

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SALARIES AND EXPENSES, HOUSING AND URBEN DEVELOPMENT

BUDGET ACTIVITY 4: GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

The consolidated discussion for the appropriation "Salaries and Expenses, HUD" is shown in Part 3 of the Justifications. All data are presented on a comparable basis for the 3 fiscal years: 2001, 2002, and 2003.

SCOPE OF ACTIVITY

The Government National Mortgage Association (Ginnie Mae) is responsible for the administration of activities associated with the Mortgage-Backed Securities (MBS) and Multiclass Securities Programs. A brief description of Ginnie Mae's programs is provided below.

Mortgage-Backed Securities Program. Section 306(g) of the National Housing Act authorizes Ginnie Mae to guarantee the timely payment of principal and interest on securities which are issued by approved entities and which are backed by the Federal Housing Administration (FHA), the Department of Veterans Affairs (VA), or Rural Housing Service (RHS) mortgages.

The attached charts display detailed staffing and workload estimates based on the Resource Estimation and Allocation Process (REAP) baseline data.

TYPE OF ACTIVITY BY FUNCTION

	ACTUAL <u>2001</u>	ESTIMATE <u>2002</u>	ESTIMATE <u>2003</u>
	(Dollars in Thousands)		
<u>Guarantees of Mortgage-Backed Securities</u>			
Issued during year	\$153,797,628	\$120,000,000	\$120,000,000
Outstanding, end of year	604,442,361	627,741,603	675,560,605
 <u>MULTICLASS:</u>			
Issued during year	67,422,510	73,650,000	80,925,000
Outstanding, end of year	165,625,000	197,504,000	232,480,000

TRAVEL

	ACTUAL <u>2001</u>	ENACTED <u>2002</u>	ESTIMATE <u>2003</u>	INCREASE + DECREASE - <u>2003 vs 2002</u>
	(Dollars in Thousands)			
Travel (HQ)	\$134	\$131	\$200	+\$69
Total.....	\$134	\$131	\$200	+\$69

Travel funds on-site visits and the monitoring of program participants.

CONTRACTS

Salaries and Expenses, Ginnie Mae

	ACTUAL 2001	ENACTED 2002	ESTIMATE 2003	INCREASE + DECREASE - 2003 vs 2002
		(Dollars in Thousands)		
General Support	\$67	\$250	\$250	....
Total.....	\$67	\$250	\$250	....

General Support funds the MBS, Multiclass Securities Program, and related administrative functions.

Detail of Government National Mortgage Association Staff Requirements

Workload Guideline	Workload Indicator	----- Fiscal Year 2001 -----				----- Fiscal Year 2002 -----				----- Fiscal Year 2003 -----			
		Underfunded Workload/ Allocation	Projected Accomplishment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplishment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplishment	Projected Unit Cost (Hrs)	FTE
Headquarters Employment													
Immediate Office President													
General Direction	NA		...	...	9.0		...	...	4.0		...	...	4.0
Strategic Planning/Risk Management	NA					1	...	...	1.0	1	...	...	1.0
Mortgage Backed Securities Program (MBS)	NA						...	...	2.0		...	...	2.0
Administrative Support/Contract Administration	NA						...	...	4.0		...	...	4.0
Subtotal					9.0				11.0				11.0
Office of Mortgage-Backed Securities													
General Direction	NA		...	...	9.0		...	...	2.0		...	...	2.0
	# of approved issuers maintained in the Ginnie Mae MBS portfolio					40	500	50.11	11.0	40	500	50.11	11.0
Support the MBS Program	NA						...	...	4.0		...	...	4.0
Contract Administration/ Internal Skill Development	NA												
Subtotal					9.0				17.0				17.0
Office of Finance													
Perform General Direction	NA						...	...	2.0		...	...	2.0
Budgetary/ Financial Management Activities	NA						...	...	2.0		...	...	2.0
	# of approved issuers maintained in the Ginnie Mae MBS portfolio												
Support the MBS Program	NA						500	45.93	11.0		500	45.93	11.0
Subtotal					0.0				15.0				15.0

Detail of Government National Mortgage Association Staff Requirements

Workload Guideline	Workload Indicator	----- Fiscal Year 2001 -----			----- Fiscal Year 2002 -----			----- Fiscal Year 2003 -----				
		Underfunded Workload/ Allocation	Projected Accomplishment	Projected Unit Cost (Hrs) FTE	Underfunded Workload/ Allocation	Projected Accomplishment	Projected Unit Cost (Hrs) FTE	Underfunded Workload/ Allocation	Projected Accomplishment	Projected Unit Cost (Hrs) FTE		
Office of Multifamily Programs												
Perform General Direction	NA # of approved issuers maintained in the Ginnie Mae MBS portfolio						2.0			2.0		
Support the MBS Program					500	16.70	4.0		500	16.70	4.0	
Subtotal				5.0			6.0			6.0		
Office of Policy and Capital Markets												
Perform General Direction	NA # of approved issuers maintained in the Ginnie Mae MBS portfolio						2.0			2.0		
Support the MBS Program					60	500	33.41	7.0	60	500	33.41	7.0
Subtotal				0.0			9.0			9.0		
Office of Program Administration												
Perform General Direction	NA # of approved issuers maintained in the Ginnie Mae MBS portfolio						1.0			1.0		
Support the MBS Program						500	27.14	6.5		500	27.14	6.5
Contract Administration/ Internal Skill Development	NA						2.5			2.5		
Subtotal				0.0			10.0			10.0		
Ginnie Mae Total				23.0			68.0			68.0		

Detail of Government National Mortgage Association Staff Requirements

	Estimate 2002	Estimate 2003	Increase + Decrease - 2003 vs 2002
<u>Headquarters Employment</u>			
Immediate Office President	11.0	11.0	0.0
Office of Mortgage-Backed Securities	17.0	17.0	0.0
Office of Finance	15.0	15.0	0.0
Office of Multifamily Programs	6.0	6.0	0.0
Office of Policy, Planning & Risk Management	9.0	9.0	0.0
Office of Program Administration	10.0	10.0	0.0
Total Government National Mortgage Association	68.0	68.0	0.0

Detail of Government National Mortgage Association Staff Requirements

	FTE			
	Actual	Estimate	Estimate	Increase + Decrease -
	2001	2002	2003	2003 vs 2002
Headquarters.....	65.0	68.0	68.0	0.0
Field	0.0	0.0	0.0	0.0
Total	65.0	68.0	68.0	0.0

HEADQUARTERS EMPLOYMENT

EXPLANATION OF UNDERFUNDED WORKLOAD/ALLOCATION FOR FY 2002 AND FY 2003

All needed positions are required to enhance performance accountability and risk management analysis of Ginnie Mae programs. In addition to this requirement, 48% of the organization's current staff will be eligible to retire within the next 2 years. In order to maintain and sustain current institutional/programmatic knowledge, there is a heightened need for succession planning.

Immediate Office of the President & Executive Vice President

With the implementation of the recently approved reorganization of Ginnie Mae, the Office of Management Operations was established. This Office, headed by a Senior Vice President, has three Divisions: Administrative Management, Information Management and Procurement Management. Given the complexity, and confidential nature of the varied responsibilities of this Office, a permanent secretarial position is needed to maintain the integrity of the Office and to support and assist the newly created SES position of Senior Vice President.

Office of Policy and Capital Markets

The Office of Capital Markets directs and manages all Ginnie Mae capital market activities and administers the Ginnie Mae Multi-class program, including, but not limited to, the Real Estate Mortgage Investment Conduit (REMIC) and Platinum Securities programs. This Office directs and coordinates all activities to assist the investor community in creating and marketing existing and new securities that are designed to enhance the competitiveness of all Ginnie Mae securities and be of greater value to investors in the U.S. and foreign markets. Over the past 2 years, the Capital Markets program level has soared while the staffing level has decreased. Along these lines, the filling of the Market Securities Specialist position is necessary to handle the increased/underfunded workload and to assure adequate program oversight, and risk management, thus mitigating potential financial risk or material weaknesses.

Office of Mortgage-Backed Securities

With the implementation of the recently approved reorganization of Ginnie Mae, the Office of Mortgage-Backed Securities was created with three Divisions: Single Family/Manufactured Housing, Multifamily and Mortgage-Backed Securities (MBS) Monitoring. Accordingly, the position of Asset Management Specialist (located in the MBS Monitoring Division) was created to place heightened emphasis on a variety of risk monitoring activities to assure program compliance. This includes the utilization of established risk analysis to conduct and direct various levels of issuer field reviews and directing the use of appropriate compliance and/or enforcement tools to mitigate any risk to Ginnie Mae. With the recent departure of one of the seasoned Asset Managers in this Division, the filling of this position will account for the underfunded workload and provide the needed skill level required to adequately accomplish the goals of this Division and mitigate potential financial risk and/or material weaknesses.