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Audit Report Number 2009-FW-1012

TO: Brian D. Montgomery
Assistant Secretary for Housing–Federal Housing Commissioner, H
Gerald R. Kirkland

FROM: Gerald R. Kirkland
Regional Inspector General for Audit, Fort Worth Region, 6AGA

SUBJECT: Financial Freedom Senior Funding Corporation, Irvine, California, Did Not Fully Follow HUD’s Reverse Mortgage Requirements for Loans in the San Antonio, Texas Area

HIGHLIGHTS

What We Audited and Why

We audited Financial Freedom Senior Funding Corporation (Financial Freedom) as part of our annual audit plan objective of improving the integrity of single-family insurance programs. Our objective was to determine whether Financial Freedom complied with U. S. Department of Housing and Urban Development (HUD) origination requirements for the Home Equity Conversion Mortgage program, commonly known as a reverse mortgage.

What We Found

Financial Freedom generally followed HUD reverse mortgage requirements for the borrower’s age and completion of a counseling program for the 10 loans reviewed. However, it did not fully follow other requirements¹ for five of the loans totaling \$753,000. Financial Freedom originated one ineligible loan for a home that was not the borrower’s primary residence, one loan for a home that the borrower apparently no longer occupied, and three loans that had issues with

¹ HUD Handbook 4235.1, REV-1, Home Equity Conversion Mortgages.

repairs. Most of these conditions occurred because Financial Freedom's underwriters did not follow up on conflicting information or properly interpret HUD's requirements.

We attempted to review an additional 10 loans with maximum claim amounts² totaling more than \$1 million, but HUD could not locate the loan case binders. In cooperation, Financial Freedom offered copies of the loan case binders, but was unable to provide the binders within our time limits, resulting in an audit scope limitation. At the exit conference on June 18, 2009 Financial Freedom Officials stated the binders are in their possession and ready for review.

What We Recommend

We recommend the Assistant Secretary for Housing-Federal Housing Commissioner cancel the mortgage insurance on the ineligible loan, require Financial Freedom to contact the borrower and ascertain the occupancy status and if the borrower no longer lives in the property seek repayment of the ineligible loan, require Financial Freedom to ensure that the repairs have been completed for two loans, consider administrative action against an inspector if warranted, and require Financial Freedom to issue guidance to its underwriters on repairs affecting the health and safety of the occupants or the security and the soundness of the property.

We further recommend that Financial Freedom provide its files for the 10 additional loans to HUD's Quality Assurance Division for review or indemnify the loans.

Auditee's Response

We provided Financial Freedom with a draft report on June 5, 2009, and requested its comments by June 26, 2009. We held an exit conference with Financial Freedom on June 18, 2009, where it requested and we granted an extension for its response to July 9, 2009. We received Financial Freedom's response on that date. Financial Freedom did not agree with our conclusions for two loans. However, it did agree to ensure the repairs are completed on three loans and to provide its underwriters additional training in regards to Mortgagee Letter 05-48. Further, it has the additional loan files available for review.

The complete text of the auditee's response, along with our evaluation of that response, can be found in appendix B of this report.

² The maximum claim amount is the lesser of the appraised value or the maximum principal amount for a one-family residence under Section 203(b)(2) of the National Housing Act that HUD will insure in the area.

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BACKGROUND AND OBJECTIVE

Financial Freedom Senior Funding Corporation (Financial Freedom) originates and services home equity conversion mortgages, commonly called reverse mortgages. Financial Freedom was a subsidiary of IndyMac Bancorp until Dunn Capital purchased it on March 30, 2009. Its offices are located at 1 Banting, Irvine, California. In 2009, it had 12 branch offices nationwide and in Texas, it originated \$12.7 million in reverse mortgages.

A reverse mortgage is a nonrecourse loan that enables homeowners that are at least 62 years of age to convert the equity in their principal residence into monthly streams of income and/or lines of credit. Another requirement of a reverse mortgage is that the homeowner receives reverse mortgage counseling before the loan application is processed. Unlike traditional residential mortgages, which are repaid in periodic payments, a reverse mortgage is repaid in one payment, after the death of the homeowner or when the homeowner no longer occupies the property as a principal residence.

Our objective was to determine whether Financial Freedom complied with U. S. Department of Housing and Urban Development (HUD) origination requirements for the Home Equity Conversion Mortgage program, commonly known as a reverse mortgage. Specifically, we wanted to determine whether Financial Freedom ensured that (1) the borrower was at least 62 years of age, (2) the subject property was and continued to be the borrower's principal residence, (3) the Federal Housing Administration (FHA) case file contained documentation showing that the borrower had completed a reverse mortgage counseling program, and (4) the borrower had completed required repairs if applicable.

RESULTS OF AUDIT

Finding: Financial Freedom Did Not Fully Follow HUD's Reverse Mortgage Requirements for Loans in the San Antonio, Texas Area

Financial Freedom generally complied with HUD's reverse mortgage requirements concerning the borrower's age and completion of a counseling program for the 10 loans reviewed. However, it did not fully follow other requirements. It did not follow up on conflicting file information; thus, it originated an ineligible \$139,500 loan for a home that was not the borrower's primary residence. Also, a \$234,000 loan was no longer eligible as the borrower no longer occupied the property. An additional \$111,000 loan may have been ineligible as the repairs had not been completed and may not have met local building code. This condition occurred because Financial Freedom relied on an improper inspection by an inspector. Further, Financial Freedom's underwriters misinterpreted HUD's Mortgage Letter 2005-48 and waived repairs that affected the soundness of the properties for two loans totaling \$388,500. We attempted to review an additional 10 loans with maximum claim amounts totaling more than \$1 million, but HUD could not locate the loan case binders, and Financial Freedom was unable to promptly provide its loan files, resulting in an audit scope limitation.

Financial Freedom Originated an Ineligible Loan

Financial Freedom originated a loan with maximum claim amount totaling \$139,500³ for a property that was not the borrower's principal residence. HUD requires that eligible properties for the reverse mortgage program be the borrower's principal residence.⁴ Financial Freedom did not resolve file information showing that the address on the borrower's driver's license did not match the property address. In addition, the file contained a credit report warning of an address mismatch, which also indicated that the property was not the borrower's principal residence. We obtained the county property tax records and a ChoicePoint⁵ report showing that the borrower's address was not the subject property. If Financial Freedom had researched and resolved the conflicting information in the loan file during the underwriting process, it would have discovered that the property was not eligible. Since the property was not eligible for the program, the mortgage insurance should be cancelled.

³ FHA case # 495-7573113, Financial Freedom # 3000068249

⁴ HUD Handbook 4235.1 REV-1, Home Equity Conversion Mortgages, chapter 4, paragraph 4-4

⁵ ChoicePoint, a data aggregation company, combines personal data sourced from multiple public and private databases for sale to the government and the private sector.

The Mortgaged Property Was No Longer Occupied

At a site visit on January 7, 2009, the borrower no longer appeared to occupy a mortgaged property with maximum claim amount of \$234,000.⁶ When the mortgaged property is no longer the primary residence, HUD's requirement states that the mortgage becomes due and payable.⁷ Financial Freedom indicated that it was unaware that the borrower did not occupy the property as the annual verification was mailed in February 2009. Financial Freedom stated it was in the process of determining occupancy.

A Property's Repairs Had Not Been Completed and May Not Have Met Building Code

At another site visit on January 7, 2009, the required repairs on a mortgaged property⁸ had not been completed and may not have met local building code. Financial Freedom is responsible for determining whether a property is eligible for the program. It selects an appraiser to value and inspect the property for major defects and required repairs. The appraiser or an inspector ensures that the required repairs have been completed.⁹ On the subject property, the appraiser required roof repairs, some painting, sheetrock repairs, and the water heater to be raised due to its location in a storage area. Financial Freedom said that the repairs were inspected and completed on May 7, 2008. Our inspection showed that the roof repairs had not been painted after the repair was completed (see unpainted roof repair and soffit pictures below).



Unpainted roof repair



Unpainted soffit

Further, a HUD construction analyst reviewed the property's water heater photograph at our request. The analyst did not see a pressure relief valve, a drainage tube, a drainage pan, or fire protection on the exposed wood walls, which he indicated might not have met code (see water heater picture next page).

⁶ FHA case # 495-7569834, Financial Freedom # 3000066542

⁷ HUD Handbook 4235.1 REV-1, Home Equity Conversion Mortgages, chapter 1, paragraph 1-3

⁸ FHA case # 495-7580505, Financial Freedom # 3000071652

⁹ HUD Handbook 4150.2, Valuation Analysis for Single Family One to Four Unit Dwellings, chapter 3, paragraphs 3-0, 3-1, and 3-6



Water heater may not meet code requirements¹⁰

According to Financial Freedom, it relied on an inspection report by the inspector; however, it did not provide the inspection report for review. HUD should consider taking administrative action against the inspector that inspected the work and require Financial Freedom to ensure that the incomplete items are repaired adequately.

Underwriters Waived Required Repairs

Two of the files reviewed showed that the appraiser required repairs, but Financial Freedom's underwriter waived the repairs and did not make them a condition of the loan. In one case, a picture from the appraiser showed significant peeling paint on the property's siding. However, the borrower painted the house after obtaining the loan, although the underwriter did not require repairs, which corrected the condition.¹¹

In another case, a site visit to the property revealed that the paint was peeling and the siding and fascia were rotting (below).¹²



FHA # 495-7615502, Financial Freedom # 3000083946

¹⁰ According to the HUD construction analyst, the picture was poor quality, and the pressure relief valve and drainage tube could have been out of sight in the picture.

¹¹ FHA # 495-7587923, Financial Freedom # 3000075207

¹² FHA # 495-7615502, Financial Freedom # 3000083946

Financial Freedom stated that Mortgagee Letter 2005-48 allowed its underwriter to waive the repairs cited above. We disagree. The mortgagee letter provides additional guidance regarding FHA's repair and inspection requirements for existing properties and that it has shifted from HUD's historical emphasis on the repair of minor property deficiencies to now only requiring repairs for those property conditions that rise above the level of cosmetic defects, minor defects, or normal wear and tear. One of the examples cited in the mortgagee letter that still requires automatic repair for existing properties is defective exterior paint surfaces where the finish is unprotected. Therefore, Financial Freedom's underwriters misinterpreted the mortgagee letter.

Missing Loan Files Caused a Scope Limitation

We attempted to review an additional 10 loans with maximum claim amounts totaling more than \$1 million, but HUD could not locate the loan case binders. Financial Freedom offered copies of the loan case binders, but was unable to provide the binders within our time limit, resulting in an audit scope limitation. At the exit conference on June 18, 2009, Financial Freedom Officials stated the files are in their possession and ready for review. HUD should require Financial Freedom to provide its files for the 10 additional loans to HUD's Quality Assurance Division for review or indemnify the loans. The outstanding balance of the 10 loans as of January 29, 2008, totaled \$549,268. Based on a 42 percent loss severity rate,¹³ \$230,693 represents funds that can be put to better use for future loans if Freedom Financial indemnifies the loans.

Conclusion

Financial Freedom generally complied with HUD's reverse mortgage requirements concerning the borrower's age and completion of a counseling program for the 10 loans reviewed. However, Financial Freedom originated an ineligible \$139,500 loan for a home that was not the borrower's primary residence and a \$234,000 loan for a property that the borrower no longer occupied. In addition it relied on an improper inspection by an appraiser. As a result, a \$111,000 loan may have been ineligible because the repairs had not been completed and may not have met local building code. Further, Financial Freedom's underwriters misinterpreted HUD's Mortgagee Letter 2005-48 and waived repairs for two loans totaling \$388,500 that affected the soundness of the properties. Also, we were unable to review 10 loans because HUD was not able

¹³ The loss severity rate reflects that, upon sale of the mortgaged properties, FHA's average loss experience is about 42 percent of the unpaid principal balance based upon statistics provided by HUD.

to locate the case binders and Financial Freedom was not able to provide its loan files in a timely manner.

Recommendations

We recommend that the Assistant Secretary for Housing-Federal Housing Commissioner

- 1A. Cancel the mortgage insurance totaling \$139,500 on the ineligible loan.
- 1B. Require Financial Freedom to contact the borrower and ascertain the occupancy status and if the borrower no longer lives in the property seek repayment of the ineligible mortgage totaling \$234,000.
- 1C. Consider taking administrative action against the inspector for the improper inspection.
- 1D. Require Financial Freedom to ensure that the repairs are completed and meet local building code for one loan totaling \$111,000 or cancel the mortgage insurance.
- 1E. Require Financial Freedom to ensure that the property exterior for the one loan totaling \$271,500 is repaired in accordance with Mortgage Letter 2005-48 or cancel the insurance.
- 1F. Require Financial Freedom to issue guidance to its underwriters on Mortgagee Letter 2005-48, clarifying that repairs affecting the health and safety of the occupants or the security and the soundness of the property cannot be waived.
- 1G. Require Financial Freedom to provide its files for the 10 additional loans to HUD's Quality Assurance Division for review or indemnify the loans.
- 1H. Indemnify the 10 additional loans selected for review if Financial Freedom is unable to provide them for review or have HUD's Quality Assurance Division review the loans for compliance with requirements if the loans are located. The outstanding balance of the 10 loans as of January 29, 2008, totaled \$549,268. Based on a 42 percent loss severity rate for indemnified loans, \$230,693 represents funds that can be put to better use for future loans.

SCOPE AND METHODOLOGY

To accomplish our objective, we

- Reviewed reverse mortgage program requirements;
- Interviewed Financial Freedom staff and others connected to the loan files;
- Assessed internal controls;
- Obtained 10 loans for review from HUD archives;
- Attempted to review an additional 10 loans; however, HUD could not locate the loan case binders, and Financial Freedom was unable to promptly provide its loan files, resulting in an audit scope limitation;
- Made site visits to 10 properties to inspect whether repairs had been completed without the assistance of an appraiser and to ensure that the borrower still lived in the property; and
- Examined loan files for documentation supporting program requirements that
 - The borrowers were at least 62 years of age,
 - The borrowers had completed a reverse mortgage counseling program, and
 - The property was the borrower's principal residence.

We used EZQuant, a DCAA statistical sampling software package, to randomly select a nonstatistical sample of 20 loans out of a total of 32 reverse mortgage loan files endorsed by Financial Freedom in the San Antonio, Texas area during 2007. The maximum claim amounts for the initial 10 loans, the second 10 loans, and all 32 loans were \$1,059,000, \$1,144,500, and \$3,581,750, respectively. We did not select a statistical sample as we anticipated reviewing the majority of files. However, we encountered a scope limitation when HUD was unable to provide additional files for review (see finding 1). We used information in Neighborhood Watch to identify and select the universe of 32 loans for our review. We determined that the data in Neighborhood Watch was generally reliable. We did not use any other computer processed data in meeting our objective, instead we based our conclusions on information in the hard copy files.

Our review was conducted between November 2008 and April 2009. We limited our review to loans in the San Antonio, Texas area. We performed our audit at our offices in San Antonio, Texas, and we also performed fieldwork at the sampled properties in the San Antonio, Texas area. We did not perform our audit at Financial Freedom's offices. We conducted the 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.

INTERNAL CONTROLS

Internal control is an integral component of an organization's management that provides reasonable assurance that the following controls are achieved:

- Program operations,
- Relevance and reliability of information,
- Compliance with applicable laws and regulations, and
- Safeguarding of assets and resources.

Internal controls relate to management's plans, methods, and procedures used to meet its mission, goals, and objectives. They include the processes and procedures for planning, organizing, directing, and controlling program operations as well as the systems for measuring, reporting, and monitoring program performance.

Relevant Internal Controls

We determined that the following internal controls were relevant to our audit objectives:

- Program eligibility,
- Required repairs completed, and
- Ongoing principal residence status.

We assessed the relevant controls identified above.

A significant weakness exists if management controls do not provide reasonable assurance that the process for planning, organizing, directing, and controlling program operations will meet the organization's objectives.

Significant Weaknesses

Based on our review, we believe that the following item is a significant weakness:

- Financial Freedom's underwriters misinterpreted HUD's Mortgagee Letter 2005-48 and waived repairs that affected the soundness of two properties.

APPENDIXES

Appendix A

SCHEDULE OF QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE

Recommendation number	Ineligible <u>1/</u>	Unsupported <u>2/</u>	Funds to be put to better use <u>3/</u>
1A	\$139,500		
1B	234,000		
1D		\$111,000	
1E		271,500	
1H	_____	_____	\$ <u>230,693</u>
Totals	\$ <u>373,500</u>	\$ <u>382,500</u>	\$ <u>230,693</u>

1/ Ineligible costs are costs charged to a HUD-financed or HUD-insured program or activity that the auditor believes are not allowable by law; contract; or federal, state, or local policies or regulations.

2/ Unsupported costs are those costs charged to a HUD-financed or HUD-insured program or activity when we cannot determine eligibility at the time of the audit. Unsupported costs require a decision by HUD program officials. This decision, in addition to obtaining supporting documentation, might involve a legal interpretation or clarification of departmental policies and procedures.

3/ Recommendations that funds be put to better use are estimates of amounts that could be used more efficiently if an Office of Inspector General (OIG) recommendation is implemented. These amounts include reductions in outlays, deobligation of funds, withdrawal of interest, costs not incurred by implementing recommended improvements, avoidance of unnecessary expenditures noted in preaward reviews, and any other savings that are specifically identified. In this instance, the amount represents the amount that FHA can use for future loans.

Appendix B

AUDITEE COMMENTS AND OIG'S EVALUATION

Financial Freedom requested the draft report in Microsoft Word format to facilitate its response. Financial Freedom typed its response into the report in the highlights section and Appendix B, Auditee Comments and OIG Evaluation. We extracted Financial Freedom's response word for word and included it below. We added subtitles in italics for organizational and readability purposes.

Ref to OIG Evaluation

Auditee Comments

Comment 1

Financial Freedom has reviewed the findings and the recommendations. Below is a summary of our response. Additional detail is contained in Exhibit B along with supporting documentation as applicable.

- Of the 5 loans specifically identified, we disagree with the findings on two of the loans and are in general agreement with the findings on the 3 loans related to repairs in that going forward if we are to waive repairs per Mortgagee Letter 05-48, we will obtain additional documentation from appraiser if the severity of the repair is not specifically addressed. See Exhibit B for detailed responses.
(Note – all loan amounts in report reflect the Mortgage Amount which is 150% of the Maximum Claim Amount)
- We agree with the recommendation to provide further guidance to underwriters regarding repairs that affect the health and safety of the occupants or the security and the soundness of the property.

As stated above by the Auditor, Financial Freedom has the requested files (11 loans were on the 2nd request list provided, not 10 loans) and they are ready for review. Please notify us when and where to send the files, if necessary.

Financial Freedom appreciates the opportunity to provide our response and request reconsideration of the findings. Please find the detailed responses in Exhibit B.

Loan number: FHA case # 495-7573113, Financial Freedom # 3000068249

In reviewing this file, Financial Freedom agrees that the underwriter did a poor job of documenting the discrepancies in addresses; however, based on the documentation contained in the file it is evident that the borrower resided in the subject property. We verified occupancy as follows per HUD guidelines:

- The initial and final 1009 indicates that the borrower and the niece occupied the subject.
- The appraisal identifies that the subject property is owner occupied.

Ref to OIG Evaluation

Auditee Comments

- A phone number search was performed and identified the borrower phone number at the subject property address.
- Hazard Insurance indicates that it is for an owner occupied property.
- The property has a Homestead exemption in the state of Texas which can be only obtained on a principal residence by the property owner.

We acknowledge that there are discrepancies; however, in most cases (i.e. the Driver's license, tax bill) the address listed is a P.O. Box which is not uncommon. Additionally, it appears that the address indicated on the credit report is the borrower's business address as confirmed by Lexis Nexis.

Furthermore, Financial Freedom recently had an inspector perform a site visit and verified with a neighbor that the borrower occupies the property in addition to the face-to-face interview performed by the OIG Auditor with the borrower at the subject property where the borrower stated she occupies the subject property. Additionally, Financial Freedom has sent out two annual certifications for occupancy to the property address in 2007, and 2008, according to HUD guidelines, and received both of them back from the borrower verifying the property is owner occupied. The last one was dated 1/7/2009. Financial Freedom believes by the documentation we have received and reviewed that this property is owner occupied.

Financial Freedom agrees that we should have documented more thoroughly the loan file to explain the use of a P.O. Box and additional addresses that appeared on the credit report. It is not uncommon for seniors to use a P.O. Boxes for mail delivery for a variety of reasons.

However, Financial Freedom did verify the information indicated in the above paragraph in the underwriting process and based on that as well as the additional subsequent information obtained, we believe that this loan is an insurable loan and qualifies for FHA insurance based on the guidelines. Our post funding investigation did not uncover anything that would lead us to believe that the P. O. Box or other addresses on the credit report would conclusively prove that this borrower does not reside at this property as her permanent residence according to FHA occupancy guidelines. Disagree mortgage insurance should be canceled.

Comment 2

Loan number: FHA case # 495-7569834, Financial Freedom # 3000066542

Financial Freedom funded this loan on January 13, 2007. According to FHA guidelines, Financial Freedom certified verbally by telephoning the borrower confirming she resides in the property as her permanent residence as of May 8, 2008. The second annual Occupancy Certificate was sent out according to FHA guidelines on January 15, 2009, and resent again on February 15, 2009. The account was suspended for occupancy on March 17, 2009 due to not

Ref to OIG Evaluation

Auditee Comments

receiving the signed Occupancy Certification. Our servicing department has been investigating to see if the property has been abandoned as FHA requires definitive proof before they will allow the loan to be called Due and Payable in order to begin the foreclosure proceedings. Additionally, FF pulled a Kroll Factual Data Tru Alert report at origination and again on 6/30/09 to verify that the borrower's social security number has not been reported deceased and confirmed it has not.

Comment 3

On June 24, 2009, we did receive an acknowledgement from our outside field service company that a neighbor has verified that this borrower still resides in this property. Disagree that the borrower is deceased. As such, foreclosure proceedings cannot take place. If OIG Auditor can provide documentation showing that the borrower is deceased, then FF will take the appropriate actions.

Loan number: FHA case # 495-7580505, Financial Freedom # 3000071652

Comment 1

The roof was inspected by an approved home inspection company that was not affiliated with the FHA approved appraiser who completed the appraisal report on this property. A+ Home Inspection Company reviewed the repairs on the roof and certified that they were completed and up to code (a CIR is attached).

In addition, A+ Home Inspection also inspected the water heater as the appraiser indicated that it needed to be raised 18 inches above ground, and, this company signed off the water heater repair (CIR attached). Financial Freedom will ensure repairs are completed to code and obtain the necessary documentation to evidence completion. The appraiser should not be sanctioned as he was not the party that did the inspection. An independent third party company inspected the home for the completed required repair work. Financial Freedom will ensure repairs are completed to code and obtain the necessary documentation to evidence completion.

Loan numbers: FHA # 495-7587923, Financial Freedom # 3000075207 and # 495-7615502, Financial Freedom # 3000083946

Comment 1

In regard to the first loan mentioned, we agree that the underwriter should have obtained additional information from the appraiser to determine whether or not the finish was unprotected or not prior to waiving the paint repairs according to Mortgagee Letter 05-48. As the OIG Auditor states above, the borrower painted the house subsequent to loan closing which corrected the condition cited by the Auditor.

Ref to OIG Evaluation

Auditee Comments

Comment 1

In regard to the second loan mentioned, the paint repair indicated by the appraiser was for chipped and peeling paint. These repair conditions were addressed and waived by the underwriter according to Mortgagee Letter 05-48. As stated above, we agree that the underwriter should have obtained additional information from the appraiser to determine whether or not the finish was unprotected or not prior to waiving the paint repairs according to Mortgagee Letter 05-48.

Financial Freedom will ensure repairs are completed and obtain the necessary documentation to evidence completion. Financial Freedom agrees with this recommendation and will provide additional training to underwriters on the interpretation of Mortgagee Letter 05-48 as well as modify procedures as necessary.

Missing Loan Files Caused a Scope Limitation

As stated OIG Auditor, Financial Freedom has the requested files (11 loans were on the 2nd request list provided, not 10 loans) and they are ready for review. Please notify us when and where to send the files, if necessary. Financial Freedom is prepared to provide the files upon request. Recommendation 1H will be addressed by Financial Freedom at the time of the additional file review.

OIG Evaluation of Auditee Comments

- Comment 1** Financial Freedom did agree with the findings on loans related to repairs. We acknowledge its response.
- Comment 2** Financial Freedom disagreed that borrower did not live at the subject property, but agreed it was poorly documented. We affirm our original conclusion as the borrower's driver license address, which is a rural post office box address, is not the insured property address and the addresses are 40 miles apart.
- Comment 3** Financial Freedom indicated a neighbor has said the borrower still lives at the property. We question that conclusion. During two site inspections, we noted mail several months old stacked on the front porch, and the house was filled with stacked moving boxes. However, as Financial Freedom indicates it is unsure if the borrower is deceased, we will change the report and recommendation to require Financial Freedom to contact the borrower and ascertain the occupancy status and if the borrower no longer lives in the property seek repayment of the loan.