

Money For Housing— Where It Is and How To Get It The Federal National Mortgage Association

By William R. Morris, ASPC

Back in 1934, the National Housing Act was passed. It provided for national mortgage associations to provide a secondary market for home loans. This law also provided liberal financial support from the government. Although this support was later liberalized, no such association was every organized and, in 1948, it was repealed. For many years since, the Federal National Mortgage Association (FNMA) stood alone as the only major secondary market facility.

Fannie Mae (not the candy company), as the corporation is commonly known, is a Federally-chartered private organization now, and is the largest supplier of home mortgage funds in the nation. As of last year, it owned nearly two million loans worth \$56 billion, making it next to General Motors in assets. Its role is to increase the lending power of financial institutions which provide loans directly to homebuyers — mortgage bankers, savings and loans and commercial banks. Fannie Mae does this by buying mortgages from local lenders, thus putting money back into their hands to make more loans with.

While home buyers never deal directly with FNMA (even those with loans seldom know who really owns their mortgage), few could find financing without what is known as the secondary market. By buying and selling loans among themselves, lenders are able to move money around the country from areas where a surplus exists, to areas where there is not enough. One would think this could provide mortgage funds to inner city neighborhoods who suffer from local disinvestment, but that's not quite the way it works.

In the early 1970s, Fannie Mae became increasingly concerned with decaying neighborhoods in cities, caused in part by white flight to the suburbs. It then sought to place considerable weight behind efforts to revitalize the cities. Up until now and for various reasons, it just hasn't worked out the way it was hoped. One major effort, a pilot lending project in the city of St. Louis, was closed down, and as far as it can be determined, no new efforts of this kind are planned.

During the past year, FNMA has been losing money at a staggering rate (\$26 million in the first quarter of 1981 alone) on its low-yielding portfolio of mortgages bought when interest rates were at six, eight and nine per cent on 30-year loans. Today, the corporation is coming out with a number of different programs which will literally provide millions of new dollars to the housing industry and homebuyers — at today's market interest rates — in an effort to increase its overall income.

Space won't permit a detailed review of each new program here but generally they are: (1) A Rehabilitation Loan Program which provides owners, developers or investors with funds to purchase, refinance or rehabilitate one to four family houses; (2) A Home Improvement Loan Program that gives second mortgage money for 15 years, or more for loans over \$15,000; (3) An Adjustable Rate Mortgage (ARM) purchase plan that is expected to be in place shortly.

A Resale and Refinancing Program enables home owners on which FNMA holds the mortgage, to convert equity into cash for use as they see fit. And, homeowners who finance the sale of their homes themselves by taking back a mortgage from buyers, will not be able to have mortgage lenders originate and service the loan for them and later sell the loan to FNMA for cash. An Urban Loan Participation Program can infuse large sums of money into older communities in need of revitalization.

How does one do business with Fannie Mae? One doesn't! The corporation works through locally-approved lenders only. Chances are the mortgage bankers in your city are eligible. Or, local banks and savings and loans. To find out who they are in your town, or to secure free literature on these new programs, you may call their headquarters in Washington, D.C., at 202/537-7124. Ask by Ms. Beth Vann Houten.

My next column will review another lesser known national institution with programs that housing and community development organizations may be able to use to help close the gap left by the Reagan Administration's reduction in Federal aid.

DIA Gets African Studies Turndown

[AN] Several leading African studies centers in the United States have issued polite rejections to overtures from the Defense Intelligence Agency, which has some \$500,000 in Fiscal Year 1982 funds to upgrade African language and area studies.

In a period when politicians have been heralding the death of the "Vietnam syndrome," and when *Science* magazine reports that both universities and the Pentagon are anxious to see a cooperative research relationship "restored to its pre-Vietnam state," this reaction is a disappointment to military planners and a reminder of the unusual character of the Africanist scholarly community in this country.

W. Langeneker, one of the DIA officials charged with developing the program, stressed that the object of the scheme is "completely out in the open," an effort to improve the ability of the agency to understand other nations, through study of their languages and cultures. According to

several African Studies directors who were approached, DIA representatives focused on the need for agency staff to pursue advanced study in languages and cultures previously neglected, and not be caught off-guard with inadequate understanding of local situations, as had happened in Indochina.

The DIA program is part of a more general Pentagon and intelligence community stress on improving U.S. language capability. In testimony in July before the House Subcommittee on Postsecondary Education, Deputy DIA Director Major General Richard S. Larkin noted that in the coming decade the proportion of intelligence analysts trained in languages would need to increase from about one-third to one-half the total staff. Along with more common languages such as Arabic, French, Chinese, Russian and Spanish, Larkin noted that DIA needs to develop capability including such languages as Afrikaans and Swahili.

Testifying before the



MILWAUKEE—Between 700-800 professor staged a march through Milwaukee's inner city protesting the death of Ernest Lacy, 22, a black man who died in police custody after being arrested for a rape he did not commit. The Coalition for Justice for Ernest Lacy want the three officers involved in the arrest to be charged with murder.

UPI Photo

GAMBIA/SENAGAL

Renewed Talk Of Confederation

[AN] The Senegalese intervention that crushed a coup attempt in Gambia earlier this month may have opened the door to a new era for the two countries. Following is a summary of the history of the relationship.

Gambia's president, Sir Dawda Jawara, last week announced that his government had reached an agreement with Senegal on the principal of confederation. Efforts toward this end, he said, would begin with an integration of defense forces.

The confederation proposal, which will now be taken up by the national assemblies of the two countries, comes close on the heels of Jawara's greatest political crisis, the July 30 putsch by a large segment of his paramilitary force along with leftist militants.

Moving swiftly while the president was out of the country, rebel forces had managed to take the airport and radio station, along with several bridges across the Gambia River, before more than 1,000 troops from neighboring Senegal intervened on Jawara's behalf. Some 300 persons were killed in fighting during the revolt, which came to an end when the coup-makers fled into the bush, leaving their hostages unharmed.

For most Gambians, the idea of Senegalese intervention is not altogether pleasing, and press dispatches from Banjul, the capital, have cited instances of antagonism toward the Senegalese soldiers on the part of local residents.

Against this backdrop, President Jawara's declared intention to work toward confederation comes as a politically bold move, though the idea of a 'Senegambia' has been kicked around by scholars and diplomats for many years. A look at the map reveals why. Although totally surrounded by French-ruled Senegal in the colonial period, Gambia's British overlords preserved their politically distinct enclave on the theory that control of the river and its ocean port would prove a commercial bonanza. It didn't.

Prior to Gambian independence in 1965, the United Nations con-

same committee, Admiral Bobby Hinman of the CIA added that many intelligence officers having some language ability "do not have the professional level of [linguistic] competence to conduct their jobs."

Among the universities contacted by the DIA were some with federally-funded African studies centers, such as Boston, Howard, Indiana and Michigan State. Approaches were also made to Princeton, Johns Hopkins, Georgetown and George Mason.

sulted representatives of both countries about the possibility of some formalized political union, but no agreement could be reached. The Senegalese, who, as one political observer noted, "feel that Gambia is a

political accident and has no right to exist," favored union at the time, but they refused the Gambian counter-offer of a less complete federal relationship. Senegal's previous efforts at federation with

Mali had flopped, and officials felt that an arrangement with Gambia would be similarly awkward.

The two states settled for "loose entente" and developed a generally (Continued on Page 16)

Growing Opposition To Reagan On South Africa

NEW YORK — More than 100 prominent individuals and organizations representing the civil rights, labor, church, academic, legal, entertainment and sports fields are initiating a campaign to challenge current U.S. policy toward southern Africa.

Citing the Reagan Administration's apparent "tilt" toward South Africa's white minority regime indicated by U.S. Ambassador to the United Nations Jeane Kirkpatrick's meeting with South African military officials and South African Foreign Minister Roelof (Pik) Botha's official visit to Washington, organizers of the "Conference in Solidarity with the Liberation Struggles of the Peoples of Southern Africa" say they hope to involve large numbers of Americans in a coordinated national effort that will prompt changes in the Administration's policies. Representative Ronald V. Dellums of California, a member of the Congressional Black Caucus, is president of the conference organizing committee. Reverend Dr. William Sloane Co-

fin, Mrs. Coretta Scott King, Ms. Bella Abzug, Harry Belafonte, Julian Bond, Miss Dorothy Height, Paul O'Dwyer, Cleveland Robinson and Randall Robinson are among those endorsing the event.

The conference, scheduled to take place October 9-11 at New York's Riverside Church, will kick off a campaign to pressure the Reagan Administration to isolate South Africa by severing all U.S. military, economic and cultural ties with it, and to use U.S. influence in bringing about South Africa's withdrawal from Namibia (South West Africa) — the territory it administers in violation of a United Nations mandate. The campaign will also focus on building support in the U.S. for the struggle being waged against South Africa by popular movements within that country and in Namibia.

Leaders of the African National Congress of South Africa (ANC) and the South West Africa People's Organization (SWAPO) are expected to address the gathering.

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