



OFFICE of
INSPECTOR GENERAL

UNITED STATES DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT

Ginnie Mae Did Not Formally Assess Rising Nonbank Concentration Risk

Report Number: 2026-KC-0002

March 30, 2026

Highlights

Ginnie Mae Did Not Formally Assess Rising Nonbank Concentration Risk | 2026-KC-0002

What We Audited and Why

We audited the Government National Mortgage Association's (Ginnie Mae) management of its portfolio of federally guaranteed mortgage-backed securities (MBS). We initiated this audit because of our internal monitoring of the Ginnie Mae portfolio as well as the issuance of a Financial Stability Oversight Council report in 2024 on the rising risks presented by nonbank mortgage companies.

Our audit objective was to assess Ginnie Mae's evaluation of nonbank issuer concentration risk.

What We Found

Ginnie Mae's portfolio experienced a rise in nonbank concentration risk. Specifically, a few nonbank mortgage companies hold a large percentage of Ginnie Mae's portfolio of guaranteed MBS. However, Ginnie Mae does not formally assess whether the risk impacts its operations, existing internal controls, or its ability to meet its agency goals. If this continues, it could complicate Ginnie Mae's ability to effectively monitor or respond to any failures of the largest nonbank mortgage companies.

What We Recommend

We recommend that the President of Ginnie Mae perform an assessment of concentration risk and take appropriate action based on the results.

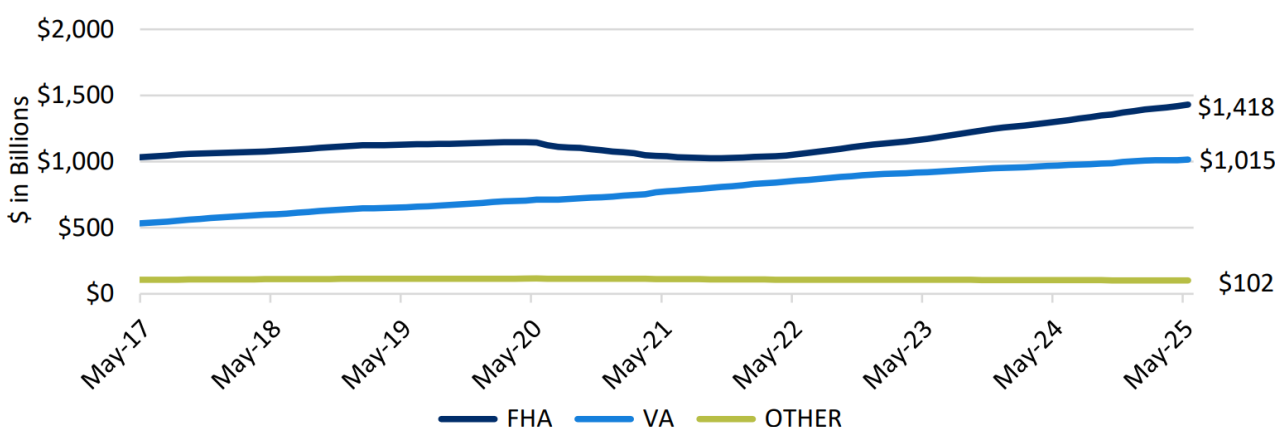
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Background and Objective

The Housing and Urban Development Act of 1968 created Ginnie Mae, a wholly owned U.S. Government corporation within the U.S. Department of Housing and Urban Development (HUD). Ginnie Mae was tasked to facilitate the liquidity and stability of the mortgage market and expand access to affordable credit and housing to historically underserved communities. Ginnie Mae provides the full faith and credit guaranty of the U.S. Government on MBS collateralized by mortgages insured or guaranteed by the Federal Housing Administration (FHA), U.S. Department of Veterans Affairs (VA), U.S. Department of Agriculture’s Office of Rural Development, and HUD’s Office of Public and Indian Housing. As of May 2025, Ginnie Mae’s MBS portfolio outstanding principal balance was approximately \$2.7 trillion for all its programs including single family, multifamily, reverse mortgages, and manufactured housing. The chart below breaks down Ginnie Mae’s portfolio by different government insurance programs since May 2017.

Figure 1. Composition of Outstanding Single Family Ginnie Mae MBS

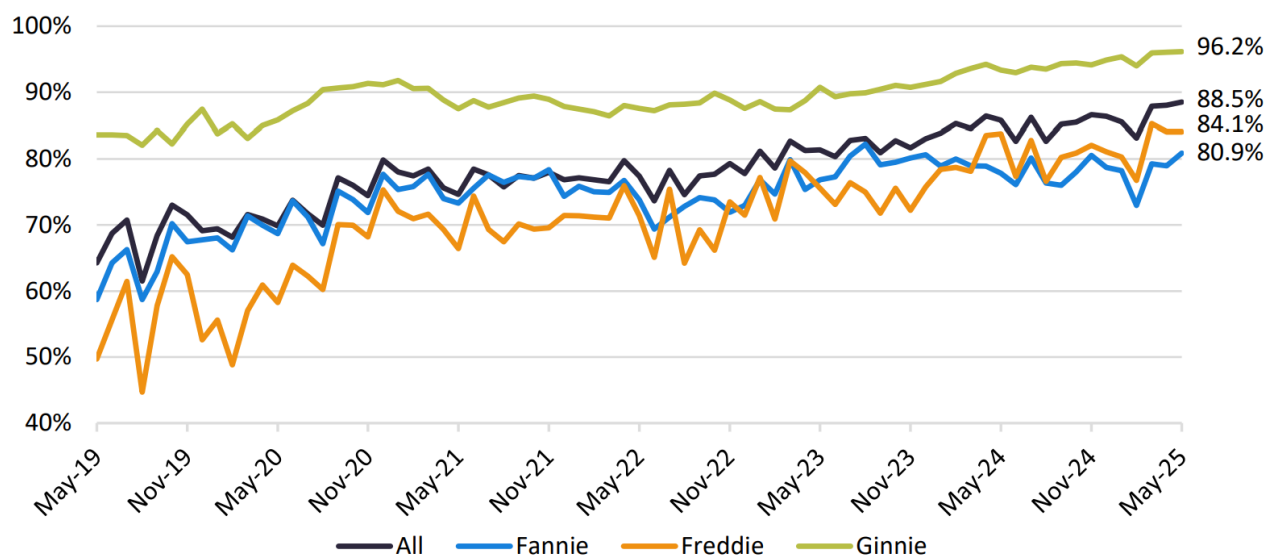


Source: Ginnie Mae Global Market Analysis Report, June 2025

Through its MBS program, Ginnie Mae guarantees securities backed by pools of mortgages and issued by approved mortgage lenders referred to as Ginnie Mae issuers. Ginnie Mae depends on its issuers to take full responsibility for originating, servicing, remitting passthrough payments to investors, and reporting activities for the mortgages in every pool. Nonbank issuers play an increasing role in these activities as can be seen by Figure 2 below which shows the percentage of Ginnie Mae originations performed by nonbanks since May 2019. According to a May 2024 Financial Stability Oversight Council (FSOC) Report on Nonbank Mortgage Servicing, nonbanks are not subject to the same safety and soundness regulations as depository institutions and have less access to capital. They often seek financing through third parties and thus may be more susceptible to liquidity challenges. Liquidity can become further stressed due to their obligation to advance funds for buyouts and foreclosures.¹

¹ If necessary to cover shortfalls in collections, the issuer must advance its own funds into principal and interest custodial accounts to ensure full and timely payment of all amounts due security holders. (MBS Guide, Chapter 15)

Figure 2. Ginnie Mae Nonbank Origination Share by Program (All, Purchase, Refinance)



Source: Ginnie Mae Global Market Analysis Report, June 2025


Federal Internal Control Standards state that agencies should continuously monitor and assess environmental changes that could impact their operations and missions. Ginnie Mae provides stability in the secondary mortgage markets with various financial monitoring activities of its issuers. It collects and reviews loans, pools, and financial data from its large issuers monthly. It also conducts periodic stress testing and potential future exposure analysis of its portfolio.² Using this data, it deploys numerous analytical tools to assess issuers’ financial performance and compliance with the MBS Guide.³ To help with monitoring, Ginnie Mae combines its issuers into peer groups based on portfolio size as measured by total number of loans (see Table 1 below).

Table 1. Portfolio size of issuer peer groups

Issuer Peer Group	Portfolio size
Very Small	Less than or equal to 2,500 loans
Small	Greater than 2,500 but less than or equal to 10,000 loans
Medium	Greater than 10,000 but less than or equal to 75,000 loans
Large	Greater than 75,000 but less than or equal to 400,000 loans
Mega	Greater than 400,000 loans

² Ginnie Mae uses a mathematical risk modeling function to inform on issuer risk taking and financial eligibility, and to measure the size of Ginnie Mae’s exposure if an issuer fails.

³ The MBS Guide provides the standards and requirements that issuers must follow to receive Ginnie Mae’s mortgage-backed securities guarantee.



Ginnie Mae assumes the obligations for the issuer's entire portfolio of government insured loans when an issuer defaults. This exposes Ginnie Mae to the risk of losses not covered by the primary government guarantees. The May 2024 FSOC Report on Nonbank Mortgage Servicing stated that nonbanks have unique vulnerabilities to macroeconomic shocks including sharp changes in interest rates and consumer demand for mortgages. In addition, nonbanks generally hold a high share of Ginnie Mae servicing which could complicate resolution efforts if a large nonbank fails.

Moody's credit ratings agency evaluates concentration risk to be a crucial element of portfolio management where it is defined as the impact of common risk factors that can lead to substantial losses within a credit portfolio. This risk can arise from high exposure to a particular industry or a single counterparty. In application, concentration risk is the risk that fewer nonbank issuers are holding more of Ginnie Mae's portfolio, resulting in one or more large issuers that exceed Ginnie Mae's ability to effectively monitor or extinguish them.⁴

Our audit objective was to assess Ginnie Mae's evaluation of nonbank issuer concentration risk.

⁴ An extinguishment occurs when Ginnie Mae seizes the issuer's portfolio of guaranteed loans and terminates the issuer from the MBS program.

Results of Audit

Ginnie Mae Did Not Formally Assess Rising Nonbank Concentration Risk

Fewer nonbank mortgage companies are holding more of Ginnie Mae’s portfolio, but Ginnie Mae did not formally assess rising nonbank concentration risk for potential impact on the MBS program. If this continues, it could complicate Ginnie Mae’s ability to effectively monitor or respond to any failure of the largest nonbank mortgage companies.

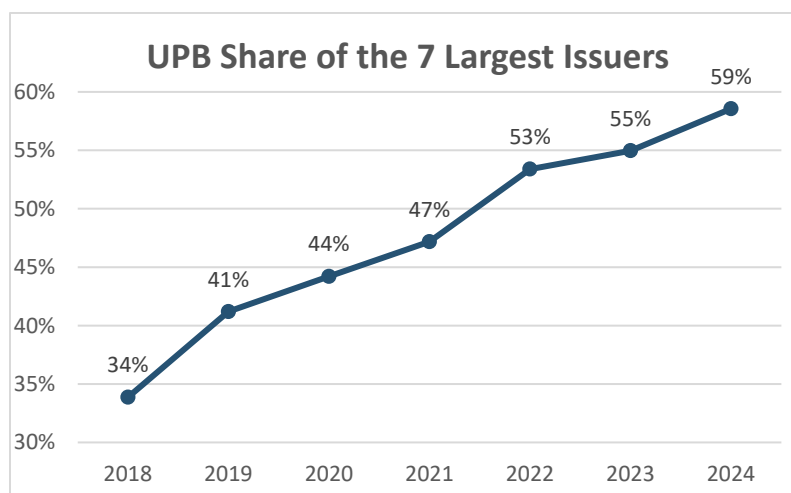
Fewer Nonbank Mortgage Companies Are Holding More of Ginnie Mae’s Portfolio

At the end of 2018, 34 percent of Ginnie Mae’s nearly \$2 trillion in outstanding MBS in forward loans were held by the seven largest nonbank mortgage companies in the Ginnie Mae MBS program. This percentage rose significantly by 2024, as 59 percent of Ginnie Mae’s \$2.6 trillion in outstanding MBS were held by the seven largest nonbanks six years later. In addition, from December 2018 to December 2024, the seven largest nonbank issuers requested and were approved by Ginnie Mae to purchase approximately \$1.1 trillion in loans and originate another \$1.4 trillion in new loans.

The Concentration Risk from Nonbank Mortgage Companies Continues to Rise

Between 2019 to 2021, Ginnie Mae’s MBS program guaranteed loans for five mega nonbank issuers, rising to seven mega nonbank issuers in 2022 to 2024.⁵ Figure 3 below shows the combined ownership percentage of all Ginnie Mae outstanding MBS among the seven largest issuers from December 2018 to December 2024.

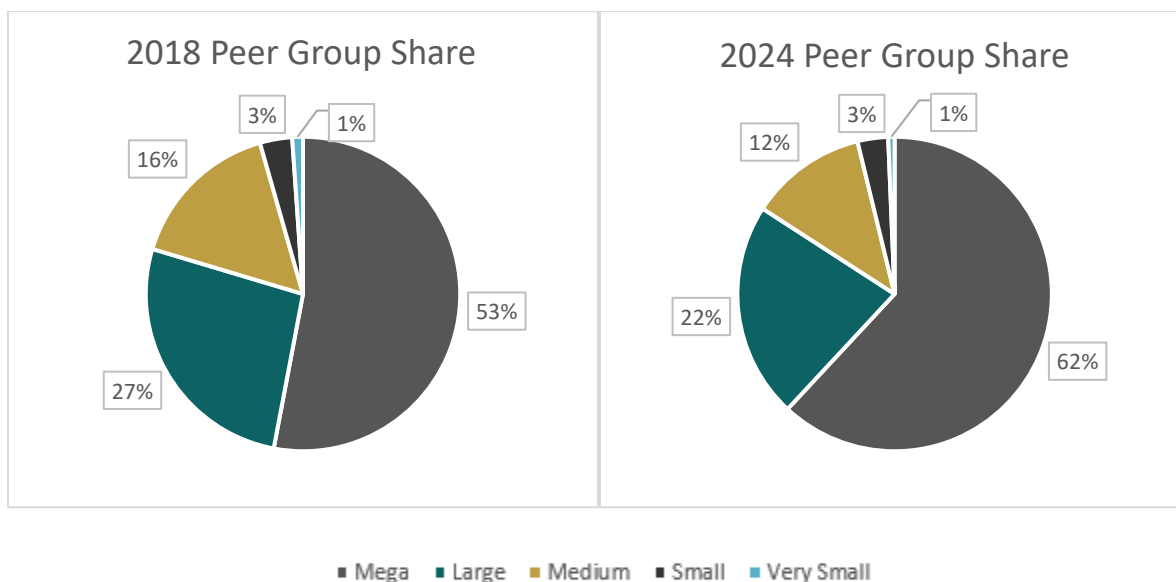
Figure 3. Rising share in MBS balance from December 2018 to December 2024 for the seven largest issuers



⁵ Issuers are grouped in peer groups based on portfolio size as measured by total number of loans. Mega Issuers’ peer group contains issuers with greater than 400,000 loans.

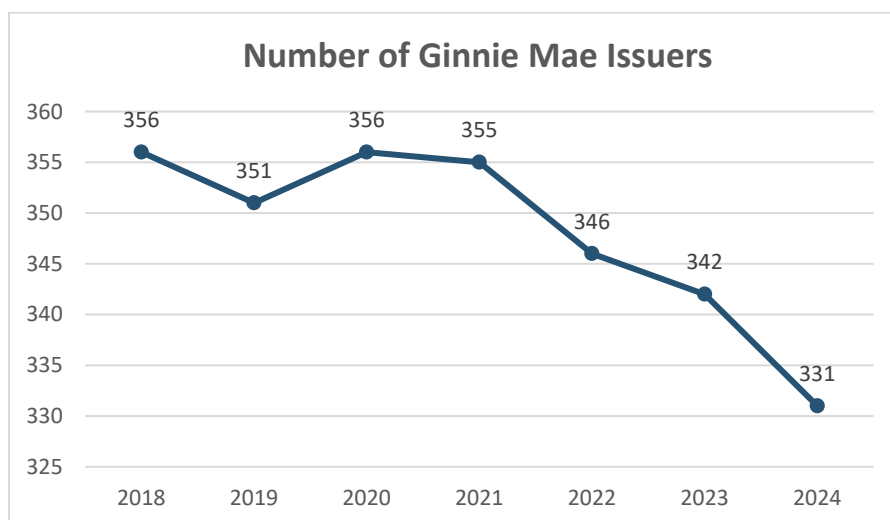
Smaller mortgage companies reduced their share of Ginnie Mae’s overall portfolio of guaranteed loans since 2018. Figure 4 below shows changes in Ginnie Mae’s portfolio share of issuers’ peer groups as measured by the total number of loans in 2018 compared to 2024.

Figure 4. Share of Ginnie Mae’s portfolio unpaid principal balance by peer groups in 2018 and 2024



In addition, the total number of issuers dropped from 356 in 2018 to 331 in 2024, a drop of 7 percent as can be seen in Figure 5 below.

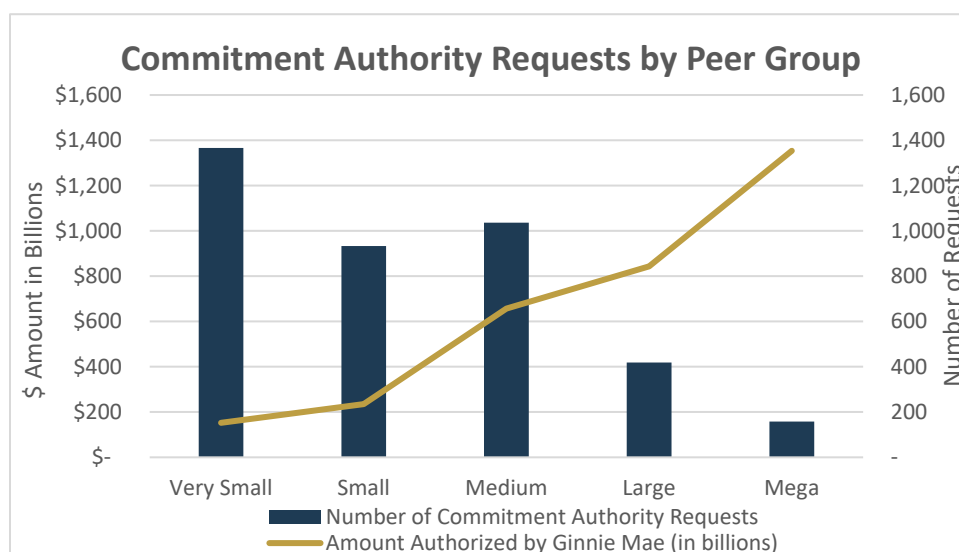
Figure 5. Number of Ginnie Mae’s issuers from December 2018 to December 2024



Commitment Authority Requests

The largest issuers requested over one third of the total commitment authority amount in only 4 percent of the total number of requests between December 2018 and December 2024, showing rapid increase in their portfolio. MBS issuers seek approval for additional commitment authority from Ginnie Mae before they can securitize and sell more MBS. Between December 2018 and December 2024, Ginnie Mae issuers submitted 3,912 requests for commitment authority and received approval of 3,878 requests totaling \$3.2 trillion. Ginnie Mae approved all but one request from the largest issuers, which had its commitment authority amount reduced. The chart below shows the total number and amount of commitment authority requested by different categories of issuers from December 2018 to December 2024.

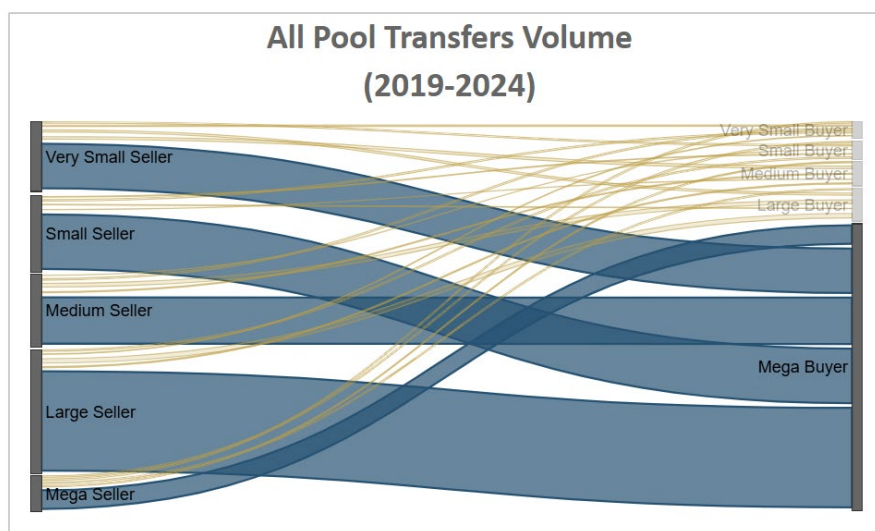
Figure 6. Number and amount of approved commitment authority requests by issuers size



Pool Transfer Requests

The seven largest nonbank issuers purchased 90 percent of all pooled loans from 2018 to 2024, totaling approximately \$1.1 trillion. Ginnie Mae allows issuers to sell MBS in pools of guaranteed loans to other issuers with Ginnie Mae's prior approval. Issuers may sell for several reasons, including meeting strategic goals, shifting risk tolerance, or other financial reasons. From the data provided by Ginnie Mae, the agency denied only 4 transfers out of 374,336 requests for bulk purchases and approved all requests for purchases of pools issued for immediate transfer. Figure 7 below shows the volume of transfers among different categories of issuers between 2019 and 2024 with most pools being transferred to the largest issuers.

Figure 7. Unpaid principal balance of pools for immediate transfer and bulk purchases from 2019 to 2024



Ginnie Mae Did Not Formally Assess Concentration Risk During Pool Transfer and Commitment Authority Reviews

Ginnie Mae was aware of nonbank issuer consolidation activity within its portfolio along with the associated concentration risk, but it did not formally assess its implications on its existing controls or operations. For a non-representative sample of 7 commitment authority requests and 11 pool transfer requests, Ginnie Mae performed financial, qualitative, and impact analysis for most of the requests to determine if they met the MBS Guide requirements. However, in our review of the sample, we found that Ginnie Mae did not formally assess concentration risk in its reviews and approvals of these requests. We also found that Ginnie Mae did not assess the impacts of concentration risk at the enterprise level.

Ginnie Mae stated that it did not consider concentration risk to be within its authority to act upon. However, on at least 2 occasions, Ginnie Mae stepped in to limit large transfers in the past 10 years due to its concern for the impact on the secondary market. Ginnie Mae also stated that it did not conduct a formal assessment as to whether concentration risk could impact its statutory mandate to provide stability in the secondary market for residential mortgages.⁶ However, as some issuers continue to grow, such large transfers mentioned above could become more frequent. Further, Ginnie Mae acknowledged that, as consolidation continues, it could negatively impact its monitoring and resolution efforts.

Recommendations

We recommend that the President of Ginnie Mae

- 1A. Perform an assessment of concentration risk and take appropriate action based on the results.

⁶ Section 301(1), Title III of the National Housing Act, 12 U.S.C. 1716 et seq.

Management Response

Ginnie Mae management agreed with OIG's recommendation and stated that, for over a decade, it has recognized the rising growth of nonbank issuers' participation within its program as well as potential concentration risks presented by the largest issuers. Ginnie Mae stated that it has written extensively on this topic, collaborated extensively with the FSOC working group on mortgage servicing, and has implemented multiple MBS Guide updates focused on mitigating these risks. Ginnie Mae has made, and will continue to make investments in compliance, analytical frameworks, and policy development to continue to mitigate issuer concentration risk.

Management's full comments are included in Appendix A.

OIG Evaluation of Management Response

We appreciate Ginnie Mae's receptiveness to our recommendation to perform a formal assessment of concentration risk and take appropriate action based on the results. During the audit resolution process, OIG will continue to work with Ginnie Mae in its efforts to mitigate the concentration risk presented by the largest issuers in its programs.

Scope and Methodology

We performed our audit work from December 2024 through August 2025. We conducted our fieldwork off site for this assignment. Our audit period covered January 1, 2019, through December 31, 2024.

To accomplish our objective, we

- reviewed relevant laws, regulations, and Ginnie Mae’s guidance;
- interviewed Ginnie Mae’s staff to gain an understanding of the program and relevant controls;
- reviewed Ginnie Mae’s policies and procedures;
- analyzed data of Ginnie Mae’s aggregate portfolio to determine the extent of concertation risk and identify any trends; and
- selected and reviewed a judgmental sample of issuers’ commitment authority and pool transfer requests to determine whether Ginnie Mae is considering concertation risk in its reviews.

We relied in part on data in Ginnie Mae’s Reporting and Feedback System (RFS) and Salesforce application. RFS is a centralized data collection and processing system for all Ginnie Mae post settlement accounting related to the MBS program. Salesforce is a management platform and application that Ginnie Mae’s Issuer Team uses to execute all approvals and manage and record all issuer interactions and business activities. The data reports from these systems were provided to us by Ginnie Mae. We used data in RFS to analyze Ginnie Mae’s overall portfolio and identify trends. We used data from Salesforce to analyze issuers’ commitment authority and pool transfer requests. We also used Salesforce data to select a judgmental sample of commitment authority and pool transfer requests. Although we did not perform a detailed assessment of the reliability of the data, we performed a minimal level of testing, which included comparing information from the systems to Ginnie Mae’s records, and found the data to be adequate for our purposes.

Using Salesforce data, we identified the universe of 3,912 commitment authority requests totaling \$3.2 trillion and 252,290 bulk pool transfer requests totaling \$954.6 billion between January 1, 2019, and December 31, 2024. From the universe of commitment authority requests, we judgmentally selected a sample of seven approved requests totaling \$68.5 billion. We selected these requests because they were the largest non-streamline requests by the top seven nonbank issuers, indicating high risk transactions. From the universe of pool transfer requests, we judgmentally selected 11 approved requests totaling \$102.2 billion. We selected streamline and non-streamline requests from the top seven nonbank issuers, considering various risk factors, such as the size of the transaction, the peer group of the seller, approver’s comments and waivers, and transaction history. We believe the sample was sufficient to understand the extent of Ginnie Mae’s consideration of concentration risk during its reviews. We requested relevant documentation related to the processing and approval of each sample request, including any what-if analyses, justification memorandums, financial analyses, and any other items critical to Ginnie Mae’s assessment of the requests. We reviewed documentation provided to determine if Ginnie Mae is considering concentration risk when approving the requests.

We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix

Appendix A – Management Response



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Washington, DC 20024
(202) 708-1535

Date: February 27, 2026

Memorandum for: Kilah S. White, Assistant Inspector General for Audit and Evaluation,
HUD- Office of the Inspector General

From: Joseph M. Gormley, President,
Government National Mortgage Association (Ginnie Mae) *Joseph Gormley*

Subject: Draft Audit Report – Ginnie Mae Did Not Formally Assess Rising
Nonbank Concentration Risk

Ginnie Mae appreciates the opportunity to review the HUD OIG’s draft audit report titled *Ginnie Mae Did Not Formally Assess Rising Nonbank Concentration Risk*. For over a decade, Ginnie Mae has recognized the rising growth of nonbank issuers’ participation within its program as well as potential concentration risks presented by the largest of these enterprises. Ginnie Mae has written extensively on this topic, collaborated extensively with the FSOC working group on mortgage servicing and has implemented multiple MBS Guide updates focused on mitigating these risks. Ginnie Mae has made, and will continue to make investments in compliance, analytical frameworks and policy development to continue to mitigate issuer concentration risk.

HUD OIG Report Recommendation

Ginnie Mae accepts the HUD OIG’s recommendation to perform a formal assessment of concentration risk and take appropriate action based on the results.