

materials and technological processes, housing in Guam, and on restricted Indian lands. FNMA's special assistance functions activities have performed a particularly valuable service to the home-building industry and the overall economy by helping to popularize certain specific categories of housing which are now generally acceptable to private investors in the general secondary market, e.g., housing for cooperative groups, for the armed services (FHA secs. 803 and 809), in Alaska, for the elderly, in urban renewal areas and for victims of major disasters.

FNMA's special assistance functions provide an interim market for new programs of housing mortgages pending establishment of their marketability in the general secondary market. Generally speaking, FNMA's purchase prices, under its special assistance functions, are established at levels which are sufficiently high to provide reasonable assurance that the needed housing will be produced but not so high as to preempt the market and to exclude private enterprise from participating in the programs. Such prices provide stability for the price structure for FHA and VA mortgages. The prices at which FNMA sells mortgages from its special assistance functions portfolio are sufficiently high to avoid undercutting the market for FHA and VA mortgages and thus help to strengthen the position of such mortgages in the general secondary market.

(e) *Any other benefits.*—As previously stated, FNMA's special assistance functions are utilized to provide financing of homes for segments of the national population which are unable to obtain adequate housing of acceptable standards at full economic costs under established home financing programs. For the most part, FNMA's purchases under its special assistance functions have been oriented toward the construction of new housing and the rehabilitation of existing homes, thereby having a specific impact on activities of the building trades and related organizations as well as upon individual home buyers and renters. When new and previously untried types or categories of housing are introduced, private lenders are often reluctant to provide necessary financing until such time as the related mortgages have become generally acceptable to investors in the general secondary market. As a consequence, there is a definite need for an interim market in which mortgages covering special types or categories of housing can be financed pending establishment of their marketability. FNMA's special assistance functions provide such a market and thereby render a signal service to the housing industry, the housing economy, and to the segments of the national population benefited thereunder, some specific examples of which are cited in answer to question No. 9(d).

(f) *Pertinent geographic differentials.*—The distribution of FNMA's purchases and sales of mortgages under its special assistance functions from November 1, 1954, through June 30, 1965, is as follows: