

5. *Estimated magnitude of program in 1970*TABLE 2.—*Special assistance functions, fiscal year 1970*

Activity	Number of mortgages	Approximate volume
Contracts executed.....		
Purchases.....	6,500	\$770,000,000
Sales.....	6,200	725,000,000
Repayments and other liquidations.....	2,200	25,000,000
	8,000	117,000,000

6. *Prospective changes in program orientation*

None contemplated at this time.

7. *Coordination and cooperation*

(a) *Within FNMA itself*.—None.

(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 subsequently acquired for the portfolio of its special assistance functions 2,767 Federal Housing Commissioner-owned mortgages, totaling \$26 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 in its personnel staffing. Since, as indicated, the mortgages in question were previously owned by FHA and had been serviced 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.

(2) FNMA and FHA have entered into a working arrangement under which (a) the Association requests the President of the United States to authorize it to expend some specified portion of its special assistance funds for commitments to purchase and purchases of FHA section 221(d)(3) below-market interest rate mortgages on housing for low and moderate income families and (b) the Federal Housing Commissioner maintains an effective control over the amount of FHA's outstanding commitments to insure mortgages under this category of housing by allocating related insuring authority among the agency's multifamily insuring offices on the basis of FNMA's authorization to commit to purchase such mortgages. In view of the low interest rate that is borne by this category of mortgages and the improbability that the related housing will be financed by private enterprise organizations, the total amount of FHA's allocations and its commitments to insure are limited to the total amount of FNMA's purchasing authority under this program of housing.

For (c), (d), (e), (f), (g), and (i). None.

(h) *With business enterprise*.—

(1) FNMA's servicing of mortgages as indicated in answer to question No. 4, is conducted for the Association by private servicing organizations under contract. During fiscal year 1965, FNMA's