

Office of Inspector General

Audit Report

Disaster Loan Fraud Complaints

Report No. 7-6-F-004-001

November 8, 1996

Summary

Fresno Loan Servicing Center not as Effective as Sacramento in Handling Fraud Referrals

Disaster Loan Fraud referrals from the OIG's Investigations Division in Los Angeles to the Fresno Commercial Loan Servicing Center were not handled in as timely or effective manner as referrals to the Disaster Area Office 4 in Sacramento. It was found that Sacramento performed thorough and timely reviews of complaints while Fresno's reviews were not timely and limited to a review of loan files.

Complaint processing in Sacramento took an average of 3.3 months compared to 9 months in Fresno. Fresno limited its contact with borrowers and third parties, while Sacramento routinely contacted borrowers and complainants as part of their reviews. Sacramento also contacted contractors and other vendors in attempts to resolve allegations presented in the complaints.

During the audit, Sacramento agreed to coordinate the review of all referrals from the Investigations Division, including those that involved files located at the Fresno and Santa Ana servicing centers.

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