

5. *Estimated magnitude of program in 1970.* (See table 2.)TABLE 2.—*Secondary market operations, fiscal year 1970*

Activity	Number of mortgages	Approximate volume
Immediate and commitment contracts executed to purchase mortgages.....	75,000	\$810,000,000
Purchases.....	69,500	750,000,000
Sales.....	13,900	150,000,000
Repayments and other liquidation.....	21,100	350,000,000

6. *Prospective changes in program orientation*

(a) *Pending legislative proposals.*—From time to time, there have been discussions among the various housing industry groups regarding the advisability and feasibility of expanding FNMA's secondary market operations to permit the Association to deal in conventionally financed mortgages in addition to those which are underwritten by an agency or instrumentality of the Federal Government. Such a bill was introduced in the Senate (S. 787) on January 27, 1965. No action was taken on the bill during the current session of the Congress. Should this bill, or its equivalent, be enacted into law, the Association's activities under its secondary market operations could be materially affected and would enable the corporation to expand the scope of its services to the housing industry and the housing economy generally.

(b) *Proposed administrative and organizational changes.*—None contemplated at this time.

(c) *Probable changes in the conditions under which the program will function in 1970.*—None anticipated at this time.

7. *Coordination and cooperation*

(a) *Within FNMA itself.*—None other than to the extent specified in answer to question No. 2.

(b) *With other units of agency—HUD.*—

(1) Under an arrangement entered into in March 1962 between the Association and the Federal Housing Commissioner, the Association has acquired, as of June 30, 1965, for the portfolio of its secondary market operations 27,889 Federal Housing Commissioner-owned mortgages, totaling \$263 million, in exchange for FNMA-held FHA debentures which FNMA had acquired in connection with the foreclosure of certain corporation-owned FHA mortgages. This action relieved the Federal Housing Administration of the necessity of servicing that volume of mortgages with staff employees. FNMA's purchases of these mortgages and their addition to its portfolio were accomplished with a minimum of adjustment to its personnel staffing. Since, as indicated, the mortgages in question were previously owned by FHA and had been serviced for that agency by FHA staff employees, the acquisition of the mortgages by FNMA effected substantial savings in personnel expenses to the FHA and simultaneously provided FNMA's contract servicers with additional servicing income under the corporation's arrangement of having its one- to four-family housing mortgages serviced by private servicers under contract.

Other examples (affecting FNMA as a whole and not specifically the secondary market operations):

(2) Between mid-March 1964 and October 1, 1965, administrative services for the voluntary home mortgage credit program (VHMCP),