

Ginnie Mae Estimates \$3B in Volume This Year

Despite doing \$5 billion in volume in fiscal year 2009 and a growing stable of issuers, Ginnie Mae expects to securitize only \$3 billion in home equity conversion mortgage-backed securities this fiscal year.

Issuers and participation agents servicing HMBS, however, said that amount seems unlikely as more lenders lean toward Ginnie Mae as a secondary market.

"I'd be surprised if the volume drops next year," said Ryan LaRose, executive vice president of servicing company **Celink**, a participation agent. "The primary outlet for the future of the market is Ginnie Mae."

The \$3 billion fiscal year 2010 prediction was "just conservative," Ginnie Mae spokeswoman Gina Screen said in an email.

Reverse mortgage lenders have gravitated toward securitization as institutions have shown a strong appetite for government-guaranteed bonds on fixed-rate, government-guaranteed loans in the 5% interest range. A year ago there were just a few HMBS issuers. That number has since grown to 12, Screen said.

The result was a rapid rise in the amount of securitized reverse mortgages, although the numbers dropped the last couple of months. The government agency issued \$917 million in October, Screen said. In September, \$1.1 billion was issued, down more than \$400 million from the month before, according to [Ginnie Mae data](#). That is still nearly nine times the \$130 million securitized in September 2008.

Sun West Mortgage Co. Vice President Pavan Agarwal said that as an issuer and participation agent for four other lenders, he estimates handling \$2.5 billion in total volume for his firm alone in 2010.

He declined to comment on Ginnie Mae's estimations, but he said he expects Ginnie Mae's market share to grow.

"I don't see where the slowdown will come," said Robert Yeary, chairman and CEO of Ginnie Mae issuer **Reverse Mortgage Solutions**. The servicing company issued between \$200 million in \$300 million in the last few months, he said.

Yeary said, however, that Ginnie Mae has "raised the bar" for reverse mortgage issuers as it has "determined there is additional risk in HMBS securities." He said the agency wants to see reasonable loan reserves and growing net worth, which is restricting approvals of new issuers.

Yeary and Agarwal said the possibility of rising interest rates next year could adversely affect loan originations. But Yeary said that Congress' recent extension of the \$625,500 lending limit should keep lending brisk.

The HECM market grew by only 2.3% in fiscal year 2009 compared to 2008 with a total 114,691 loans endorsed, according to the [Department of Housing and Urban Development](#). And data firm [Reverse Market Insight](#) said the industry may see the first negative calendar year for endorsements since 2000.

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