News Release

For Immediate Release

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Ginnie Mae Enhances Risk Management Approach to Multifamily MBS

Corporation to Implement New Program Requirements for Multifamily Issuers

Washington, D.C. – The Government National Mortgage Association (Ginnie Mae) recently announced new risk management changes to further strengthen its operations and to ensure that its program requirements better align with the rapidly changing housing finance market. The corporation is implementing new net worth, capital, and liquid assets requirements for participants in its Multifamily Mortgage-Backed Securities (MBS) program.

Net worth requirements are core tools used by regulators, lenders, insurers, and others to manage counterparty risk. The policy changes announced today will include the following:

- *Increased net worth requirement* for Multifamily program participants to $1 million, base net worth, plus an additional one percent for Issuers with MBS outstanding and commitment authority to issue new securities between $25 million and $175 million. An additional .2 percent will be required for any amount greater than $175 million. Existing Issuers will have until May 1, 2011 to meet the new net worth requirements.

- *New liquid assets requirement* of 20 percent of the Ginnie Mae net worth requirement will be implemented as well. All Multifamily Issuers will have until October 1, 2011, to meet the new liquid asset requirements.

- *New capital requirements* that match those of institutions considered to be “well-capitalized” by bank and thrift regulatory agencies will also be established. The new capital requirements will be effective October 1, 2011, for all Multifamily Issuers. These requirements are as follows:

Banks and Thrifts **Well Capitalized Under Federal Banking Regulations**	**Non Banks, Credit Unions & Subsidiaries**
1. 5% of Tier 1 Capital/Total Assets 2. 6% of Tier 1 Capital/Risk Based Assets 3. 10% of Total Capital/Risk Based Assets	1. 6% of Total Equity/Total Assets

"Ginnie Mae's business model and risk management practices are among the most effective in today's housing market for a reason," said Ginnie Mae President Ted Tozer. "In working to remain the best-in-class conduit for bringing capital into the U.S. housing mortgage system, we continue to implement policies that minimize risk to the U.S. taxpayer. By increasing the base net worth requirement for Multifamily Issuers, instituting new liquid asset requirements, and adopting capital requirements, Ginnie Mae continues to build upon its well-performing Multifamily program," said Tozer.

For more information about Ginnie Mae's changes to the Multifamily Issuer MBS program, please review APM 10-22, dated November 29, 2010.

Ginnie Mae raises capital from investors in the global credit markets to ensure liquidity for affordable rental and homeownership opportunities across the country. Its business is to finance housing mortgage programs run by the Federal Housing Administration (FHA), the Department of Veterans Affairs (VA), the Office of Public and Indian Housing (PIH), and the Department of Agriculture's Rural Development Housing and Community Facilities Program (RD).

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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 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.