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Ginnie Mae Enhances USDA Multifamily Mortgaged-Backed Securities Program: Corporation Increases Loan Amount Eligible for Pooling MBS

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WASHINGTON, DC – Ginnie Mae today announced an improvement to its securitization program for U.S. Department of Agriculture (USDA) Section 538 loans. Effective June 1, 2015, USDA Section 538 Multifamily loans with a maximum loan amount of 70% of total development costs will be eligible for pooling into Ginnie Mae mortgage-backed securities (MBS). This is an increase from the previously allowable maximum loan amount of 50% of the total development costs.

This is an important and substantial change to the program," said Ginnie Mae President Ted Tozer. "It is a real opportunity to help the USDA ensure the continued affordability and availability of multifamily rural housing projects for low and moderate income families. Since more of the development costs will be eligible for pooling, the securities will generate additional liquidity for more multifamily projects."

The Ginnie Mae Multifamily MBS Program enables lenders to reduce mortgage interest rates paid by property owners and developers of apartment buildings, hospitals, nursing homes, assisted living facilities and other types of housing. These lower interest rates provide the necessary incentive for many developers to construct new projects or substantially rehabilitate existing structures.

"One of the ways we improve people's lives in rural America is through affordable rental housing," said USDA Rural Housing Service Administrator Tony Hernandez. "The enhancements Ginnie Mae is implementing in the securitization of USDA's 538 Multifamily loans will help us achieve our mission and help our customers through viable investments in rural America."

Under the Section 538 Guaranteed Rural Rental Housing Program (GRRHP), the USDA provides credit enhancements through government guarantees to encourage lenders to make new loans to multifamily developers for the construction and preservation of affordable rental properties for low-and moderate-income tenants in rural areas of the country. The USDA program provides loan guarantees up to 90 percent to construct or rehabilitate affordable rural multi-family rental housing. Since 2009, the program has helped rehabilitate or build over 14,000 housing units.

In FY 2014 the outstanding balance of Multifamily MBS guaranteed by Ginnie Mae increased to \$87.9 billion, compared with \$79.8 billion in FY 2013, helping to finance 1,476 apartment buildings, 14 hospitals, 355 nursing homes and 217 assisted living homes. Additional information about Ginnie Mae's updated multifamily program can be found [here](#).

About Ginnie Mae

Ginnie Mae is a wholly-owned government corporation within the U.S. Department of Housing and Urban Development. Ginnie Mae pioneered the MBS, guaranteeing the very first security in 1970 and raises capital from investors in the global credit markets to ensure liquidity for affordable rental and homeownership opportunities across the country. Through its MBS, Ginnie Mae finances housing mortgage insurance programs run by the Federal Housing Administration (FHA), the Department of Veterans Affairs (VA), the Office of Public and Indian Housing (PIH), and the Department of Agriculture's Rural Housing Service. Ginnie Mae securities carry the full faith and credit of the United States Government.

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