

The special assistance functions of FNMA are conducted for the account of the Federal Government with U.S. Treasury funds (excepting the interests of, and funds of, investors in FNMA participation certificates). The objectives or purposes of this phase of FNMA's activities are accomplished by its purchases of Federal Housing insured (FHA) and Veterans Administration guaranteed (VA) mortgages covering new or special types of homes or housing in which the Federal Government has manifested a particular interest but in respect to which private financing is temporarily or permanently inadequate.

2. Operation ²

For practical purposes, the special assistance functions of FNMA may be regarded as an extension of the corporation's management and liquidating functions which, between 1938 and 1954, operated mainly with Federal funds to provide support for FHA- and VA-financed housing generally and specifically for special types or categories of housing such as cooperative, defense, military and disaster housing, housing located in Alaska, Hawaii, and Guam, and for multifamily and single-family rental housing projects.

FNMA conducts its special assistance functions nationally through five field offices located throughout the country so as to best serve the needs of the organizations which do business with the Association. In addition to these field offices (located in Philadelphia, Pa.; Atlanta, Ga.; Chicago, Ill.; Dallas, Tex.; and Los Angeles, Calif.) FNMA maintains a fiscal agency office and a mortgage sales office in New York City and an administrative or central office in Washington, D.C.

3. History

FNMA is a corporation which was established in 1938 to provide a market for the purchase and sale of FHA-insured mortgages. The scope of the Association's activities was broadened in 1948 to provide similar facilities for VA-guaranteed mortgages. The special assistance functions of the Association date from 1954 when the corporation was rechartered by statute to provide special assistance for the financing of selected types or categories of housing for which private capital is inadequate (68 Stat. 590).

The special assistance functions of the Association are financed, in the main, by borrowings from the Secretary of the Treasury within limitations prescribed by the Congress and the sale of beneficial interests, or participations, in first mortgages owned by the Association under these functions. Other funds are obtained from portfolio liquidation, fees or charges for various services rendered by the Association, income from investments other than mortgages, interest income, and net income from operations.

As stated under question No. 1 of this part, the basic objective of the special assistance functions is to provide financial assistance for the financing of selected types or categories of housing that qualify under special programs designated by the President of the United States or by the Congress. In achieving this objective, the Association purchases the FHA-insured and VA-guaranteed mortgages on the related special types or categories of housing involved, holds them in portfolio

² See response to question 2 for the secondary market operations program of the Federal National Mortgage Association.