



# News Release

For Immediate Release

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## **Ginnie Mae Makes Key Changes to Ease Warehouse Line Pressure and Improve Lender Efficiency**

**Washington, DC** – The Government National Mortgage Association (Ginnie Mae) today announced specific details surrounding two important operational changes to Ginnie II multiple-issuer pools. The Ginnie Mae program changes, initially announced by Secretary of Housing and Urban Development Shawn Donovan in April, include program enhancements aimed at minimizing financial risk for warehouse lenders and making the program more efficient for all lenders.

“These program changes reflect one more step in Ginnie Mae’s continuing efforts to bring greater stability to the housing market by minimizing financial risk on warehouse lending lines,” Ginnie Mae President Theodore Tozer said. “As we’ve become a larger piece of the housing recovery puzzle, the housing industry has looked to Ginnie Mae to lead, and this is one example of how we’ve responded quickly to the challenging business needs of our Issuers.”

Beginning in the Fall of 2010, issuance for Ginnie II multiple-issuer pools can occur on a daily basis, rather than once a month. “Lenders will be able to better utilize warehouse lending lines and reduce interest costs associated with carrying loans until they can be securitized and settled,” Tozer said.

With the second program change, lenders will be able to securitize a single loan in Ginnie Mae multiple-issuer pools, eliminating the current three-loan minimum requirement. With this change, small lenders will be able to more easily participate in multiple-issuer pools because it will require only one loan to participate in the pooling of a security. Additionally, the program enhancement helps to accommodate “orphan loans” or individual loans that cannot be securitized

because the interest rate differs significantly (at least 50 basis points) from other, more similarly characterized loans in the pool. Ginnie Mae expects to begin accepting single loans into multiple-issuer securities in July of 2010.

“Ginnie Mae’s important role in the mortgage market is unmistakable,” said John Courson, President and CEO of the Mortgage Bankers Association. “Efforts to bring stability to the mortgage market by quickly and prudently creating business solutions for MBS issuers, such as those announced today, exemplify the leadership role they’ve taken.

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*Ginnie Mae is a wholly-owned government corporation within the U.S. Department of Housing and Urban Development. Ginnie Mae pioneered the mortgage-backed security (MBS), guaranteeing the very first security in 1970. An MBS enables a mortgage lender to aggregate and sell mortgage loans as a security to investors. Ginnie Mae securities carry the full faith and credit of the United States Government, which means that, even in difficult times, an investment in Ginnie Mae is one of the safest an investor can make.*