Appendix A

Government National Mortgage Association

Fiscal Year Financial Statements

September 30, 2025

Government National Mortgage Association

Fiscal Year Financial Statements

September 30, 2025

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Balance Sheets				
	2025		2024	
	September 30		September 30	
	(Dollars in thousands)			
Assets:				
Cash and cash equivalents	$	32,785,230	$	30,425,203
Restricted cash and cash equivalents		1,877,076		1,745,248
Accrued fees and other receivables		150,014		139,013
Reimbursable costs receivable, net		293		367
Claims receivable, net		38,467		53,901
Advances, net		333,830		462,692
Forward mortgage loans, at fair value		1,213,060		1,383,609
Reverse mortgage loans, at fair value		15,329,471		17,978,318
Acquired property, net		60,695		50,095
Fixed assets, net		38,177		44,008
Guaranty asset		8,615,738		8,680,509
Other assets		9,426		9,149
Total Assets	**$**	**60,451,477**	**$**	**60,972,112**
Liabilities and Investment of U.S. Government:				
Liabilities:				
Accounts payable and accrued liabilities	$	96,191	$	114,810
Deferred liabilities and deposits		266		275
Deferred revenue		684,776		636,559
Liability for loss on mortgage-backed securities program guaranty		242,238		196,318
HMBS obligations, at fair value		13,312,780		16,498,804
Guaranty liability		9,931,120		9,632,671
Total Liabilities	**$**	**24,267,371**	**$**	**27,079,437**
Commitments and Contingencies (See Note 15)				
Investment of U.S. Government	$	36,184,106	$	33,892,675
Adjustment to Investment of U.S. Government		-		-
Total Liabilities and Investment of U.S. Government	**$**	**60,451,477**	**$**	**60,972,112**

The accompanying notes are an integral part to these financial statements

Statements of Revenues and Expenses and Changes in Investment of U.S. Government				
	For the years ended September 30,			
		2025		2024
	(Dollars in thousands)			
Revenues:				
Income on guaranty obligation	$	1,107,017	$	855,905
Mortgage-backed securities guaranty fees		1,759,257		1,639,491
Interest income earned on U.S. Treasury securities		1,125,224		1,246,064
Commitment fees		105,642		85,615
Multiclass fees		42,193		40,674
Mortgage-backed securities program and other income		10,657		7,742
Total Revenues	**$**	**4,149,990**	**$**	**3,875,491**
Expenses:				
Administrative expenses	$	(62,201)	$	(51,625)
Fixed asset depreciation and amortization		(15,732)		(16,607)
Mortgage-backed securities program and other expenses		(474,957)		(512,033)
Acquired property expenses, net		-		(9,181)
Total Expenses	**$**	**(552,890)**	**$**	**(589,446)**
Recapture (provision):				
Recapture (provision) for mortgage-backed securities program guaranty	$	(45,919)	$	(85,203)
Recapture (provision) for claims receivable, net		(16,848)		(12,841)
Recapture (provision) for loss on advances, net		19		(2)
Total Recapture (Provision)	**$**	**(62,748)**	**$**	**(98,046)**
Other Gain (Loss):				
Gain (loss) on forward mortgage loans, at fair value	$	14,611	$	147,859
Gain (loss) on reverse mortgage loans, at fair value		1,070,027		1,747,266
Gain (loss) on HMBS obligations, at fair value		(858,959)		(1,244,244)
Gain (loss) on guaranty asset		(1,470,236)		(789,335)
Gain (loss) other		1,636		1,878
Total Other Gains / (Losses)	**$**	**(1,242,921)**	**$**	**(136,576)**
Results of Operations	**$**	**2,291,431**	**$**	**3,051,423**
Investment of U.S. Government at Beginning of Year	$	33,892,675	$	30,841,252
Adjustment to Investment of U.S. Government		-		-
Adjustment to Investment of U.S. Government-HUD		-		-
Investment of U.S. Government at Beginning of Period	$	33,892,675	$	30,841,252
Investment of U.S. Government at End of Period	**$**	**36,184,106**	**$**	**33,892,675**

The accompanying notes are an integral part to these financial statements

Statements of Cash Flows		
	For the years ended September 30,	
	2025	2024
	(Dollars in thousands)	
Cash Flows from Operating Activities		
Results of Operations	**$ 2,291,431**	**$ 3,051,423**
Adjustments to reconcile Results of Operations to Net Cash provided by Operating Activities:		
Fixed asset depreciation and amortization	15,732	16,607
Provision (Recapture) for mortgage-backed securities program guaranty	45,919	85,203
Provision (Recapture) for claims receivable, net	16,848	12,841
Provision (Recapture) for loss on advances, net	(19)	2
Acquired property expenses, net	-	9,181
(Gain)/loss on forward mortgage loans, at fair value	(14,611)	(147,859)
(Gain)/loss on reverse mortgage loans, at fair value	(1,070,027)	(1,747,266)
(Gain)/loss on HMBS obligations, at fair value	858,959	1,244,244
(Gain)/loss on guaranty asset	1,470,236	789,335
(Gain)/loss other	(234)	(246)
(Income) on guaranty obligation	(1,107,017)	(855,905)
Mortgage-backed securities program and other expenses	15,082	27,675
Changes in operating assets and liabilities:		
Accrued fees and other receivables	(11,001)	(5,818)
Claims receivable, net	2,688,617	2,208,696
Advances, net	128,880	(46,099)
Reimbursable costs receivable, net	(106)	(107)
Acquired property, net	(6,277)	(6,574)
Other assets	(327)	(335)
Accounts payable and accrued liabilities	(18,619)	(6,876)
Deferred liabilities and deposits	(9)	(126)
Deferred revenue	48,217	27,895
Net cash provided by operating activities	**$ 5,351,674**	**$ 4,655,891**
Cash Flows from Investing Activities		
Proceeds from repayments and sales of forward mortgage loans, at fair value	$ 197,033	$ 211,991
Proceeds from repayments and sales of reverse mortgage loans, at fair value	1,522,342	1,706,703
Proceeds from the dispositions of acquired property and preforeclosure sales	55,685	57,039
Purchases of forward mortgage loans, at fair value	(28,165)	(31,448)
Purchases of reverse mortgage loans, at fair value	(549,206)	(701,107)
Purchases of fixed assets	(12,525)	(14,107)
Net cash provided by investing activities	**$ 1,185,164**	**$ 1,229,071**
Cash Flows from Financing Activities		
Payments on HMBS related obligations	$ (4,044,983)	$ (3,892,594)
Net cash (used for) provided by financing activities	**$ (4,044,983)**	**$ (3,892,594)**
Net change in cash and cash equivalents	$ 2,491,855	$ 1,992,368
Cash and cash equivalents, beginning of the year	32,170,451	30,178,083
Cash and cash equivalents, end of the period	**$ 34,662,306**	**$ 32,170,451**
Supplemental Disclosure of Non-Cash Activities		
Non-cash Transfers from forward mortgage loans, at fair value to claims receivable, net	$ 12,402	$ 14,772
Non-cash Transfers from reverse mortgage loans, at fair value to claims receivable, net	2,678,293	2,201,488
Non-cash Transfers from forward mortgage loans, at fair value to acquired property, net	5,075	4,700
Non-cash Transfers from reverse mortgage loans, at fair value to acquired property, net	53,523	49,916

The accompanying notes are an integral part to these financial statements

Notes to the Financial Statements

Note 1: Entity and Mission

The Government National Mortgage Association (Ginnie Mae) was created in 1968, through an amendment to Title III of the National Housing Act as a wholly owned United States (U.S.) government corporation within the U.S. Department of Housing and Urban Development (HUD). Ginnie Mae is a government corporation; and, therefore, is exempt from both federal and state taxes. Ginnie Mae guarantees the timely payment of principal and interest (P&I) on Mortgage-Backed Securities (MBS) backed by federally insured or guaranteed mortgage loans to its MBS investors. The guaranty, which is backed by the full faith and credit of the U.S. government, increases liquidity in the secondary mortgage market and attracts new sources of capital for mortgage loans from investors for properties located in the U.S. and its Territories. Its role in the market enables qualified borrowers to have reliable access to a variety of mortgage products.

Ginnie Mae supports the following groups through its MBS program:

- first-time home buyers;
- low and moderate-income households;
- borrowers in rural or other areas, where credit access is limited;
- young professionals with unestablished credit histories;
- borrowers with lower credit scores;
- working families with little, or no, down payment;
- borrowers with higher debt to income ratios;
- the construction and renovation of multifamily housing and hospitals;
- senior citizens who need housing and support services; and
- military veterans who have served the country.

Ginnie Mae requires all mortgages collateralizing guaranteed MBS to be insured or guaranteed by government agencies, including the Federal Housing Administration (FHA), the U.S. Department of Veterans Affairs (VA), the U.S. Department of Agriculture (USDA), and the Office of Public and Indian Housing (PIH). Ginnie Mae neither originates, purchases, or guarantees direct loans.

Ginnie Mae offers two single-class securities product structures – Ginnie Mae I MBS and Ginnie Mae II MBS:

- Ginnie Mae I MBS are pass-through securities providing monthly P&I payments to each investor. They are single-family, multifamily, or manufactured housing pools of mortgages with similar maturities and interest rates offered by a single issuer.
- Ginnie Mae II MBS are similar to Ginnie Mae I MBS but allow multiple-issuer and single-issuer pools. They permit the securitization of adjustable-rate mortgages (ARMs), manufactured home loans, and home equity conversion mortgages (HECM), and allow small issuers unable to meet the dollar requirements of the Ginnie Mae I MBS program to participate in the secondary mortgage market.

Ginnie Mae established the following MBS to service a variety of loan financing needs and different issuer origination capabilities:

- ***Single-Family Program*** – consists of single-family mortgages originated for the purchase, construction, or renovation of single-family homes originated through FHA, VA, USDA, and PIH loan insurance programs;
- ***Multifamily Program*** **–** consists of FHA and USDA insured loans originated for the purchase, construction, or renovation of apartment buildings, hospitals, nursing homes, and assisted living facilities;
- ***Home Equity Conversion Mortgage-Backed Securities (HMBS) Program*** **–** consists of reverse mortgage loans insured by FHA; and
- ***Manufactured Housing Program*** **–** consists of pools of loans insured by FHA's Title I Manufactured Home Loan Program.

Ginnie Mae offers two multiclass security product structures – Platinum Securities and Real Estate Mortgage Investment Conduits (REMIC) Securities:

- Ginnie Mae Platinum Securities are formed by combining Ginnie Mae MBS into a new single security. Platinum Securities can be constructed from both fixed rate and Ginnie Mae ARM Securities. They provide MBS investors with greater market and operating efficiencies, and may be used in structured financing, repurchase transactions, and general trading.
- REMIC Securities direct underlying MBS principal and interest payments to classes with different principal balances, interest rates, average lives, prepayment characteristics and final maturities. REMIC Securities provide issuers with greater flexibility in creating securities that meet the needs of a variety of investors. Principal and interest payments are divided into varying payment streams to create classes with different expected maturities, differing levels of seniority or subordination or other characteristics.

Note 2: Summary of Significant Accounting Policies

The following disclosures pertain to current practices followed by Ginnie Mae in accordance with its accounting policies, except as otherwise indicated.

Basis of Presentation: Ginnie Mae's functional currency is the U.S. dollar, and the accompanying financial statements have been prepared in that currency. The financial statements conform to U.S. Generally Accepted Accounting Principles (GAAP), except as otherwise indicated.

Going Concern: The accompanying financial statements are prepared on a going concern basis and do not include any adjustments that might result from uncertainty about Ginnie Mae's ability to continue as a going concern.

Use of Estimates: The financial statements are prepared in conformity with U.S. GAAP, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenses for the periods presented, and the related disclosures in the accompanying notes. Ginnie Mae evaluates these estimates and judgments on an ongoing basis and bases its estimates on historical, current, and expected future conditions; third-party evaluations; and various other assumptions that Ginnie Mae believes are reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities, as well as identifying and assessing the accounting treatment with respect to commitments and contingencies.

Ginnie Mae has made significant estimates in a variety of areas including, but not limited to, fixed assets, net, and the valuation of certain financial instruments, such as mortgage servicing rights (MSR), acquired property, net; claims receivable, net and other loan-related receivables, guaranty assets, guaranty liability, HMBS obligations, at fair value, liability for representations and warranties, liability for loss on mortgage-backed securities program guaranty, forward mortgage loans, at fair value, and reverse mortgage loans, at fair value. Actual results could differ from those estimates.

Fair Value Measurement: Ginnie Mae, under Accounting Standards Codification *(ASC) 820: Fair Value Measurement,* uses fair value measurement for the initial recognition of certain assets and liabilities, periodic re-measurement of certain assets and liabilities on a recurring and non-recurring basis, and certain disclosures. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. Ginnie Mae bases its fair value measurements on an exit price that maximizes the use of observable inputs and minimizes the use of unobservable inputs.

Fair Value Option: The fair value option under *ASC 825: Financial Instruments* allows certain financial assets and liabilities, such as acquired loans, to be reported at fair value (with unrealized gains and losses reported in the Statement of Revenues and Expenses and Changes in Investment of U.S. Government and related cash flows classified as operating activities). Ginnie Mae elects the fair value option for the guaranty asset, mortgage loans, including forward mortgage loans, at fair value; reverse mortgage loans, at fair value and HMBS obligations, at fair value. The election allows Ginnie Mae to provide meaningful information to the financial statements, as fair value provides a proxy into market participants' viewpoint on value of these instruments as of the measuring date, with considerations of both market and credit risks.

Natural Disasters: The occurrence of a major natural disaster, such as a hurricane, tropical storm, wildfire, flood, and other large-scale catastrophe, in an area where Ginnie Mae's pooled and non-pooled loans or properties are located could have an adverse impact on our financial condition and results of operations. An unpredictable natural disaster could cause damage or destroy properties that Ginnie Mae owns, while negatively affecting the ability of borrowers to continue to make principal and interest payments, increasing the potential for credit losses as Ginnie Mae program insurers may not cover all losses. Further, a major disruptive event may negatively impact an issuer if the issuer's portfolio is highly concentrated in the affected region. This could lead to an increase in probability of issuer default and Ginnie Mae having to step into the role of the issuer. In doing so, Ginnie Mae would then need to assume all servicing rights and obligations of the issuer, including making timely principal and interest payments to the MBS investors. Finally, a natural disaster could negatively impact the valuation of the guaranty asset and MSR assets through adverse impacts on significant modeling inputs and key economic assumptions, such as prepayment rates and default rates.

Cash and Cash Equivalents: Ginnie Mae's cash consists of cash held by the U.S. Treasury (Funds with U.S. Treasury), and cash that is held by the master sub-servicer (MSS) and the trustee and administrator of securities on Ginnie Mae's behalf but has not yet been transferred to Ginnie Mae (Deposits in transit). Cash equivalents consist of U.S. Treasury short-term investments issued with an original maturity date of three months or less. Cash receipts, disbursements, and investment activities are processed by the U.S. Treasury. All cash not classified as restricted cash is accessible in the event of an issuer default[1], termination and extinguishment[2].

Funds with U.S. Treasury: Represent the available budget spending authority of Ginnie Mae according to the U.S. Treasury and is the aggregate amount of Ginnie Mae's accounts with the U.S. Treasury.

Deposits in Transit: Include principal, interest, and other payments collected by the MSS and the trustee and administrator of securities, on Ginnie Mae's behalf, in custodial accounts that have not yet been received by Ginnie Mae or remitted to the HMBS investors at the end of the reporting period.

U.S. Treasury Short-Term Investments: Represent U.S. Treasury securities which are bought and sold at composite prices received from the Federal Reserve Bank of New York. These securities are maintained in book-entry form at the Bureau of Public Debt and include U.S. Treasury overnight certificates. U.S. Treasury overnight certificates are issued with a stated rate of interest to be applied to their par value with a maturity date of the next business day. These overnight certificates are measured at cost, which approximates fair value. Interest income on such securities is presented within Interest income earned on U.S. Treasury securities in the Statement of Revenues and Expenses and Changes in Investment of U.S. Government.

Restricted Cash and Cash Equivalents: Cash and cash equivalents are classified as restricted when the statutes, regulations, contracts, or Ginnie Mae's statements of intentions legally limit the use of funds. Restrictions may include legally restricted deposits, contracts entered with others, or the entity's statements of intention regarding particular deposits. Restricted cash and cash equivalents also include P&I payments that were not collected by MBS investors and unapplied deposits held in a suspense account until the appropriate application is determined. Restricted cash balances are recognized in a separate financial statement line as restricted cash and cash equivalents. Ginnie Mae received approval from the Office of Management and Budget (OMB) to invest certain portions of restricted cash in U.S. Treasury short-term investments and Ginnie Mae is entitled to the interest income earned on these investments.

Escrow Funds (Held in Trust for MBS Investors or Mortgagors): Escrow funds are held in a trust for payments of mortgagors' taxes, insurance, and related pass-through payments due to MBS investors. These funds are collected by the MSS and held at depository institutions for which Ginnie Mae does not have access. This escrow funds balance was approximately $22 million as of September 30, 2025, and September 30, 2024, respectively, and represent amounts submitted by the MSS. Escrow funds are not owned, invested, or controlled by Ginnie Mae. Ginnie Mae receives no current or future economic benefits, and there is no associated risk or reward to Ginnie Mae from the escrow funds. As such, escrow funds are not included on Ginnie Mae's Balance Sheet.

Accrued Fees and Other Receivables: Ginnie Mae's accrued fees and other receivables primarily include accrued guaranty fees. Accrued guaranty fees are based on the aggregate unpaid principal balances (UPB) of the guaranteed securities outstanding and recorded in the month they are earned.

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[1] *Issuer default is defined as any failure or inability of the issuer to perform its responsibilities under the Ginnie Mae MBS programs.*

[2] *Extinguishment occurs when defaulted issuer's right, title, and interest in the pooled mortgages is taken over by Ginnie Mae. Note that Ginnie Mae may sell the mortgage portfolio to another issuer, or take over the right, title, and interest from issuers after default.*

Guaranty fees are discussed in Note 4: *Financial Guarantees and Financial Instruments with Off-Balance Sheet Exposure*.

Ginnie Mae is a designated recipient agency for criminal restitution payments as a result of court order in connection with criminal proceedings against certain defendants, primarily for fraud and false claims. U.S. District Courts are responsible for receiving payments, disbursing restitution to victims, and tracking the debt. Ginnie Mae has determined that these receivables are not probable collection and have no net realizable value. This assessment is based on Ginnie Mae's position in the recovery hierarchy for debts from defendants, its historical experience with collections on these accounts, and the overall historical experience for the U.S. Government in collecting on this category of receivable.

Claims Receivable, Net: Claims receivable, net represents receivables from properties conveyed to insuring or guaranteeing agencies (FHA, VA, USDA, and PIH) and payments owed to Ginnie Mae from such insuring or guaranteeing agencies. Claims receivable consists of the following primary components:

Short Sale Claims Receivable: As an alternative to foreclosure, a property may be sold for an agreed-upon price, at which the net proceeds fall short of the debts secured by liens against the property. Accordingly, short sale proceeds are often insufficient to fully pay off the mortgage. Ginnie Mae's MSS analyzes mortgage loans for factors such as delinquency, the appraised value of the property collateralizing the loan, and market locale of the underlying property to identify loans that may be short sale eligible. Short sale transactions are analyzed and approved by the Office of Issuer and Portfolio Management (OIPM) at Ginnie Mae. For FHA-insured loans where the underlying property was sold in a short sale, the FHA typically pays Ginnie Mae the difference between the proceeds received from the sale and the total contractual amount of the mortgage loan and delinquent interest payments at the debenture rate (less the first two months of delinquent interest). FHA is the largest insurer for Ginnie Mae. Short sales on VA, USDA, and PIH guaranteed loans follow a similar process in which the claims receivable amount is determined in accordance with the respective agency guidelines. Ginnie Mae records a short sale claims receivable while it awaits recovery of the shortfall amount from the insuring or guaranteeing agencies.

Foreclosed Property Claims Receivable: Ginnie Mae records foreclosed property claims receivable when the MSS receives title to a residential real estate property that has completed the foreclosure process in its respective legal jurisdiction, or when the mortgagor conveys all interest in the property to Ginnie Mae through its MSS to satisfy the loan through completion of a deed in lieu of foreclosure process or similar legal agreement. These properties differ from acquired properties as Ginnie Mae intends to convey the property to an insuring or guaranteeing agency, instead of marketing and selling the properties through the MSS. The claimed asset is measured based on the amount of the loan outstanding balance expected to be recovered from the insuring or guaranteeing agency.

Assignment Claims Receivable: In the event of an HMBS issuer extinguishment, Ginnie Mae will manage the acquired HMBS portfolio by purchasing reverse mortgage loans out of securitization pools once the outstanding principal balance of the related reverse mortgage loan is equal to or greater than 98% of the Maximum Claim Amount (MCA). Loans purchased out of securitization pools are assigned to the FHA in accordance with FHA insurance program requirements and the amount of the outstanding loan balance expected to be recovered from FHA as the insuring agency is recognized as an assignment claim receivable.

Allowance for Claims Receivable**:** Once the claims receivable is established, Ginnie Mae periodically assesses its collectability by utilizing statistical models, which incorporate expected recovery based on the underlying insuring or guaranteeing agency guidelines, and Ginnie Mae's historical loss experience. Ginnie Mae records an allowance for claims that represents the expected unrecoverable amounts within the portfolio. Claims net of an allowance is the amount that Ginnie Mae determines to be collectible.

The allowance for claims receivable includes effects of charge-offs, recoveries, and amounts deemed uncollectible from the insuring or guaranteeing agency. At initial recognition, a claims receivable is recognized for the amount recoverable from the insurers and any excess amounts not recoverable are charged off against the corresponding allowance.

Charge-Off: Once losses are confirmed, Ginnie Mae charges-off any uncollectable amounts against the corresponding allowance.

Recoveries: If the claim proceeds received exceed the claim receivable's carrying amount, Ginnie Mae will apply the excess to amounts previously charged off (i.e., recovery) with any residual amounts recognized as a gain on the Statement of Revenues and Expenses and Changes in Investment of U.S. Government.

Advances, Net: Advances represent pass-through payments made to the MSS to fulfill Ginnie Mae's guaranty of timely P&I payments to MBS investors and excess funds paid to the MSS to service the HECM portfolio, including funding scheduled and unscheduled draws, reimbursable cost advances, FHA monthly insurance premiums paid on behalf of borrowers, and payments to HMBS investors for loan buyouts. Ginnie Mae reports Advances net of an allowance to the extent that management believes Advances will not be collected. The allowance is calculated based on expected recovery amounts from any mortgage insurance or guaranty per established insurance or guarantor rates, Ginnie Mae's collectability experience, and other economic factors.

Acquired Property, Net: Ginnie Mae recognizes acquired property when marketable title to the underlying property is obtained and the property has completed the foreclosure process, or the mortgagor conveys all interest in the residential real estate property to Ginnie Mae to satisfy the loan through the completion of a foreclosure or a deed in lieu of foreclosure or other similar legal agreement. These assets differ from "foreclosed property" as they are not conveyed to the insuring or guaranteeing agencies and Ginnie Mae will hold the title while the properties are marketed for sale by the MSS.

Ginnie Mae initially measures acquired property at its fair value, net of estimated costs to sell. However, at acquisition, the difference between loan fair value and acquired property fair value, net of estimated costs to sell, is booked through the Gain (loss) other line item in the Statement of Revenue and Expenses and Changes in Investment of U.S. Government.

Ginnie Mae subsequently measures acquired property at the lower of its carrying value or fair value less estimated costs to sell. Any subsequent write-downs to fair value, net of estimated costs to sell, from its carrying value (i.e., holding period write-downs) are recognized through a valuation allowance with an offsetting charge to the gain (loss) other line item in the Statement of Revenue and Expenses and Changes in Investment of U.S. Government. Any subsequent increases in fair value, net of estimated costs to sell, up to the cumulative loss previously recognized through the valuation allowance are recognized in the gain (loss) other line item.

Ginnie Mae records gains and losses on sales of acquired property as the difference between the net sales proceeds and the carrying value of the property, less amounts recoverable from the insuring or guaranteeing agency. These gains and losses are recognized through the gain (loss) other line item in the Statement of Revenues and Expenses and Changes in Investment of U.S. Government.

Subsequent material development and improvement costs for acquired property are capitalized. Other post-foreclosure costs are expensed as incurred to MBS program and other expense on the Statement of Revenues and Expenses and Changes in Investment of U.S. Government.

Fixed Assets, Net: Ginnie Mae's fixed assets consist of hardware and software. Ginnie Mae capitalizes costs based on guidance in *ASC 350-40: Intangibles – Goodwill and Other – Internal-Use Software* and *ASC 360: Property, Plant and Equipment*. Additions to fixed assets consist of improvements, newly purchased items, and betterments. Purchased software is recorded at cost and amortized using the straight-line method over its estimated useful life.

The capitalization of software development costs is governed by *ASC 350-40: Intangibles – Goodwill and Other – Internal-Use Software* if the software is for internal use. After the technological feasibility of the software has been established at the beginning of application development, software development costs, which primarily include salaries and related payroll costs and costs of independent contractors incurred during development, are capitalized. Research and development costs incurred prior to application development (for internal-use software), are expensed as incurred. Software development costs are amortized on a program-by-program basis using a straight-line method commencing on the date when ready for use.

Ginnie Mae depreciates its hardware assets using the straight-line basis over a three- to five-year period beginning when the assets are placed in service. Expenditures for ordinary repairs and maintenance are charged to expense as incurred.

Ginnie Mae amortizes its software assets using the straight-line basis over a three- to five-year period beginning when the assets are ready for their intended use. Ginnie Mae shall determine and periodically reassess the estimated useful life over which the capitalized costs will be amortized. Ginnie Mae assesses the recoverability of the carrying value of its long-lived assets, including finite-lived intangible assets, whenever events or changes in circumstances indicate the carrying amount of the assets may not be recoverable. Ginnie Mae evaluates the recoverability of such assets based on the expectations of undiscounted cash flows from such assets. If the sum of the expected future undiscounted cash flows were less than the carrying amount of the asset, an impairment loss would be recognized for the difference between the fair value and the carrying amount. Refer to Note 11: *Fixed Assets, Net* for additional information.

Mortgage Servicing Rights: MSRs represent Ginnie Mae's rights and obligations to service mortgage loans underlying a terminated and extinguished issuer's guaranteed pooled-loan portfolio.

In accordance with *ASC 860: Transfers and Servicing,* Ginnie Mae records a servicing asset (or liability) each time it takes over a terminated and extinguished issuer's guaranteed pooled-loan portfolio. The MSR asset (or liability) represents the benefits (or costs) of servicing that are expected to be more (or less) than adequate compensation to a servicer for performing the servicing. The determination of adequate compensation is a market notion, based on active issuer demand, and is made independent to Ginnie Mae's cost of servicing. Typically, the benefits of servicing are expected to be more than adequate compensation for performing the servicing, and the contract results in a servicing asset.

Ginnie Mae reports MSRs at fair value to better reflect the potential net realizable or market value that could be realized from the disposition of the MSR asset or settlement of the MSR liability. Consistent with *ASC 820: Fair Value Measurements,* to determine the fair value of the MSR, Ginnie Mae uses a discounted cash flow valuation model that calculates the present value of estimated future net servicing income. The MSR also considers future expected cash flows for loans underlying an extinguished issuer's portfolio, including credit losses. Ginnie Mae subsequently re-measures the MSR assets or liabilities with changes in the fair value recorded in the Statement of Revenues and Expenses and Changes in Investment of U.S. Government.

Ginnie Mae's MSR balance is approximately $1 million as of September 30, 2025, and September 30, 2024, and is included in the Other assets line item on the Balance Sheet.

Accounts Payable and Accrued Liabilities: Ginnie Mae's accounts payable and accrued liabilities generally include obligations for items that have entered the operating cycle, such as accrued compensated absences and other payables. Amounts incurred by Ginnie Mae, but not yet paid at the end of the periods presented, are recognized as accounts payable and accrued liabilities.

Compensated Absences: Under the Accrued Unfunded Leave and Federal Employees Compensation Act (FECA), annual leave and compensatory time are accrued when earned and the liability is reduced as leave is taken. The liability at period-end reflects cumulative leave earned but not taken, priced at current wage rates. Earned leave deferred to future periods is to be funded by future appropriations. To the extent that current or prior period appropriations are not available to fund annual leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of leave are expensed as taken. Compensated absence balances are provided by HUD and included within accounts payable and accrued liabilities on the Balance Sheet.

Other*:* Includes payables for fees incurred in the acquisition of services provided by the MSS and third-party vendors, unclaimed securities holders' payments, and a refund liability for transfer of issuer responsibility fees. Ginnie Mae uses estimates and judgments, as required under U.S. GAAP, to accrue for expenses when incurred, regardless of whether expenses were paid as of month-end.

Accounts payable and accrued liabilities balance is carried at cost, which approximates its fair value at the respective balance sheet dates.

Deferred Liabilities and Deposits: Ginnie Mae's deferred liabilities and deposits mainly represent restricted cash receipts from loan prepayments, curtailments, and payoffs from borrowers. These receipts must be distributed to the MSS for timely payment to the MBS investors.

Deferred Revenue: The classification of deferred revenue depends on the reason the revenue has not been recognized.

- ***Deferred revenue – multiclass fees***: Deferred multiclass fee revenue represents the guaranty fees paid by the REMIC or Platinum Certificate sponsor, which are deferred and amortized into income evenly over the weighted average contractual life of the security unless truncated by early termination.
- ***Deferred revenue – commitment fees***: Deferred commitment fee revenue represents payments received in advance of completion of Ginnie Mae's performance obligation.

Commitment fee revenue is recognized in income over time as Ginnie Mae completes its performance obligation or the Commitment Authority expires.

Refer to Note 12: *Revenue from Contracts with Customers and Deferred Revenue* for further details.

Liability for Representations and Warranties (Repurchase Liability): Ginnie Mae may enter into business transactions and agreements, such as the sale of an MSR or loan portfolio, which provide certain representations and warranties. If there is a breach of these contractual covenants, Ginnie Mae may be required to repurchase certain loans or provide other compensation. Ginnie Mae recognizes a loss contingency that arises from these obligations when it is probable that Ginnie Mae will be required to repurchase loans or provide other compensation. When a loss contingency arises from such obligations and is assessed as reasonably possible, Ginnie Mae discloses the estimated loss. Repurchase liabilities are measured under *ASC 450-20: Contingencies – Loss Contingencies.* In instances where the terms of these agreements are determined to include financial guaranties, Ginnie Mae recognizes expected credit losses related to the guaranties in accordance with *ASC 326-20: Financial Instruments – Credit Losses*.

Refer to Note 13: *Reserve for Loss* for details on Ginnie Mae's liability for representations and warranties balance.

Home Equity Conversion Mortgage-Backed Securities Obligations, at Fair Value: HMBS obligations, at fair value, represent the liability associated with the pooled HECM loan assets acquired by Ginnie Mae in an HMBS issuer extinguishment event. As the securitized HECM loans are accounted for by Ginnie Mae as secured borrowings, the liability for pass-through payments to HMBS security holders, an obligation of Ginnie Mae in its assumed role as HMBS issuer, is recorded as a liability on Ginnie Mae's balance sheet.

Refer to Note 10*: Fair Value Measurement* for further details on how the fair value of HMBS obligations is determined.

Recognition of Revenues and Expenses: *ASC 606: Revenue from Contracts with Customers*, establishes principles for reporting information about nature, amount, timing, and uncertainty of revenue and cash flows arising from Ginnie Mae's contracts with customers. *ASC 606* requires Ginnie Mae to recognize revenue to depict the transfer of promised services to customers in an amount that reflects the consideration received in exchange for those services recognized as performance obligations being completed. A performance obligation may be satisfied over time or at a point in time. Revenue from a performance obligation satisfied over time is recognized based on the measurement of value to the customer of the services transferred by Ginnie Mae to-date relative to the remaining services promised under the contract. Revenue from a performance obligation satisfied at a point in time is recognized at the point in time when the customer obtains control of the promised service. Commitment fees, REMIC modification and exchange (MX) combination fees, and certain MBS program fees, such as transfer of issuer responsibilities, new issuer applications, certificate handling, and acknowledgement of agreement fees are in the scope of *ASC 606*, as these revenues are from Ginnie Mae's contracts with issuers (i.e., Ginnie Mae's customers in the ordinary course of business). The guidance in *ASC 606* applies to all contracts with customers except financial instruments and other contractual rights or obligations within the scope of *ASC 310: Receivables*, *ASC 860: Transfers and Servicing*, and guarantees within the scope of *ASC 460: Guarantees*, among other topics. As such, interest income on mortgage loans, interest income earned on U.S. Treasury securities, income on guaranty obligation, MBS guaranty fees, REMIC and Platinum Certificates guaranty fees, and certain MBS program and other fees are subject to other GAAP requirements for recognition and excluded from the scope of *ASC 606*.

Refer to Note 12: *Revenue from Contracts with Customers and Deferred Revenue* for disaggregation of revenue in the scope of *ASC 606*.

Ginnie Mae recognizes revenue from the following sources:

- ***Interest income on forward mortgage loans*** – Interest income on forward mortgage loans is included within the gain/loss on forward mortgage loans, at fair value financial statement line item. Ginnie Mae accrues interest for loans at the contractual interest rate of the underlying mortgage. Any prepaid interest is recognized as deferred revenue when received.
- ***Interest income on reverse mortgage loans –*** Interest income on reverse mortgage loans is included within the gain/loss on reverse mortgage loans, at fair value financial statement line item. Ginnie Mae accrues interest for reverse mortgage loans at the contractual interest rate of the underlying reverse mortgage.
- ***Interest income earned on U.S. Treasury securities*** – Ginnie Mae earns interest income on U.S. Government securities related to U.S. Treasury overnight certificates. Prior to 2018, Ginnie Mae also earned and collected interest in uninvested funds, which was calculated using the applicable version of the Credit Subsidy Calculator 2 (CSC2) provided by the OMB. In September 2018, the U.S. Treasury clarified rules regarding the collection of interest on uninvested funds in the Financing Fund. Based on additional conversations with and clarifications from the U.S. Treasury, Ginnie Mae was not entitled to earn interest on uninvested funds without a signed borrowing agreement in accordance with the Federal Credit Reform Act of 1990. Ginnie Mae is in ongoing discussions with OMB and its legal counsel on whether it is fully subject to the provisions of the Federal Credit Reform Act of 1990. As a resolution of the matter between Ginnie Mae and OMB is pending, the U.S. Treasury and Ginnie Mae agreed that Ginnie Mae will not earn or collect interest on uninvested funds until the matter is resolved. Due to U.S. Treasury's new criteria for earning and collecting interest on uninvested funds, no interest income was earned and recognized on uninvested funds for the year ended September 30, 2025. At present, there is uncertainty regarding the applicability of the Federal Credit Reform Act of 1990 to Ginnie Mae, and whether Ginnie Mae will be required to pay or earn such interest in the future.
- ***Income on guaranty obligation*** – Ginnie Mae amortizes its guaranty obligation into revenues based on the remaining UPB of the related MBS pools.
- ***Mortgage-backed securities guaranty fees*** – Ginnie Mae receives monthly guaranty fees for each MBS mortgage pool, based on a percentage of the pool's UPB. Fees received for Ginnie Mae's guaranty of MBS are recognized as earned.
- ***Commitment fees*** – Ginnie Mae receives commitment fees in exchange for providing review and approval services of commitment authority usage requests submitted by the issuers. This service allows for the approved issuer to pool mortgages into MBS that are guaranteed by Ginnie Mae.

Ginnie Mae uses a third-party entity, the Pool Processing Agent (PPA), to determine whether the issuer has sufficient commitment authority to issue the pool or loan package and approve the issuance. Ginnie Mae recognizes commitment fee revenue based on the gross amount collected from the issuers because Ginnie Mae directs the PPA's services and is ultimately responsible for fulfilling the services performed by the PPA on Ginnie Mae's behalf.

The total amount of the commitment fees is determined and paid at the time the issuer initially requests the commitment authority. Commitment fee revenue depends on the volume of commitment authority used, which is affected by changes in interest rates. Commitment fee revenue is recognized in income over time as issuers use their commitment authority, which represents the completion of Ginnie Mae's performance obligation. The remaining balance of the commitment fees is deferred until the service is used or expired, whichever occurs first. Fees from expired commitment authority are not returned to issuers and are recognized as income.

- ***Multiclass fees*** – Ginnie Mae receives one-time upfront fees related to the issuance of multiclass products. Multiclass products include REMICs and Platinum Certificates. The fees received for REMICs consist of a guaranty fee and may include an MX combination fee.

  The guaranty fee is paid by the REMIC sponsor and is based upon the total principal balance of the deal. It is deferred and amortized into income evenly over the weighted average contractual life of the security unless truncated by early termination. All deferred REMIC guaranty fee income is recognized at security termination.

  The MX combination fee allows the sponsor to combine REMIC and/or MX securities at the time of issuance. Ginnie Mae provides administrative services when MX combinations are requested by sponsors. Any permitted combinations by the sponsor are set forth in the combination schedule to an offering circular supplement. The MX combination fees are recognized immediately in income when the administrative services are complete (i.e., upon the combination of REMIC and/or MX securities). Revenue earned from REMIC MX combination fees depends on the demand for the service, which is affected by the interest rate environment.

  The guaranty fees received for Platinum Certificates are deferred and amortized into income evenly over the weighted average contractual life of the security.

- ***Mortgage-backed securities program and other income*** – Ginnie Mae recognizes income for MBS program related fees, including transfer of issuer responsibilities, new issuer applications, acknowledgement agreement fees, certificate handling, mortgage servicing, and civil monetary penalty.

  Transfer of issuer responsibility fees are one-time, upfront fees received by Ginnie Mae for providing review and approval services of issuers' requests to transfer responsibilities associated with their MBS. Transferors and transferees may reject the transfer at any time before its completion, even after Ginnie Mae approves it, which requires a fee refund. As such, the entire amount of consideration is constrained until the pool transfer is complete. Transfer of issuer responsibility fees are recorded as a refund liability and recognized as income when Ginnie Mae's performance obligation is complete and the uncertainty around the constraint is resolved (i.e., when pool transfer is complete).

New issuer application fees, acknowledgment agreement fees, and certificate handling fees are one-time non-refundable upfront fees received by Ginnie Mae for providing various services related to the MBS program. These services include Ginnie Mae's consideration of the issuer's application to become an authorized MBS issuer, approval of an acknowledgment agreement permitting a pledge of servicing by an issuer and providing evidence of security ownership. The fees are recognized in income when payment is received, as Ginnie Mae's performance obligation is completed at that time.

Ginnie Mae receives various other fees which are recognized in income when payment is received.

Ginnie Mae's expenses are classified into three groups:

- ***Administrative expenses* –** The main components of the administrative expenses are payroll expenses, travel and training expenses, benefit expenses, and other operating expenses.
- ***Fixed assets depreciation and amortization* –** Depreciation and amortization consists of depreciation on acquired, leased, and in-use hardware; and amortization of capitalized software acquired, leased, and in-use, by Ginnie Mae. Fixed assets are depreciated and amortized, on a straight-line basis, over a three- to five-year period.
- ***Mortgage-backed securities program and other expenses* –** The main components of the MBS program and other expenses are multiclass expenses, MBS information systems and compliance expenses, sub-servicing expenses, asset management expenses, and pool processing and central paying agent expenses.

Amounts recognized as expenses represent actuals or, when actuals are not available, estimates of costs incurred during the normal course of Ginnie Mae's operations.

Securitization and Guarantee Activities: Ginnie Mae's primary business activity is to guarantee the timely payment of P&I on securities backed by federally insured or guaranteed mortgages issued by private institutions. Unlike substantially all the securitization market, Ginnie Mae approves issuers to pool loans and issue Ginnie Mae guaranteed MBS, or "virtual trusts". Additionally, for federal income tax purposes, the Ginnie Mae pool is considered a grantor trust[3]. For consolidation purposes, each of these virtual trusts is considered individual legal entities and, in accordance with *ASC 810: Consolidation,* are considered variable interest entities (VIEs).

***Variable Interest Entities Model**:*

For entities in which Ginnie Mae has a variable interest, Ginnie Mae determines whether, if by design, (i) the entity has equity investors who, as a group, lack the characteristics of a controlling financial interest, (ii) the entity does not have sufficient equity at risk to finance its expected activities without additional subordinated financial support from other parties or (iii) the entity is structured with non-substantive voting rights. If an entity has at least one of these characteristics, it is considered a VIE and is consolidated by its primary beneficiary. The primary beneficiary is the party that (i) has the power to direct the activities of the entity that most significantly impact

[3] *This liability for pass through payments includes Ginnie Mae's assumed obligation to repay the secured borrowing to HMBS investors, as well as obligations related to the servicing of the HECM loans and HMBS.*

the entity's economic performance; and (ii) has the obligation to absorb losses or the right to receive benefits from the entity that could potentially be significant to the entity. Only one reporting entity, if any, is expected to be identified as the primary beneficiary of a VIE. Ginnie Mae reassesses its initial evaluation of whether an entity is a VIE upon occurrence of certain reconsideration events.

Ginnie Mae's involvement with legal entities that are VIEs is limited to providing a guaranty on interest payments and principal returns to MBS investors of the Ginnie Mae virtual trusts. Ginnie Mae is not the primary beneficiary of the Ginnie Mae virtual trusts as it does not have the power to control the significant activities of the trusts. Other than its guaranty, Ginnie Mae does not provide, nor is it required to provide, any type of financial or other support to these entities. The guaranty fee receivable represents compensation for taking on the risk of providing the guaranty to MBS investors for the timely payment of P&I in the event of issuers' default. Ginnie Mae's maximum potential exposure to loss under these guaranties is primarily comprised of the amount of outstanding MBS and commitments and does not consider loss recoverable from the FHA, VA, USDA, and PIH.

The following table presents assets and liabilities that relate to Ginnie Mae's interest in VIEs:

	September 30, 2025	September 30, 2024
	(Dollars in thousands)	
Guaranty asset	$ 8,615,738	$ 8,680,509
Guaranty fee receivable	150,000	139,000
Total	**$ 8,765,738**	**$ 8,819,509**
Guaranty liability	$ 9,931,120	$ 9,632,671
Liability for loss on mortgage-backed securities program guaranty	242,238	196,318
Total	**$ 10,173,358**	**$ 9,828,989**
Maximum exposure to loss		
Outstanding MBS	$ 2,833,504,145	$ 2,642,595,451
Outstanding MBS commitments	177,186,498	145,821,514
Total	**$ 3,010,690,643**	**$ 2,788,416,965**

Refer to Note 4: *Financial Guarantees and Financial Instruments with Off-Balance Sheet Exposure* for further details.

Mortgage Loans: When a Ginnie Mae issuer defaults, and is terminated and extinguished, Ginnie Mae steps into the role of the issuer and assumes all servicing rights and obligations of the issuer's entire Ginnie Mae guaranteed portfolio, including making timely pass-through payments. Ginnie Mae utilizes the MSS to service these portfolios. There are currently two MSS that service the terminated and extinguished issuer portfolios of pooled and non-pooled loans.

In its role as issuer, Ginnie Mae assesses individual loans within its pooled portfolio to determine whether the loan must be purchased out of the pool. Ginnie Mae must purchase mortgage loans out of the MBS pool when the mortgage loans are ineligible for insurance or guaranty by the FHA, VA, USDA, or PIH, as well as loans that have been modified beyond the trial modification period. Additionally, Ginnie Mae has the option to purchase mortgage loans out of the MBS pool when the mortgage loans are insured or guaranteed but are delinquent for more than 90 days.

Ginnie Mae also has the option to repurchase reverse mortgage loans out of the securitization pools in certain instances. These situations include when the outstanding principal balance of the related

HECM loan is equal to or greater than 98% of the MCA and the borrower's loan becoming due and payable under certain circumstances; the borrower not occupying the home for greater than twelve consecutive months for physical or mental illness, and the home is not the residence of another borrower; or the borrower failing to perform in accordance with the terms of the loan.

Forward Mortgage Loans, at Fair Value (forward MFV): Ginnie Mae elects the Fair Value Option (FVO) over its forward mortgage loan portfolio, comprised of loans purchased out of MBS pools. Forward mortgage loans, at fair value includes traditional mortgage loans acquired upon default of a Ginnie Mae MBS issuer. Ginnie Mae reports the carrying value of forward mortgages in forward mortgage loans, at fair value on the Balance Sheet at the fair value of the UPB, accrued interest and reimbursable costs receivables, as required by U.S. GAAP.

Accrued Interest Receivable – Ginnie Mae accrues interest on forward mortgage loans at the contractual rate. Interest income on forward MFV is reported in the gain (loss) on forward mortgage loans, at fair value financial statement line item on the Statement of Revenue Expenses and Changes in U.S. Government.

Changes in Fair Value – On a quarterly basis, Ginnie Mae evaluates the fair value of forward MFV to determine adjustments. These gains and losses as a result of adjustments, are recognized and reported in the gain (loss) on forward mortgage loans, at fair value financial statement line item on the Statement of Revenue Expenses and Changes in U.S. Government.

Reverse Mortgage Loans, at Fair Value (reverse MFV): Ginnie Mae elects the FVO over its reverse mortgage loan portfolio. Reverse mortgage loans, at fair value include HECM loans acquired on extinguishment of a Ginnie Mae HMBS issuer and subsequent borrower draws, accrued interest, servicing fees, and FHA mortgage insurance premiums paid on the borrowers' behalf. HECM loan balances are included within the Reverse mortgage loans, at fair value, and are comprised of securitized HECM loans subject to HMBS obligations as well as any unsecuritized interests that relate to partially securitized HECM loans.

Accrued Interest Receivable – Ginnie Mae accrues interest on reverse mortgage loans, at fair value at the contractual rate. Interest income on reverse MFV is reported in the gain (loss) on reverse mortgage loans, at fair value financial statement line item on the Statement of Revenue Expenses and Changes in U.S. Government.

Changes in Fair Value – On a quarterly basis, Ginnie Mae evaluates the fair value of reverse MFV to determine adjustments. These are recognized in the reverse mortgage loans, at fair value financial statement line item on the balance sheet. These gains and losses are recognized and reported in the gain (loss) on reverse mortgage loans, at fair value financial statement line item on the Statement of Revenues Expenses and Changes in U.S. Government.

Reimbursable Costs Receivable, Net: Costs incurred on pooled forward loans that are expected to be reimbursed, are recorded as reimbursable costs receivable, and reported net of an allowance for amounts that management believes will not be collected. These costs for non-pooled forward and reverse loans are included within forward and reverse mortgage loans, at fair value. Reimbursable costs arise when there are insufficient escrow funds available to make scheduled tax and insurance payments for loans serviced by Ginnie Mae, wherein Ginnie Mae advances funds to cover the escrow shortfall to preserve a first lien position on the underlying collateral. In addition, Ginnie Mae advances funds to cover servicing related expenses to preserve the value of the underlying collateral. The allowance for reimbursable costs is estimated based on historical loss experience, which includes expected collections from the mortgagors, proceeds from the sale of the property, and reimbursements collected from third-party insurers or guarantors (FHA, VA, USDA, and PIH).

Financial Guarantees: Ginnie Mae's financial guaranty obligates Ginnie Mae to stand ready, to advance funds to cover any shortfall of P&I to the MBS investors.

Ginnie Mae, as guarantor, follows the guidance in *ASC 460: Guarantees,* for its accounting and disclosure of its guaranties. As these guaranties are within the scope of *ASC 326*, expected credit losses (the contingent aspect) are measured and accounted for in addition to and separately from the fair value of the guaranty (the noncontingent aspect), which is measured in accordance with *ASC 460*.

At inception of the guaranty, Ginnie Mae recognizes the guaranty obligation (the noncontingent aspect) at fair value. When measuring the guaranty liability under *ASC 460*, Ginnie Mae applies the practical expedient, which allows for the guaranty obligation to be recognized at inception based on the premium received or the receivable owed to the guarantor, provided the guaranty is issued in a standalone arm's length transaction with an unrelated party. The fair value of the guaranty obligation is calculated using the discounted cash flows of the expected future premiums from guaranty fees over the expected life of the mortgage pools. The estimated fair value includes certain assumptions such as future UPB, prepayment rates, issuer buyouts and default rates.

Guaranties are issued on standalone transactions for a premium and Ginnie Mae records a guaranty asset for the same value as the guaranty liability at inception. These offsetting entries are equal to the considerations received and have a neutral net impact upon the initial recognition of the guaranty liability and guaranty asset on the net financial position of Ginnie Mae.

Refer to Note 4*: Financial Guarantees and Financial Instruments with Off-Balance Sheet Exposure* for further details.

Liability for Loss on Mortgage-Backed Securities Program Guaranty: U.S. GAAP requires Ginnie Mae to recognize a loss contingency that arises from the following:

- The guaranty obligation that Ginnie Mae has to the MBS holders as a result of expected lifetime credit losses associated with issuer default events. The issuers have an obligation to make timely P&I payments to MBS certificate holders. However, if an issuer defaults, Ginnie Mae ensures the contractual payments to MBS certificate holders are made. When assessing whether an issuer may default, Ginnie Mae takes into consideration various factors including the issuer's financial and operational vulnerability, a qualitative and quantitative corporate credit analysis, and other evidence of the issuer's potential default (e.g., known regulatory investigations or actions)
- The obligation that Ginnie Mae has to the multifamily MBS issuers to reimburse them for applicable losses in the event of a loan default, pursuant to the Multifamily Guaranty Agreement.

The contingent aspect of the guaranty obligation is measured initially and in subsequent periods under *ASC 326-20: Financial Instruments – Credit Losses*. Determination of the liability is based on factors such as the likelihood of issuer default and macroeconomic indicators (e.g., the Federal Housing Finance Agency (FHFA) Housing Price Index).

Refer to Note 13: *Reserve for Loss* for details on Ginnie Mae's current practice.

Recently Adopted Accounting Pronouncements

There were no recent accounting pronouncements that were adopted in fiscal year 2024 and fiscal year 2025 as of September 30, 2025.

Recent Accounting Pronouncements Not Yet Adopted

The following Accounting Standards Updates (ASUs) were assessed and determined to be applicable to Ginnie Mae and are pending adoption as of September 30, 2025. Other ASUs not listed below were assessed and determined to be either not applicable or are expected to have a minimal impact on Ginnie Mae's financial position.

Standard	Description	Date of Required/ Planned Adoption	Effect on the Financial Statements
Intangibles – Goodwill and Other – Other Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal Use Software (ASU 2025-06) *Issued September 2025*	The amendments in this Update remove all references to prescriptive and sequential software development stages (referred to as "project stages") throughout Subtopic 250-40. Entities are required to start capitalizing software costs when management has committed funding to the project, and it is probable that the project will be completed (referred to as the "probable-to-complete" recognition threshold"). In evaluating the probable-to-complete recognition threshold, an entity is required to consider whether there is significant uncertainty associated with the development activities of the software (referred to as "significant development uncertainty").	Date of Required Adoption: October 1, 2028 Date of Planned Adoption: October 1, 2027	Ginnie Mae is currently evaluating the potential impact on its financial statements.
Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets (ASU 2025-05) *Issued July 2025*	The amendments in this Update provide (1) all entities with practical expedient and (2) entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under Topic 606 (Revenue from Contracts with Customers), as follows: Practical expedient - In developing reasonable and supportable forecasts as part of estimating expected credit losses, all entities may elect a practical expedient that assumes that current conditions as of the balance sheet date do not change for the remaining life of the asset. Accounting policy election - An entity other than a public business entity that elects the practical expedient is permitted to make an accounting policy election to consider collection activity after the balance sheet date when estimating expected credit losses.	Date of Required Adoption: October 1, 2026 Date of Planned Adoption: October 1, 2026	Ginnie Mae is currently evaluating the potential impact on its financial statements.
Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expense (ASU 2024-03) *Issued November 2024*	The amendments in this Update require public business entities to disaggregate and disclose specific expense categories, including purchases of inventory, employee compensation, depreciation, amortization, and depletion. Expense types not separately disaggregated are to be described qualitatively. The amendments in this Update do not change or remove current expense disclosure requirements. However, the amendments affect where this information appears in the notes to financial statements.	Date of Required Adoption: October 1, 2027 Date of Planned Adoption: The ASU is not required for Ginnie Mae, and the adoption date is still being evaluated by Ginnie Mae management.	Ginnie Mae is currently evaluating the potential impact on its financial statements.

Note 3: Unrestricted and Restricted Cash and Cash Equivalents

Cash and cash equivalents – unrestricted and restricted – include the following:

	September 30, 2025		
	Unrestricted	Restricted (Dollars in thousands)	Total
Funds with U.S. Treasury [1]	$ 3,253,656	$ -	$ 3,253,656
Unapplied deposits	-	15	15
Fund balances precluded from obligation	-	1,745,683	1,745,683
Liability for investor pass-through payments	-	246	246
Total Funds with U.S. Treasury	$ 3,253,656	$ 1,745,944	$ 4,999,600
Deposit in Transit:			
Cash held by MSS [2]	$ 31,415	$ 107,308	$ 138,723
Cash held by Trustee and Administrator of securities [3]	7,964	-	7,964
Total Deposit in Transit:	$ 39,379	$ 107,308	$ 146,687
U.S. Treasury short-term investments [4]	29,492,195	23,824	29,516,019
Total	**$ 32,785,230**	**$ 1,877,076**	**$ 34,662,306**

	September 30, 2024		
	Unrestricted	Restricted (Dollars in thousands)	Total
Funds with U.S. Treasury [1]	$ 7,224,473	$ -	$ 7,224,473
Unapplied deposits	-	15	15
Fund balances precluded from obligation	-	1,609,728	1,609,728
Liability for investor pass-through payments	-	249	249
Total Funds with U.S. Treasury	$ 7,224,473	$ 1,609,992	$ 8,834,465
Deposit in Transit:			
Cash held by MSS [2]	$ 32,381	$ 111,360	$ 143,741
Cash held by Trustee and Administrator of securities [3]	6,757	-	6,757
Total Deposit in Transit:	$ 39,138	$ 111,360	$ 150,498
U.S. Treasury short-term investments [4]	$ 23,161,592	$ 23,896	$ 23,185,488
Total	**$ 30,425,203**	**$ 1,745,248**	**$ 32,170,451**

(1) *This amount represents Ginnie Mae's account balance with the U.S. Treasury. It includes cash and cash equivalents that are restricted by Congress, which Ginnie Mae cannot spend without approval from the legislative body; cash and cash equivalents that are restricted temporarily, until Ginnie Mae determines the appropriate allocation for cash received; and liability for investor payoff, which consists of funds collected for borrower prepayments, principal curtailments, loan payoffs and loan buyouts that have not been remitted to investors as of the end of the reporting period.*

(2) *This amount represents cash collected by the MSS on behalf of Ginnie Mae but not yet received by Ginnie Mae.*

(3) *This amount represents cash collected by the Trustee and Administrator of securities on behalf of Ginnie Mae but not yet received by Ginnie Mae.*

(4) *This amount represents investments in overnight certificates. It also includes funds owed to MBS investors who have not claimed their payments and cannot be located by the Ginnie Mae MBS administrator. There is no statute of limitations stating when the MBS investors can claim this cash.*

Funds with U.S. Treasury: Ginnie Mae's cash receipts and disbursements are processed by U.S. Treasury. Cash held by U.S. Treasury represents the available budget spending authority of Ginnie Mae (obligated and unobligated balances available to finance allowable expenditures). The restricted balances represent amounts restricted for use for specific purposes. Restrictions may include legally restricted deposits, contracts entered with others, or Ginnie Mae's statements of intention with regard to particular deposits. The balance consists of the following:

- ***Unapplied deposits:*** Cash received by Ginnie Mae held in a suspense account until the appropriate application is determined.
- ***Fund balances precluded from obligation****:* Unobligated money within the Programs Fund balance that is restricted by law and cannot be utilized unless allowed by a subsequently enacted law.
- ***Liability for investor pass-through payments:*** Cash from unremitted P&I collections sent to Ginnie Mae that Ginnie Mae has an obligation to pass through to MBS investors.

Deposits in Transit:

- ***Cash held by the MSS:*** Ginnie Mae records cash and cash equivalents for receipts collected by the MSS on behalf of Ginnie Mae but not yet transferred to Ginnie Mae and/or remitted to HMBS investors, at the end of the reporting period.
- ***Cash held by Trustee and Administrator of securities***: Ginnie Mae records cash and cash equivalents for receipts collected by the Trustee and Administrator of securities, but not yet transferred to Ginnie Mae, at the end of the reporting period.

U.S. Treasury Short-Term Investments: Ginnie Mae invested the full balance of the Capital Reserve Fund of approximately $29.4 billion and $23.1 billion, and the Liquidating Fund of approximately $124 million and $123 million in overnight U.S. Government securities at September 30, 2025, and September 30, 2024, respectively. As of September 30, 2025, and September 30, 2024, Ginnie Mae only held overnight certificates. The U.S. Treasury short-term investments balance includes approximately $24 million of restricted cash related to unclaimed MBS investors payments at both September 30, 2025 and September 30, 2024, respectively. U.S. Treasury securities are carried at cost, which approximates fair value.

Note 4: Financial Guarantees and Financial Instruments with Off-Balance Sheet Exposure

Ginnie Mae receives monthly guaranty fees for guaranteeing the timely payment of P&I to the MBS investors in the event of issuer default. The guaranty fee is based on the aggregate principal balance of the guaranteed securities outstanding at the beginning of the monthly reporting period. Ginnie Mae only guarantees securities created by approved issuers and backed by mortgages insured by other federal agencies. The underlying sources of loans for the Ginnie Mae I MBS and Ginnie Mae II MBS products come from Ginnie Mae's four main MBS programs (the single family, multifamily, HMBS, and manufactured housing programs) which serve a variety of loan financing needs and issuer origination capabilities. Refer to Note 1: *Entity and Mission* for more information on each program.

Ginnie Mae recognizes a guaranty asset upon issuance of a guaranty for the expected present value of the guaranty fees. The guaranty asset recognized on the Balance Sheet is $8.6 billion and $8.7 billion on September 30, 2025, and September 30, 2024, respectively. The guaranty liability represents the non-contingent liability for Ginnie Mae's obligation to stand ready to perform on its guaranty. The guaranty liability recognized on the Balance Sheet is $9.9 billion and $9.6 billion on September 30, 2025, and September 30, 2024, respectively. After the initial measurement, the guaranty asset is reported at fair value and the guaranty liability is amortized based on the remaining MBS UPB. The difference in measurement for the guaranty asset and guaranty liability subsequent to initial recognition may cause volatility in reported earnings due to different measurement attributes in reporting the related financial asset (using projected economic exposures such as interest rates and prepayments) and the financial liability (using actual payoffs and paydowns). Refer to Note 10: *Fair Value Measurement* for discussion surrounding the volatility reflected in the Statement of Revenues and Expenses and Changes in Investment of U.S. Government as a result of changes in assumptions used in estimating the fair value of the guaranty asset.

For the guaranty asset and guaranty liability recognized on the Balance Sheet, Ginnie Mae's maximum potential exposure under these guaranties is primarily comprised of the UPB of MBS and outstanding commitments and does not consider loss recoverable from other agencies. The UPB of Ginnie Mae's MBS was approximately $2.8 trillion and $2.6 trillion on September 30, 2025, and September 30, 2024, respectively. It should be noted, however, that Ginnie Mae's potential loss is considerably less due to the financial strength of its issuers. In addition, the value of the underlying collateral and the insurance provided by insuring or guaranteeing agencies indemnify Ginnie Mae for most losses.

Exposure to credit loss is primarily contingent on the nonperformance of Ginnie Mae issuers. Ginnie Mae recognizes a liability for potential non-performing issuers, based on assessed probability of default, within the liability for loss on mortgage-backed securities program guaranty line item on the Balance Sheet. The maturity date associated with Ginnie Mae guaranteed securities is based off the pooled mortgage with the latest maturity date. Accordingly, the maturity date can be leveraged in determining the period of guaranty. Eligible single family MBS program mortgages have a maximum maturity of 30 years, with the exception of "Extended Remaining Term Modified Loans", which have terms that are greater than 30 years but no more than 40 years. Eligible multifamily program mortgages have a maximum maturity of 40 years. Eligible HECM loans do not have scheduled maturity dates, however the maximum maturity of HMBS securities is viewed by Ginnie Mae as 50 years following the issuance date. Refer to Note 13: *Reserve for Loss* for discussion of contingent and non-contingent guaranty liability.

Ginnie Mae is also exposed to losses related to its outstanding commitment authority that represent the guaranty of future MBS issuances, which are off-Balance Sheet. The commitment ends when the securities are issued or the commitment period expires, which is the last day of the month that is one year after the authority is approved for single family and HECM issuers and on the last day of the month that is two years after the authority is approved for multifamily issuers. Ginnie Mae's risk related to outstanding commitments is significantly lower than the outstanding balance of MBS due in part to Ginnie Mae's ability to limit commitment authority granted to individual MBS issuers. Refer to Note 2: *Summary of Significant Accounting Policies* for further information, including Financial Guarantees and Securitization and Guarantee Activities.

Outstanding MBS and commitments were as follows:

	September 30, 2025	September 30, 2024
	(Dollars in billions)	
Outstanding MBS	$ 2,834	$ 2,643
Outstanding MBS commitments	177	146
Total	**$ 3,011**	**$ 2,789**

The Ginnie Mae MBS serves as collateral for multiclass products, REMICs and Platinum Certificates, for which Ginnie Mae also guarantees the timely payment of P&I. These structured securities allow the private sector to combine and restructure cash flows from Ginnie Mae MBS into securities that meet unique investor requirements for cash flow, yield, maturity, and call-option features.

For the years ended September 30, 2025, and 2024, multiclass security program issuances totaled $251.3 billion and $184.2 billion, respectively. The estimated outstanding balance of multiclass securities was $971.3 billion and $840.3 billion on September 30, 2025, and September 30, 2024, respectively. These guaranteed securities do not subject Ginnie Mae to additional credit risk beyond that assumed under the MBS collateral.

Note 5: Reimbursable Costs Receivable, Net

The following tables present reimbursable costs and related allowance, by loan insurance type:

	September 30, 2025				
	FHA	VA	USDA	Conventional	Total
	(Dollars in Thousands)				
Reimbursable costs[1]	$ 239	$ 50	$ 4	$ -	$ 293
Allowance for reimbursable costs	-	-	-	-	-
Reimbursable costs, net	**$ 239**	**$ 50**	**$ 4**	**$ -**	**$ 293**

	September 30, 2024				
	FHA	VA	USDA	Conventional	Total
	(Dollars in Thousands)				
Reimbursable costs[1]	$ 299	$ 66	$ 2	$ -	$ 367
Allowance for reimbursable costs	-	-	-	-	-
Reimbursable costs, net	**$ 299**	**$ 66**	**$ 2**	**$ -**	**$ 367**

(1) *Costs incurred on pooled forward loans, which are expected to be reimbursed, are recorded as reimbursable costs receivable and reported net of an allowance for amounts that management believes will not be collected. However, costs for non-pooled forward and reverse loans are included within forward and reverse mortgage loans, at fair value respectively.*

Note 6: Advances, Net

Advances include payments made to the MSS to cover any shortfalls to investors resulting from mortgagors defaulting on their mortgage payments and funds paid to the MSS to service the HECM portfolio, including funding scheduled and unscheduled draws, reimbursable cost advances, FHA monthly insurance premiums paid on behalf of borrowers, and payments to HMBS investors for loan buyouts. Advances are reported net of an allowance, which is based on management's expectations of future recoverability from mortgage insuring and guaranteeing agencies such as FHA, VA, USDA, and PIH. HECM portfolio advances are only classified as advances until the MSS executes on the servicing need, at which point the balance is capitalized to the HECM loan UPB or reduces the HMBS obligation. Given this, HECM advance balances represent excess cash held by the MSS on behalf of Ginnie Mae and are expected to be fully utilized for future servicing or recovered.

In March 2024 and October 2024, Ginnie Mae assumed the servicing rights and obligations of one single-family issuer during each of those periods, both following extinguishments. Ginnie Mae made advance payments to cover the liability to investors for portfolios acquired from seven (six single-family and one HMBS) previously defaulted issuers for the year ended September 30, 2025, and six (five single-family and one HMBS) previously defaulted issuers for the year ended September 30, 2024. Accordingly, Ginnie Mae assumed the servicing rights and obligations of these defaulted issuers.

The following table presents Advances and related allowance:

	September 30, 2025	September 30, 2024
	(Dollars in thousands)	
HECM portfolio advances	$ 331,895	$ 460,933
MBS advances	1,943	1,786
Allowance for uncollectible MBS advances	(8)	(27)
Advances, net	**$ 333,830**	**$ 462,692**

Note 7: Mortgage Loans

Ginnie Mae reports the carrying value of both forward and reverse mortgage loans at fair value, which represents the fair value of the UPB, including accrued interest and reimbursable costs receivable associated with the respective mortgage loan types. See Note 2: *Summary of Significant Accounting Policies* for additional information.

Forward Mortgage Loans, at Fair Value

For the years ended September 30, 2025, and 2024, Ginnie Mae reported a total gain of $15 million and $148 million respectively in the in the Statement of Revenues and Expenses and Changes in Investment of U.S. Government due to changes in fair market value of forward mortgage loans, and recognition of accrued interest income.

The tables below present the carrying value of MFV loans including accrued interest and reimbursable costs receivable under FVO:

	September 30, 2025			
	Fair Value	Unpaid Principal Balances	Fair Value Over (Under) Unpaid Principal Balance	UPB of aggregated mortgage loans at fair value that are 90 days or more past due
	(Dollars in thousands)			
FHA	$ 1,094,985	$ 1,276,538	$ (181,553)	$ 155,243
VA	40,622	47,408	(6,786)	9,351
USDA	17,631	20,644	(3,013)	3,419
Conventional	59,822	68,003	(8,181)	8,149
Total	**$ 1,213,060**	**$ 1,412,593**	**$ (199,533)**	**$ 176,162**

	September 30, 2024			
	Fair Value	Unpaid Principal Balances	Fair Value Over (Under) Unpaid Principal Balance	UPB of aggregated mortgage loans at fair value that are 90 days or more past due
	(Dollars in thousands)			
FHA	$ 1,247,689	$ 1,385,425	$ (137,736)	$ 164,722
VA	49,372	55,000	(5,628)	14,137
USDA	21,214	23,639	(2,425)	3,115
Conventional	65,334	72,875	(7,541)	9,079
Total	**$ 1,383,609**	**$ 1,536,939**	**$ (153,330)**	**$ 191,053**

Ginnie Mae had $147 million of forward mortgage loans at fair value that are 90 days or more past due, with unrealized losses[4] of $29 million as of September 30, 2025. Ginnie Mae had $164 million of forward mortgage loans at fair value that are 90 days or more past due, with unrealized losses of $27 million as of September 30, 2024.

Reverse Mortgage Loans, at Fair Value

For the year ended September 30, 2025, and 2024, Ginnie Mae reported a total gain of $1.1 billion and $1.7 billion respectively in the Statement of Revenues and Expenses and Changes in Investment of U.S. Government due to changes in fair market value of reverse mortgage loans, and recognition of accrued interest income.

The tables below present the carrying value of reverse mortgage loans including accrued interest and reimbursable costs receivable under FVO:

	September 30, 2025		
	Fair Value	Unpaid Principal Balances	Fair Value Over (Under) Unpaid Principal Balance
		(Dollars in thousands)	
FHA	**$ 15,329,471**	**$ 15,447,469**	**$ (117,998)**

	September 30, 2024		
	Fair Value	Unpaid Principal Balances	Fair Value Over (Under) Unpaid Principal Balance
		(Dollars in thousands)	
FHA	**$ 17,978,318**	**$ 18,015,802**	**$ (37,484)**

Note 8: Claims Receivable, Net

Claims receivable are balances owed to Ginnie Mae from insuring or guaranteeing agencies (FHA, VA, USDA, and PIH) related to assigned loans, foreclosed properties, and short sales. Ginnie Mae records an allowance that represents the expected unrecoverable amounts within the portfolio for claims receivable. The claims receivable balance, net of the allowance, represents the amounts that Ginnie Mae determines to be collectible.

The following tables present Ginnie Mae's claims receivable and related allowance, by claim type:

	September 30, 2025			
	FHA	VA	USDA	Total
		(Dollars in thousands)		
Foreclosed property claims receivable(1)	$ 36,219	$ 422	$ 94	$ 36,735
Short sale claims receivable(2)	888	-	-	888
Assignment claims receivable(3)	4,033	-	-	4,033
Allowance for claims receivable	(3,085)	(100)	(4)	(3,189)
Claims receivable, net	**$ 38,055**	**$ 322**	**$ 90**	**$ 38,467**

[4] *Unrealized gains or losses on forward mortgage loans at fair value, which are 90 days or more past due, are traditionally reported as "Fair Value Over (Under) Unpaid Principal Balance" for the aggregated mortgage loans in this category.*

	September 30, 2024 FHA	VA	USDA	Total
	(Dollars in thousands)			
Foreclosed property claims receivable[1]	$ 49,531	$ 875	$ 524	$ 50,930
Short sale claims receivable[2]	1,261	53	-	1,314
Assignment claims receivable[3]	3,507	-	-	3,507
Allowance for claims receivable	(1,716)	(131)	(3)	(1,850)
Claims receivable, net	**$ 52,583**	**$ 797**	**$ 521**	**$ 53,901**

(1) *Foreclosed property claims receivable represents reimbursements owed to Ginnie Mae by insuring or guaranteeing agencies (which may include FHA, VA, USDA, and PIH) for foreclosed property.*

(2) *Short sale claims receivable are amounts reimbursable to Ginnie Mae from the insuring or guaranteeing agencies (which may include FHA, VA, USDA, and PIH) for properties that were sold and the proceeds received are insufficient to fully satisfy the remaining balances of the mortgages.*

(3) *Assignment claims receivable are amounts due to Ginnie Mae from the FHA for reverse mortgage loans assigned to the FHA. Ginnie Mae, in its assumed role as issuer may buy out HMBS investors and assign (sell) mortgages to FHA when the unpaid principal balance of reverse mortgage loans exceeds 98% of the Maximum Claim Amount established at origination.*

Note 9: Acquired Property, Net

Ginnie Mae recognizes acquired property in accordance with the accounting policy described in Note 2: *Summary of Significant Accounting Policies*. The properties that comprise this account are acquired through foreclosures associated with loans that are either guaranteed by USDA[5], FHA-insured[6] or uninsured conventional loans[7]. Properties from foreclosed VA guaranteed loans are typically conveyed to the guaranteeing agency subsequent to foreclosure and are recognized as foreclosed property claims receivable, within claims receivable, net on Ginnie Mae's balance sheet. Therefore, acquired properties are assets marketed for sale from USDA guaranteed, FHA-insured, or uninsured conventional loans. Activity for acquired properties is presented in the table below:

	For the years ended September 30, 2025	2024
	(Dollars in thousands)	
Balance, beginning of period – acquired property, net	$ 50,095	$ 44,574
Additions	86,943	76,939
Dispositions	(73,864)	(75,457)
Change in valuation allowance	(2,479)	4,039
Balance, end of period – acquired property, net	**$ 60,695**	**$ 50,095**

Note 10: Fair Value Measurement

Ginnie Mae uses fair value measurements for the initial recognition of assets and liabilities and periodic re-measurement of certain assets and liabilities on a recurring or non-recurring basis. In determining fair value, Ginnie Mae uses various valuation techniques. The inputs to the valuation techniques are categorized into a three-level hierarchy, as described below:

[5] *Properties from foreclosed USDA guaranteed loans are not conveyed to the guaranteeing agency subsequent to foreclosure per the guidelines published by USDA.*

[6] *Properties from foreclosed FHA-insured loans that are under FHA's Claims Without Conveyance of Title program are not conveyed to the insuring agency subsequent to foreclosure, per the insurance guidelines published by FHA.*

[7] *Properties from foreclosed uninsured conventional loans are not insured by a government agency.*

Level 1 Quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Items Measured at Fair Value on a Recurring Basis: The following tables present the fair value measurement hierarchy level for Ginnie Mae's assets and liabilities that are measured at fair value on a recurring basis:

	September 30, 2025			
	Level 1	Level 2	Level 3	Total
	(Dollars in thousands)			
Assets:				
Guaranty asset	$ -	$ -	$ 8,615,738	$ 8,615,738
Forward mortgage loans, at fair value	-	-	1,213,060	1,213,060
Reverse mortgage loans, at fair value	-	-	15,329,471	15,329,471
Total Assets	**$ -**	**$ -**	**$ 25,158,269**	**$ 25,158,269**
Liabilities:				
HMBS obligations, at fair value	**$** -	**$** -	$ 13,312,780	$ 13,312,780
Total Liabilities	**$ -**	**$ -**	**$ 13,312,780**	**$ 13,312,780**

	September 30, 2024			
	Level 1	Level 2	Level 3	Total
	(Dollars in thousands)			
Assets:				
Guaranty asset	$ -	$ -	$ 8,680,509	$ 8,680,509
Forward mortgage loans, at fair value	-	-	1,383,609	1,383,609
Reverse mortgage loans, at fair value	-	-	17,978,318	17,978,318
Total Assets	**$ -**	**$ -**	**$ 28,042,436**	**$ 28,042,436**
Liabilities:				
HMBS obligations, at fair value	**$** -	**$** -	$ 16,498,804	$ 16,498,804
Total Liabilities	**$ -**	**$ -**	**$ 16,498,804**	**$ 16,498,804**

Ginnie Mae records transfers into or out of Level 3, if any, at the beginning of the period. There were no transfers into or out of Level 3 for the year ended September 30, 2025, or the year ended September 30, 2024.

Guaranty Asset – Ginnie Mae has elected the fair value option for the guaranty asset. The valuation technique used by Ginnie Mae to measure the fair value of its guaranty asset is based on several inputs including, the present value of expected future cash flows from the guaranty fees based on the UPB of the outstanding MBS in the defaulted and non-defaulted issuers' pooled portfolio, new issuances of MBS, scheduled run-offs of MBS, anticipated prepayments, and anticipated defaults.

Ginnie Mae guarantees P&I payments to MBS investors in the event of issuer default and, in exchange, receives monthly guaranty fees from the issuers based on the UPB of the outstanding MBS in the defaulted and non-defaulted issuers' pooled portfolio.

New MBS issuances increased the guaranty asset by $1.4 billion and $1.1 billion for the years ended September 30, 2025, and 2024, respectively. These increases are offset by recorded losses of $1.5 billion and $789 million for the years ended September 30, 2025, and 2024, respectively, resulting from paydowns and unrealized losses in fair value of the guaranty asset reflected in the gain (loss) on guaranty asset line item in the Statement of Revenues and Expenses and Changes in Investment of U.S. Government.

The table below presents the range and weighted average of significant unobservable inputs used in determining the fair value of Ginnie Mae's guaranty asset:

	September 30, 2025 *(Dollars in millions)*	September 30, 2024 *(Dollars in millions)*
Valuation at period end:		
Fair value	$ 8,616	$ 8,681
Prepayment rates assumptions:		
Weighted average rate assumption	59.60%	55.99%
Minimum prepayment rate	0.00%	0.00%
Maximum prepayment rate	99.73%	99.44%
Default rate assumptions:		
Weighted average rate assumption	12.24%	12.73%
Minimum default rate	0.00%	0.00%
Maximum default rate	99.59%	86.80%
Discount rate assumptions:		
Discount rate at average weighted average life (WAL)	3.89%	3.75%
Discount rate at the minimum WAL	4.46%	5.50%
Discount rate at the maximum WAL	4.86%	4.21%

These significant unobservable inputs change according to macroeconomic market conditions. Significant increases (decreases) in the discount rate, cumulative prepayment rate, or cumulative default rate in isolation would result in a lower (higher) fair value measurement. The cumulative prepayment rate represents the percentage of the mortgage pools' UPB assumed to be paid off prematurely on a voluntary basis over the remaining life of the pool and it is based on historical prepayment rates and future market expectations. The cumulative default rate represents the percentage of the pool's UPB that would be eliminated prematurely due to mortgage default over the remaining life of the pool. The discount rate used for the guaranty asset valuation determines the present value of its expected future cost of financing.

Forward Mortgage Loans, at Fair Value – Ginnie Mae has elected the FVO for forward mortgage loans. The valuation technique is based on the present value of expected future net cash flows from projected borrower payments, anticipated prepayments, defaults (expense and recoveries), and liquidation costs. Refer to Note 7: *Mortgage Loans* for more information, including the gain/loss recorded for forward mortgage loans, at fair value.

The table below presents the range and weighted average of significant unobservable inputs used in determining the fair value of Ginnie Mae's forward mortgage loans:

	September 30, 2025 (Dollars in millions)	September 30, 2024 (Dollars in millions)
Valuation at period end:		
Fair value	$ 1,213	$ 1,384
Prepayment rates assumptions:		
Weighted average prepayment rate	18.14%	24.43%
Minimum prepayment rate	3.70%	4.28%
Maximum prepayment rate	77.40%	84.92%
Default rate assumptions:		
Weighted average default rate	33.50%	28.10%
Minimum default rate	0.79%	0.89%
Maximum default rate	66.17%	58.96%
Discount rate assumptions:		
Weighted average discount rate	5.64%	5.28%
Minimum discount rate	5.30%	4.93%
Maximum discount rate	6.68%	6.15%

These significant unobservable inputs change according to the loan portfolio and macroeconomic market conditions. Significant increases (decreases) in the discount rate and/or cumulative default rate in isolation would result in a lower (higher) fair value measurement. The impact of the cumulative prepayment rate on the fair value measurement can be positive or negative depending on other unobservable inputs, for instance, the discount rates. The cumulative prepayment rate represents the percentage of a mortgage loan's UPB assumed to be paid off prematurely on a voluntary basis over the remaining life of the loan. The cumulative default rate represents the percentage of a loan's UPB that would be eliminated prematurely due to a mortgage default over the remaining life of the loan. The market yield represents the rate a buyer of a similar product would require in an arm's length transaction.

Reverse Mortgage Loans, at Fair Value – Ginnie Mae has elected the FVO for reverse mortgage loans. The valuation technique used by Ginnie Mae to measure the fair value of its reverse mortgage loans is based on the present value of expected future cash flows arising from borrower draws, mortgage insurance premium advances, costs to sell underlying collateral, borrower recoveries and/or insurance proceeds subsequent to loan termination events. Refer to Note 7: *Mortgage Loans* for more information, including the gain/loss recorded for reverse mortgage loans, at fair value.

The table below presents the range and weighted average of significant unobservable inputs used in determining the fair value of Ginnie Mae's reverse mortgage loans:

	September 30, 2025 (Dollars in millions)	September 30, 2024 (Dollars in millions)
Valuation at period end:		
Fair value	$ 15,329	$ 17,978
Conditional termination rate assumptions:		
Weighted average conditional termination rate	23.19%	22.23%
Minimum conditional termination rate	2.81%	2.90%
Maximum conditional termination rate	52.98%	99.99%
Asset discount rate assumptions:		
Weighted average discount rate	5.47%	5.79%
Minimum discount rate	5.26%	5.39%
Maximum discount rate	6.24%	7.17%

These significant unobservable inputs change according to the loan portfolio and macroeconomic market conditions. Increases (decreases) in the discount rates in isolation would result in a lower (higher) fair value measurement. The relationship between the conditional termination rate and the fair value measurement is less direct and would depend on other inputs. The conditional annual termination rate represents the percentage of the mortgage loan's UPB assumed to be terminated over the remaining life of the loan. The discount rate represents the rate a buyer of a similar product would require in an arm's length transaction.

HMBS Obligations, at Fair Value – Ginnie Mae has elected the FVO for HMBS obligations valuation. It measures the present value of projected pool buyouts based on the conditional termination rate.

Ginnie Mae recorded a loss of $859 million and $1.2 billion for the years ended September 30, 2025, and 2024, respectively, from changes in the fair value of the HMBS obligations reflected in the gain (loss) on HMBS obligations, at fair value line item in the Statement of Revenues and Expenses and Changes in Investment of U.S. Government.

The table below presents the range and weighted average of significant unobservable inputs used in determining the fair value of Ginnie Mae's HMBS obligations:

	September 30, 2025 *(Dollars in millions)*	September 30, 2024 *(Dollars in millions)*
Valuation at period end:		
Fair value	$ 13,313	$ 16,499
Conditional termination rate assumptions		
Weighted average conditional termination rate	23.19%	22.23%
Minimum conditional termination rate	2.81%	2.90%
Maximum conditional termination rate	52.98%	99.99%
Obligation discount rate assumptions:		
Weighted average discount rate	5.55%	5.96%
Minimum discount rate	5.26%	5.39%
Maximum discount rate	6.24%	7.17%

These significant unobservable inputs change according to the loan portfolio and macroeconomic market conditions. Increases (decreases) in the discount rates in isolation would result in a lower (higher) fair value measurement. The relationship between the conditional termination rate and the fair value measurement is less direct and would depend on other inputs. The conditional termination rate represents the percentage of a mortgage loan's UPB assumed to be terminated over the remaining life of the loan. The discount rate represents the rate a buyer of a similar product would require in an arm's length transaction.

Assets Measured at Fair Value on a Nonrecurring Basis:

Certain assets (e.g., acquired properties) are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (e.g., the impairment on the asset).

Acquired Properties – Acquired properties are long-lived assets classified as held for sale by Ginnie Mae that qualify for fair value measurement on a nonrecurring basis. Ginnie Mae initially measures acquired properties at their fair value, net of estimated costs to sell. Ginnie Mae subsequently measures acquired properties at the lower of their carrying values or fair values less estimated costs to sell. Subsequent valuation measurements are periodically performed up until the sale of the property. The dates of the fair value measurements vary from property to property and are not always at the reporting period end date. Ginnie Mae's accounting policy allows for the use of fair value measurements from a variety of sources that are within six months of the reporting period end date.

The following tables present the fair value measurement hierarchy level for Ginnie Mae's assets and liabilities that are measured at fair value on a nonrecurring basis:

	September 30, 2025			
	Level 1	Level 2	Level 3	Total
	(Dollars in thousands)			
Acquired property, net	$ -	$ -	$ 60,695	$ 60,695
Total Nonrecurring Assets at Fair Value	**$ -**	**$ -**	**$ 60,695**	**$ 60,695**

	September 30, 2024			
	Level 1	Level 2	Level 3	Total
	(Dollars in thousands)			
Acquired property, net	$ -	$ -	$ 50,095	$ 50,095
Total Nonrecurring Assets at Fair Value	**$ -**	**$ -**	**$ 50,095**	**$ 50,095**

For acquired properties, Ginnie Mae applies a waterfall valuation methodology in estimating the fair value of those properties. The most used techniques in the waterfall include recent historical data of the value of similar properties by a certified or licensed appraiser, real estate brokers' specific market research of similar properties, recent pending sales information of similar properties, current listings of similar properties, and historical data of the value of similar properties. When these valuation techniques are no longer viewed as current, they are refreshed to consider regional housing price index changes. Ginnie Mae also leverages historical information to calculate the estimated cost to sell percentages for its acquired properties which are applied to the assets' fair value.

Note 11: Fixed Assets, Net

Ginnie Mae's fixed assets consist of hardware and software. Fixed assets are carried at cost, less accumulated depreciation, or amortization.

The tables below present the total balance of hardware and software, net of the accumulated depreciation and amortization:

	For the year ended September 30, 2025		
	Hardware	Software	Total
	(Dollars in thousands)		
Balance, beginning of period	$ 1,031	$ 298,517	$ 299,548
Additions	-	12,525	12,525
Disposals	-	-	-
Impairments	(514)	(3,183)	(3,697)
Balance, end of period	**$ 517**	**$ 307,859**	**$ 308,376**
Accumulated depreciation and amortization			
Balance, beginning – accumulated depreciation and amortization	$ (920)	$ (254,620)	$ (255,540)
Depreciation and amortization	(85)	(15,646)	(15,731)
Disposals	-	-	-
Impairments	488	584	1,072
Balance, end of period – accumulated depreciation and amortization	$ (517)	$ (269,682)	$ (270,199)
Balance, end of period – fixed assets, net	**$ -**	**$ 38,177**	**$ 38,177**

	For the year ended September 30, 2024		
	Hardware	Software	Total
	(Dollars in thousands)		
Balance, beginning of period	$ 2,069	$ 285,846	$ 287,915
Additions	-	14,107	14,107
Disposals	-	-	-
Impairments	(1,038)	(1,436)	(2,474)
Balance, end of period	**$ 1,031**	**$ 298,517**	**$ 299,548**
Accumulated depreciation and amortization			
Balance, beginning – accumulated depreciation and amortization	$ (1,855)	$ (239,532)	$ (241,387)
Depreciation and amortization	(103)	(16,504)	(16,607)
Disposals	-	-	-
Impairments	1,038	1,416	2,454
Balance, end of period – accumulated depreciation and amortization	$ (920)	$ (254,620)	$ (255,540)
Balance, end of period – fixed assets, net	**$ 111**	**$ 43,897**	**$ 44,008**

There were no assets under lease as of September 30, 2025, and September 30, 2024.

Ginnie Mae recorded total depreciation and amortization expense of $16 million and $17 million for the year ended September 30, 2025, and 2024, respectively. Based on the current amount of hardware and software subject to depreciation and amortization, the estimated depreciation and amortization expense over the next five fiscal years is as follows: 2026 – $11 million; 2027 – $8 million; 2028 – $4 million; 2029 – $2 million; 2030 – $1 million.

There were no intangible assets with indefinite lives as of September 30, 2025, and as of September 30, 2024. As of September 30, 2025, and September 30, 2024, the original weighted average life of intangible assets (i.e., software) subject to amortization was 4.2 years and 4.5 years, respectively. The remaining weighted average life of intangible assets subject to amortization was 1.4 years and 1.1 years for the same periods.

Ginnie Mae recorded impairments, at cost, of $4 million and $2 million and accumulated amortization of $1 million and $2 million for the years ended September 30, 2025, and 2024, respectively. The net impairments for the years ended September 30, 2025, and 2024, respectively, were losses of $3 million and $20 thousand. During these periods, Ginnie Mae identified partially decommissioned hardware and stopped the development of certain internal software development projects, due to changes in Ginnie Mae's business and related infrastructure. As the software in development and related developed technology had no reuse or recoverable value, Ginnie Mae wrote these assets down to a fair value of $0 as of September 30, 2025, and September 30, 2024. Additionally, partially decommissioned hardware was adjusted to reflect its revised remaining service life. These impairments are included in the gain (loss) other line item in the Statement of Revenues and Expenses and Changes in Investment of U.S. Government.

Note 12: Revenue from Contracts with Customers and Deferred Revenue

Ginnie Mae recognizes revenue upon the fulfillment of a performance obligation promised under the contracts with customers. These revenues are recorded on the Statement of Revenue and Expenses and Changes in Investment of U.S. Government as commitment fees, multiclass fees, and other fees included in mortgage-backed securities program and other income. Refer to Note 2: *Summary of Significant Accounting Policies* for further information, including the nature, amount, timing for the satisfaction of performance obligations as well as the identification of revenue sources in the scope of *ASC 606* and those subjects to other GAAP requirements.

The following table presents revenue related to contracts with customers, disaggregated by type of revenue:

	For the years ended September 30, *(Dollars in thousands)*	
	2025	2024
Revenues:		
Commitment fees	$ 105,642	$ 85,615
Multiclass fees:		
Multiclass fees not in scope of *ASC 606*[1]	34,222	33,201
MX combination fees in scope of *ASC 606*	7,971	7,473
Total multiclass fees	**$ 42,193**	**$ 40,674**
Mortgage-backed securities (MBS) program and other income:		
Transfer of issuer responsibilities in scope of *ASC 606*	$ 9,945	$ 6,979
Other MBS program fees in scope of *ASC 606*[2]	50	38
Other MBS program fees not in scope of *ASC 606*[3]	662	725
Total mortgage-backed securities program and other income	**$ 10,657**	**$ 7,742**
Total Revenues	**$ 158,492**	**$ 134,031**

(1) Includes REMIC and Platinum Certificates guaranty fees.

(2) Includes new issuer applications fees, certificate handling fees, and acknowledgement agreement fees.

(3) Primarily includes mortgage servicing fees and civil monetary penalty fees.

Deferred revenue included the following:

	September 30, 2025	September 30, 2024[4]
	(Dollars in thousands)	
Deferred revenue – multiclass fees	$ 649,212	$ 607,221
Deferred revenue – commitment fees[5]	35,499	29,223
Deferred revenue – other	65	115
Total	**$ 684,776**	**$ 636,559**

(4) The deferred revenue balances as of September 30, 2023, were $580 million for multiclass fees, $28 million for commitment fees, and $142 thousand for other.

(5) Represents payments received in advance of completion of Ginnie Mae's performance obligation. Refer to Note 2: Summary of Significant Accounting Policies for further details.

Note 13: Reserve for Loss

As Ginnie Mae guarantees the MBS investors' timely payment of P&I on MBS backed by federally insured or guaranteed loans (mainly loans insured by FHA or guaranteed by VA, USDA, and PIH), Ginnie Mae is susceptible to credit losses. U.S. GAAP requires Ginnie Mae's financial statements to recognize credit losses in multiple financial statement line items, as further outlined below:

Guaranty Liability: The issuance of a guaranty under the MBS program obligates Ginnie Mae to stand ready to perform under the terms of the guaranty. As a result, a non-contingent and/or contingent liability may be recognized as discussed below:

- ***Non-contingent liability***

  Upon issuance of a guaranty, Ginnie Mae determines a non-contingent liability under *ASC 460* based on the present value of guaranty fees expected to be collected under the guaranty, which is recognized within the financial statement line item guaranty liability on the Balance Sheet and disclosed in Note 4: *Financial Guarantees and Financial Instruments with Off-Balance Sheet Exposure*.

- ***Contingent liability***

  As noted in Note 4: *Financial Guarantees and Financial Instruments with Off-Balance Sheet Exposure,* Ginnie Mae receives compensation in exchange for its guaranty of timely P&I payments to the MBS investors in the event of an issuer default.

  Ginnie Mae records a contingent liability to reflect expected lifetime credit losses on this guaranty in accordance with *ASC 326*. This contingent liability is recorded on the Balance Sheet as liability for loss on mortgage-backed securities program guaranty. Determination of the contingent liability is based on factors such as the likelihood of issuer default and macroeconomic indicators (e.g., the FHFA Housing Price Index).

  As of September 30, 2025, one HMBS issuer and one single family issuer were considered probable of defaulting, and one single family issuer was considered reasonably possible of defaulting. As of September 30, 2024, two HMBS issuers were considered probable of defaulting and two HMBS issuers were considered reasonably possible of defaulting. Ginnie Mae recorded an estimated loss of $163 million and $126 million as of September 30, 2025, and September 30, 2024, respectively, related to expected credit losses in the event of single family and HMBS issuer defaults.

  As of September 30, 2025, and September 30, 2024, Ginnie Mae estimated no expected credit losses on pooled multifamily loans in the event of issuer defaults. The contingent liability for multifamily loan defaults was $79 million and $71 million as of September 30, 2025, and September 30, 2024, respectively. This represents expected credit losses in the event of individual borrower defaults on multifamily loans.

Defaulted Issuer, Pooled Loans, and Allowance for P&I Advances*:* In the event an issuer cannot fulfill its responsibilities under the applicable MBS program, pass-through payments made by Ginnie Mae to satisfy its guaranty of timely P&I payments to MBS investors are presented in advances, net on the Balance Sheet and Note 6: *Advances, Net*. Advances are reported net of an allowance, which is based on management's expectations of future collections of advanced funds from mortgage collections and recoveries from mortgage insuring and guaranteeing agencies such as FHA, VA, USDA, and PIH.

Liability for Representations and Warranties: Ginnie Mae performs an assessment of all existing representations and warranties and indemnification clauses associated with Purchase and Sale Agreements (PSAs) that are enforceable and legally binding. These clauses may require Ginnie Mae to repurchase loans previously sold to a third party or indemnify the purchaser for losses per the contractual terms of the PSA.

No liability for representations and warranties was recorded as of September 30, 2025, or September 30, 2024.

Note 14: Concentrations of Credit Risk

Ginnie Mae monitors concentrations of credit risk presented by counterparties, issuers, geographic locale, insurers, and master sub-servicing organizations to inspect that exposure is sufficiently diversified.

Counterparty Credit Risk

Ginnie Mae manages its exposure to counterparty credit risk, defined as the risk of loss arising from the default of an issuer or other counterparty, through:

- **Financial monitoring** which includes exposure limit analysis and analysis of projected losses against core capital reserves;
- **Risk modeling** at the issuer level, which is performed through Ginnie Mae's focus on the riskiest segment of the issuer base and regular monitoring of issuers on Ginnie Mae's watch list;
- **Credit reviews** that are performed and considered in determining, for example, respective issuers' commitment authority limits, whether issuers can transfer pools to other approved issuers without impacting the credit profiles of the issuers involved, amongst other determinations;
- **Operational monitoring** that encompasses compliance reviews, assessments of delinquency levels, and due diligence reviews before, during, and after transfer of servicing.

Counterparty credit risk from issuers, borrowers, geographic locale, insurers, and master sub-servicing organizations is discussed in further detail in the sections below.

Issuer Concentration

Concentrations of credit risk exist when a significant number of issuers are susceptible to similar changes in economic conditions that could affect their ability to meet contractual obligations.

The tables below summarize concentrations of credit risk by active issuers and loan type on September 30, 2025, and September 30, 2024:

	September 30, 2025							
	Single Family		Multifamily		Manufactured Housing		Home Equity Conversion	
	Number of Issuers	UPB	Number of Issuers	UPB	Number of Issuers	UPB	Number of Issuers	UPB
				(Dollars in billions)				
Largest performing	25	$ 2,292.4	10	$ 102.2	-	$ -	-	$ -
Other performing	260	327.8	42	58.9	3	0.1	10	43.9
Total active issuers	**285**	**$ 2,620.2**	**52**	**$ 161.1**	**3**	**$ 0.1**	**10**	**$ 43.9**

	September 30, 2024							
	Single Family		Multifamily		Manufactured Housing		Home Equity Conversion	
	Number of Issuers	UPB	Number of Issuers	UPB	Number of Issuers	UPB	Number of Issuers	UPB
	(Dollars in billions)							
Largest performing	24	$ 2,057.8	9	$ 92.2	-	$ -	1	$ 17.5
Other performing	263	377.4	43	61.5	3	0.1	10	24.4
Total active issuers	**287**	**$ 2,435.2**	**52**	**$ 153.7**	**3**	**$ 0.1**	**11**	**$ 41.9**

Largest performing issuers are defined as single family issuers servicing more than 75,000 loans and multifamily issuers servicing $5.0 billion or more of UPB. Other performing issuers include smaller single family issuers, manufactured housing and HMBS issuers whose portfolios are outside the defined thresholds for single family and multifamily issuers.

Issuers are only permitted to pool insured or guaranteed loans from the FHA, VA, USDA, or PIH. The insuring or guaranteeing agencies have strict underwriting standards and criteria for quality of collateral. Mortgage loans insured by the FHA receive full recovery of the UPB, including all delinquent interest accrued at the HUD debenture rate since default with the exception of the first two months. USDA, VA, and PIH guaranteed loans are not fully recoverable; however, they still provide coverage over a substantial portion of the realized losses. Given this, changes in fair value attributable to instrument-specific credit risk for assets or liabilities for which the FVO was elected were not material for the year ended September 30, 2025.

In the event of an issuer default, termination and extinguishment, Ginnie Mae assumes the rights and obligations of that issuer and becomes the owner of the MSR liability or asset, which typically is salable. Ginnie Mae either has the option or is required to purchase loans out of the pool if certain criteria are satisfied. Upon purchase of the loan out of the pool, Ginnie Mae acquires all lender rights, privileges, and responsibilities. This includes certain collateral rights and ability to claim FHA, VA, USDA, or PIH insured or guaranteed loan loss recoveries.

Ginnie Mae's portfolio of issuers includes both traditional depository institutions (banks, savings & loans, and credit unions) and independent mortgage institutions (e.g., mortgage banks, mortgage lenders, and non-bank servicers.) As of September 30, 2025, and September 30, 2024, the distribution of Ginnie Mae's business volume among these two categories was as follows:

	September 30, 2025			September 30, 2024		
	Total Number of Issuers	Total Issuances(1)	As Percentage of Total Issuances	Total Number of Issuers	Total Issuances(2)	As Percentage of Total Issuances
	(Dollars in millions)					
Depositories	92	$ 30,269	5.75%	97	$ 35,287	8.33 %
Non-depositories	258	496,101	94.25	256	388,098	91.67
Total active issuers	**350**	**$ 526,370**	**100.00%**	**353**	**$ 423,385**	**100.00 %**

(1) These amounts represent the total issuances within the past 12 months from October 1, 2024, to September 30, 2025.

(2) These amounts represent the total issuances within the past 12 months from October 1, 2023, to September 30, 2024.

As more non-banks issue Ginnie Mae securities, the cost and complexity of monitoring increases as the majority of these institutions involve more third parties in their transactions, making oversight more complicated. In contrast to traditional bank issuers, non-banks rely more on credit lines, corporate debt, securitization transactions and other types of external financing, and sales of MSR to provide liquidity.

The impacts to mortgage and borrowing rates stemming from the high-interest rate environment has had a pronounced effect on issuer origination volumes, borrowing costs, investor spreads on securitization and the fair value of Ginnie Mae program loan portfolios. While these effects are felt across the issuer base, they are more significant for certain product types and issuers, such as HMBS issuers, due to higher levels of concentration of issuance, access to financing and availability of sub-servicers. As a result, Ginnie Mae is enhancing its assessment of the current interest rate environment and is focusing on those sectors where any impacts could be more acutely manifested.

Geographical Concentration

Economic conditions unique to a geographical area may affect a borrower's ability to repay their mortgage loan, as well as the value of the underlying property. These conditions are impactful to both single family and multifamily issuers and can become impactful to Ginnie Mae in instances where they affect an issuer's ability to make timely principal and interest payments to Ginnie Mae guaranteed MBS investors. Ginnie Mae insured issuers service mortgage loans in all fifty states, including three U.S. territories and the District of Columbia. This mitigates geographical concentration risks.

The tables below display geographical concentrations present within Ginnie Mae's Single Family and Multifamily programs as of September 30, 2025, and September 30, 2024. The states presented in the tables below represent the five geographical areas with the largest exposures by combined single family and multifamily UPB, as of September 30, 2025, and September 30, 2024, respectively:

	September 30, 2025							
	Single Family				Multifamily			
	Number of Loans	Loan Percent	UPB	UPB Percent	Number of Loans	Loan Percent	UPB	UPB Percent
				(Dollars in billions)				
Texas	1,284,125	10.70 %	$ 268.5	10.25 %	1,335	8.75 %	$ 18.5	11.46 %
California	765,949	6.39	268.4	10.24	1,100	7.21	11.0	6.85
Florida	998,500	8.32	240.3	9.17	567	3.72	8.3	5.15
Virginia	471,835	3.93	128.0	4.89	393	2.58	7.4	4.60
Georgia	551,385	4.60	112.5	4.29	430	2.82	3.3	2.05
Other	7,923,914	66.06	1,602.5	61.16	11,437	74.92	112.6	69.89
Totals	**11,995,708**	**100.00 %**	**$ 2,620.2**	**100.00 %**	**15,262**	**100.00 %**	**$ 161.1**	**100.00 %**

	September 30, 2024							
	Single Family				Multifamily			
	Number of Loans	Loan Percent	UPB	UPB Percent	Number of Loans	Loan Percent	UPB	UPB Percent
				(Dollars in billions)				
California	735,085	6.35 %	$ 251.1	10.31 %	1,069	7.15 %	$ 10.5	6.83 %
Texas	1,206,982	10.42	240.7	9.88	1,301	8.70	17.3	11.28
Florida	940,445	8.12	217.1	8.92	550	3.68	7.8	5.07
Virginia	463,813	4.01	122.9	5.05	376	2.51	6.8	4.42
Georgia	533,199	4.60	104.2	4.28	407	2.72	3.0	1.94
Other	7,699,265	66.50	1,499.2	61.56	11,257	75.24	108.3	70.46
Totals	**11,578,789**	**100.00 %**	**$ 2,435.2**	**100.00 %**	**14,960**	**100.00 %**	**$ 153.7**	**100.00 %**

Ginnie Mae performs a quarterly assessment to monitor the impacts of natural disasters to the properties owned by Ginnie Mae as well as those securing Ginnie Mae guaranteed mortgage-backed securities. For the year ending September 30, 2025, there were no estimated material impacts to these portfolios from natural disasters identified.

Federal Insurance Concentration

The insurance coverage provided to Ginnie Mae by the insuring or guaranteeing agencies, covers shortfalls in Ginnie Mae's collection of net proceeds from a foreclosure or short sale, in accordance with the respective agency guidelines. Ginnie Mae is exposed to the risk that these agencies will fail or be unable to meet their contractual obligation in the event of a severe economic downturn. This risk is deemed remote by Ginnie Mae given the federal backing of these agencies and their historical performance through economic downturns. The tables below summarize the federal insurance concentrations present within the Single Family and Multifamily Programs as of September 30, 2025, and September 30, 2024:

	September 30, 2025							
	Single Family				Multifamily			
	Number of Loans	Loan Percent	UPB	UPB Percent	Number of Loans	Loan Percent	UPB	UPB Percent
	(Dollars in billions)							
FHA[1]	7,456,117	62.16 %	$ 1,482.4	56.58 %	13,932	91.29 %	$ 159.0	98.71 %
VA	3,754,980	31.30	1,036.1	39.54	-	-	-	-
USDA	760,498	6.34	97.7	3.73	1,330	8.71	2.1	1.29
PIH	24,113	0.20	4.0	0.15	-	-	-	-
Totals	**11,995,708**	**100.00 %**	**$ 2,620.2**	**100.00 %**	**15,262**	**100.00 %**	**$ 161.1**	**100.00 %**

	September 30, 2024							
	Single Family				Multifamily			
	Number of Loans	Loan Percent	UPB	UPB Percent	Number of Loans	Loan Percent	UPB	UPB Percent
	(Dollars in billions)							
FHA[1]	7,119,472	61.49 %	$ 1,347.6	55.34 %	13,685	91.48 %	$ 151.8	98.75 %
VA	3,663,910	31.64	985.0	40.45	-	-	-	-
USDA	771,587	6.66	98.7	4.05	1,275	8.52	1.9	1.25
PIH	23,820	0.21	3.9	0.16	-	-	-	-
Totals	**11,578,789**	**100.00 %**	**$ 2,435.2**	**100.00 %**	**14,960**	**100.00 %**	**$ 153.7**	**100.00 %**

(1) Ginnie Mae's HECM program is exclusively insured by the FHA. As of September 30, 2025, the unpaid principal balance of HECM loans issued by active issuers was $43.9 billion, associated with 187,462 HECM loans, and $41.9 billion, associated with 187,311 HECM loans as of September 30, 2024.

Mortgage Loan Servicing

Ginnie Mae relies extensively on two MSS (i.e., master sub-service organizations) to provide servicing functions that are critical to its business including the servicing data and accounting reports provided by these service organizations. Given the concentration, if the MSS experience a significant disruption in operations, Ginnie Mae may be unable to fulfill its obligations to investors and borrowers heightening legal, regulatory, cyber, and financial risks. Ginnie Mae manages this risk by establishing contractual requirements, ongoing reviews of the service organizations, and requiring the service organizations to provide attestation reports over internal controls.

Note 15: Commitments and Contingencies

Lease, Purchase, and Other Commitments

Ginnie Mae may lease facilities, hardware, and software under agreements that could require the agency to pay rental fees, insurance, maintenance, and other costs. As of September 30, 2025, Ginnie Mae did not have any active and open lease contracts related to rental expenses or hardware and software.

As of September 30, 2025, and September 30, 2024, Ginnie Mae had approved and committed to make $720 million and $2.8 billion respectively, in payments related to contracts with its various vendors. Some contract terms are in excess of one year. The observed reduction in committed contracts is mainly driven by a $2.0 billion de-obligation of balances previously reserved for contracts that have been canceled or expired as of September 30, 2025.

Ginnie Mae has commitments to guaranty MBS, which are off-balance sheet financial instruments. Additional information is provided in Note 4: *Financial Guarantees and Financial Instruments with Off-Balance Sheet Exposure*.

Legal

From time to time, Ginnie Mae can be a party to pending or threatened legal actions and proceedings which arise in the ordinary course of business. Ginnie Mae reviews relevant information about all pending legal actions and proceedings for the purpose of evaluating and revising contingencies, accruals, and disclosures.

Legal actions and proceedings resolution are subject to many uncertainties and cannot be predicted with absolute accuracy. Ginnie Mae establishes accruals for matters when a loss is probable, and the amount of the loss can be reasonably estimated. For legal actions or proceedings where it is not probable that a loss may be incurred, or where Ginnie Mae is not currently able to reasonably estimate the loss, Ginnie Mae does not establish an accrual. Pending or threatened litigation deemed reasonably possible that a loss may have been incurred are disclosed in the notes to the financial statements.

No asserted or unasserted claims or assessments for similar matters have been identified. Additionally, Ginnie Mae's General Counsel has determined that there are no pending or threatened actions or unasserted claims or assessments that could result in potential losses that could be material to the financial statements[8].

Unfunded Commitments

For reverse mortgage loans, Ginnie Mae is required to fund future borrower draws in instances where the borrower has not fully drawn down the HECM loan. The outstanding unfunded commitments available to borrowers related to reverse mortgage loans were approximately $3.7 billion as of September 30, 2025, and $4.1 billion as of September 30, 2024.

Note 16: Related Parties

Ginnie Mae, a wholly owned U.S. Government corporation within HUD, is subject to controls established by government corporation control laws (31 U.S.C. Chapter 91), and the management

[8] *Legal response from Ginnie Mae's General Counsel is limited to the matters handled by the Office of Finance Law and doesn't include matters handled by contractors or other offices within HUD.*

and budgetary controls established by the Secretary of HUD and the Director of the OMB. These significant management and operational oversights provided by HUD and OMB could affect Ginnie Mae's financial position or operating results in a manner that differs from those that might have been obtained if Ginnie Mae were autonomous. Accordingly, the accompanying financial statements may not necessarily be indicative of the conditions that would have existed if Ginnie Mae had been operating as an independent organization.

Ginnie Mae was authorized and allotted $68 million and $62 million during the years ended September 30, 2025, and 2024, respectively, for personnel (payroll) and non-personnel (travel, training, and other administration) costs only. For the years ended September 30, 2025, and 2024, Ginnie Mae incurred $62 million and $51 million, respectively for these costs, which are included in administrative expenses on the Statement of Revenue and Expenses and Changes in Investment of U.S. Government. Ginnie Mae has authority to borrow from Treasury to finance operations in lieu of appropriations, if necessary. In addition, Ginnie Mae has a borrowing agreement with the U.S. Treasury. This agreement provides Ginnie Mae the ability to borrow from the U.S. Treasury sufficient funds to service MBS portfolios acquired by Ginnie Mae from mortgage issuer extinguishments and subsequent required loan draw and servicing expenses. Ginnie Mae did not borrow funds for the years ended September 30, 2025, and 2024.

Additionally, Ginnie Mae has relationships with FHA, VA, USDA, and PIH. All transactions between Ginnie Mae and FHA, VA, and USDA have occurred in the normal course of business. There are no balances to report for loans and claims for PIH for periods presented. Of the total forward mortgage loans, at fair value, approximately $1.1 billion, $41 million, and $18 million of loans were insured by FHA, VA, and USDA at September 30, 2025, respectively, while approximately $1.2 billion, $49 million, and $21 million of loans were insured by FHA, VA, and USDA at September 30, 2024, respectively. For reverse mortgage loans, at fair value, approximately $15.3 billion of loans were insured by FHA as of September 30, 2025, while approximately $18.0 billion of loans were insured by FHA as of September 30, 2024. In addition, Ginnie Mae submits and receives claim proceeds for FHA, VA, and USDA insured loans that have completed the assignment, foreclosure, and short sale process.

After the short sale, foreclosed property, and assignment claims receivable are established, on an ongoing basis, the recoverability of the receivables is assessed under U.S. GAAP guidance. The allowance for claims receivable is calculated using statistical models based on expected recovery per underlying insuring agency guidelines and Ginnie Mae's most recent historical recovery experience. Refer to Note 8: *Claims Receivable, Net* for the breakdown of FHA, VA, and USDA claims pending payment or pre-submission to FHA, VA, and USDA.

Pension Benefits and Savings Plan: Eligible Ginnie Mae employees are covered by the federal government retirement plans, either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). Although Ginnie Mae contributes a portion of pension benefits for eligible employees, it does not account for the assets of either retirement system. Ginnie Mae also does not have actuarial data for accumulated plan benefits or the unfunded liability relative to eligible employees. These amounts are reported by the Office of Personnel Management (OPM) and are allocated to HUD.

Under the Federal Thrift Savings Plan (TSP), Ginnie Mae provides FERS employees with an automatic contribution of 1% of pay and an additional matching contribution up to 4% of pay. CSRS employees also can contribute to the TSP, but they do not receive matching contributions.

For the years ended September 30, 2025, and 2024, Ginnie Mae contributed $9 million and $7 million, respectively, in pension and savings benefits for eligible employees.

Post-Retirement Benefits Other Than Pensions: Ginnie Mae has no postretirement health insurance liability since all eligible employees are covered by the Federal Employees Health Benefits (FEHB) program. The FEHB is administered and accounted for by the OPM. In addition, OPM pays the employer share of the retiree's health insurance premium.

Note 17: Credit Reform

The Federal Credit Reform Act of 1990 ("FCRA"), which became effective on October 1, 1991, was enacted to more accurately account and budget for the cost of federal credit programs and to place the cost of these credit programs on a basis equivalent with other federal spending. The FCRA evaluates credit programs and provides appropriate funding for programs that operate at a loss, within budgetary limitations, to subsidize the loss element of the credit program. In the opinion of management and HUD's general counsel, Ginnie Mae is not subject to the FCRA and related financial reporting requirements. This exemption is based on the specific provisions of Ginnie Mae's charter and the permanent indefinite authority granted by Congress through 12 U.S.C. §1721(g), which supersedes the scope of the FCRA. Federal statute allows Ginnie Mae to accumulate and retain revenues in excess of expenses to build sound reserves which will be consumed for program expenses prior to reliance on any budgeted credit loss subsidy appropriation. As of September 30, 2025, and September 30, 2024, the Investment of U.S. Government account had a balance of $36.2 billion and $33.9 billion, respectively.

Note 18: Subsequent Events

Ginnie Mae has evaluated subsequent events through October 31, 2025, the date the financial statements were available to be issued and determined that there have been no events that have occurred that would require adjustments to our disclosures.

Ginnie Mae
Our Guaranty Matters