

(b) (c), (d), (e), and (f) not applicable.

(g) This program, developed in the past 6 years, has been rising very rapidly, out of any proportion to the GNP. However, the construction, salary, and other expenditure benefits do contribute to the GNP. [See (h) below.]

(h) Other economic effects:

(1) About four-fifths of loan goes for construction and other labor, which produces about 15 percent in Federal taxes, and one quarter of this in State and local taxes.

(2) About one-half of the loan is for materials, on which there is an average sales tax of 2 percent.

(3) Real estate values increase upon construction as a project, by about 75 percent of the value of the land, which is about 10 percent of the total cost of the project.

(4) Each project produces an increase in the number of man-years of labor, assuming that 80 percent of the project is construction cost, and that each \$1,000 produces 198 man-hours of labor, and an average of 2,000 man-hours makes up a man-year.

10. *Economic classification of program expenditures.* (See table 2.)

Program: Housing for the elderly and handicapped.

Department or agency, and office or bureau: Department of Housing and Urban Development; Housing Assistance Administration.

TABLE 2.—*Economic classification of program expenditures for fiscal year 1965*

[In millions of dollars]

Federal Government:

Purchases of goods and services.....	1. 0
Loans to nonprofit organizations.....	42. 6
Total Federal expenditures ¹	43. 6

¹ \$43,600,000 represents gross expenditures. Applicable receipts are \$2,200,000, leaving net expenditures of \$41,400,000.

Federal National Mortgage Association

SECONDARY MARKET OPERATIONS

PART I. DESCRIPTION OF THE PROGRAM

1. *Objectives* ¹

The secondary market operations of the Federal National Mortgage Association, basically a privately financed activity, have as their statutory objective the provision of supplementary assistance to the secondary market for home mortgages by providing a degree of liquidity for mortgage investments, thereby improving the distribution of investment capital available for home mortgage financing. FNMA accomplishes this objective by its purchases of acceptable Federal Housing-insured (FHA) and Veterans-guaranteed (VA) mortgages and Farmers Home-insured loans (FHDA) in areas where, and at times when, investment funds are in short supply and by selling such mortgages and loans in areas where and when investment funds are available. FNMA is also authorized to make bank-type short-term loans which are secured by FHA-insured or VA-guaranteed mortgages or FHDA-insured loans, and to purchase, sell, and deal otherwise in participations in such federally insured loans and mortgages.

¹ The secondary market operations of the Federal National Mortgage Association are authorized by the Federal National Mortgage Association Charter Act as set forth in 12 U.S.C. 1716 et seq. and more particularly in secs. 1716-1719 thereof.