

United States House of Representatives
Committee on Financial Services
Washington, D.C. 20515

MEMORANDUM

To: Members of the Committee on Financial Services

From: FSC Majority Staff

Date: November 21, 2017

Subject: Housing and Insurance Subcommittee Hearing Entitled “Sustainable Housing Finance, The Role of Ginnie Mae in the Housing Finance System”

On Wednesday, November 29, 2017, at 10:00 a.m. in Room 2128 of the Rayburn House Office Building, the Housing and Insurance Subcommittee will hold a hearing entitled “Sustainable Housing Finance: The Role of Ginnie Mae in the Housing Finance System.” The hearing witness will be Michael Bright, Acting President, Government National Mortgage Association (“Ginnie Mae”). Specifically, the hearing will examine and assess: (1) Ginnie Mae’s mission and role in the U.S. housing finance system; (2) Ginnie Mae’s current financial condition; (3) Ginnie Mae’s programs and products, including its multi-class and single-class securities; (4) Ginnie Mae’s Platform and its effectiveness and ability to serve its customers; and (5) Ginnie Mae’s operational challenges .

Ginnie Mae guarantees investors the timely payment of principal and interest on mortgage-backed securities (MBS) collateralized by loans insured or guaranteed by the federal government, such as loans insured by Federal Housing Administration or guaranteed by the Department of Veterans Affairs. Other guarantors or issuers of loans eligible as collateral for Ginnie Mae MBS include the Department of Agriculture’s Rural Housing Service and the Department of Housing and Urban Development’s Office of Public and Indian Housing.

Ginnie Mae uses the explicit full faith and credit guarantee of the U.S. Government to back its MBS. The Ginnie Mae guarantee is not at risk until the exhaustion of three levels of protection, which include homeowner equity, the insurance provided by the government agency that insured the loan, and the corporate resources of the lenders who issued the security. Ginnie Mae is in the fourth and last-loss position.

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