GOVERNMENT NATIONAL MORTGAGE ASSOCIATION
MORTGAGE-BACKED SECURITIES PROGRAM
2008 Summary and Initiatives
(Dollars in Thousands)

GUARANTEES OF MORTGAGE-BACKED SECURITIES	Enacted/ Request	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2006 Appropriation	$10,700	...	-$107	$10,593	$10,593	$10,593
2007 Full-Year CR Estimate.........	10,593	...	...	10,593	10,593	10,593
2008 Request	54,000	...	-43,000[a]	11,000	11,000	11,000
Program Improvements/Offsets	+43,407	...	-43,000	+407	+407	+407

a/ Reflects savings from the elimination of mandatory administrative spending in the Liquidating Account.

Loan Limitation

Loan Limitation	Enacted/ Request	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2006 Appropriation	$200,000,000	$178,466,766	...	$378,466,766	$ 63,775,000	...
2007 Full-Year CR Estimate.......	100,000,000	200,000,000	...	300,000,000	200,000,000	...
2008 Request.....................	100,000,000	100,000,000	...	200,000,000	200,000,000	...

Summary Statement

Appropriation. Ginnie Mae is requesting a gross total of $54 million for administrative expenses and contract expenses necessary to carry out the Mortgage-Backed Securities program in fiscal year 2008 but only a net appropriation of $11 million. The budget proposes to consolidate all administrative spending of Ginnie Mae under this account with an administrative provision in proposed appropriations language that eliminates administrative spending in the Liquidating Account. This will result in better oversight of spending, allow for more transparent analysis of spending and differentiate between administrative and credit transactions. As a result, spending will increase in this account and decrease in the Ginnie Mae Liquidating Account. As the reduction in the Liquidating Account results from appropriations action, this effect is scored to appropriations action as discretionary and makes the net GNMA appropriations request $11 million.

Loan Guarantee limitation. The Government National Mortgage Association (Ginnie Mae) Budget proposes $100 billion in limitation on new commitments of single-class mortgage-backed securities (MBS) for fiscal year 2008. This request is based on Federal Housing Administration (FHA), the Department of Veterans Affairs (VA), the U.S. Department of Agriculture (USDA) Rural Housing Service, or the Secretary of Housing and Urban Development under Native American (Section 184) of the Housing and Community Development Act of 1992 and administered by the Office of Public and Indian Housing (PIH), estimates of mortgage insurance and guarantee activity. In fiscal year 2008, Ginnie Mae is estimating $77.4 billion in new guarantees of mortgage-backed securities, and $50 billion is estimated for guarantees of Multiclass securities. Since all the Ginnie Mae guaranteed Multiclass securities are based on and backed by mortgage-backed securities issued pursuant to commitment authority, separate commitment authority will not be required for Multiclass securities.

The budget request reflects the important contribution that Ginnie Mae makes in expanding homeownership and affordable housing opportunities to a great number of Americans. The program evaluation done this year gave Ginnie Mae very high marks in several areas and as a result of the PART evaluation, several new performance indicators are being measured and more aggressive long-term goals are being pursued.

Initiatives

The fiscal year 2008 budget proposes to consolidate all administrative spending of the Ginnie Mae under this account with an administrative provision in proposed appropriations language that eliminates administrative spending in the Liquidating Account. This will result in better oversight of spending, allow for more transparent analysis of spending and differentiate between administrative and credit transactions. As a result, spending will increase in this account and decrease in the Ginne Mae Liquidating Account. As the reduction in the Liquidating Account results from appropriations action, this effect is scored to appropriations action as discretionary and makes the net Ginnie Mae appropriations request $11 million.

America's aging population makes Home Equity Conversion Mortgages (HECMs) an increasingly attractive product for lenders, and Ginnie Mae has a capital markets solution to support this population (and prospective Ginnie Mae qualified lenders) HECMs allow homeowners aged 62 and older to tap into their home equity without repaying the money as long as they live in their homes. These "reverse mortgages" help more senior homeowners enjoy a better quality of life by allowing them to retain their homes and use their home's accumulated wealth to help with health care costs and other expenses.

Currently, FHA insures approximately 95 percent of all reverse mortgages. This allows Ginnie Mae-qualified lenders to help underserved and elderly borrowers while tapping into a safe, secure, and guaranteed capital markets solution. Ginnie Mae’s securitization of HECMs will reduce costs to seniors by allowing lenders to offer loans at lower-than-market interest rates. By focusing on senior housing, Ginnie Mae is well positioned to serve the needs of a major demographic subgroup that is predicted to explode in the coming years.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION
MORTGAGE-BACKED SECURITIES PROGRAM
Summary of Resources by Program
(Dollars in Thousands)

Budget Activity	2006 Budget Authority	2005 Carryover Into 2006	2006 Total Resources	2006 Obligations	2007 CR Estimate	2006 Carryover Into 2007	2007 Total Resources	2008 Request
Administrative Expenses	$10,593	...	$10,593	$10,593	$10,593	...	$10,593	$54,000
Total	10,593	...	10,593	10,593	10,593	...	10,593	54,000

2006 Budget Authority. Reflects appropriation net of 1 percent governmentwide rescission.

2008 Budget Authority. Reflects $11 million for administrative expenses and a $43 million savings provision for contract expenses.

Loan Guarantee Limitation...........	$200,000,000	$178,466,766	$378,466,766	$63,775,000	$100,000,000	$200,000,000	$300,000,000	$100,000,000

FTE	2006 Actual	2007 Estimate	2008 Estimate
Headquarters	66	68	71
Field	...	...	...
Total	66	68	71

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION
MORTGAGE-BACKED SECURITIES PROGRAM
Program Offsets
(Dollars in Thousands)

Administrative Expenses	**Amount**
2006 Appropriation	$10,593
2007 Full-Year CR Estimate	10,593
2008 Request	54,000
Program Improvements/Offsets	+43,407

The fiscal year 2008 request includes $11 million for administrative expenses and a $43 million savings provision for contract expenses.

Proposed Actions

The Department proposes $54 million for administrative and contract expenses, to be transferred to the Departmental Salaries and Expenses account, to cover the cost to carry out the Guaranteed Mortgage-Backed Securities program in fiscal year 2008.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION
MORTGAGE-BACKED SECURITIES PROGRAM
2008 Summary Commitment Authority
(Dollars in Thousands)

Loan Limitation

MORTGAGE-BACKED SECURITIES	**Enacted/ Request**	**Carryover**	**Supplemental/ Rescission**	**Total Resources**	**Obligations**	**Outlays**
2006 Appropriation	$200,000,000	$ 178,466,766	...	$378,466,766	$ 63,775,000	...
2007 Full-Year CR Estimate.......	100,000,000	200,000,000	...	300,000,000	200,000,000	...
2008 Request.....................	100,000,000	100,000,000	...	200,000,000	200,000,000	...

Proposed Action

Ginnie Mae is responsible for the administration of activities associated with the Mortgage-Backed Securities (MBS), the Multiclass Securities programs, and supports the Department in the Targeted Lending Initiatives; making loans in the nation’s urban and rural Empowerment Zones or Enterprise communities. A brief description of Ginnie Mae's programs is provided below.

In fiscal year 2008, the Ginnie Mae Budget is requesting a limitation on new commitments for single-class mortgage-backed securities of $100 billion. In addition, an appropriation of $54 million to be derived from the Ginnie Mae guarantees of mortgage-backed securities guaranteed loan receipt account, is proposed to fund salaries and expenses and contract expenses in fiscal year 2008. Also, in fiscal year 2008, it is estimated that $50 billion of Multiclass securities will be guaranteed. Since all Ginnie Mae guaranteed Multiclass securities are based on and backed by mortgage-backed securities issued pursuant to commitment authority, separate commitment authority will not be required for the Multiclass securities.

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 are backed by the Federal Housing Administration (FHA), the Department of Veterans Affairs (VA), the U.S. Department of Agriculture (USDA) Rural Development Housing & Community Facilities Programs, or the Office of Public and Indian Housing (PIH) loans.

Ginnie Mae currently guarantees modified "pass-through" type securities. Modified pass-through securities provide payment to registered holders of interest plus the monthly installments of principal due on the pooled mortgages, whether or not collected, plus any additional principal collections.

Separate pass-through programs have been developed to finance single family homes, multifamily projects and manufactured housing. Ginnie Mae first issues a "commitment" to the prospective securities issuer (mortgagee) indicating that the firm meets Ginnie Mae’s eligibility requirements. After Ginnie Mae issues the commitment, the issuer can begin to assemble mortgage pools and issue securities. Generally, individuals can invest in Ginnie Mae’s securities with face amounts of as little as $1,000. The securities have the same aggregate face amount as the aggregate unpaid balance of the pooled mortgages and bear interest at the rate borne by the mortgages--less the amount of issuer servicing fees and Ginnie Mae guarantee fees. Ginnie Mae’s credit risk in this program is limited by mortgage insurance provided by Government agencies with respect to all pooled loans.

Since 1970, Ginnie Mae has guaranteed more than $2.5 trillion in mortgage-backed securities, helping more than 33 million Americans achieve their dream of homeownership. Ginnie Mae guarantee is backed by the full-faith and credit of the United States government. This backing, combined with the flexibility and performance of its corporation’s securities, make Ginnie Mae securities a very attractive investment for domestic and international investors alike.

Multiclass Securities Program. In fiscal year 1994, Ginnie Mae began guaranteeing Real Estate Mortgage Investment Conduits (REMICs) and in fiscal year 1995, the Ginnie Mae Platinum securities. A pool or trust composed of mortgages or MBS backed a REMIC security. The REMIC issuer issues certificates of interest to investors and elects to be taxed under the REMIC provisions of Federal tax law (Sections 860A through 860G of the Internal Revenue Code of 1986). REMICs are multiple class securities with different maturities, typically between 2 and 20 years, or with payments based on fractions of the MBS income stream. This multiple class characteristic is what largely distinguishes REMICs from single class Mortgage-Backed Securities of the kind that Ginnie Mae has been guaranteeing since 1970.

The Ginnie Mae Platinum security consolidates Ginnie Mae MBS pools with the same interest rate into larger pools that are sold to investors by securities dealers. Ginnie Mae, under its Multiclass securities program, will guarantee only securities based on and backed by mortgage-backed securities guaranteed by Ginnie Mae. Since all Ginnie Mae guaranteed Multiclass securities will be based on and backed by MBS issued pursuant to previously issued commitment authority, additional commitment authority will not be required for the Multiclass securities.

Targeted Lending Initiative. Ginnie Mae started and developed the Targeted Lending Initiative in fiscal year 1996. The Initiative is consistent with Ginnie Mae's statutory purpose to promote access to mortgage credit in the central cities by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing. Through the Targeted Lending Initiative, Ginnie Mae reduces the guarantee fees it charges lenders by up to 50 percent for making mortgage loans in any of the nation's urban and rural Empowerment Zones or Enterprise Communities, adjacent eligible central city areas, and areas with a majority population of Native Americans.

PROGRAM ACTIVITY

1. Status of Program. In fiscal year 2006, Ginnie Mae’s Mortgage-Backed Securities program approved $63.8 billion in commitment authority and issued $81.7 billion for its single-class guarantees. Guarantees of mortgage-backed securities are estimated at $86 billion in fiscal year 2007 and $77.4 billion in fiscal year 2008.

The estimated changes in the outstanding principal balance of mortgage-backed securities for fiscal years 2006, 2007, and 2008 are shown in the following table:

	ACTUAL 2006	ESTIMATE 2007	ESTIMATE 2008
	(Dollars in Thousands)		
Securities Outstanding, start of year.....	$412,304,000	$409,908,000	$414,312,000
Issued During Year........................	81,694,000	86,000,000	77,400,000
Principal Payments to Securities Holders..	-84,090,000	-81,596,000	-80,867,000
Securities Outstanding, end of year.......	409,908,000	414,312,000	410,845,000

Guarantees of Mortgage-Backed Securities

The Multiclass Program activity, which involves a Ginnie Mae guarantee on the Multiclass securities that are backed by securities already guaranteed, is shown in the following table:

	ACTUAL 2006	ESTIMATE 2007	ESTIMATE 2008
	(Dollars in Thousands)		
Securities Outstanding, start of year.....	$184,100,000	$198,700,000	$199,200,000
Issued During Year........................	38,300,000	48,000,000	50,000,000
Principal Payments to Securities Holders..	-23,700,000	- 47,500,000	- 49,200,000
Securities Outstanding, end of year.....	198,700,000	199,200,000	200,000,000

The Targeted Lending Initiative, which allows Ginnie Mae to reduce the guarantee fee it charges lenders, by up to 50 percent, for making mortgage loans in any of the nation's urban and rural Empowerment Zones or Enterprise Communities and adjacent eligible central city areas, as well as in eligible Indian lands, is shown in the following table:

	Pools	Loans	Mortgage Amount
10/01/96 through 9/30/06.........	26,747	682,997	$70.5 billion

	ACTUAL 2006	ESTIMATE 2007	ESTIMATE 2008	INCREASE + DECREASE – 2008 vs. 2007
	(Dollars in Thousands)			
SINGLE-CLASS MBS				
Limitation...........................	$200,000,000	$100,000,000	$100,000,000	...
Carryover............................	178,466,766	200,000,000	100,000,000	-100,000,000
Subtotal...........................	378,466,766	300,000,000	200,000,000	-100,000,000
Use................................	-63,775,000	-200,000,000	-100,000,000	100,000,000
Lapsed carry-forward limitation	-114,691,766			
Subtotal...........................	200,000,000	100,000,000	...	...
Guarantees:				
Issued in Year.....................	81,694,246	86,000,000	77,400,000	-8,600,000
Outstanding, end of year...........	409,908,000	414,312,000	410,845,000	+3,467,000
Guarantee Fees.....................	268,592	256,306	254,000	-2,306
Advances to Investors..............	30,399	65,791	73,405	+7,614
Default Expenses...................	413	1,044	862	-182

Guarantees of Mortgage-Backed Securities

	ACTUAL 2006	ESTIMATE 2007	ESTIMATE 2008	INCREASE + DECREASE – 2008 vs. 2007
	(Dollars in Thousands)			
MULTICLASS MBS				
Guarantees:				
Issued in Year.....................	38,300,000	59,000,000	50,000,000	-9,000,000
Outstanding, end of year...........	198,700,000	199,200,000	200,000,000	+800,000
Guarantee Fees.....................	12,533	16,295	17,039	+744
Budget Authority (Program):				
Appropriation for Administrative Expenses	$10,593	$10,593	$54,000	+43,407
Outlays (Program):				
Outlays................................	10,593	10,593	54,000	+43,548
Liquidating Account:				
Budget Authority (net)	...	43,377	43,377	...
Outlays..............................	-432,712	-335,000	-377,000	+42,000
Financing Account:				
Budget Authority (net).................	...	...	46,000	+46,000
Net Disbursements......................	-178,341	-167,190	-185,000	+17,810
Reserve Receipt Account:				
Payment to Reserve Receipt Account.....	177,000	180,600	162,540	-18,060

NOTE: During the recent refinancing boom, declining interest rates have been driving the borrowers' decision to refinance their loans, shortening the life expectancy for loans in the Ginnie Mae mortgage-backed security pools in the process. For fiscal years 2007 and 2008, Ginnie Mae's inflow of guarantee fees is expected to decrease. This decrease is attributable to fewer loan guarantees anticipated.

2. Financing. Application fees, guarantee fees, and other charges are paid by issuers of guaranteed securities to cover Ginnie Mae's issuing and claims costs under the guarantees and to provide additional amounts to reduce the deficit. The Association may borrow from the Treasury in order to meet obligations. However, it has not had to use that authority.

Guarantees of Mortgage-Backed Securities

The following table reflects the composition of program net income.

	ACTUAL 2006	ESTIMATE 2007	ESTIMATE 2008
	(Dollars in Thousands)		
Revenue:			
Investment Interest.....................	$487,964	$492,512	$497,504
Interest Payment from Treasury..........	59,759	63,372	65,110
Guarantee Fees..........................	268,592	256,306	254,000
Multiclass Fees.........................	12,533	16,295	17,039
Commitment and Other Fees.........	23,933	16,790	18,862
S&E Adjustment.......................	10,609		
Servicing Fee Income....................	1,872	1,911	1,923
Interest on Mortgages...................	1,288	966	947
Subtotal.............................	866,550	848,152	855,385
Contingency.............................	-17,250	0	0
Total Revenue.........................	849,300	848,152	855,385

	ACTUAL 2006	ESTIMATE 2007	ESTIMATE 2008
	(Dollars in Thousands)		
Expenses:			
Operating Expenses:			
Administrative Expenses..............	$10,593	$10,593	$54,000
Pool Processing......................	8,474	8,627	8,782
Issuer Reviews.......................	9,923	10,071	10,172
Other Contractor Expenses............	11,291	10,077	10,155
Soldiers & Sailors Act...............	2,990	3,005	3,020
Mortgage Insurance Claims............	8,904	8,993	9,083
Default Expenses & Servicing Expenses.	413	1,044	862
Multiclass Expenses..................	7,873	8,267	8,680
Total Operating Expenses...........	60,461	60,677	104,754
Non-Operating Expenses:			
Write-Down of Assets to Lower of Cost Or Market...........................			
Subtotal...........................	60,461	60,677	104,754
Contingency..........................	-461	...	...
Total Expenses.....................	60,000	60,677	104,754
Net Income.........................	789,300	787,475	750,349

SALE OF SERVICING RIGHTS

In fiscal years 2007 and 2008, it is estimated that proceeds from the sale of servicing rights is $500,000 thousand and $1 million respectively.

Soldiers and Sailors

Under the Soldiers' and Sailors' Civil Relief Act of 1940 (SSCRA), Ginnie Mae's issuers may be forbidden from collecting interest in excess of 6 percent per annum on certain mortgages while the borrowers are on active military duty. Ginnie Mae reimbursement of issuers for interest shortfalls on loans eligible for interest rate reduction under the SSCRA has been increasing since fiscal year 2002. Currently, Ginnie Mae absorbs the costs of the interest reduction in all cases where a qualified (under SSCRA) Reservist or member of the National Guard is called to active duty, regardless of the military effort.

FEDERAL CREDIT REFORM

The Omnibus Budget Reconciliation Act (OBRA--P.L. 101-508) required Federal credit programs to implement credit reform beginning in fiscal year 1992. The Budget presentation for Ginnie Mae has been structured with four accounts to comply with the requirements of OBRA. In fiscal year 2008, it is estimated that the Financing Account will transfer $162.5 million from its net receipts to a Reserve Receipt Account. Of the total net receipts, $54 million will be appropriated for administrative expenses and contract expenses into the Program Account, and the balance of $151.8 million will remain in the Reserve Receipt Account as negative subsidy. The Financing Account is treated as a non-budgetary account. Budget authority and outlay data for each of the accounts are presented in the following table.

GINNIE MAE MORTGAGE-BACKED SECURITIES
FY 2008 CREDIT REFORM PRESENTATION
(Dollars in Thousands)

BUDGET AUTHORITY	
On-Budget Accounts	
Liquidating Account	
Gross Budget Authority	$549,099
Offsetting Collections	-505,658
Net Budget Authority (Mandatory)	43,441
Program Account	
Appropriation	
Administrative Expenses and Contract Expenses	$54,000
Receipt Account	
Deduction for Offsetting Receipts:	
Proprietary Receipts from the Public (Discretionary)	$162,540
Non-Budgetary Account	
Financing	
Gross Financing Authority	$396,000
Offsetting Collections	-396,000
Net Financing Authority	...
OUTLAYS	
On-Budget Accounts	
Liquidating Account	
Gross Outlays	$86,000
Offsetting Collections	-505,658
Net Outlays (Mandatory)	-419,658
Reserve Receipt Account	
Transferred from Liquidating Account	...
Transferred from Financing Account	$162,540
Program Account	
Outlays (Discretionary)	$54,000
Receipt Account	
Deduction for Offsetting Receipts:	
Offsetting Receipts	$162,540
Discretionary Appropriation	-54,141
Net Receipts	109,399
Non-Budgetary Account	
Financing	
Gross Outlays	$211,000
Offsetting Collections	-396,000

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION
MORTGAGE-BACKED SECURITIES PROGRAM
Performance Measurement Table

Program Name: MORTGAGE-BACKED SECURITIES					
Program Mission: To expand affordable housing in America by linking global capital markets to the nation's housing markets.					
Performance Indicators	**Data Sources**	**Performance Report**		**Performance Plan**	
		2006 Plan	2006 Actual	2007 Plan	2008 Plan
Increase Homeownership Opportunities: Ginnie Mae securitizes at least 93.5 percent of single-family fixed rate FHA loans in fiscal year 2008.	Ginnie Mae database of monthly endorsements by FHA.	90%	91.4%	93%	93.5%
Increase Homeownership Opportunities: Ginnie Mae securitizes at least 84 percent single family VA loans in fiscal year 2008.	Ginnie Mae database of monthly guarantees by FHA.	N/A	N/A	83%	84%
Increase Homeownership Opportunities: At least 29 percent of all Ginnie Mae single-family pools issued in fiscal year 2008 are Targeted Lending Initiative pools.	Ginnie Mae database of monthly endorsements by FHA.	N/A	N/A	28%	29%
Promote Decent Affordable Housing: Ginnie Mae securitizes at least 95 percent of eligible FHA multifamily mortgages in fiscal year 2008.	Ginnie Mae database of multifamily loan securities, compared with FHA multifamily database adjusted to remove ineligible projects.	90%	96.9%	95%	95%

N/A = Not applicable.

Explanation of Indicators

In fiscal year 2008, the Government National Mortgage Association (Ginnie Mae) proposes $100 billion in commitment authority, $11 million in Salaries and expenses, and 71 FTEs to support the Department's Strategic Goal H: Increase homeownership opportunities and Strategic Goal A: Promote decent affordable housing.

Guarantees of Mortgage-Backed Securities

Ginnie Mae's Mortgage-Backed securities program is authorized by Title III of the National Housing Act, as amended, Public Law 73-479, codified at 12 U.S.C. 1716 et seq. Ginnie Mae is a wholly owned instrumentality of the United States within the Department of Housing and Urban Development; authorized by Section 306(g) of the National Housing Act to facilitate the financing of residential mortgage loans insured or guaranteed by the FHA, VA, the U.S. Department of Agriculture (USDA) Rural Housing Service, or guaranteed by the Secretary of Housing and Urban Development under Section 184 of the Housing and Community Development Act of 1992 and administered by the Office of Public and Indian Housing (PIH). Ginnie Mae's guaranty of mortgage-backed securities is backed by the full faith and credit of the United States. Funds available to mortgagees to lend to borrowers are provided through investments in long-term securities guaranteed by Ginnie Mae that are backed by pools of such mortgages. The investment proceeds are used in turn to finance additional mortgage loans.

The primary function of Ginnie Mae is to support the Federal Government's housing initiatives by providing liquidity to the secondary mortgage market and to attract capital from the nation's capital markets into the residential mortgage markets. Through its Mortgage-Backed Securities Program, Ginnie Mae guarantees the timely payment of principal and interest on securities issued by private institutions and backed by pools of Federally insured or guaranteed mortgage loans. The securitization of Federal Housing Administration (FHA) insured, Rural Housing Service, and Veterans Affairs (VA) guaranteed mortgages increases the liquidity of funds available to lenders making these loans and, thereby, decreases the costs associated with making and servicing loans. This decrease in costs helps lower mortgage cost for homebuyers using Federal Government housing programs.

Indicator: Ginnie Mae Securitizes at least 93.5 percent of single family fixed rate FHA loans in fiscal year 2008.

The direct focus of Ginnie Mae's Mortgage-Backed Securities Program is in support of the Department's goal of increasing housing and homeownership. In contribution toward this goal, Ginnie Mae lends indirect support to all of the other Department goals.

Ginnie Mae's fiscal year 2006 goal was to securitize at least 90 percent of FHA and VA insured or guarantee loans. The year-end result was 91.4 percent securitized in single family. Ginnie Mae achieved and succeeded the fiscal year 2006 goal by offering superior up-front pricing and the flexibility in determining servicing spreads.

Indicator: Ginnie Mae Securitizes at least 84 percent of single family VA loans in fiscal year 2008.

Ginnie Mae created this indicator to separately track the ratio between the reported value of VA guarantees and the total value of Ginnie Mae VA single-family securities guaranteed.

Indicator: At least 28 percent of all Ginnie Mae single family pools issued in the fiscal year 2007 and 29 percent in fiscal year 2008 are Targeted Lending Initiative (TLI) pools.

The TLI program offers discounts ranging from one-to-three basis points on Ginnie Mae's six basis point guaranty fee, depending on the percentage of TLI-eligible loans within the security. The reduced guaranty fee gives lenders an incentive to originate loans in TLI areas.

Indicator: Ginnie Mae securitizes at least 95 percent of eligible FHA multifamily mortgages in fiscal year 2008.

To contribute to Strategic Objective, "Expand Access To Affordable Rental Housing," Ginnie Mae set its goal to securitize 95 percent of eligible FHA multifamily mortgages to support the increase in housing available for low- and moderate-income Americans. Ginnie Mae will also incorporate improvements from and expand use of information technology with new computer applications into its business and marketing processes to improve its operational efficiencies and market capabilities that should increase the attractiveness of Ginnie Mae's securities.

Ginnie Mae's fiscal year 2006 goal was to securitize at least 90 percent of eligible FHA multifamily mortgages. Ginnie Mae streamlined requirements for the multifamily program, which enhanced its efficiency as a securitization vehicle. As a result, Ginnie Mae securitized 96.9 percent of eligible FHA multifamily mortgages.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION
MORTGAGE-BACKED SECURITIES PROGRAM
Justification of Proposed Changes in Appropriations Language

The fiscal year 2008 President's Budget includes the appropriations language listed below.

Appropriations Language

New commitments to issue guarantees to carry out the purposes of section 306 of the National Housing Act, as amended (12 U.S.C. 1721(g)), shall not exceed *$100,000,000,000*, to remain available until September 30, *2009*.

For administrative and contract expenses necessary to carry out the guaranteed mortgage-backed securities program, $54,000,000, to be derived from the GNMA guarantees of mortgage-backed securities guaranteed loan receipt account, of which not to exceed $54,000,000, shall be transferred to the appropriation for "Salaries and Expenses": Provided, That to the extent new guarantees of mortgage-backed securities exceed $43,000,000,000 on or before April 1, 2008, an additional $1,000 for administrative contract expenses shall be available for each $1,000,000 in additional guaranteed loan commitments (including a pro rata amount for any amount below $1,000,000), but in no case shall funds made available by this proviso exceed $14,000,000.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION
MORTGAGE-BACKED SECURITIES PROGRAM
Crosswalk of 2006 Availability
(Dollars in Thousands)

Budget Activity	2006 Enacted	Supplemental/ Rescission	Approved Reprogrammings	Transfers	Carryover	Total 2006 Resources
Administrative Expenses	$10,700	-$107	...	...	...	$10,593
Total	10,700	-107	...	...	...	10,593

The $10.6 million in administrative expenses in fiscal year 2006 will be used to cover the cost to carry out the Guaranteed Mortgage-Backed Securities program.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION
MORTGAGE-BACKED SECURITIES PROGRAM
Crosswalk of 2007 Changes
(Dollars in Thousands)

Budget Activity	2007 President's Budget Request	FY 2007 CR Estimate	2007 Supplemental/ Rescission	Reprogrammings	Carryover	Total 2007 Resources
Administrative Expenses	$10,593	$10,593	...	...	...	$10,593
Total	10,593	10,593	...	...	...	10,593

The Department proposed $10.6 million for administrative expenses to cover the cost to carry out the Guaranteed Mortgage-Backed Securities program in fiscal year 2007.