

Remarks by

**THEODORE W. TOZER
President-Designate**

Government National Mortgage Association (Ginnie Mae)

Nomination Hearing

**United States Senate
Committee on Banking, Housing, & Urban Affairs**

Thursday, January 21, 2010

**538 Dirksen Senate Office Building
Washington, DC**

Statement of Theodore W. Tozer

Nominee, President Government National Mortgage Association (Ginnie Mae)

U.S. Department of Housing and Urban Development

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Chairman Dodd, Ranking Member Shelby, and distinguished members of the committee, I want to thank you for the opportunity to appear before you today. Thank you to all the members of the committee and their staffs who met with me over the past two weeks. I also want to thank Sandy, my wife of 29 years, for supporting me throughout my career.

I am honored and humbled by the confidence that President Obama and Secretary Donovan have shown in me by my nomination to this position at such a critical juncture in the history of housing. My 30 years experience in the mortgage capital markets has uniquely prepared me to manage Ginnie Mae, if confirmed. An effective President of Ginnie Mae must balance the needs of all three of its major stakeholders: issuers, investors, and the US Treasury.

I began my career managing the operations of BancOhio National Bank's broker/dealer operation and its asset and liability management function. During the six years of managing the broker/dealer, my responsibilities included compliance, accounting, trade settlement, customer security safekeeping, and risk management reporting. During this phase of my career, I developed a good understanding of the running of a trading floor and was also able to be a part of the initial phase of interest rate risk management by the banking industry.

My experience working in the investment community has prepared me to work closely with the investor base of Ginnie Mae securities and to help educate the investment communities on the various Treasury-guaranteed mortgage programs. This education is critical in keeping the costs as low as possible to the borrower.

During the last 24 years, I have managed the capital markets for National City Mortgage Co. My responsibilities included daily pricing of loan products; managing the interest rate risk of loans being held in inventory for future sale; designing loan products that are sellable into the capital markets; delivery and settlement of loan pools; and, negotiating the sales of loan pools into the capital markets. My experience at National City allowed me to develop a broad knowledge of the mortgage company's operations. I was required to balance the needs of the sales force, the servicing department, and mortgage investors.

During my 24 years in the mortgage banking industry, I have developed strong relationships with the capital market managers whose companies account for over 80 percent of Ginnie Mae issuances. During my career, I have worked closely with the FHA Commissioner and the FHA

Chief Risk Officer, two mortgage industry leaders with whom I will work very closely if confirmed as President of Ginnie Mae. These relationships were developed by participating on Fannie Mae and Freddie Mac National Lender Advisory Boards, and serving as chairman of the Mortgage Bankers Association Capital Markets Committee, as well as the Mortgage Bankers Association Residential Board of Governors. Serving in these roles allowed me to understand the needs of the mortgage banking industry as a whole.

I have also developed strong relationships with Wall Street mortgage traders, which has increased my understanding of how they view mortgages and their value. If confirmed, these experiences and relationships will help Ginnie Mae fulfill its responsibilities both to educate investors about loan program modifications and to be a capital markets advisor to federal housing agencies. Having a President of Ginnie Mae with capital markets expertise is more critical now than ever as the government uses various loan programs to stabilize the housing market.

If confirmed I will, in an efficient and risk-adverse manner, work to make Ginnie Mae a strong foundation for execution of housing policy. Thank you for your consideration of my nomination, and I look forward to answering any questions you may have.