



Rural Housing Service's Controls over Originating and Closing Single Family Housing Direct Loans - Interim Report

Audit Report 04601-0001-22(1)

OBJECTIVE

The ongoing audit is evaluating whether RHS' controls over originating and closing SFH direct loans and the construction of new homes are adequately designed and effectively operating to ensure SFH direct loans are made only for eligible properties to eligible borrowers.

This report is an interim report that focuses on a hotline complaint alleging that RHS officials did not follow established rules and regulations when originating and closing a SFH direct loan and managing new home construction.

REVIEWED

OIG reviewed SFH direct loan policies and procedures; interviewed the complainant, borrower, contractor, and RHS officials; reviewed the loan file and documentation the complainant provided; and visited the construction site.

RECOMMENDS

OIG made two recommendations to RHS regarding the SFH direct loan.

In this interim report, OIG assessed whether RHS followed established policies and procedures when originating and closing a SFH direct loan and managing new home construction.

WHAT OIG FOUND

In response to a hotline complaint regarding the construction of a particular new dwelling, the Office of Inspector General (OIG) assessed whether the Rural Housing Service (RHS) had adequately followed program policies and procedures for the Single Family Housing (SFH) Direct Loan Program.

The agency agreed with one of the two recommendations. However, based on the agency's proposed actions, OIG was able to accept management decision for both recommendations.

Due to statutory Federal privacy concerns regarding related hotline complaints, the full text of the report is being withheld from public release.