



News Release

For Immediate Release

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Ginnie Mae Enhances Risk Management Approach to HMBS Program *Corporation to Implement New Program Requirements for HMBS Issuers*

Washington, DC – Today, the Government National Mortgage Association (Ginnie Mae) announced new risk management changes to further strengthen its operations and to ensure that its program requirements better align with the rapidly changing housing market. The corporation is implementing new net worth, liquid assets, capital, and servicing fee requirements for participants in its Home Equity Conversion Mortgage (HECM) Mortgage-Backed Securities (MBS) program, also known as the HMBS program. The Ginnie Mae HMBS program provides liquidity for Federal Housing Administration (FHA) HECMs by allowing lenders to issue securities backed by these mortgages. HECMs are reverse mortgages that allow qualified individuals to borrow against the equity in their homes with a promise to repay the loan when the home is sold. Ginnie Mae launched the HMBS program two years ago. During the last two years, the HMBS program has become an important secondary market outlet for FHA HECMs.

To enhance its ability to manage risk in the HMBS program, Ginnie Mae is making the following changes:

- *Increased net worth requirements* for HMBS program participants to \$5 million plus one percent of the aggregate amount of the outstanding remaining principal balance and any commitment authority available to issue securities. These net worth requirements are effective immediately for prospective HMBS Issuers. Existing Issuers will have until October 1, 2011, to meet the new net worth requirements.
- *New liquid assets requirement* of 20 percent of the new Ginnie Mae HMBS net worth requirement. Prospective and existing HMBS 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. These requirements become effective for prospective and existing Issuers on October 1, 2011. The capital requirements are as follows:

Banks and Thrifts

1. 5 percent of Tier 1 Capital/Total Assets
2. 6 percent of Tier 1 Capital/Risk Based Assets
3. 10 percent of Total Capital/Risk Based Assets

Non-Banks, Credit Unions & Subsidiaries

1. 6 percent of Total Equity/Total Assets

- *Increased servicing fee* to 36 basis points, which includes the Ginnie Mae six basis points guaranty fee. Additional information regarding the new servicing fee structure will be available in March 2011.

“These changes are designed to ensure that all Issuers of Ginnie Mae HMBS have adequate capital and liquidity to protect the program and taxpayers from undue risk,” said Ginnie Mae President Ted Tozer. “We believe the new requirements provide a measure of safety for our program; they reflect the significant capital and liquidity required to manage an HMBS portfolio in a financially sound manner,”

Last year, Ginnie Mae halted the acceptance of new HMBS Issuers until it could complete a thorough review and risk assessment of the program. The review is now complete, and the announcement of these new requirements means Ginnie Mae will begin accepting new Issuer applications immediately.

For more information about Ginnie Mae’s changes to the HMBS program, please visit [APM 10-2x](#). Ginnie Mae raises capital from investors in the global credit markets to ensure liquidity for affordable rental and homeownership opportunities across the country. Ginnie Mae MBS finance housing mortgage programs are run by the 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.