



INCREASING ACCESS TO HOMEOWNERSHIP

“In recent years, the Ginnie Mae market has gone through a complete transformation. The massive shift in our Issuer base to independent mortgage bankers has been critical to keeping liquidity flowing. Because of these new players in the market, millions of Americans have new affordable housing opportunities. But, these new opportunities also carry new risks from the complexity of our Issuers’ business models to increased frequency of mortgage servicing transfers.”

TED TOZER, PRESIDENT, GINNIE MAE

» Traditional depository institutions have significantly retreated from mortgage lending and the government backed loan space. New independent mortgage bankers are rapidly filling the void.

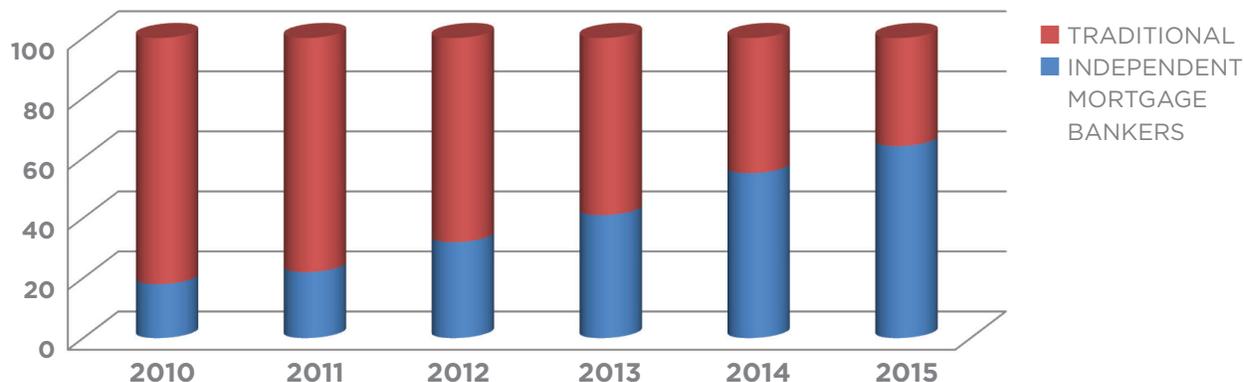
TOP 5 ISSUER COMPARISON BY ISSUANCE, FY 2011 & FY 2015

TOP 5 ISSUERS OF SF MBS ISSUANCE IN FY 2011		
Rank	Issuer Name	% Of Total Issuance
1	Wells Fargo Bank, NA.	34%
2	Bank of America	26%
3	JP Morgan Chase Bank	8%
4	PHH Mortgage Corp	4%
5	U. S. Bank	4%
Total Top 5 Issuers:		76%
Total Issuance FY 2011		\$ 322.3 billion

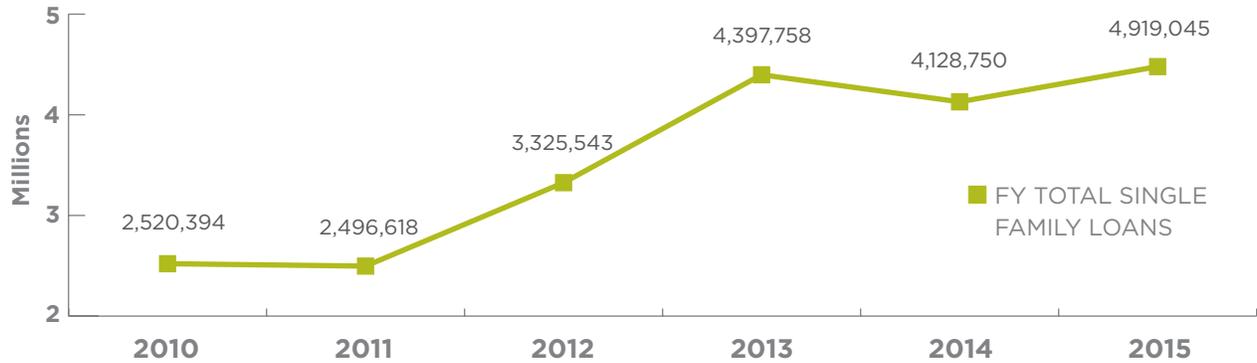
TOP 5 ISSUERS OF SF MBS ISSUANCE IN FY 2015		
Rank	Issuer Name	% Of Total Issuance
1	Wells Fargo Bank, NA.	13%
2	Pennymac Loan Services, LLC	7%
3	Freedom Mortgage Corporation	6%
4	Quicken Loans Inc.	5%
5	U. S. Bank, NA	4%
Total Top 5 Issuers:		35%
Total Issuance FY 2015		\$437.34 billion

- Issuers who have risen into the top 5 since 2011
- Issuers who have fallen out of the top 5 since 2011

INDEPENDENT MORTGAGE BANKERS' INCREASING SHARE OF GINNIE MAE'S MBS PRODUCTION TO 64 PERCENT



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- » Because these lenders are now direct Issuers to Ginnie Mae, they also have reduced the incidence of credit overlays. Before becoming Ginnie Mae Issuers, these institutions had to meet tighter underwriting guidelines imposed by large wholesale lenders.

INDEPENDENT MORTGAGE BANKERS ADDING CAPITAL INTO MORTGAGE MARKETS; LOWERING SYSTEMIC RISK

- » Improves credit access for borrowers at lower costs.
- » Increases competition in the marketplace.
- » Helps reduce “Too Big To Fail” risk.
- » Provides more outlets to transfer servicing rights in the case of Issuer default.

GINNIE MAE’S REGULATORY ROLE BECOMES MORE CHALLENGING

- » The quasi-regulatory role of Ginnie Mae takes on greater importance with the addition of so many new entrants.
- » Our top concern is making sure the Issuers of our guaranteed MBS have the operational and financial strength to meet their debt obligations to bond holders. That means assessing their ability to make timely payments to investors, to adequately service loans in default, to certify pools, and so on. It also means ensuring that they have sufficient capital and, most important of all, enough liquidity to make advances to bond holders when loans become delinquent.
- » The primary implications arise from elements that are for the most part new and have to do largely with the way the emerging institutions are financed. They are structured and they fund their operations in ways that are more complex and not as well tested as more traditional approaches, and these characteristics in turn could have an impact on how these institutions perform under stress.

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