



U.S. Department of Housing and Urban Development

Office of Inspector General

451 7th St., S.W.

Washington, D.C. 20410

October 22, 1996

Ms. C. Austin Fitts
The Hamilton Securities Group, Inc.
7 Dupont Circle, N.W.
Washington, D.C. 20036-1106

Dear Ms. Fitts:

Thank you for your October 17, 1996 letter concerning U.S. News and World Report inquiries. I want to assure you that the Office of Inspector General (OIG) has not provided confidential information on the Mortgage Sales Program to reporters from U.S. News and World Report, or to any other unauthorized persons. We have abided with and will continue to abide with all applicable laws and regulations in carrying out OIG activities related to the Mortgage Sales Program.

Further, apart from general support for the concept of mortgage sales as a way to reduce HUD's loan servicing workload, the OIG has taken no position on the Mortgage Sales Program. OIG positions on the integrity, efficiency, and effectiveness of programs are based on final reports of audit and investigation. No such reports have been made of the Mortgage Sales Program.

I regret that you have interpreted the demeanor of OIG personnel during OIG information gathering activities as equating to a positive OIG assessment of the Mortgage Sales Program. I also regret that, from my knowledge, your letter exaggerates the extent of OIG information gathering activities. Most particularly, the OIG was not intimately involved in the design of the sales program; the OIG did not approve the Design Book; and the OIG's audit work to date has not extended to all aspects of the sales program.

As you know, the credibility of the OIG is grounded in the independence and objectivity of its work, which of necessity includes followup on allegations of improper and/or illegal conduct. You can be sure that these principles will be guiding us as we look at the Mortgage Sales Program, and the meeting you have requested to discuss unfounded allegations is therefore not necessary.

Sincerely,


Susan Gaffney
Inspector General