

**AS PREPARED FOR DELIVERY**

**Remarks by Michael Frenz  
National Reverse Mortgage Lenders Association  
2008 Annual Meeting General Session  
Tuesday, November 18, 2008  
Los Angeles, CA  
9:45 -10:30 AM**

**Introduction**

Thank you Peter, Liz and everyone here for inviting me to the National Reverse Mortgage Lenders Association 2008 Annual Meeting.

These are very interesting and precedent setting times, especially with the nomination of our country's new President Barack Obama. We all aware of the current state of our economy. We know people are having a difficult time dealing with events that affect their daily lives.

We also know that investors are losing confidence as a result of this uncertainty. Some of this uncertainty is also plaguing older Americans. What does it all mean for them?

As those of us who have aging parents know, seniors especially find themselves squeezed by the pressures of this economy and what it means for their retirement savings.

What is on the horizon for them? Well, I have nine words for you and, don't heckle me ... I'm from the government and I'm here to help.

Since we were created forty years ago, Ginnie Mae has been a cornerstone of the American mortgage market. While you don't hear much about us, we were there for you yesterday, we are here for you today and will be there for you tomorrow.

As a result, we have guaranteed more than \$2.6 trillion in mortgage-backed securities, providing homeownership opportunities for more than 30 million households by securitizing government-insured loans. Needless to say, we will continue to create opportunities for sustainable, affordable housing for low-and-moderate income families and increase mortgage liquidity, even during unstable financial times, just like now.

Homeownership is truly the engine that moves this economy. When that engine stalls, as it is doing now, the economy sometimes stumbles and falls.

How does this affect you? Borrowers still want and need existing and new mortgage programs more so today than ever before.

Our Reverse Mortgage program does just that. It stands ready to support our "baby boomers" as they begin to enter the twilight of their life when they are faced with rising health care costs, financial uncertainty and longer life spans. Today, this program will be more critical to their survival than any other program our mortgage industry has ever made.

To accomplish this need, you the lender will still need liquidity to funnel more money into HECM loans. Investors will also need a safe haven for their investments.

Since its inception Ginnie Mae has securitized more than \$1.3 billion into HECM securities. Why? Because given the current demographics there is an enormous potential for this product.

The potential increase can only serve to complement the overall increase Ginnie Mae has experienced in all its programs. In October, we issued more than \$29.6 billion in securities, the highest monthly issuance *in the history of Ginnie Mae*. In October, we also captured 41% of the MBS market, topping Fannie Mae and Freddie Mac. Our portfolio is rapidly approaching the \$600 billion threshold. If this trend continues into 2009, we could experience issuances exceeding \$350 billion and an outstanding portfolio reaching \$1 trillion.

This potential increase in interest in our HECM securities means more liquidity. More liquidity translates into better execution and that translates into a lower cost directly to older Americans. A benefit all older Americans so desperately need.

Ginnie Mae securities provides the mortgage-backed securities marketplace with the only full faith and credit vehicle, the only standardized structure for the securitization of FHA-insured reverse mortgages and the only 0% risk rate weighting advantage for our investor's balance sheets.

Since the program began, we have securitized fixed-rate and LIBOR HECMs. Because of overall investor interest in our program, we have even higher expectations for its success. We would not be surprised to see HECM securitizations surpass \$2 billion dollars in the very near future.

But this is just part of it, in July we added the H-Class REMIC to the Ginnie Mae Multiclass Securities product line. This ingenious REMIC structure will allow investors to combine forward and reverse mortgage collateral under the same structure. Thus, our investors can now enjoy the benefits of securities with monthly cash flows, along with payouts from the annuity component over a longer term horizon.

Further, the recently passed Hope 4 Homeowners housing legislation provides a much needed helping hand to seniors. In addition to permanently increasing FHA's loan limits to \$625K, the bill also increases the HECM loan limit to \$417K.

Higher loan limits mean more borrowers can access the safety and security of FHA's Reverse loans, and more lenders and issuers have a securitization outlet for these loans.

Looking forward, let me assure you that we will continue to be proactive and innovative and will do everything we can to meet homeowners needs.

Despite the challenges in the current environment, in many ways this is a real opportunity for Ginnie Mae. We know that we can help even more families protect their homes, their communities and their futures.

Now with our reverse mortgage security, we are in an even better position to help our nation's older Americans meet the challenges of tomorrow.

Thank you.

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