

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Government National Mortgage Association (GNMA)
Mortgage-Backed Securities Program

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carry over	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2023 Appropriation	900,000,000	900,000,000	-	1,800,000,000	408,157,100	-
2024 Annualized CR	900,000,000	900,000,000	-	1,800,000,000	387,462,000	-
2025 President's Budget	550,000,000	900,000,000	-	1,450,000,000	477,291,633	-
Change from 2024	(350,000,000)	-	-	(350,000,000)	89,829,633	-

ADMINISTRATIVE EXPENSES AND COMMITMENT & MULTICLASS FEES

(Dollars in Thousands)

	Carryover	Spending Authority from Offsetting Collections	Budget Authority	Precluded	Obligations	Net Outlays
2023 Appropriation	1,417,485	133,176	40,466	(1,510,194)	47,008	(86,687)
2024 Annualized CR	1,510,194	145,255	40,400	(1,615,049)	45,208	(101,083)
2025 President's Budget	1,615,049	157,787	67,000	(1,705,835)	63,920	(93,858)
Change from 2024	104,855	12,532	26,600	(90,787)	18,712	7,225

a/ 2023 Budget Authority includes \$66 thousand of earned no-year funds contingent on volume, which is not included in the S&E CJ.

PROGRAM PURPOSE

The Government National Mortgage Association (Ginnie Mae) makes affordable housing a reality for millions of households across America by channeling global capital into the Nation's housing markets while minimizing the risk to the U.S. taxpayer. Specifically, the Ginnie Mae guaranty (i.e., the timely payment of principal and interest to mortgage-backed securities ("MBS") investors, backed by the full faith and credit of the U. S. Government) enables mortgage lenders to sell their loans at favorable prices in the U.S. secondary mortgage market, increasing the total funding available for lenders to make new loans at attractive interest rates to borrowers. This helps to lower financing costs and increase access to affordable and sustainable housing and homeownership for those that the Federal mortgage programs are intended to serve.

BUDGET OVERVIEW

The 2025 President's Budget for Ginnie Mae consists of two parts:

- 1) \$550 billion in limitation on new commitments of single class MBS, which is \$350 billion less than the 2024 Annualized CR level; and
- 2) \$67 million in spending authority from offsetting collections to cover salaries and expenses (S&E), which is \$26.6 million more than the 2024 Annualized CR level.

Commitment Authority

The 2025 President's Budget requests \$550 billion in commitment authority, to remain available until September 30, 2026. This funding level is necessary to ensure that Ginnie Mae can continue its mission of channeling funding from the global capital markets to the primary market for federally backed mortgages—administered by HUD's Federal Housing Administration (FHA) and Public and Indian Housing (PIH) programs, Veterans Affairs (VA), and U.S. Department of Agriculture's (USDA) Rural Development program—thereby maintaining support for low-cost homeownership and housing opportunities for Americans across the single family, multifamily, manufactured housing, and reverse mortgage segments of the market.

Salaries and Expenses (S&E)

The 2025 President's Budget requests \$67 million, to remain available until September 30, 2026. Ginnie Mae's S&E budget is offset by an estimated \$158 million in collections from Commitment and Multiclass fees, resulting in net budget authority of -\$91 million. Please see the Ginnie Mae S&E Congressional Justification for more details.

This program aligns to HUD 2022-2026 Strategic Objective 3B: *Create a More Accessible and Inclusive Housing Finance System.*

JUSTIFICATION

Ginnie Mae, authorized by Title III of the National Housing Act, as amended (P.L. 73-479; codified at 12 U.S.C. 1716 et seq.), does not make or purchase mortgage loans, nor does it buy, sell, or issue securities. Instead, Ginnie Mae supports liquidity in the mortgage market by guaranteeing timely payment of pass-through income to investors of MBS pooled by mortgages insured and guaranteed by the Federal Government.

To do this, Ginnie Mae is provided by the Congress with a dollar amount of commitment authority. Ginnie Mae sells this commitment authority to approved lending institutions (Issuers), giving Issuers the ability to pool Government insured mortgages and sell them as Government guaranteed MBS. Ginnie Mae, in turn and as authorized by Section 306(g) of the National Housing Act, guarantees the performance (i.e., timely payment of principal and interest) of the issuer who issues the MBS and who continues to service and manage the underlying loans. In return for this guarantee on MBS securitized by approved issuers, Ginnie Mae charges a guaranty fee.

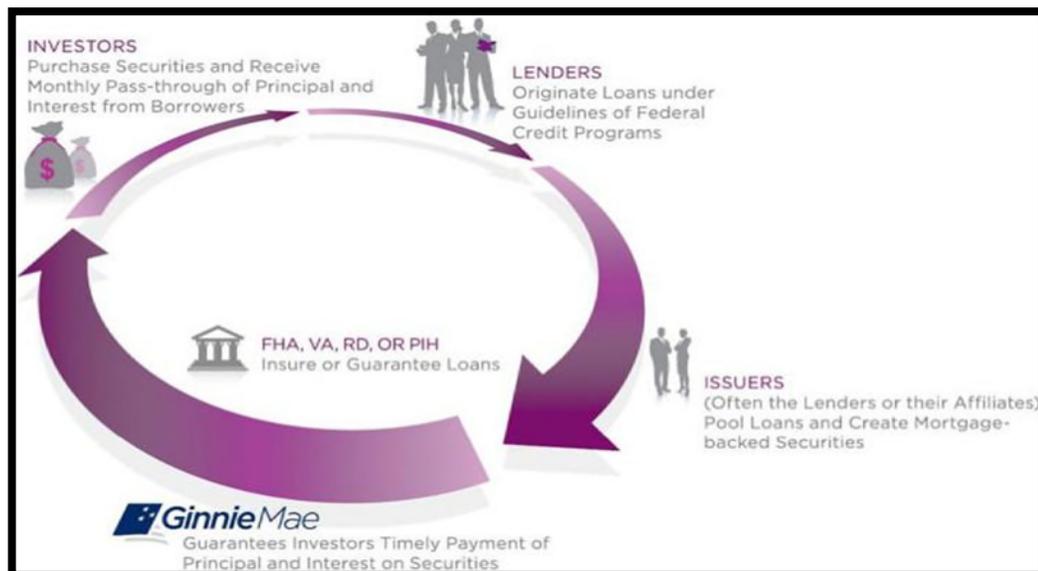
It is through this business model that Ginnie Mae executes its mission and furthers the Administration's priorities to: 1) Support Underserved Communities; 2) Ensure Access to and Increase the Production of Affordable Housing; and 3) Promote Homeownership – while also significantly limiting its exposure to risk (see Figure 1).

Figure 1: Protecting the Ginnie Mae Guaranty



The Ginnie Mae guaranty, coupled with an expected return higher than U.S. Treasury securities, makes Ginnie Mae securities highly liquid and attractive to domestic and foreign investors of all types. This liquidity is passed on to the issuers who can then use the proceeds from issuances to make new loans available. The ongoing cycle (as depicted in Figure 2) helps support accessible and affordable housing for America. Because the Ginnie Mae guaranteed MBS are backed by the full faith and credit of the U.S. Government, capital continues to flow even during recessionary periods when liquidity stalls in the private market and in times of great market change. This powerful feature ensures that mortgage financing is available for homeownership and rental properties regardless of the economic climate.

Figure 2: Capital Flow of Ginnie Mae Guaranteed Securities



Equity

Ginnie Mae serves in a critical role to support the Administration’s ongoing efforts to ensure the housing finance, homeownership, and affordable rental housing ecosystem is sustainable, equitable, and accessible. By leveraging the Federal mortgage programs to break down longstanding barriers, Ginnie Mae makes access to affordable homeownership and rental housing possible for millions of low- to moderate-income borrowers and renters, many of whom are first-time homebuyers, veterans, and in minority households.

Funding Impact and Outcomes

Since its inception in 1968, Ginnie Mae has facilitated social capital investments in affordable housing to advance the needs of America’s underserved communities—guaranteeing approximately \$10.2 trillion in MBS overall.

Ginnie Mae is part of a global housing finance infrastructure. The enterprise helps homebuyers by:

- promoting access to affordable mortgage financing,
- enabling lower down payment requirements,
- offering affordable loan options through Government mortgage lending programs (e.g., FHA, PIH, VA, and USDA),
- ensuring stable mortgage interest rates and favorable workouts on Government mortgage loan programs, and
- supporting low- to moderate-income borrowers in their homeownership and wealth creation goals.

In 2023, Ginnie Mae supported more than 1.2 million households in our Nation’s urban, rural, and Tribal communities, including underserved segments of the population, service members, and veterans—with nearly 630,000 Americans achieving the dream of homeownership for the first time.

Without Ginnie Mae’s guarantee program, millions of qualified borrowers would not have access to credit through the Government lending.

Key Assumptions

During the pandemic, record-low borrowing rates contributed to the refinance and origination boom that fueled a significantly increased demand for commitment authority. Amid recent elevated mortgage rates and home prices, home-buying activity has slowed significantly. However, despite this slowdown, Ginnie Mae’s guarantee book of business continues to increase, demonstrating the incredible power of its business model to facilitate homeownership and wealth creation.

The 2025 Budget, coupled with forecasted carryover funds, will support uninterrupted operations – providing funding for approximately 2 million loans – while still retaining a balance to account for any unforeseen changes to market and economic conditions.

Stakeholders

Ginnie Mae has formed, strengthened, and maintained effective partnerships with private and public stakeholders, counterparties, and our Federal Agency partners to support the Administration’s goal of increasing supply of quality affordable housing and lower housing costs across the Nation.

MORTGAGE-BACKED SECURITIES PROGRAM

- **MBS Guarantee:** Ginnie Mae guarantees the timely payment of principal and interest on MBS issued by approved lenders. This guarantee provides investors with a level of security, which encourages them to invest in mortgage-backed securities. By assuming the issuer default risk, Ginnie Mae helps maintain the liquidity of the mortgage market.
- **Access to Capital:** Ginnie Mae's guarantee on MBS makes it easier for approved lenders and issuers to sell their mortgage loans in the secondary market. This allows lenders to replenish their funds and provide new mortgage loans to borrowers. Ginnie Mae's involvement helps ensure that there is a steady flow of capital available for mortgage lending.
- **Lower Mortgage Rates:** Ginnie Mae's presence in the market helps promote competition among approved lenders/issuers, which can lead to lower interest rates on mortgage loans for borrowers (homebuyers). This competition for affordability makes homeownership more accessible to a broader range of borrowers, including first-time homebuyers and low- to moderate-income households.
- **Support for Government Loan Programs:** Ginnie Mae focuses on supporting mortgage loans insured or guaranteed by the FHA, PIH, VA, and USDA. By guaranteeing MBS backed by these loans, Ginnie Mae encourages lenders to participate in these Government loan programs, expanding access to mortgage financing for eligible borrowers.
- **Housing Market Stability:** Ginnie Mae's role in the global housing finance market helps promote stability by ensuring the availability of capital for the housing industry. This stability is particularly important during times of economic uncertainty or market stress, as it helps prevent and/or curtail disruptions in the mortgage market and supports the overall health of the housing sector.

Through its mission, Ginnie Mae is able to leverage the Government guarantee—at minimal cost and risk to the Federal Government and taxpayers—to dramatically lower the cost of housing and facilitate social capital investments in affordable housing to advance the needs of America’s underserved communities.

User Fees

Fee	Statute	Where and How the Fee Is Collected	2025 Fee Schedule	Estimated Collections (dollars in thousands)
Commitment Authority Application Fee	Title III of the National Housing Act, as amended (P.L. 73-479; codified at 12 U.S.C. 1716 et seq.)	Ginnie Mae receives funds via ACH drafts by the Pool Processing Agent and through the Pay.gov website.	First \$1.5 million: \$500 Additional Amounts: \$200 for each additional \$1 million (or part thereof)	\$94,342
Multiclass Fees	Title III of the National Housing Act, as amended (P.L. 73-479; codified at 12 U.S.C. 1716 et seq.)	Ginnie Mae receives funds via ACH drafts by the Pool Processing Agent and through the Pay.gov website.	First \$100 Million: 7.5 basis points Additional Amounts: 2.5 basis points Additional Multifamily fee: \$10,000 Modification and Exchange (MX) combination fee: \$3,000 per MX combination	\$63,445

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2023 Budget Authority	2022 Carry over Into 2023	2023 Total Resources	2023 Obligations	2024 Annualized CR	2023 Carry over Into 2024	2024 Total Resources	2025 President's Budget
Commitment Authority	900,000,000	900,000,000	1,800,000,000	408,157,100	900,000,000	900,000,000	1,800,000,000	550,000,000
Total	900,000,000	900,000,000	1,800,000,000	408,157,100	900,000,000	900,000,000	1,800,000,000	550,000,000

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS**Appropriations Language Changes**

The 2025 President's Budget includes the following:

- Clarifying S&E Funding Source as Offsetting Collections: The Budget requests a revision to the appropriations language that clarifies the source of Ginnie Mae's S&E as receipts from Commitment and Multiclass fees credited as offsetting collections in the program account. It was brought to the Department's attention that the appropriations language could be interpreted in such a way that Ginnie Mae's annual S&E is funded through an appropriation instead of, as it was intended, from offsetting collections. The 2025 Budget explicitly provides for offsetting collections as the source of S&E funds.

Legislative Proposals

The 2025 Budget supports the following legislative proposal and will seek changes through the authorization process:

- Administrative Expenses Fiscal Year Limitations: This provision makes limitations on administrative expenses inapplicable to certain expenditures of Ginnie Mae, including legal services contracts and the expenses of carrying out its programmatic duties. This provision ensures that administrative expenses provided in annual appropriations bills does not preclude Ginnie Mae's reliance upon its permanent, indefinite appropriation, in Section 1 of the National Housing Act, for essential operating funds.

General Provisions

The 2025 President's Budget re-proposes the following general provisions:

- GNMA Legal Services: This provision makes limitations on administrative expenses inapplicable to certain expenditures of Ginnie Mae, including legal services contracts and the expenses of carrying out its programmatic duties. This provision ensures that administrative expenses provided in annual appropriations bills does not preclude Ginnie Mae's reliance upon its permanent, indefinite appropriation, in Section 1 of the National Housing Act, for essential operating funds. (Sec. 204)
- HUD Corporation Expenditures: This provision is an authorization by which the Congress implements its responsibilities under Section 104 of the Government Corporations Control

Act (31 U.S.C. 9104), which is necessary to carry out the programs set forth in Ginnie Mae's budget for the coming year. (Sec. 205)

- **Eminent Domain Restrictions:** This provision prohibits HUD from guaranteeing mortgages or mortgage-backed securities that refinance or otherwise replace mortgages that have been subject to eminent domain. (Sec. 216)
- **GNMA Securitization of Risk Share Loans:** This provision authorizes Ginnie Mae to securitize affordable multifamily loans made by Housing Finance Agencies (HFAs) and insured under the Federal Housing Administration's (FHA) 542(c) Risk-Sharing program. Authorizing securitization in support of this multifamily housing program would permanently address the critical need for a stable and low-cost source of capital and enhanced market liquidity for this form of affordable housing. (Sec. 229)

APPROPRIATIONS LANGUAGE

The 2025 President's Budget includes the appropriations language listed below.

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 \$550,000,000,000, to remain available until September 30, 2026: Provided, That \$67,000,000, to remain available until September 30, 2026, to be derived from fees credited as offsetting collections to this account, including balances of fees collected and credited in prior fiscal years, shall be for necessary salaries and expenses of the Government National Mortgage Association: Provided further, That receipts from Commitment and Multiclass fees collected pursuant to title III of the National Housing Act (12 U.S.C. 1716 et seq.) shall be credited as offsetting collections to this account.

Note.--A full-year 2024 appropriation for this account was not enacted at the time the Budget was prepared; therefore, the Budget assumes this account is operating under the Continuing Appropriations Act, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 reflect the annualized level provided by the continuing resolution.