



United States Department of Agriculture  
Office of Inspector General





## Rural Development's Single-Family Housing Direct and Guaranteed Loans—Recovery Act —Effectiveness Review

Audit Report 04703-0001-31

### What Were OIG's Objectives

To determine if Rural Development's SFH Direct and Guaranteed Loan Programs met the performance goals established to measure their effectiveness in meeting the purposes of the American Recovery and Reinvestment Act of 2009 (Recovery Act).

### What OIG Reviewed

The Recovery Act appropriated over \$11 billion for the SFH loan programs, which helped qualified very-low to moderate-income rural households. The Guaranteed Program guarantees loan repayment to lenders if borrowers should default, while the Direct Program offers 100 percent Government-financed loans for those who cannot otherwise qualify for credit.

### What OIG Recommends

For future funding, including regular appropriations, we recommend that the agency establish and implement additional outcome-oriented performance measures to track its success in meeting the objectives of the funding it receives. The agency agreed with our recommendation, and we accepted management decision.

**As the last stage of a multi-phase review of the Recovery Act's funding for Rural Development's Single-Family Housing loan programs, OIG examined whether the agency met performance goals meant to measure program effectiveness.**

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### What OIG Found

The Office of Inspector General (OIG) found that Rural Development needs to establish outcome-oriented performance measures that it can use to gauge the effectiveness of its Single-Family Housing (SFH) programs. While Rural Development's primary strategic goal is to assist rural communities in repopulating and becoming self-sustaining and economically thriving, its Recovery Act Implementation Plan originally established one performance measure for both SFH loan programs: to increase the number of homeowners. Rural Development national officials used this measure because it had historically been used for both programs' regular funding and was easily tracked and quantifiable.

OIG determined that Rural Development met this output-oriented performance measure by obligating about 11,000 direct loans and guaranteeing over 81,000 loans. However, one measure alone does not provide substantive information on outcomes, which is needed to establish whether program goals are being achieved or the objectives of the Recovery Act are being carried out. Even though Recovery Act funding has ceased, we believe that Rural Development should establish additional performance measures for both SFH loan programs funded with regular appropriations.





United States Department of Agriculture  
Office of Inspector General  
Washington, D.C. 20250



DATE: December 12, 2012

AUDIT  
NUMBER: 04703-0001-31

TO: Dallas Tonsager  
Under Secretary  
Rural Development

Tammy Trevino  
Administrator  
Housing and Community Facilities

ATTN: John Dunsmuir  
Acting Director  
Financial Management Division

FROM: Gil H. Harden  
Assistant Inspector General for Audit

SUBJECT: Rural Development's Single-Family Housing Direct and Guaranteed  
Loans - Recovery Act - Effectiveness Review

Attached is a copy of the final report on the subject audit. Your written response to the official draft report, dated November 23, 2012, is attached, with excerpts from your response and the Office of Inspector General's position incorporated in the relevant Finding and Recommendation sections of the report.

Based on your response to our official draft report, we accept management decision for the recommendation in the report. You should follow your internal agency procedures for providing final action correspondence for the recommendation to the Office of the Chief Financial Officer. In accordance with Departmental Regulation 1720-1, final action should be completed within 1 year of the date of the management decision to preclude them being listed in the Department's annual Performance and Accountability Report.

We appreciate the courtesies and cooperation extended to us by members of your staff during our audit fieldwork and subsequent discussions.



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# Background and Objectives

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## Background

Congress enacted the American Recovery and Reinvestment Act of 2009 (the Recovery Act)<sup>1</sup> to address the economic downturn by preserving and creating jobs, promoting economic recovery, and assisting those most impacted by the recession. Included with the appropriation of funds, Congress emphasized the need for accountability and transparency in the expenditure of those funds. The Recovery Act appropriated over \$11 billion<sup>2</sup> in funds to the United States Department of Agriculture (USDA) for the Rural Development Single-Family Housing (SFH) loan programs.

Rural Development, a mission area within the USDA, provides loans for single-family homes in rural areas and oversees an \$86 billion portfolio of loans. Rural Development administered over \$38 billion in program loans, loan guarantees, and grants through its programs during fiscal years 2009 and 2010. The Rural Housing Service (RHS), an agency within the Rural Development mission area, administers the Section 502 SFH Direct and Guaranteed Loan Programs<sup>3</sup> through its national office in Washington, D.C. In the field, RHS operations are carried out through 47 State and 481 area and local Rural Development offices. Section 502 loans are primarily used to help medium to low-income individuals or households purchase homes in rural areas. Through administration of these loans, Rural Development fulfills its objective to increase economic opportunity and improve the quality of life for all rural Americans.

## Guaranteed Loan Program

The Guaranteed Loan Program allows private lenders an opportunity to provide mortgage loans to low and moderate-income borrowers in rural areas, as it guarantees the repayment of those loans if the borrowers should default.<sup>4</sup> Lenders determine a borrower's eligibility either through manual underwriting analysis or by using the electronic analysis performed by the Guaranteed Underwriting System (GUS).<sup>5</sup> Rural Development field staff review the loan applications for completeness and determine whether the proposed loan guarantees are made to eligible borrowers.

RHS is responsible for providing guidance on program activity, approving nationwide lenders, and performing compliance reviews of program lenders. Rural Development field staff are responsible for issuing guarantees on loans made by private lenders, such as rural community

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<sup>1</sup> Public Law 111-5, February 17, 2009.

<sup>2</sup> Congress appropriated over \$10 billion in Recovery Act funds to the Guaranteed Loan Program and \$1 billion to the Direct Loan Program.

<sup>3</sup> Section 502 loans are authorized by Title V of the Housing Act of 1949.

<sup>4</sup> A guarantee substantially reduces a lender's risk of loss because the Government will reimburse up to 90 percent of the outstanding principal and interest if the borrower defaults on a loan.

<sup>5</sup> GUS incorporates the applicant eligibility and underwriting requirements of Rural Development Instruction 1980-D in order to consider mortgage loan application data entered by the originator and provides a credit evaluation and underwriting recommendation within seconds.

banks, national banks with operations in multiple States, and nationwide mortgage lenders. Additionally, the field staff approve lenders with operations specific to their State.

## **Direct Loan Program**

SFH direct loans are funded by the Government and are available to very-low and low income households who cannot qualify for other credit to obtain homeownership. Applicants may obtain 100 percent financing to purchase an existing dwelling, purchase a site and construct a dwelling, or purchase newly constructed dwellings located in rural areas. Mortgage payments are based on the household's adjusted income.<sup>6</sup>

RHS is responsible for establishing policy, procedures, and internal controls for the program.<sup>7</sup> Rural Development field staff is responsible for issuing direct loans to borrowers. The Rural Development Centralized Servicing Center (CSC), located in St. Louis, Missouri, services and provides support to local servicing efforts for all RHS SFH loans.<sup>8</sup>

## **Prior Audit Work**

This is the third and final phase of our audit work in the area of Rural Development SFH Recovery Act funding. OIG previously completed five SFH loan program Recovery Act audits and will soon complete an additional audit on Guaranteed Loss Claims. See Exhibits A and B for a list of the audit reports and Fast Reports issued during the prior audits. OIG also issued a report on prior OIG audit recommendations that could impact internal controls over Recovery Act activities for each agency, which included coverage of Rural Development's SFH Loan Programs.<sup>9</sup>

Because Recovery Act funding was provided for existing SFH loan programs, Rural Development national officials did not modify the control environment or the performance measures established for Recovery Act funding until we made recommendations in those areas. Therefore, the findings and recommendations in this report affect both the SFH Guaranteed and Direct Loan Programs in general and are not limited to activities funded by the Recovery Act.

## **Objectives**

The objective of this phase was to determine if Rural Development's SFH Direct and Guaranteed Loan Programs met the performance goals established to measure the loan programs' effectiveness in meeting the purposes of the Recovery Act.

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<sup>6</sup> Adjusted income is used to determine whether a household is income eligible for payment assistance. It is based on annual income and provides for deductions to account for varying household circumstances and expenses, such as child care expenses.

<sup>7</sup> 7 Code of Federal Regulations Part 3550 provides the policies for the Section 502 SFH Direct Loan Program. *Rural Development Handbook HB-1-3550, Direct Single Family Housing Loans and Grants, Field Office Handbook*, dated January 23, 2003, and associated Special Procedural Notices describe loan processing policies and establish procedures for originating Section 502 direct loans.

<sup>8</sup> CSC performs limited servicing for loans originated in Western Pacific territories.

<sup>9</sup> Audit Report 85703-0001-HQ, *Existing Risk to Rural Development's Economic Recovery Program*, April 3, 2009.

## Section 1: SFH Performance Measures

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### Finding 1: Rural Development Needs to Establish Outcome-Oriented Performance Measures for the SFH Loan Programs

Rural Development did not establish outcome-oriented performance measures for either the SFH Direct or Guaranteed Loan Programs in the May 2009 Recovery Act Implementation Plan. The one performance measure established for over \$11 billion in funding was output-based: increasing the number of homeowners.<sup>10</sup> Rural Development national officials selected this measure for both SFH loan programs because it had been used historically and was easily tracked and quantified. As a result of using only this one output-based performance measure, Rural Development is not able to fully demonstrate that it accomplished the Recovery Act's objectives, and is hampered in gauging the effectiveness of its SFH loan programs.

For Recovery Act funding, agencies were to establish "expected quantifiable outcomes consistent with the intent and requirements of the legislation." Additionally, OMB guidance states that agencies are to ensure that Recovery Act funds are awarded and distributed in a prompt, fair, and reasonable manner, and program goals are achieved, including specific outcomes and improved results on broader economic indicators.<sup>11</sup> The Recovery Act was enacted to promote economic recovery and assist those most impacted by the recession. The Government Performance and Results Act (GPRA) Modernization Act of 2010 specifically requires agencies to establish performance goals that define the level of performance to be achieved during the year.<sup>12</sup> The GPRA Modernization Act of 2010 also requires agencies, in coordination with OMB, to develop outcome-oriented goals to improve performance and management.

The Government Accountability Office (GAO) defines performance measurement as the ongoing monitoring and reporting of program accomplishments, particularly progress toward pre-established goals, which is typically conducted by program or agency management.<sup>13</sup> Performance measures may address the type or level of program activities conducted (process), the direct products and services delivered by a program (outputs), or the results of those products and services (outcomes). Performance measurement focuses on whether a program has achieved its objectives, expressed as measurable performance standards. The Federal Government operates more effectively when it focuses on outcomes and sets clear and measurable goals to clarify priorities and drive performance improvement.<sup>14</sup>

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<sup>10</sup> During the Recovery Act period, Rural Development met this performance measure by obligating about 11,000 direct loans and guaranteeing over 81,000 loans. However, as a result of our prior audit work (see Exhibits A and B), we projected that over 32,000 (1,772 direct and 30,310 guaranteed) of those loans were ineligible.

<sup>11</sup> The Office of Management and Budget (OMB) Memorandum M-09-15, *Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009*, April 3, 2009.

<sup>12</sup> Public Law 111-352, January 4, 2011.

<sup>13</sup> GAO-05-739SP, *Performance Measurement and Evaluation – Definitions and Relationships*, May 2005.

<sup>14</sup> <http://performance.gov/> An official web site of the United States Government. All cabinet departments and nine other agencies have agency pages on Performance.gov (August 22, 2012).

Rural Development's mission statement is to increase economic opportunity and improve the quality of life for all rural Americans. More specifically, its primary strategic goal is to assist rural communities to create prosperity, so they are self-sustaining, repopulating, and economically thriving.<sup>15</sup> However, in its Recovery Act Implementation Plan,<sup>16</sup> Rural Development originally established one performance measure for both SFH loan programs: to increase the number of homeowners. Rural Development national officials implemented this performance measure because it had historically been used for both of the programs with regular funding and was easily tracked and quantifiable. We agree that this measure does quantify an output and demonstrates the number of households served. However, this one measurement does not provide the substantive outcomes needed to establish whether Rural Development's goals are being achieved or the objectives of the Recovery Act are being carried out.

To address this issue, we issued a Fast Report in June 2009 recommending that Rural Development establish additional performance measures to better reflect the agency's success in meeting the purposes and principles of the Recovery Act for the SFH Direct Loan Program.<sup>17</sup> In response to the Fast Report, Rural Development added two performance measures specifically for the Direct Loan Program:

1. Increase the percentage of loans closed within 30 days of obligation from 69 percent to 95 percent (to help ensure that Recovery Act funds were timely delivered).<sup>18</sup>
2. Maintain the new loan delinquency rate for Recovery Act loans at the same or better level as loans funded with annual appropriated funds (to ensure that the agency prudently used Recovery Act funds).<sup>19</sup>

At the same time, Rural Development did not create similar measures for the SFH Guaranteed Loan Program. Rural Development national officials stated they did not choose other performance measures for the Guaranteed Loan Program because they believed they could not always directly control the outcome of other measures. For example, they did not choose closing loans within 30 days as a measure because they said it was the lenders, not the agency, that controlled timeliness. While we acknowledge the Guaranteed Loan Program may not be able to have the same measures as the Direct Loan Program, we believe Rural Development should have established additional outcome-oriented measures for a program that received over \$10 billion in Recovery Act funding. Furthermore, Rural Development has access to data on the loans it guarantees, such as delinquency rates, which it could have used as a basis for outcome-oriented measures for Recovery Act funding.

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<sup>15</sup> *Rural Development Strategic Plan*, Fiscal Years 2010-2015. As part of the strategic plan, Rural Development established target delinquency rates for the SFH loan programs in comparison to the U.S. Department of Housing and Urban Development's (HUD) Federal Housing Administration (FHA) for 2015.

<sup>16</sup> *USDA Rural Development American Recovery and Reinvestment Act Implementation Plan*, original version May 1, 2009, revised May 15, 2010.

<sup>17</sup> Fast Report 04703-1-KC, *Single-Family Housing Direct Loans Recovery Act Controls (1)*, June 26, 2009.

<sup>18</sup> Although Rural Development did not meet this goal, it was able to increase the loans closed within 30 days of obligation to about 81 percent. Rural Development national officials said they did not meet it because of competing pressures (such as obligating regularly appropriated Section 502 direct funds, Section 502 mutual self-help housing loans, and Section 504 loans and grants).

<sup>19</sup> Rural Development met this goal. During the Recovery Act period, the first-year delinquency rate for Recovery Act loans was about 2.5 percent compared to almost 3 percent for loans funded with regular appropriations.

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It is also important for Rural Development to establish meaningful outcome-oriented performance measures for the SFH loan programs to distinguish those programs from other Government-supported housing programs. A recent GAO report noted that 39 programs, tax expenditures, and other tools provide assistance for buying, selling, or financing a home, such as the Department of Housing and Urban Development's (HUD) Federal Housing Administration, USDA's Rural Housing Service, and the Department of Veterans Affairs.<sup>20</sup> GAO questioned the need for maintaining separate programs for rural areas and recommended that Congress consider requiring USDA and HUD to examine the benefits and costs of merging their SFH Guaranteed Loan Programs. We believe establishing meaningful performance measures could provide Rural Development the opportunity to demonstrate to Congress that its SFH loan programs serve a unique purpose and are vital to the rural communities they serve.

Even though Recovery Act funding has ceased, we recommend that Rural Development establish outcome-oriented performance measures for both SFH loan programs in order to define the level of performance to be achieved during the year with regular appropriations. The measures should be tied to the goals of any funding it receives and possibly include ranges of acceptable and unacceptable performance. Examples of potential outcome-oriented performance measures include:

1. Increase the number of people moving from cities/suburbs to rural housing areas to help ensure rural communities are self-sustaining and repopulating.
2. Increase the number of new housing construction loans to help ensure rural communities are economically thriving.
3. Increase the rate of homeownership for rural Americans compared to the general population to help ensure rural communities are economically thriving.

We discussed establishing additional performance measures for the SFH loan programs with Rural Development national officials on July 18, 2012. They said they are more than willing to consider the possibility of additional measures, but the feasibility of actually establishing additional measures is tied to many factors, such as data availability/accessibility, staff resources, and changing administrative policies. While collecting new kinds of data can be challenging, tracking performance measures plays an important role in oversight and monitoring—areas we have found need strengthening throughout our multiple phases of Recovery Act audit work on the SFH loan program. Our prior audits found that Rural Development field personnel and lenders did not always fully comply with Federal regulations, Recovery Act provisions, and internal control procedures. As a result, we projected that over \$4 billion in Recovery Act loans were ineligible.<sup>21</sup> To address our prior reported issues, Rural Development conducted training and is in the process of making revisions to its policies, procedures, and regulations. While these changes will improve the integrity of the programs, implementing additional performance

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<sup>20</sup> GAO-12-342SP, *2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue*, February 2012.

<sup>21</sup> A full description of Rural Development's positions on our projections can be found as exhibits to: Audit Report 04703-0003-KC, *Single-Family Housing Direct Loans Recovery Act Controls – Compliance Review*, June 13, 2012, and Audit Report 04703-02-Ch, *Controls Over Eligibility Determinations for SFH Guaranteed Loan Recovery Act Funds, Phase 2*, September 30, 2011.

measures will provide the agency with more information to determine the programs' overall effectiveness.

In conclusion, we understand the challenge of establishing and implementing additional performance measures. However, by not establishing meaningful outcome-oriented performance measures for the SFH loan programs, Rural Development cannot fully demonstrate that its SFH loan programs met the objectives of the funding received and the value the SFH loan programs bring to rural America.

## **Recommendation 1**

Establish and implement additional outcome-oriented performance measures to track the agency's success in meeting the objectives of the funding it receives, including developing a process to collect the data needed to be able to quantify and assess any additional performance measures.

## **Agency Response**

Rural Development's response, dated November 23, 2012, stated that Rural Housing Service staff members will convene to discuss what additional measures would accurately gauge the achievement of program objectives. The conclusions of this group and the resulting implementation plan will be shared with the OIG in the second quarter of fiscal year 2013.

## **OIG Position**

We accept management decision for this recommendation.

## Scope and Methodology

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We conducted our audit of the SFH loan programs at the Rural Development national office, located in Washington, D.C., and the Rural Development Centralized Servicing Center (CSC), located in St. Louis, Missouri.

The Recovery Act included over \$10 billion in funds to guarantee SFH loans in rural areas and also included \$1 billion in funds to provide SFH direct loans to borrowers for fiscal years 2009 and 2010.<sup>22</sup> On March 20, 2009, Rural Development was authorized to begin distributing Recovery Act funds. The agency guaranteed over \$10 billion in SFH guaranteed loans for over 81,000 borrowers and obligated almost \$1.4 billion in SFH direct loans to about 11,000 borrowers during the Recovery Act period, which ended September 30, 2010.

To accomplish our audit objectives, we performed the following procedures:

- Obtained and reviewed documents, such as OMB guidance, to gain an understanding of the Recovery Act provisions and requirements related to Rural Development's SFH loan programs.
- Reviewed Rural Development published guidance, instructions, handbooks, and regulations related to the programs.
- Identified and assessed the performance goals and measures Rural Development established in its Recovery Act, strategic, and annual performance plans.
- Compared SFH Recovery Act loan data to the performance measures established for the SFH loan programs to determine if the agency met the established performance measures.
- Coordinated with CSC officials to assist in the data reconciliation process.
- Discussed the issues we found during our review with Rural Development national office officials to obtain their positions and responses.

We obtained Rural Development SFH Recovery Act loan data in our prior audits, and tested the reliability of the data by comparing them to source documents in the loan files we reviewed.<sup>23</sup> We did not perform any additional testing of the data during this final phase of our audit, and we did not rely on the data to develop the findings and recommendations presented in this report.

We performed our audit fieldwork from March 2012 through July 2012. We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

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<sup>22</sup> The program level increased to about \$1.56 billion for the SFH Direct Loan Program due to changes in subsidy rates for fiscal year 2010.

<sup>23</sup> Audit Report 04703-0003-KC, *Single-Family Housing Direct Loans Recovery Act Controls – Compliance Review*, June 13, 2012, and Audit Report 04703-02-Ch, *Controls Over Eligibility Determinations for SFH Guaranteed Loan Recovery Act Funds, Phase 2*, September 30, 2011.

## Abbreviations

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CSC	Centralized Servicing Center
FHA	Federal Housing Administration
GAO	Government Accountability Office
GUS	Guaranteed Underwriting System
HUD	Department of Housing and Urban Development
OIG	Office of Inspector General
OMB	Office of Management and Budget
Recovery Act	American Recovery and Reinvestment Act of 2009
RHS	Rural Housing Service
SFH	Single-Family Housing
USDA	United States Department of Agriculture

## **Exhibit A: OIG Reports – SFH Guaranteed Loan Program**

<b>Report Number</b>	<b>Format</b>	<b>Title/Issue</b>	<b>Date</b>
04703-0001-Ch(1)	Fast Report	Guaranteed Underwriting System Internal Control Weakness	May 2009
04703-0001-Ch(2)	Fast Report	Debt Ratio Waivers	May 2009
04703-0001-Ch(3)	Fast Report	Use of Independent Mortgage Brokers	May 2009
04703-0001-Ch(4)	Fast Report	Lack of Supervisory Review and Segregation of Duties	May 2009
04703-0001-Ch(5)	Fast Report	Overstated Property Values	June 2009
04703-0001-Ch	Final Report	Controls Over Eligibility Determinations for SFH Guaranteed Loan Recovery Act Funds	September 2009
04703-0002-Ch(1)	Fast Report	Rural Development Guaranteed SFH Loans Made by Lenders to Ineligible Borrowers	December 2010
04703-02-Ch	Final Report	Controls Over Eligibility Determinations for SFH Guaranteed Loan Recovery Act Funds (Phase 2)	September 2011
04703-03-Hy	Final Report	Recovery Act - Loss Claims Related to Single Family Housing Guaranteed Loans	Pending

## **Exhibit B: OIG Reports – SFH Direct Loan Program**

<b>Report Number</b>	<b>Format</b>	<b>Title/Issue</b>	<b>Date</b>
04703-1-KC(1)	Fast Report	Additional Performance Measures Needed	June 2009
04703-1-KC(2)	Fast Report	Compliance Activities	June 2009
04703-1-KC(3)	Fast Report	Administrative Funds	July 2009
04703-1-KC	Final Report	Single-Family Housing Direct Loans Recovery Act Controls – Phase I	November 2009
04703-2-KC(1)	Fast Report	Controls Could be Improved to Detect, Reduce, and Prevent Improper Payments	May 2010
04703-2-KC(2)	Fast Report	State Internal Reviews	May 2010
04703-2-KC(3)	Fast Report	Information Technology System Needed Enhancements	June 2010
04703-2-KC(4)	Fast Report	Weaknesses in Controls that Segregate Key Duties	July 2010
04703-2-KC	Final Report	Single-Family Housing Direct Loans Recovery Act Controls – Phase II	September 2010
04703-3-KC(1)	Fast Report	Compliance Review of Borrowers' Eligibility Determinations	August 2011
04703-0003-KC	Final Report	Single-Family Housing Direct Loans Recovery Act Controls – Compliance Review	June 2012

**USDA'S  
RURAL DEVELOPMENT'S  
RESPONSE TO AUDIT REPORT**





United States Department of Agriculture  
Rural Development

November 29, 2012

SUBJECT: Official Draft Response - Single-Family Housing  
Direct and Guaranteed Loans - Recovery Act -  
Effectiveness Review (Audit No. 04703-001-KC)

TO: Gil Harden  
Assistant Inspector General  
for Audit

Attached for your review is the response from the Administrator Housing and Community Facilities Programs concerning the one recommendation in the above subject audit.

This response is being submitted to reach management decision on Recommendation 1 in final report.

If you have any questions, please contact Arlene Pitter of my staff at 202-692-0083.

/s/ John L. Dunsmuir

JOHN L. DUNSMUIR  
Acting Director  
Financial Management Division

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United States Department of Agriculture  
Rural Development

November 23, 2012

TO: John Dunsmuir  
Acting Director  
Financial Management Division

FROM: Tammye Treviño \s\ Tammye Trevino  
Administrator  
Housing and Community Facilities

SUBJECT: Rural Development's Single-Family Housing Direct and Guaranteed  
Loans - Recovery Act - Effectiveness Review

The Rural Housing Service (RHS) concurs with the facts presented in the Office of Inspector General's (OIG) official draft report on the subject audit (no.: 04703-0001-31). Below is the agency's response to the sole recommendation contained within the report.

**Recommendation 1:**

Establish and implement additional outcome-oriented performance measures to track the agency's success in meeting the objectives of the funding it receives, including developing a process to collect the data needed to be able to quantify and assess any additional performance measures.

**Agency Response:**

RHS will convene the appropriate staff members to discuss what additional measures would accurately gauge the achievement of program objectives. The conclusions of this group and the resulting implementation plan will be shared with the OIG in the second quarter of Fiscal Year 2013.

Should you have any questions regarding the contents of this memorandum, please contact Joaquin Tremols of the Single Family Housing (SFH) Guaranteed Loan Division at (202) 720-1465 or Carolyn Bell of the SFH Direct Loan Division at (202) 720-1532.

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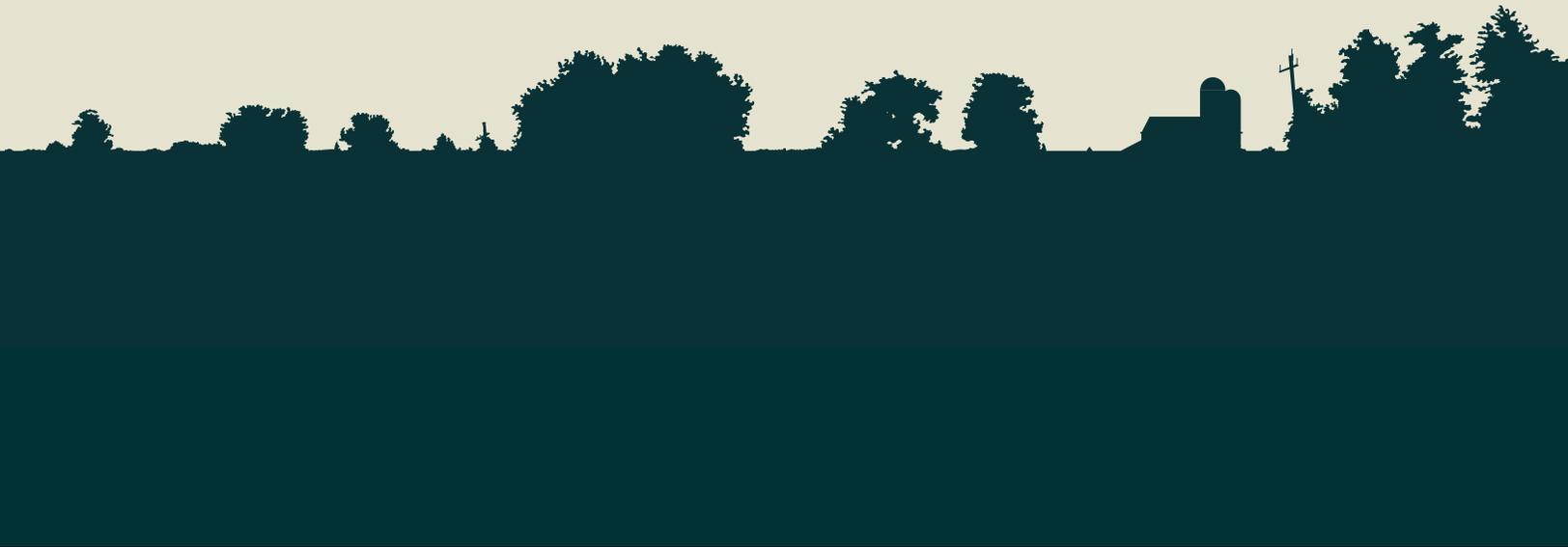
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