DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Government National Mortgage Association (GNMA)

Mortgage-Backed Securities Program

SUMMARY OF RESOURCES

(Dollars in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>Enacted/Requested</th>
<th>Carryover</th>
<th>Supplemental/Recission</th>
<th>Total Resources</th>
<th>Obligations</th>
<th>Net Outlays</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021 Appropriation</td>
<td>1,300,000,000</td>
<td>222,640,721</td>
<td>-</td>
<td>1,522,640,721</td>
<td>999,096,004</td>
<td>-</td>
</tr>
<tr>
<td>2022 Annualized CR</td>
<td>1,300,000,000</td>
<td>523,544,717</td>
<td>-</td>
<td>1,823,544,717</td>
<td>877,730,752</td>
<td>-</td>
</tr>
<tr>
<td>2023 President's Budget</td>
<td>900,000,000</td>
<td>945,813,965</td>
<td>-</td>
<td>1,845,813,965</td>
<td>885,573,606</td>
<td>-</td>
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<tr>
<td>Change from 2022</td>
<td>(400,000,000)</td>
<td>422,269,248</td>
<td>-</td>
<td>22,269,248</td>
<td>7,842,854</td>
<td>-</td>
</tr>
</tbody>
</table>

ADMINISTRATIVE EXPENSES AND COMMITMENT & MULTICLASS FEES

(Dollars in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>Carryover</th>
<th>Spending Authority from Offsetting Collections</th>
<th>Budget Authority</th>
<th>Precluded</th>
<th>Obligations</th>
<th>Net Outlays</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021 Appropriation</td>
<td>1,034,938</td>
<td>271,856</td>
<td>36,500</td>
<td>(1,270,294)</td>
<td>35,523</td>
<td>(239,343)</td>
</tr>
<tr>
<td>2022 Annualized CR</td>
<td>1,270,294</td>
<td>222,000</td>
<td>36,500</td>
<td>(1,455,794)</td>
<td>43,695</td>
<td>(178,705)</td>
</tr>
<tr>
<td>2023 President's Budget</td>
<td>1,455,794</td>
<td>241,000</td>
<td>42,400</td>
<td>(1,654,394)</td>
<td>49,254</td>
<td>(195,480)</td>
</tr>
<tr>
<td>Change from 2022</td>
<td>185,500</td>
<td>19,000</td>
<td>5,900</td>
<td>(198,600)</td>
<td>5,559</td>
<td>(16,775)</td>
</tr>
</tbody>
</table>

a/ Budget Authority for 2021 and 2022 include $3 million of earned no-year funds contingent on volume.

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 increases access to affordable and sustainable housing and homeownership for those that the Federal mortgage programs are intended to serve.

BUDGET OVERVIEW

The 2023 President’s Budget for Ginnie Mae consists of two parts:

1) $900 billion in limitation on new commitments of single class MBS, which is $400 billion less than the 2022 annualized CR level; and
2) $42.4 million in spending authority from offsetting collections to cover personnel compensation and benefits, which is $5.9 million more than the 2022 annualized CR level.

29-1
Commitment Authority

The 2023 President’s Budget requests $900 billion in commitment authority, to remain available until September 30, 2024. 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 the Departments of Housing and Urban Development, Veterans Affairs, and Agriculture in order to meet the credit access and housing needs of Americans across the single family, multifamily, manufactured housing, and reverse mortgage segments of the market.

Salaries and Expenses (S&E)

The 2023 President’s Budget requests $42.4 million, to remain available until September 30, 2024. Ginnie Mae’s S&E budget is offset by an estimated $241.0 million in collections from Commitment and Multiclass fees, resulting in net budget authority of -$198.6 million. Please see the Ginnie Mae S&E Congressional Justification for more details.

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. In 2021, over 3.2 million homeowners and renters benefitted from the Ginnie Mae MBS program with more than 966,100 families achieving the dream of homeownership for the first time.

For over 50 years, Ginnie Mae has been a cornerstone of the U.S. mortgage market, providing stability and liquidity to America’s housing finance system and promoting homeownership and affordable rental housing by ensuring a steady source of funding for the vast majority of loans insured and guaranteed by the Federal Government. Over the last several years Ginnie Mae’s MBS issuance volumes have continued to rise significantly based on market demand, and there has been a corresponding increased demand for commitment authority. In 2021, fueled in part by historically low interest rates that made it possible for homeowners across the country to reduce their monthly mortgage payments, and for first-time homebuyers to enter the market, Ginnie Mae commitment authority sales exceeded $999 billion – a 14 percent increase over the previous $877 billion record set in 2020.

The 2023 Budget reflects this increased demand for Federally backed mortgage loans and aligns with Ginnie Mae’s risk management objectives, as recently addressed in its 2021 Risk Profile Assessment. Insufficient access to commitment authority increases exposure to the following enterprise risks as defined in the Assessment:

- **Market Volatility**: Ginnie Mae could lack the ability to effectively respond to changing market conditions, resulting in Issuer financial and operational strains.
- **Issuer Liquidity**: Financial Institutions could face liquidity constraints, resulting in lenders making fewer loans at less attractive rates and increased Issuer defaults and extinguishments.
A failure to ensure an adequate level of commitment authority carries the risk of creating market instability and distorting decisions that affect credit availability for the Federal mortgage programs. The 2023 Budget will enable Ginnie Mae to continue its practice of making commitment authority available to issuers in good standing at the levels they request, thereby, fulfilling its mission and maintaining support for low-cost homeownership and housing opportunities for Americans, including Veterans, across the nation.

### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Budget Activity</th>
<th>2021 Budget Authority</th>
<th>2020 Carryover Into 2021</th>
<th>2021 Total Resources</th>
<th>2021 Obligations</th>
<th>2022 Annualized CR</th>
<th>2021 Carryover Into 2022</th>
<th>2022 Total Resources</th>
<th>2023 President’s Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment Authority (CA)</td>
<td>1,300,000,000</td>
<td>222,640,721</td>
<td>1,522,640,721</td>
<td>999,096,004</td>
<td>1,300,000,000</td>
<td>523,544,717</td>
<td>1,823,544,717</td>
<td>900,000,000</td>
</tr>
<tr>
<td>Total</td>
<td>1,300,000,000</td>
<td>222,640,721</td>
<td>1,522,640,721</td>
<td>999,096,004</td>
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<td>523,544,717</td>
<td>1,823,544,717</td>
<td>900,000,000</td>
</tr>
</tbody>
</table>

### LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

#### General Provisions

The 2023 President’s Budget proposes the following new general provision:

- **Ginnie Mae Securitization of HFA Risk-Share loans**: Ginnie Mae currently lacks the authority to securitize multifamily housing loans insured under paragraph (6) of section 542 (c) of the Housing and Community Development Act of 1992 (12 U.S.C 1715z-22(c). Securitization capability for 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. The use of the Federal Financing Bank (FFB) for “Ginnie-like” financing of HFA risk-share loans is temporary and will expire in 2024. This provision is requested to authorize Ginnie Mae to replace reliance on the FFB for liquidity in the Risk Share program in future years. (2023 President’s Budget, Sec. 230).

The 2023 President’s Budget re-proposes the following general provisions that were enacted in the 2021 appropriations bill:

- **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. (2023 President’s Budget, Sec. 205)

- **Prohibition on Insuring Mortgages Subject to Eminent Domain**: Prohibits HUD from guaranteeing mortgages or mortgage-backed securities that refinance or otherwise replace mortgages that have been subject to eminent domain. (2023 President’s Budget, Sec. 217)

These provisions are described further in the “Explanation of General Provisions” section.

#### Legislative Proposals

The 2023 Budget supports the following legislative proposal and will seek changes through the authorization process:

- **Administrative Expenses Fiscal Year Limitations**: The Budget seeks to permanently authorize the provision that 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.

**APPROPRIATIONS LANGUAGE**

The 2023 President’s Budget includes the appropriation 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 $900,000,000,000, to remain available until September 30, 2024: Provided, That $42,400,000, to remain available until September 30, 2024, 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 available for necessary salaries and expenses of the Office of 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 2022 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, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*