-	1,435,663	1,435,663
Reverse mortgage loans, at fair value	-	-	19,525,649	19,525,649
Total Assets	**$ -**	**$ -**	**$ 29,314,197**	**$ 29,314,197**
Liabilities:				
HMBS obligations, at fair value	$ -	$ -	$ 19,147,154	$ 19,147,154
Total Liabilities	**$ -**	**$ -**	**$ 19,147,154**	**$ 19,147,154**

Ginnie Mae records transfers into or out of Level 3, if any, at the beginning of the period. There were no transfers into or out of Level 3 as of the year ended September 30, 2024, and the year ended September 30, 2023.

Guaranty Asset – Ginnie Mae has elected the fair value option for the guaranty asset. The valuation technique used by Ginnie Mae to measure the fair value of its guaranty asset is based on several inputs including, the present value of expected future cash flows from the guaranty fees based on the UPB of the outstanding MBS in the defaulted and non-defaulted issuers' pooled portfolio, new issuances of MBS, scheduled run-offs of MBS, anticipated prepayments, and anticipated defaults.

Ginnie Mae guarantees P&I payments to MBS holders in the event of issuer default and, in exchange, receives monthly guaranty fees from the issuers based on the UPB of the outstanding MBS in the defaulted and non-defaulted issuers' pooled portfolio.

New MBS issuances increased the guaranty asset by $1.1 billion and $1.4 billion as of the years ended September 30, 2024 and 2023, respectively. These increases are offset by recorded losses of $789.3 million and $1.5 billion for the years ended September 30, 2024 and 2023, respectively, resulting from paydowns and unrealized losses in fair value of the guaranty asset reflected in the gain (loss) on guaranty asset line item in the Statement of Revenues and Expenses and Changes in Investment of U.S. Government.

The table below presents the range and weighted average of significant unobservable inputs used in determining the fair value of Ginnie Mae's guaranty asset:

	September 30, 2024	September 30, 2023
	(Dollars in millions)	
Valuation at period end:		
Fair value	$ 8,681	$ 8,353
Prepayment rates assumptions:		
Weighted average rate assumption	55.99%	54.29%
Minimum prepayment rate	0.00%	0.00%
Maximum prepayment rate	99.44%	99.96%
Default rate assumptions:		
Weighted average rate assumption	12.73%	15.10%
Minimum default rate	0.00%	0.00%
Maximum default rate	86.80%	94.73%
Discount rate assumptions:		
Discount rate at average weighted average life (WAL)	3.75%	4.26%
Discount rate at the minimum WAL	5.50%	5.54%
Discount rate at the maximum WAL	4.21%	4.44%

These significant unobservable inputs change according to macroeconomic market conditions. Significant increases (decreases) in the discount rate, cumulative prepayment rate, or cumulative default rate in isolation would result in a lower (higher) fair value measurement. The cumulative prepayment rate represents the percentage of the mortgage pool's UPB assumed to be paid off prematurely on a voluntary basis over the remaining life of the pool and it is based on historical prepayment rates and future market expectations. The cumulative default rate represents the percentage of the pool's UPB that would be eliminated prematurely due to mortgage default over the remaining life of the pool. The discount rate used for the guaranty asset valuation represents an estimate of the cost of financing for Ginnie Mae and is determined considering Ginnie Mae's overall estimated cost of financing.

Forward Mortgage Loans, at Fair Value – Ginnie Mae has elected the fair value option for forward mortgage loans. The valuation technique used by Ginnie Mae to measure the fair value of its forward mortgage loan portfolio is based on the present value of expected future cash flows arising from projected borrower payments, anticipated prepayments, defaults, costs to sell and recoveries in the event of default, including reimbursable costs.

Ginnie Mae recorded a gain of $147.9 million and a loss $92.1 million for the years ended September 30, 2024 and 2023, respectively, from changes in the fair value of the forward mortgage loan portfolio reflected in the gain (loss) on forward mortgage loans, at fair value line item in the Statement of Revenues and Expenses and Changes in Investment of U.S. Government.

The table below presents the range and weighted average of significant unobservable inputs used in determining the fair value of Ginnie Mae's forward mortgage loans:

	September 30, 2024 *(Dollars in millions)*	September 30, 2023 *(Dollars in millions)*
Valuation at period end:		
Fair value	$ 1,384	$ 1,436
Prepayment rates assumptions:		
Weighted average prepayment rate	24.43%	28.34%
Minimum prepayment rate	4.28%	0.00%
Maximum prepayment rate	84.92%	88.58%
Default rate assumptions:		
Weighted average default rate	28.10%	23.05%
Minimum default rate	0.89%	0.26%
Maximum default rate	58.96%	55.54%
Discount rate assumptions:		
Weighted average discount rate	5.28%	5.47%
Minimum discount rate	4.93%	5.23%
Maximum discount rate	6.15%	6.03%

These significant unobservable inputs change according to the loan portfolio and macroeconomic market conditions. Significant increases (decreases) in the discount rate and/or cumulative default rate in isolation would result in a lower (higher) fair value measurement. The impact of the cumulative prepayment rate to the fair value measurement can be positive or negative depending on other unobservable inputs, for instance, the discount rates. The cumulative prepayment rate represents the percentage of a mortgage loan's UPB assumed to be paid off prematurely on a voluntary basis over the remaining life of the loan. The cumulative default rate represents the percentage of a loan's UPB that would be eliminated prematurely due to a mortgage default over the remaining life of the loan. The market yield represents the rate a buyer of a similar product would require in an arm's length transaction.

Reverse Mortgage Loans, at Fair Value **–** Ginnie Mae has elected the fair value option for reverse mortgage loans. The valuation technique used by Ginnie Mae to measure the fair value of its reverse mortgage loans is based on the present value of expected future cash flows arising from borrower draws, Mortgage Insurance Premium (MIP) advances, costs to sell underlying collateral, borrower recoveries and/or insurance proceeds subsequent to loan termination events.

Ginnie Mae recorded a gain of $1.7 billion and $2.0 billion for the years ended September 30, 2024 and 2023, respectively, from changes in the fair value of the reverse mortgage loan portfolio reflected in the gain (loss) on reverse mortgage loans, at fair value line item in the Statement of Revenues and Expenses and Changes in Investment of U.S. Government.

The table below presents the range and weighted average of significant unobservable inputs used in determining the fair value of Ginnie Mae's reverse mortgage loans:

	September 30, 2024 (Dollars in millions)	September 30, 2023 (Dollars in millions)
Valuation at period end:		
Fair value	$ 17,978	$ 19,526
Conditional termination rate assumptions:		
Weighted average conditional termination rate	22.23%	24.03%
Minimum conditional termination rate	2.90%	5.43%
Maximum conditional termination rate	99.99%	99.81%
Asset discount rate assumptions:		
Weighted average discount rate	5.79%	5.67%
Minimum discount rate	5.39%	5.17%
Maximum discount rate	7.17%	7.69%

These significant unobservable inputs change according to the loan portfolio and macroeconomic market conditions. Increases (decreases) in the discount rates in isolation would result in a lower (higher) fair value measurement. The relationship between the conditional termination rate and the fair value measurement is less direct and would depend on other inputs. The conditional annual termination rate represents the percentage of the mortgage loan's UPB assumed to be terminated over the remaining life of the loan. The discount rate represents the rate a buyer of a similar product would require in an arm's length transaction.

HMBS Obligations, at Fair Value **–** Ginnie Mae has elected the fair value option for HMBS obligations, at fair value. The valuation technique used by Ginnie Mae to measure the fair value of its HMBS obligations consists of the present value of projected pool buyouts based on the conditional termination rate.

Ginnie Mae recorded a loss of $1.2 billion and $2.0 billion for the years ended September 30, 2024 and 2023, respectively, from changes in the fair value of the HMBS obligations reflected in the gain (loss) on HMBS obligations, at fair value line item in the Statement of Revenues and Expenses and Changes in Investment of U.S. Government.

The table below presents the range and weighted average of significant unobservable inputs used in determining the fair value of Ginnie Mae's HMBS obligations:

	September 30, 2024 (Dollars in millions)	September 30, 2023 (Dollars in millions)
Valuation at period end:		
Fair value	$ 16,499	$ 19,147
Conditional termination rate assumptions		
Weighted average conditional termination rate	22.23%	24.03%
Minimum conditional termination rate	2.90%	5.43%
Maximum conditional termination rate	99.99%	99.81%
Obligation discount rate assumptions:		
Weighted average discount rate	5.96%	5.85%
Minimum discount rate	5.39%	5.17%
Maximum discount rate	7.17%	7.69%

These significant unobservable inputs change according to the loan portfolio and macroeconomic market conditions. Increases (decreases) in the discount rates in isolation would result in a lower (higher) fair value measurement. The relationship between the conditional termination rate and the fair value measurement is less direct and would depend on other inputs. The conditional termination rate represents the percentage of a mortgage loan's UPB assumed to be terminated over the remaining life of the loan. The discount rate represents the rate a buyer of a similar product would require in an arm's length transaction.

Assets Measured at Fair Value on a Nonrecurring Basis:

Certain assets (e.g., acquired properties) are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (e.g., the impairment on the asset).

Acquired Properties – Acquired properties are long-lived assets classified as held for sale by Ginnie Mae that qualify for fair value measurement on a nonrecurring basis. Ginnie Mae initially measures acquired properties at their fair value, net of estimated costs to sell. Ginnie Mae subsequently measures acquired properties at the lower of their carrying values or fair values less estimated costs to sell. Subsequent valuation measurements are periodically performed up until the sale of the property. The dates of the fair value measurements vary from property to property and are not always at the reporting period end date. Ginnie Mae's accounting policy allows for the use of fair value measurements from a variety of sources that are within six months of the reporting period end date.

The following tables present the fair value measurement hierarchy level for Ginnie Mae's assets and liabilities that are measured at fair value on a nonrecurring basis:

	September 30, 2024			
	Level 1	Level 2	Level 3	Total
	(Dollars in thousands)			
Acquired property, net	$ -	$ -	$ 50,095	$ 50,095
Total Nonrecurring Assets at Fair Value	**$ -**	**$ -**	**$ 50,095**	**$ 50,095**

	September 30, 2023			
	Level 1	Level 2	Level 3	Total
	(Dollars in thousands)			
Acquired property, net	$ -	$ -	$ 44,574	$ 44,574
Total Nonrecurring Assets at Fair Value	**$ -**	**$ -**	**$ 44,574**	**$ 44,574**

For acquired properties, Ginnie Mae applies a valuation waterfall methodology in estimating the fair value of those properties. The most commonly used techniques by valuation sources used in the waterfall include listing and sales price analysis of similar properties and refreshed appraisals that consider local housing price index (HPI) fluctuations. Inputs to the valuation methodologies include discount rates, recent historical data of the value of similar properties by a certified or licensed appraiser, recent pending sales information of similar properties, current listings of similar properties, estate brokers' specific market research of similar properties, and historical data of the value of similar properties. Ginnie Mae also leverages historical information to calculate the flat estimated costs to sell percentage for its acquired properties when applying the estimated costs to sell to the fair value. The related ranges and weighted averages for these inputs are not meaningful when aggregated as they vary significantly from property to property.

Note 11: Fixed Assets, Net

Ginnie Mae's fixed assets consist of hardware and software. Fixed assets are carried at cost, less accumulated depreciation, or amortization.

The tables below present the total balance of hardware and software, net of the accumulated depreciation and amortization:

	For the year ended September 30, 2024		
	Hardware	Software	Total
	(Dollars in thousands)		
Balance, beginning of period	$ 2,069	$ 285,846	$ 287,915
Additions	-	14,107	14,107
Disposals	-	-	-
Impairments	(1,038)	(1,436)	(2,474)
Balance, end of period	**$ 1,031**	**$ 298,517**	**$ 299,548**
Accumulated depreciation and amortization			
Balance, beginning – accumulated depreciation and amortization	$ (1,855)	$ (239,532)	$ (241,387)
Depreciation and amortization	(103)	(16,504)	(16,607)
Disposals	-	-	-
Impairments	1,038	1,416	2,454
Balance, end of period – accumulated depreciation and amortization	$ (920)	$ (254,620)	$ (255,540)
Balance, end of period – fixed assets, net	**$ 111**	**$ 43,897**	**$ 44,008**

	For the year ended September 30, 2023		
	Hardware	Software	Total
	(Dollars in thousands)		
Balance, beginning of period	$ 4,125	$ 275,703	$ 279,828
Additions	-	13,628	13,628
Disposals	-	-	-
Impairments	(2,056)	(3,485)	(5,541)
Balance, end of period	**$ 2,069**	**$ 285,846**	**$ 287,915**
Accumulated depreciation and amortization			
Balance, beginning – accumulated depreciation and amortization	$ (2,415)	$ (222,608)	$ (225,023)
Depreciation and amortization	(502)	(18,043)	(18,545)
Disposals	-	-	-
Impairments	1,063	1,118	2,181
Balance, end of period – accumulated depreciation and amortization	$ (1,854)	$ (239,533)	$ (241,387)
Balance, end of period – fixed assets, net	**$ 215**	**$ 46,313**	**$ 46,528**

There were no assets under lease as of September 30, 2024, and September 30, 2023.

Ginnie Mae recorded total depreciation and amortization expense of $16.6 million and $18.5 million for the years ended September 30, 2024, and 2023, respectively. Based on the current amount of hardware and software subject to depreciation and amortization, the estimated depreciation and amortization expense over the next five fiscal years is as follows: 2025 – $13.7 million; 2026 – $8.2 million; 2027 – $4.6 million; 2028 – $2.7 million; 2029 – $1.3 million.

There were zero intangible assets with indefinite lives as of September 30, 2024, and as of September 30, 2023. As of September 30, 2024, and September 30, 2023, the original weighted average life of intangible assets (i.e., software) subject to amortization was 4.5 years and 4.7 years, respectively. The remaining weighted average life of intangible assets subject to amortization was 1.1 years and 1.1 years for the same periods.

Ginnie Mae recorded impairments, at cost, of $2.5 million and $5.5 million and accumulated amortization of $2.5 million and $2.2 million for the years ended September 30, 2024, and 2023, respectively. The net impairments for the years ended September 30, 2024, and 2023, respectively, were losses of $19.6 thousand and $3.4 million. During these periods, Ginnie Mae identified partially decommissioned hardware and stopped the development of certain internal software development projects, due to changes in Ginnie Mae's business and related infrastructure. As the software in development and related developed technology had no reuse or recoverable value, Ginnie Mae wrote these assets down to a fair value of $0 as of September 30, 2024, and 2023. Additionally, partially decommissioned hardware was adjusted to reflect its revised remaining service life. These impairments are included in the gain (loss) other line item in the Statement of Revenues and Expenses and Changes in Investment of U.S. Government.

Note 12: Revenue from Contracts with Customers and Deferred Revenue

Revenue from contracts with customers includes commitment fees, multiclass fees, and other fees included in mortgage-backed securities program and other income on the Statement of Revenue and Expenses and Changes in Investment of U.S. Government. Refer to Note 2: *Summary of Significant Accounting Policies* for further information, including the identification of revenue sources in the scope of *ASC 606* and those subject to other GAAP requirements.

The following table presents revenue related to contracts with customers, disaggregated by type of revenue:

	For the years ended September 30, *(Dollars in thousands)*			
	2024		2023	
Revenues:				
Commitment fees	$	85,615	$	85,221
Multiclass fees:				
Multiclass fees not in scope of *ASC 606*[1]		33,201		31,842
MX combination fees in scope of *ASC 606*		7,473		5,610
Total multiclass fees	**$**	**40,674**	**$**	**37,452**
Mortgage-backed securities (MBS) program and other income:				
Transfer of issuer responsibilities in scope of *ASC 606*		6,979		10,230
Other MBS program fees in scope of *ASC 606*[2]		38		71
Other MBS program fees not in scope of *ASC 606*[3]		725		1,233
Total mortgage-backed securities program and other income	**$**	**7,742**	**$**	**11,534**
Total Revenues	**$**	**134,031**	**$**	**134,207**

(1) Includes REMIC and Platinum Certificates guaranty fees.

(2) Includes new issuer applications fees, certificate handling fees, and acknowledgement agreement fees.

(3) Primarily includes mortgage servicing fees and civil monetary penalty fees.

Deferred revenue included the following:

	September 30, 2024		September 30, 2023[4]	
	(Dollars in thousands)			
Deferred revenue – multiclass fees	$	607,221	$	580,299
Deferred revenue – commitment fees[5]		29,223		28,223
Deferred revenue – other		115		142
Total	**$**	**636,559**	**$**	**608,664**

(4) The deferred revenue balances as of September 30, 2022, were $563.1 million for multiclass fees, $31.6 million for commitment fees, and $120.4 thousand for other.

(5) Represents payments received in advance of completion of Ginnie Mae's performance obligation. Refer to Note 2: Summary of Significant Accounting Policies *for further details.*

Note 13: Reserve for Loss

As Ginnie Mae guarantees the MBS certificate holders' timely payment of P&I on MBS backed by federally insured or guaranteed loans (mainly loans insured by FHA or guaranteed by VA, USDA, and PIH), Ginnie Mae is susceptible to credit losses. U.S. GAAP requires Ginnie Mae's financial statements to recognize credit losses in multiple financial statement line items, as further outlined below:

Guaranty Liability: The issuance of a guaranty under the MBS program obligates Ginnie Mae to stand ready to perform under the terms of the guaranty. As a result, a non-contingent and/or contingent liability may be recognized as discussed below:

- ***Non-Contingent Liability***

  Upon issuance of a guaranty, Ginnie Mae determines a non-contingent liability under *ASC 460* based on the present value of guaranty fees expected to be collected under the guaranty, which is recognized within the financial statement line-item guaranty liability on the Balance Sheet and disclosed in Note 4: *Financial Guarantees and Financial Instruments with Off-Balance Sheet Exposure*.

- ***Contingent Liability***

  As noted in Note 4: *Financial Guarantees and Financial Instruments with Off-Balance Sheet Exposure,* Ginnie Mae receives compensation in exchange for its guaranty of timely P&I payments to the MBS certificate holders in the event of an issuer default.

  Ginnie Mae records a contingent liability to reflect expected lifetime credit losses on this guaranty in accordance with *ASC 326*. This contingent liability is recorded on the Balance Sheet as liability for loss on mortgage-backed securities program guaranty. Determination of the contingent liability is based on factors such as the likelihood of issuer default and macroeconomic indicators (e.g., the FHFA Housing Price Index).

  As of September 30, 2024, two HMBS issuers were considered probable of defaulting and two HMBS issuers were considered reasonably possible of defaulting. As of September 30, 2023, one HMBS issuer was considered probable of defaulting, while four Single Family and three HMBS issuers were considered reasonably possible of defaulting. Ginnie Mae recorded an estimated loss of $125.7 million as of September 30, 2024 and no expected losses as of September 30, 2023, related to these probable and reasonably possible issuer defaults.

  As of September 30, 2024 and September 30, 2023, Ginnie Mae estimated no expected credit losses on pooled multifamily loans in the event of issuer defaults. The contingent liability for multifamily loan defaults was $70.6 million and $111.1 million as of September 30, 2024 and September 30, 2023, respectively. This represents expected credit losses in the event of individual borrower defaults on multifamily loans.

Defaulted Issuer, Pooled Loans, and Allowance for P&I Advances*:* In the event an issuer cannot fulfill its responsibilities under the applicable MBS program, pass-through payments made by Ginnie Mae to satisfy its guaranty of timely P&I payments to MBS certificate holders are presented in advances, net on the Balance Sheet and Note 6: *Advances, Net*. Advances are reported net of an allowance, which is based on management's expectations of future collections of advanced funds from the mortgagors, proceeds from the sale of the property, or recoveries from third-party insurers or guarantors such as FHA, VA, USDA, and PIH.

Liability for Representations and Warranties: Ginnie Mae performs an assessment of all existing representations and warranties and indemnification clauses associated with Purchase and Sale Agreements (PSAs) that are enforceable and legally binding. These clauses may require Ginnie Mae to repurchase loans previously sold to a third party or indemnify the purchaser for losses per the contractual terms of the PSA.

No liability for representations and warranties was recorded as of September 30, 2024. Ginnie Mae recorded $17.3 thousand on September 30, 2023, as a contingent liability for representations and warranties under an existing PSA that requires Ginnie Mae to repurchase mortgage loans that are not insured by the FHA or guaranteed by the VA, USDA, or PIH as identified by the purchaser as of or after the sale date.

Note 14: Concentrations of Credit Risk

Ginnie Mae monitors concentrations of credit risk presented by counterparties, issuers, geographic locale, insurers, and master sub-servicing organizations to inspect that exposure is sufficiently diversified.

Counterparty credit risk

Ginnie Mae manages its exposure to counterparty credit risk, defined as the risk of loss arising from the default of an issuer or other counterparty, through:

- **Financial Monitoring** which includes exposure limit analysis and analysis of projected losses against core capital reserves;
- **Risk Modeling** at the issuer level, which is performed through Ginnie Mae's focus on the riskiest segment of the issuer base and regular monitoring of issuers on Ginnie Mae's watch list;
- **Credit Reviews** that are performed and considered in determining, for example, respective issuers' commitment authority limits, whether issuers can transfer pools to other approved issuers without impacting the credit profiles of the issuers involved, amongst other determinations;
- **Operational Monitoring** that encompasses compliance reviews, assessments of delinquency levels, and due diligence reviews before, during, and after transfer of servicing.

Counterparty credit risk from issuers, borrowers, geographic locale, insurers, and master sub-servicing organizations is discussed in further detail in the sections below.

Issuer concentration

Concentrations of credit risk exist when a significant number of issuers are susceptible to similar changes in economic conditions that could affect their ability to meet contractual obligations.

The tables below summarize concentrations of credit risk by active issuers and loan type on September 30, 2024, and September 30, 2023:

	September 30, 2024							
	Single Family		Multifamily		Manufactured Housing		Home Equity Conversion	
	Number of Issuers	UPB	Number of Issuers	UPB	Number of Issuers	UPB	Number of Issuers	UPB
	(Dollars in billions)							
Largest performing	24	$ 2,057.8	9	$ 92.2	-	$ -	1	$ 17.5
Other performing	263	377.4	43	61.5	3	0.1	10	24.4
Total active issuers	**287**	**$ 2,435.2**	**52**	**$ 153.7**	**3**	**$ 0.1**	**11**	**$ 41.9**

	September 30, 2023							
	Single Family		Multifamily		Manufactured Housing		Home Equity Conversion	
	Number of Issuers	UPB	Number of Issuers	UPB	Number of Issuers	UPB	Number of Issuers	UPB
	(Dollars in billions)							
Largest performing	24	$ 1,885.9	8	$ 85.6	-	$ -	1	$ 16.5
Other performing	264	382.3	44	63.7	3	0.1	11	23.7
Total active issuers	**288**	**$ 2,268.2**	**52**	**$ 149.3**	**3**	**$ 0.1**	**12**	**$ 40.2**

Largest performing issuers are defined as single family issuers servicing more than 75,000 loans and multifamily issuers servicing $5.0 billion or more of UPB. Other performing issuers include manufactured housing and HMBS issuers whose portfolios are outside the defined thresholds for single family and multifamily issuers.

Issuers are only permitted to pool insured or guaranteed loans from the FHA, VA, USDA, or PIH. The insuring or guaranteeing agencies have strict underwriting standards and criteria for quality of collateral. Mortgage loans insured by the FHA receive full recovery of the UPB, including all delinquent interest accrued at the HUD debenture rate since default with the exception of the first two months. USDA, VA, and PIH guaranteed loans are not fully recoverable, however still provide coverage over a substantial portion of the realized losses. Given this, changes in fair value attributable to instrument-specific credit risk for assets or liabilities for which the fair value option was elected was not material for the year ended September 30, 2024.

In the event of an issuer default, termination and extinguishment, Ginnie Mae assumes the rights and obligations of that issuer and becomes the owner of the MSR liability or asset, which typically is salable. Ginnie Mae has the option or requirement to purchase loans out of the pool if certain criteria are satisfied. Upon purchase of the loan out of the pool, Ginnie Mae acquires all lender rights, privileges, and responsibilities. This includes certain collateral rights and ability to claim FHA, VA, USDA, or PIH insured or guaranteed loan loss recoveries.

Ginnie Mae's portfolio of issuers include both traditional banks (depositories) and independent mortgage institutions (non-depositories, or non-banks). As of September 30, 2024, and September 30, 2023, the distribution of Ginnie Mae's business volume among these two categories was as follows:

	September 30, 2024			September 30, 2023		
	Total Number of Issuers	Total Issuances[(1)]	As Percentage of Total Issuances	Total Number of Issuers	Total Issuances[(2)]	As Percentage of Total Issuances
	(Dollars in millions)					
Depositories	97	$ 35,287	8.33 %	95	$ 43,114	10.66 %
Non-depositories	256	388,098	91.67	260	361,261	89.34
Total active issuers	**353**	**$ 423,385**	**100.00 %**	**355**	**$ 404,375**	**100.00 %**

(1) These amounts represent the total issuances within the past 12 months from October 1, 2023, to September 30, 2024.

(2) These amounts represent the total issuances within the past 12 months from October 1, 2022, to September 30, 2023.

As more non-banks issue Ginnie Mae securities, the cost and complexity of monitoring increases as the majority of these institutions involve more third parties in their transactions, making oversight more complicated. In contrast to traditional bank issuers, non-banks rely more on credit lines, securitization transactions and other types of external financing, and sales of MSR to provide liquidity.

The impacts to mortgage and borrowing rates stemming from the Federal Reserve's increases to the targeted federal funds rate has had a pronounced effect on issuer origination volumes, borrowing costs, investor spreads on securitization and the fair value of Ginnie Mae program loan portfolios. While these effects are felt across the issuer base, they are more significant for certain product types and issuers, such as HMBS issuers, due to higher levels of concentration of issuance, access to financing and availability of sub-servicers. As a result, Ginnie Mae is enhancing its assessment of the current interest rate environment and is focusing on those sectors where any impacts could be more acutely manifested.

Geographical Concentration

Economic conditions unique to a geographical area may affect a borrower's ability to repay their mortgage loan, as well as the value of the underlying property. These conditions are impactful to both single family and multifamily issuers and can become impactful to Ginnie Mae in instances where they affect an issuer's ability to make timely principal and interest payments to Ginnie Mae guaranteed MBS investors. Ginnie Mae insured issuers service mortgage loans in all fifty states, including three U.S. territories and the District of Columbia. This mitigates geographical concentration risks.

The tables below display geographical concentrations present within Ginnie Mae's Single Family and Multifamily programs as of September 30, 2024, and September 30, 2023. The states presented in the tables below represent the five geographical areas with the largest exposures by combined single family and multifamily UPB, as of September 30, 2024, and September 30, 2023, respectively:

	September 30, 2024							
	Single Family				Multifamily			
	Number of Loans	Loan Percent	UPB	UPB Percent	Number of Loans	Loan Percent	UPB	UPB Percent
				(Dollars in billions)				
California	735,085	6.35 %	$ 251.1	10.31 %	1,069	7.15 %	$ 10.5	6.83 %
Texas	1,206,982	10.42	240.7	9.88	1,301	8.70	17.3	11.28
Florida	940,445	8.12	217.1	8.92	550	3.68	7.8	5.07
Virginia	463,813	4.01	122.9	5.05	376	2.51	6.8	4.42
Georgia	533,199	4.60	104.2	4.28	407	2.72	3.0	1.94
Other	7,699,265	66.50	1,499.2	61.56	11,257	75.24	108.3	70.46
Totals	**11,578,789**	**100.00 %**	**$ 2,435.2**	**100.00 %**	**14,960**	**100.00 %**	**$ 153.7**	**100.00 %**

	September 30, 2023							
	Single Family				Multifamily			
	Number of Loans	Loan Percent	UPB	UPB Percent	Number of Loans	Loan Percent	UPB	UPB Percent
				(Dollars in billions)				
California	705,368	6.32 %	$ 235.3	10.37 %	1,055	7.13 %	$ 10.4	6.98 %
Texas	1,134,259	10.16	215.2	9.49	1,263	8.53	16.3	10.89
Florida	884,809	7.93	194.7	8.58	543	3.67	7.5	5.00
Virginia	454,833	4.07	118.5	5.22	358	2.41	6.4	4.29
Georgia	513,583	4.60	95.9	4.23	405	2.74	2.9	1.94
Other	7,469,122	66.92	1,408.6	62.11	11,180	75.52	105.8	70.90
Totals	**11,161,974**	**100.00 %**	**$ 2,268.2**	**100.00 %**	**$14,804**	**100.00 %**	**$ 149.3**	**100.00 %**

Ginnie Mae performs a quarterly assessment to monitor the impacts of natural disasters to the properties owned by Ginnie Mae as well as those securing Ginnie Mae guaranteed mortgage-backed securities.

In September 2024, Hurricane Helene impacted the properties associated with Ginnie Mae owned loans and the loans issued by Ginnie Mae guaranteed issuers' in locales identified as disaster areas by the Federal Emergency Management Agency (FEMA). As of the issuance date of these financial statements, actual and estimated potential losses to Ginnie Mae resulting from the hurricane are not believed to be quantitatively significant.

Federal Insurance Concentration

The insurance coverage provided to Ginnie Mae by the insuring or guaranteeing agencies, covers shortfalls in Ginnie Mae's collection of net proceeds from a foreclosure or short sale, in accordance with the respective agency guidelines. Ginnie Mae is exposed to the risk that these agencies will fail or be unable to meet their contractual obligation in the event of a severe economic downturn. This risk is deemed remote by Ginnie Mae given the federal backing of these agencies and their historical performance through economic downturns. The tables below summarize the federal insurance concentrations present within the Single Family and Multifamily Programs as of September 30, 2024, and September 30, 2023:

	September 30, 2024							
	Single Family				Multifamily			
	Number of Loans	Loan Percent	UPB	UPB Percent	Number of Loans	Loan Percent	UPB	UPB Percent
	(Dollars in billions)							
FHA[(1)]	7,119,472	61.49 %	$ 1,347.6	55.34 %	13,685	91.48 %	$ 151.8	98.75 %
VA	3,663,910	31.64	985.0	40.45	-	-	-	-
USDA	771,587	6.66	98.7	4.05	1,275	8.52	1.9	1.25
PIH	23,820	0.21	3.9	0.16	-	-	-	-
Totals	**11,578,789**	**100.00 %**	**$ 2,435.2**	**100.00 %**	**14,960**	**100.00 %**	**$ 153.7**	**100.00 %**

	September 30, 2023							
	Single Family				Multifamily			
	Number of Loans	Loan Percent	UPB	UPB Percent	Number of Loans	Loan Percent	UPB	UPB Percent
	(Dollars in billions)							
FHA[(1)]	6,786,437	60.80 %	$ 1,222.9	53.92 %	13,569	91.66 %	$ 147.5	98.78 %
VA	3,565,713	31.95	940.2	41.45	-	-	-	-
USDA	786,057	7.04	101.2	4.46	1,235	8.34	1.8	1.22
PIH	23,767	0.21	3.9	0.17	-	-	-	-
Totals	**11,161,974**	**100.00 %**	**$ 2,268.2**	**100.00 %**	**14,804**	**100.00 %**	**$ 149.3**	**100.00 %**

(1) Ginnie Mae's HECM program is exclusively insured by the FHA. As of September 30, 2024, the unpaid principal balance of HECM loans issued by active issuers was $41.9 billion, associated with 187,311 HECM loans and $40.2 billion, associated with 188,183 HECM loans as of September 30, 2023.

Mortgage Loan Servicing

Ginnie Mae relies on two MSS (i.e., master sub-service organizations) to provide servicing functions that are critical to its business. Significant reliance is placed on the servicing data and accounting reports provided by these service organizations. Ginnie Mae could be adversely impacted if the MSS lack appropriate controls, experience a failure in their controls, or experience a disruption in service including legal or regulatory action. Ginnie Mae manages this risk by establishing contractual requirements, ongoing reviews of the service organizations, and requiring the service organizations to provide attestation reports over internal controls.

Note 15: Commitments and Contingencies

Lease, Purchase, and Other Commitments

Ginnie Mae may lease facilities, hardware, and software under agreements that could require the agency to pay rental fees, insurance, maintenance, and other costs. As of September 30, 2024, Ginnie Mae did not have any active and open lease contracts related to rental expense or hardware and software.

As of September 30, 2024, and September 30, 2023, Ginnie Mae had approved and committed to make $2.8 billion and $2.3 billion respectively, in payments related to contracts with its various vendors. Some contract terms with its vendors are in excess of one year.

Ginnie Mae has commitments to guarantee MBS, which are off-balance sheet financial instruments. Additional information is provided in Note 4: *Financial Guarantees and Financial Instruments with Off-Balance Sheet Exposure*.

Legal

From time to time, Ginnie Mae can be a party to pending or threatened legal actions and proceedings which arise in the ordinary course of business. Ginnie Mae reviews relevant information about all pending legal actions and proceedings for the purpose of evaluating and revising contingencies, accruals, and disclosures.

Legal actions and proceedings resolution are subject to many uncertainties and cannot be predicted with absolute accuracy. Ginnie Mae establishes accruals for matters when a loss is probable and the amount of the loss can be reasonably estimated. For legal actions or proceedings where it is not probable that a loss may be incurred, or where Ginnie Mae is not currently able to reasonably estimate the loss, Ginnie Mae does not establish an accrual. Pending or threatened litigation deemed reasonably possible that a loss may have been incurred are disclosed in the notes to the financial statements.

No asserted or unasserted claims or assessments for similar matters have been identified. Additionally, Ginnie Mae's General Counsel has determined that there are no pending or threatened actions or unasserted claims or assessments that could result in potential losses that could be material to the financial statements.

Unfunded Commitments

For reverse mortgage loans, Ginnie Mae is required to fund future borrower draws in instances where the borrower has not fully drawn down the HECM loan. The outstanding unfunded commitments available to borrowers related to reverse mortgage loans were approximately $4.1 billion as of September 30, 2024 and $4.6 billion as of September 30, 2023.

Note 16: Related Parties

Ginnie Mae, a wholly owned U.S. Government corporation within HUD, is subject to controls established by government corporation control laws (31 U.S.C. Chapter 91) and management controls by the Secretary of HUD and the Director of the OMB. These controls could affect Ginnie Mae's financial position or operating results in a manner that differs from those that might have been obtained if Ginnie Mae were autonomous. Accordingly, the accompanying financial statements may not necessarily be indicative of the conditions that would have existed if Ginnie Mae had been operating as an independent organization.

Ginnie Mae was authorized and allotted $61.8 million and $51.9 million during the years ended September 30, 2024, and 2023, respectively, for personnel (payroll) and non-personnel (travel, training, and other administration) costs only. For the years ended September 30, 2024, and 2023, Ginnie Mae incurred $51.4 million and $46.7 million, respectively for these costs, which are included in administrative expenses on the Statement of Revenue and Expenses and Changes in Investment of U.S. Government. Ginnie Mae has authority to borrow from Treasury to finance operations in lieu of appropriations, if necessary. In addition, Ginnie Mae entered into a borrowing agreement with the U.S. Treasury on September 15, 2023. This agreement provides Ginnie Mae the ability to borrow from the U.S. Treasury sufficient funds to service MBS portfolios defaulted and extinguished by Ginnie Mae. Ginnie Mae did not borrow funds for the years September 30, 2024 and 2023.

Additionally, Ginnie Mae has relationships with FHA, VA, USDA, and PIH. All transactions between Ginnie Mae and FHA, VA, and USDA have occurred in the normal course of business.

Of the total forward mortgage loans, at fair value, approximately $1.2 billion, $49.4 million, and $21.2 million of loans were insured by FHA, VA, and USDA at September 30, 2024, respectively, while $1.3 billion, $52.3 million, and $22.3 million of loans were insured by FHA, VA, and USDA at September 30, 2023, respectively. For reverse mortgage loans, at fair value, approximately $18.0 billion of loans were insured by FHA as of September 30, 2024, while approximately $19.5 billion of loans were insured by FHA as of September 30, 2023. In addition, Ginnie Mae submits and receives claim proceeds for FHA, VA, and USDA insured loans that have completed the assignment, foreclosure, and short sale process.

After the short sale, foreclosed property, and assignment claims receivable are established, on an ongoing basis, the recoverability of the receivables is assessed under U.S. GAAP guidance. The allowance for claims receivable is calculated using statistical models based on expected recovery per underlying insuring agency guidelines and Ginnie Mae's most recent historical recovery experience. Refer to Note 8: *Claims Receivable, Net* for the breakdown of FHA, VA, and USDA claims pending payment or pre-submission to FHA, VA, and USDA.

Pension Benefits and Savings Plan: Eligible Ginnie Mae employees are covered by the federal government retirement plans, either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). Although Ginnie Mae contributes a portion of pension benefits for eligible employees, it does not account for the assets of either retirement system. Ginnie Mae also does not have actuarial data for accumulated plan benefits or the unfunded liability relative to eligible employees. These amounts are reported by the Office of Personnel Management (OPM) and are allocated to HUD.

Under the Federal Thrift Savings Plan (TSP), Ginnie Mae provides FERS employees with an automatic contribution of 1% of pay and an additional matching contribution up to 4% of pay. CSRS employees also can contribute to the TSP, but they do not receive matching contributions. For the years ended September 30, 2024, and 2023, Ginnie Mae contributed $7.4 million and $6.4 million, respectively, in pension and savings benefits for eligible employees.

Post-Retirement Benefits Other Than Pensions: Ginnie Mae has no postretirement health insurance liability since all eligible employees are covered by the Federal Employees Health Benefits (FEHB) program. The FEHB is administered and accounted for by the OPM. In addition, OPM pays the employer share of the retiree's health insurance premium.

Note 17: Credit Reform

The Federal Credit Reform Act of 1990 ("FCRA"), which became effective on October 1, 1991, was enacted to more accurately account and budget for the cost of federal credit programs and to place the cost of these credit programs on a basis equivalent with other federal spending. The FCRA evaluates credit programs and provides appropriate funding for programs that operate at a loss, within budgetary limitations, to subsidize the loss element of the credit program. In the opinion of management and HUD's general counsel, Ginnie Mae is not subject to the FCRA and related financial reporting requirements. This exemption is based on the specific provisions of Ginnie Mae's charter and the permanent indefinite authority granted by Congress, which supersede the scope of the FCRA. Federal statute allows Ginnie Mae to accumulate and retain revenues in excess of expenses to build sound reserves which will be consumed for program expenses prior to reliance on any budgeted credit loss subsidy appropriation. As of September 30, 2024, and

September 30, 2023, the investment of U.S. Government account had a balance of $33.9 billion and $30.8 billion, respectively.

Note 18: Subsequent Events

Ginnie Mae has evaluated subsequent events through November 13, 2024, the date the financial statements were available to be issued.

As of the date of issue of these financial statements, Ginnie Mae was still assessing the full impact of Hurricane Milton on the carrying values of its assets and liabilities. This assessment is expected to be completed during the fiscal year 2025, and any adjustments will be reflected in subsequent reporting periods as necessary.

Ginnie Mae

Our Guaranty Matters