**AS PREPARED FOR DELIVERY**

**Remarks by Joseph Murin**
**Government Housing and Loan Production Conference**
**Tuesday, April 28, 2009**
**8:30 a.m.**
**Marriott Metro Center, Washington, DC**

Thank you for the invitation to speak here today and for your kind introduction. It's a pleasure to be here and to have the opportunity to address this distinguished audience.

We all know that the deep contraction in the economy and the housing market has created devastating consequences for homeowners and communities throughout the country.

While there is no single silver bullet that will solve the challenging conditions we face, I believe that government and the private marketplace are providing multiple opportunities to rebuild the housing and credit industry…from the White House and Congress to Bankers and Lenders.

Ginnie Mae has also become a key player.

In a recent media story, Ginnie Mae was described as a "bit of a wallflower…and she has a face only an economist could love." Well, we may not be the most well-known game in town, but we are stable, secure and steadily growing…traits that, in today's market, are hard to ignore.

Despite turbulent times, Ginnie Mae has experienced consistent growth. In fact, last month we reached a milestone, issuing a record $34.5 billion in MBS, bringing a total of $89.7 Billion of liquidity to market in 2009 versus $38.9 Billion for the first three months of 2008. These issuances included 52 percent purchase transactions with 78 percent of that amount being first-time homebuyers. And surprisingly the average FICO score of these borrowers was 697.

If we continue performing at the rate we are now, we could issue $350 billion in MBS and have a portfolio with an outstanding balance of nearly $1 trillion by the end of 2009.

This growth and confidence is a clear reflection of Ginnie Mae's commitment to focusing on the business fundamentals.

Job number one is to provide liquidity to the market. We continually strive to expand our investor base beyond the U.S. and Asia. Currently, 48 percent of our bonds are purchased by foreign investors. This is up from 32 percent at the beginning of 2008. This represents a pretty significant confidence level our investors have in our bond program. Additionally, the recent Fed program, which supports the MBS market has only purchased six percent of Ginnie issuances through the first three months of its program.

Our second goal is to improve MBS execution. By increasing disclosures, we think investors can more accurately price Ginnie Mae securities.

This summer we plan to begin disclosing credit scores, weighted average credit score and down payment assistance. And we intend to continue adding additional data elements, as they become available.

We will begin disclosing data at pooling, unlike the current practice of disclosing information one month after securities are issued.

In the fall, Ginnie Mae plans to provide information on the geographic footprint of portfolios within our securities, as well as delinquency rates and other factors that affect performance.

Ginnie Mae's third goal is to protect the taxpayer. Due to the current financial crisis and large increase in our business, Ginnie Mae now operates in a much riskier environment. As a result, we have re-engineered our risk management strategy and appointed a chief risk officer, established a formal risk committee and reconstituted an issuer review board. We are working to apply the most sophisticated analytical tools to assist us in recognizing the potential of risk before it happens.

Risk management is also being enhanced by implementing a new special servicing review program. Under this program, our MBS monitoring team visits all new issuers and any high risk issuers. We evaluate each issuer and their portfolios every month to best understand potential default opportunities.

Focusing on the basics doesn't mean that Ginnie Mae has remained stagnant. In fact, we continually provide program updates and have recently announced several important changes to our mortgage-backed securities guide, including changes to the pooling parameters for permanent higher loan limits. As a result of amendments made by the Housing and Economic Recovery Act of 2008, Ginnie Mae will have permanent authority to guarantee MBS backed by certain high-balance mortgage loans. The new permanent limit for high cost areas is $625,000. Until the end of 2009, the FHA may insure loans up $729,000. Eligible high-balance loans are those loans over $417,000. For pools with an issue date on or after January 1, 2009, high-balance loans originated with a note dated on or after October 1, 2008 are now allowed to be commingled in TBA-eligible pools The comingling is limited to 10 percent. Loans issued prior to January 1, 2009 must be pooled separately.

Ginnie Mae recently began extending the interest forgiveness period for our troops returning from the battlefield to include an additional twelve months past the servicemembers' official end of duty.

Because the GSEs are purchasing fewer whole loans, there's been more interest in our HMBS program. And we are regularly looking at ways to enhance this program. We will soon form a joint working group with the National Reverse Mortgage Lenders Association to address critical issues within the HMBS industry to build upon the initial success of HECM products.

While we have taken steps in adapting to the times, there are still areas we continue to work on. One example is ensuring that our industry has adequate warehouse lending funding channels and capital levels. During 2008, warehouse lending capacity declined dramatically—from over $200 billion in 2007 to approximately $20 to $25 billion in 2008. This 85 percent decline in capital availability was accompanied by a 50 percent decline in the number of warehouse lenders.

Any disruption in this market not only lengthens the time it takes for consumers to get a mortgage, but it also increases borrowing costs.

Ginnie Mae could not enter the warehouse lending business without a change to its charter, but we could help administer a program. Ginnie Mae and the MBA are working on a proposal under which the Treasury would provide funding to warehouse credit lines backed by government insured or guaranteed loans and securitized in a Ginnie Mae pool.

I'm a big believer in the long-term health and growth in housing in America. This might sound strange in the middle of the most severe housing correction in our lifetimes, but I'm optimistic.

Despite severe conditions in large sectors of the country, there are also large portions of the country where housing is in good shape. And I think the long-term fundamentals look better and better as we move through this correction.

Thank you again for this opportunity to speak with you today.

###