

## **HUD OIG Recoups Nearly \$1 Billion**

Washington, D.C. – The Office of Inspector General (OIG) for the U.S. Department of Housing and Urban Development (HUD) announced today that, as part of its joint civil fraud initiative, over the past year, it has substantively assisted in civil investigations of some of the Federal Housing Administration's (FHA) largest lenders that have resulted in significantly sized settlements. These civil investigations have addressed the requirements imposed on lenders to follow FHA loan origination rules and were conducted to enforce rules against lenders that falsely certified the insurability of the loans under the FHA insurance program. Settlement agreements reached with three of these lenders in the past year have recouped nearly \$1 billion for FHA, which have helped to replenish the FHA insurance fund, with another \$650 million awarded for the benefit of other Federal entities.

“These settlements are the latest step in a continuing effort to bring to light significant problems that we have identified in the loan underwriting practices of a number of large FHA-approved lenders, which have or will provide a meaningful financial boost to the FHA insurance fund,” said David A. Montoya, Inspector General.

This herculean task resulted from an all-out effort by every component in the OIG. As part of the review that led to these major settlements, OIG auditors served subpoenas for lender records, participated in underwriting reviews of thousands of loans, scrutinized lender underwriting practices, and reviewed many documents, while OIG special agents conducted hundreds of interviews with current and former lender employees, borrowers, and other individuals across the country. OIG's data analytics group played a significant role in these reviews as well. Finally, the OIG Legal Office provided important guidance and advice, coordinating with the U.S. Department of Justice (DOJ) and HUD. These reviews were led by staff in OIG's Fort Worth Regional Office, Chicago Regional Office, and Joint Civil Fraud Division.

This endeavor brought to bear the combined collaboration, resources, and expertise of HUD OIG, HUD, DOJ's Commercial Litigation Branch of the Civil Division, and multiple U.S. Attorneys' Offices nationwide in a concentrated effort to combat misrepresentations against HUD and the United States and emphasizes the dedication of OIG in current and planned initiatives.

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