Presentation by
Ginnie Mae President Ted Tozer
Global Chinese Real Estate Congress
July 8, 2015
About Ginnie Mae

- Ginnie Mae is a self-sustaining government-owned corporation organized within HUD. Its President is nominated by the President of the United States and confirmed by the United States Senate.

- Ginnie Mae securities are the only mortgage-backed securities that offer the full faith and credit guaranty of the United States Government.

Ginnie Mae’s role is to guarantee timely principal and interest payments to investors and to maintain the common securitization platform that provides a level playing field for mortgage entities of every size.
Ginnie Mae’s relevance is evidenced in its steady, increased growth and its share of the secondary mortgage market.

Ginnie Mae’s average issuance in last five years is $382 Billion.

2015 YTD August volume now has Ginnie Mae at about 38% of total new MBS issue market.

Our counterparty risk has changed dramatically. Our staffing level has not.
Government Support of Mortgages

- The U.S. Government has had a significant role in the mortgage market going back at least 30 years

Single-family Mortgage Market Share
**TBA Transaction Example – Day 1**

**Sun. 9PM**
- U.S. Dealer Bank sells $100 million of Ginnie Mae or GSE MBS with 4% coupon rate to Asian investors

**Mon. 9AM**
- Mortgage Banker shorts (promises to deliver) $100 million of 4% MBS to Dealer Bank locking in rate for loan originations

**Monday Bus. Hrs.**
- Throughout day, Mortgage Banker’s loan originators across the U.S. make loans at 4% to fill position
**TBA Transaction Example – Day 2 thru Settlement, 13 weeks later**

- **Day 2 up to 48 hrs. to Settlement**
  - Mortgage Banker has ability to fine tune trade, e.g., sell excess loan production or buy shortfall in TBA market

- **At most 48 hrs. to Settlement**
  - Mortgage Banker sells loans to GSE or delivers loans to Ginnie Mae for pool processing in exchange for guaranteed MBS

- **48 hrs. to Settlement**
  - Mortgage Banker must provide specific MBS pool information to Dealer Bank at this point

- **Settlement Date**
  - Mortgage Banker delivers MBS to Dealer Bank, Dealer Bank delivers MBS to investors
Ginnie Mae MBS Outstanding Surges, 42 Years to Reach $1 Trillion then to $1.5 in Five Years

Historic trend of growth
2007-2015

Unpaid Principal Balance (UPB)
Ginnie Mae Issuers are responsible for servicing the securities & the loans backing them; in the case an original Issuer sells servicing to another entity, the new entity takes on all obligations of the original Issuer.
New Entrants Reducing Concentration, Systemic Risk
No Ginnie Mae Issuer is “Too Big To Fail”

<table>
<thead>
<tr>
<th>Rank</th>
<th>Issuer Name</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>WELLS FARGO BANK, NA</td>
<td>34%</td>
</tr>
<tr>
<td>2</td>
<td>BANK OF AMERICA</td>
<td>26%</td>
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<tr>
<td>3</td>
<td>JP MORGAN CHASE BANK</td>
<td>8%</td>
</tr>
<tr>
<td>4</td>
<td>PHH MORTGAGE CORP</td>
<td>4%</td>
</tr>
<tr>
<td>5</td>
<td>U.S. BANK</td>
<td>4%</td>
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Total Top 5 Issuers: 76%
Total Issuance FY2011: $322.3 billion

Top 5 Issuers of SF MBS in FY2015 YTD*:

<table>
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<th>Rank</th>
<th>Issuer Name</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>WELLS FARGO BANK, NA</td>
<td>16%</td>
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<td>2</td>
<td>FREEDOM MORTGAGE CORP</td>
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<td>3</td>
<td>PENNYMAC LOAN SERVICES</td>
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<tr>
<td>4</td>
<td>QUICKEN LOANS INC</td>
<td>6%</td>
</tr>
<tr>
<td>5</td>
<td>U.S. BANK</td>
<td>4%</td>
</tr>
</tbody>
</table>

Total Top 5 Issuers: 39%
Total Issuance FY2015 YTD: $130.9 billion

Red = Issuers that have fallen out of Top 5 since 2011
Blue = Issuers that have risen into Top 5 since 2011
*as of April 2015
Summary

• The flexibility of Ginnie Mae’s common security allowed new entrants to flourish in the secondary market space – avoiding costly overlays and keeping credit flowing to home buyers.

• The model creates competition and levels the playing field because all “Issuers” play by the same rules.

• Monitoring non-banks is much more labor intensive than monitoring depository institutions which are governed by FDIC.

• Ginnie Mae is modernizing its platform and needs to hire additional staff to keep up with the changing marketplace.
CONTACT INFORMATION

Physical Address
550 12th Street, SW, Third Floor
Washington, DC 20024

Mailing Address
451 7th Street, SW, Room B-133
Washington, DC 20410

Phone: 202-708-1535
Hotline: 888-446-6434

Twitter
@GinnieMaeGov
Facebook
/ginniemaegov