News Release

For Immediate Release

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Ginnie Mae Increases Program Flexibility to Meet the Needs of Issuers and Warehouse Lenders

Washington, D.C. – Ginnie Mae today announced it is providing Issuers greater flexibility to pledge mortgage servicing rights for financing. Today's announced enhancements provide program flexibility by clarifying and limiting the circumstances under which Ginnie Mae can refuse a transfer of servicing to the Issuer's creditor. These "Acknowledgement Agreement" changes will make it simpler for Ginnie Mae to honor servicing pledges and permit the transfer of related servicing rights. In the Ginnie Mae program, the Acknowledgement Agreement lays out the legal rights and responsibilities of Ginnie Mae, its Issuer and the Issuer's creditor when a Ginnie Mae servicing portfolio serves as collateral for a loan.

"As part of our ongoing effort to meet the needs of Issuers and their creditors, and ultimately provide increased liquidity for consumer lending, Ginnie Mae has taken steps to make our program more flexible," said Ginnie Mae President Ted Tozer. "The updated agreement offers additional flexibility to warehouse lenders, while still protecting Ginnie Mae's interests as the guarantor of the securities."

Additionally in the new agreement, Ginnie Mae no longer requires creditors to name a stand-by Issuer when an Acknowledgment Agreement is executed; instead, when a portfolio needs to be transferred, the creditor is given the opportunity to identify an approved Ginnie Mae Issuer to assume the portfolio. In exchange for limiting its ability to refuse a transfer of servicing, Ginnie Mae requires the creditor to accept the portfolio.

The changes to the Acknowledgement Agreement are aimed at addressing concerns of Issuers that it can be difficult to pledge Ginnie Mae servicing as there has not been certainty regarding whether Ginnie Mae will agree to transfer the collateral to the creditor.

"This new agreement balances the interests of Ginnie Mae, its Issuers and their creditors and takes us one step closer to our goal of ensuring the Ginnie Mae program has a large, diverse Issuer base that makes it possible for borrowers in government programs to obtain the best interest rates," Tozer said.

Recently, Ginnie Mae issued guidance to clarify the rights of creditors when Issuers pledge mortgage loans prior to securitization, allowing warehouse lending arrangements to proceed more smoothly. The updated Acknowledgement Agreement offers additional flexibility to creditors that are not Ginnie Mae Issuers and eliminates obstacles that prevent smooth servicing transfers.

Ginnie Mae raises capital from investors in the global credit markets to ensure liquidity for affordable rental and homeownership opportunities across the country. Through its MBS, Ginnie Mae finances 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 the 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.