

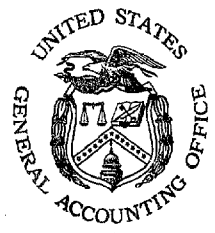
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**REPORT TO THE INTERGOVERNMENTAL  
RELATIONS SUBCOMMITTEE  
COMMITTEE ON  
GOVERNMENT OPERATIONS  
HOUSE OF REPRESENTATIVES**

**Complaints Concerning The  
Farmers Home Administration's  
Rural Housing Loan Program In  
Five Arkansas Counties** B-114873

Department of Agriculture

**BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES**

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JULY 21, 1972



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

B-114873

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Dear Mr. Chairman:

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In response to your request of June 18, 1971, we have examined into the activities of the Farmers Home Administration, Department of Agriculture, in connection with the rural housing loan program in five counties in Arkansas. You requested that we limit our review to specific complaints received by a member of your Subcommittee and that we furnish certain additional information on the rural housing and water and sewer programs. The results of our review are presented in detail in this report and are summarized in the digest.

We have not requested the Department of Agriculture, the firms, or the individuals mentioned in the report to review or formally comment on the information we obtained.

We plan to make no further distribution of this report unless copies are specifically requested, and then we shall make distribution only after your agreement has been obtained or public announcement has been made by you concerning the contents of the report.

We shall be glad to discuss these matters further with you, with members of your Subcommittee, or with designated staff members and to obtain additional information should you desire.

Sincerely yours,

Comptroller General  
of the United States

The Honorable L. H. Fountain, Chairman  
Intergovernmental Relations Subcommittee  
Committee on Government Operations  
House of Representatives

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ABBREVIATIONS

FHA	Farmers Home Administration
GAO	General Accounting Office

COMPTROLLER GENERAL'S  
REPORT TO THE INTERGOVERNMENTAL  
RELATIONS SUBCOMMITTEE  
COMMITTEE ON GOVERNMENT OPERATIONS  
HOUSE OF REPRESENTATIVES

COMPLAINTS CONCERNING  
THE FARMERS HOME ADMINISTRATION'S  
RURAL HOUSING LOAN PROGRAM IN  
FIVE ARKANSAS COUNTIES  
Department of Agriculture B-114873

D I G E S T

WHY THE REVIEW WAS MADE

(1) At the request of the Chairman, Intergovernmental Relations Subcommittee, House Committee on Government Operations, the General Accounting Office (GAO) examined into complaints received by a member of the Subcommittee about the administration of the rural housing loan program of the Farmers Home Administration (FHA), Department of Agriculture, in Clay, Craighead, Lee, Randolph, and St. Francis Counties in Arkansas.

GAO investigated the complaints that

- FHA county office employees had shown favoritism by requiring borrowers to use specified contractors or to obtain building materials, farm implements, and insurance policies from specific persons and companies;
- housing loan funds had financed individual homeowners' water and sewer facilities which did not comply with local and State health codes;
- substandard construction and flagrant use of inferior materials had been noted on houses financed with Government loan funds;
- FHA had made housing loans to ineligible borrowers;
- FHA county office employees, in certain instances, had owned tracts of land which were sold to borrowers obtaining Government loans; and
- FHA county office employees had favored attorneys designated by an FHA State official to assist borrowers in loan settlement proceedings and had excluded other private attorneys.

Also the Subcommittee Chairman requested certain other information on FHA's rural housing and water and sewer programs. (See apps. II through V.)

The Department of Agriculture and the firms and individuals mentioned in the report have not reviewed or formally commented on the information we obtained.

## FINDINGS

### Complaints of favoritism to certain contractors and suppliers, an insurance company, and a farm implement dealer

In each of the five counties covered by the review, one or more lumber companies both contracted and supplied materials for FHA-financed houses. In each county at least four contractors had built FHA-financed houses during fiscal years 1969-71.

GAO interviewed 90 FHA borrowers in the five counties about their choices of contractors. Of these borrowers eight said that FHA employees had suggested a contractor and five others said that more than one contractor had been suggested. The other 77 borrowers did not indicate that FHA employees had suggested contractors to them.

GAO interviewed also 24 contractors and/or suppliers and the FHA county supervisors in the five counties. Three contractors said that they felt that FHA county office employees had referred potential customers to other contractors. Four of the five FHA county supervisors said that, in certain cases, they had provided borrowers with lists of contractors' names verbally or in writing; the other one said that it was his policy not to do so. The FHA supervisors named by the contractors or borrowers as having specified certain contractors indicated that they had not done so. (See p. 8.)

At least eight insurance companies or agencies had insured FHA-financed houses in each county during fiscal years 1969-71. In Clay, Craighead, and Randolph Counties, the insurance company about which the complaint was made had insured about 21, 16, and 76 percent, respectively, of the houses financed by FHA during fiscal years 1969-71.

Of the 85 borrowers in the five counties who were questioned about selection of their insurance companies, six said that FHA employees had suggested the companies which were insuring their houses. Two of these six said that FHA employees had suggested the insurance company in question. (See p. 24.)

A complaint was made that FHA county office employees in Clay County showed favoritism to a farm implement dealer by requiring a borrower to purchase a specific combine from him. GAO found that the borrower had purchased a new combine by trading in an old combine and had financed the balance through the dealer. FHA was involved to the effect that it released the old combine from collateral on the borrower's FHA farm operating loan, took a second mortgage on the new combine, and allowed proceeds from the sale of crops securing the farm operating loan to be used for a payment on the new combine.

The borrower told GAO that the FHA county supervisor had sent him to the dealer; the supervisor told GAO that he had not. The complainant, a

competing dealer, told GAO that he had not tried to sell the borrower a combine, that he would not have sold one to the borrower with dealer financing, but that he would have done so had FHA provided the financing.

None of six other Clay County implement dealers interviewed by GAO furnished any information indicating that FHA county office employees had referred prospective implement buyers to specific dealers. (See p. 30.)

Complaints that water and septic systems  
did not comply with State and local codes

Prior to March 1971, FHA officials in the five counties generally did not require compliance with FHA instructions or State regulations that percolation tests be used to determine the size of septic systems for FHA-financed houses. After March 1971, when FHA began to enforce requirements for percolation tests, the average size of the area provided for absorbing septic tank effluents increased.

Prior to February 1971, FHA allowed a minimum distance of 50 feet between wells and septic tanks in accordance with FHA and State health requirements. In February 1971 FHA changed its instructions to require a 100-foot minimum distance between wells and septic tanks. FHA records indicated that the revised instructions generally had been followed from that time. (See p. 33.)

Complaints of inadequate  
materials and workmanship

GAO examined into the adequacy of materials and workmanship in FHA-financed houses in all five counties. Of 92 borrowers interviewed by GAO in the five counties, 53 reported defects in, or problems with, their houses. Most complaints concerned poor workmanship and finish work involving painting, paneling, flooring, and plumbing. Some contractors had corrected, or had promised to correct, certain defects and problems. (See p. 35.)

Complaint of ineligible borrowers  
obtaining rural housing loans

GAO made inquiries in all five counties into the complaint that FHA was making rural housing loans to people who would qualify for loans from private credit sources. FHA instructions state that, if it appears that an applicant can meet his credit needs through some other credit source, FHA should assist the applicant in contacting the other source. The instructions require documentation of the results of applicants' attempts to obtain credit elsewhere.

Of the 794 files that GAO reviewed, 90 showed evidence of attempts to obtain credit. In 13 of these 90 instances, the files documented that private sources had refused credit. Some borrowers told GAO that they had attempted to obtain credit from other sources; these attempts were not always recorded in FHA's loan files.

FHA county office employees and officials of local lending institutions told GAO that the institutions generally had required downpayments or credit terms which FHA borrowers could not meet. Some FHA county office employees said that, in many cases in which it was obvious from an applicant's income and net worth that other credit would not be available, they did not require the applicant to attempt to obtain such credit. (See p. 42.)

Complaint that FHA county employees  
sold land to borrowers

GAO's analysis of county land transfer records in each of the five counties revealed only one transfer of land from an FHA county employee or a committeeman to an FHA rural housing loan program borrower during fiscal years 1969-71. This transfer was made by a committeeman to his son who had received a rural housing loan. County committee meeting minutes showed that the committeeman had excused himself from the meeting at which his son's loan application was considered and approved. (See p. 48.)

Complaint that FHA employees showed  
favoritism to attorneys for closing loans

FHA instructions require that FHA rural housing loans, with certain exceptions, be closed by attorneys or title insurance companies designated in each county by the FHA State director. In fiscal years 1969-71, three or more designated attorneys or title insurance companies in each county--a total of 22 in the five counties--had assisted in rural housing loan closings. During the same period no attorneys other than those on the designated list had been used.

Of 86 borrowers questioned by GAO about selection of their attorneys, 20 said that FHA county office employees had selected or had suggested the attorneys for their loan closings. Of the remaining 66 borrowers, 35 said that they had been given choices of designated attorneys, 19 said that they had used their attorneys or the contractors' attorneys, three said that the attorneys "just showed up," and nine said that they did not remember how their attorneys were selected. (See p. 49.)



## CHAPTER 1

### INTRODUCTION

The Chairman, Intergovernmental Relations Subcommittee, House Committee on Government Operations, requested the General Accounting Office to examine into certain aspects of the administration of the rural housing loan program by the Farmers Home Administration (FHA), Department of Agriculture, in five counties in Arkansas. He also requested that we inquire into certain complaints received by a member of the Subcommittee and that we furnish certain other information on FHA's rural housing and water and sewer programs.

### DESCRIPTION OF THE RURAL HOUSING LOAN PROGRAM

FHA makes loans to rural residents under section 502 of the Housing Act of 1949 (42 U.S.C. 1472) to buy, build, improve, or relocate homes or farm service buildings and related facilities. Loans are made also to buy building sites and, under certain conditions, to refinance debts to help a family retain ownership. Loans have interest rates from 1 to 7-1/4 percent, depending on the family's income and size, and have repayment periods up to 33 years. Applicants for FHA loans must be unable to obtain credit elsewhere under reasonable terms and conditions, and houses to be financed must be located in areas such as open country, towns, villages, and places with populations of not more than 10,000 that are rural in character and not part of, or associated with, an urban area.

### ORGANIZATION OF FHA

FHA's headquarters office in Washington, D.C., is responsible for determining overall policy within the framework of laws, for issuing operating instructions, for controlling budgets, and for directing the technical training of field staffs. FHA maintains 41 State offices and about 1,750 county offices which serve the 50 States, the District of Columbia, Puerto Rico, and the Virgin Islands. Each FHA State office is headed by an FHA State director who is responsible for all program operations within his territorial jurisdiction. The FHA county offices, each under the supervision of a county supervisor, serve all agricultural counties.

FHA's fiscal, business management, and accounting services are carried out centrally at the Finance Office in St. Louis, Missouri.

The Director of the Single Family Housing Loan Division at FHA headquarters is responsible for developing and recommending plans and procedures for rural housing loans and for conditional commitments<sup>1</sup> to builders and sellers for single family dwellings. He is responsible also for administering loans made to low-income families in rural areas under the section 502 program.

NATURE OF THE COMPLAINTS AND  
ADDITIONAL INFORMATION REQUESTED

The complaints primarily concerned FHA's rural housing loan program in Clay, Craighead, Lee, Randolph, and St. Francis Counties in Arkansas.

The complaints, which the Subcommittee Chairman referred to in his request or which the Subcommittee member later brought to our attention, were that:

1. FHA county office employees had shown favoritism by requiring borrowers to use specified contractors or to obtain building materials, farm implements, and insurance policies from specific persons and companies.
2. Housing loan funds had financed individual homeowners' water and sewer facilities which did not comply with State and local health codes.
3. Substandard construction and flagrant use of inferior materials had been noted on homes financed with Government loan funds.
4. FHA had made loans to ineligible borrowers.

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<sup>1</sup>Under a conditional commitment, FHA reviews the builder's plans for the house, inspects the house during construction, and agrees to make a rural housing loan to a purchaser if he qualifies and if funds are available.

5. FHA county office employees, in certain instances, had owned properties which were sold to borrowers obtaining rural housing program loans.
6. FHA county office employees had favored attorneys designated by an FHA State official to assist borrowers in loan settlement proceedings and had excluded other private attorneys.

The additional information requested by the Subcommittee Chairman was:

1. An inventory of all water and sewer systems approved by FHA in Arkansas between January 1, 1968, and May 1, 1971.
2. An inventory of all applications received by FHA but not approved for water and sewer projects in Arkansas between January 1, 1968, and May 1, 1971, showing whether such applications were pending or had been returned.
3. An inventory of housing loans approved by FHA in the five counties for fiscal years 1969 and 1970.
4. A list of attorneys who performed loan closings for FHA in Arkansas during fiscal years 1969 and 1970.

Information on the complaints is included in chapters 2 through 7, and the additional information requested by the Subcommittee Chairman is included as appendixes II through V.

## CHAPTER 2

### COMPLAINTS OF FAVORITISM TO CERTAIN

#### CONTRACTORS AND SUPPLIERS, AN INSURANCE COMPANY,

#### AND A FARM IMPLEMENT DEALER

Complaints were made in one or more of the five counties that FHA county office employees had shown favoritism to housing contractors, lumber companies, an insurance company, and a farm implement dealer by requiring borrowers to use specified contractors or to obtain building materials, insurance policies, and farm implements from specific persons and companies.

As requested by the Subcommittee Chairman, we inquired into the complaints of favoritism to lumber companies and to the insurance company in each of the five counties. We inquired into favoritism to contractors because, in some cases in each county, lumber companies were both the contractors and the suppliers for FHA-financed houses.

The complaint concerning the farm implement dealer in Clay County did not concern the rural housing loan program. Our review of this complaint was made specifically at the request of the Subcommittee member. Therefore we did not inquire into this matter in the other counties. The results of our inquiries are discussed in the following sections.

#### CONTRACTORS AND SUPPLIERS

FHA instructions covering rural housing loans state that competitive bidding for construction contracts and/or materials and supplies should be encouraged, but the instructions allow contracts to be awarded to a sole bidder even in those instances in which competition was not sought. FHA does not require its county offices to maintain information in the loan files concerning the number of bids obtained or contractors contacted by the borrowers. Such data, therefore, was not readily available for review.

We interviewed 90 FHA borrowers in the five counties about their choices of contractors. Of these 90 borrowers, 13 told us that FHA employees had suggested one or more contractors to them. The 77 other borrowers did not indicate that FHA employees had suggested contractors to them. We also interviewed contractors, suppliers, and FHA county office employees in the five counties. The following summaries include, by county, information obtained from our review of FHA's loan files and from our interviews.

The Subcommittee Chairman requested that we obtain information on the dollar amount of materials that a certain material supplier had furnished for FHA-financed houses in the five counties. Generally, under FHA's rural housing loan program, a contractor obtains the materials and supplies and includes the cost in his bid proposal. FHA normally does not require cost data on materials and supplies to be included in its loan files. As a result, we could not obtain the information in all cases. We have identified in the following summaries, however, the suppliers who appeared to represent certain contractors' primary sources of materials to the extent that such information was available.

Clay County

Information available in FHA county office files on loans made in fiscal years 1969-71 showed:

Contractor (note a)	<u>Number of loans</u>				Primary supply source(s)
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>Total</u>	
Cox Lumber Co.	8	20	27	55	Cox Lumber Co.
Taylor Lumber Co.	7	8	9	24	Taylor Lumber Co.
Morgan Brothers	-	1	4	5	Morgan Brothers
Carl Brown	-	3	5	8	Black Lumber Co. Arnold Brothers Supply Co.
Piggott Paint & Drywall	-	-	13	13	
Boyce Blake	-	1	8	9	
Johnson Stores	-	1	4	5	Johnson Stores
Number of con- tractors with four or fewer contracts:					
Five	6	-	-	6	
Nine	-	12	-	12	
Eight	-	-	12	12	
No contractor involved	<u>14</u>	<u>11</u>	<u>11</u>	<u>36</u>	
 Total	<u>35</u>	<u>57</u>	<u>93</u>	<u>185</u>	

<sup>a</sup>Contracts were for construction, repair, or improvement of rural houses.

Of the 10 borrowers we interviewed, one said that the FHA county supervisor had told him to go to a specific lumber company but that he went to another contractor instead. He said that the contractor had used the recommended lumber company to a great extent. Another borrower said that FHA county office employees had suggested three contractors to him. The remaining eight borrowers indicated that FHA county office employees had not suggested any contractors to them.

The FHA county supervisor denied having specified a lumber company to the borrower who said that he had. The FHA county supervisor said that he did not maintain a written list of contractors to be given to borrowers but that he would name some contractors for a borrower to contact if the borrower did not know of any contractors.

The FHA county supervisor said that he did not require borrowers to obtain any certain number of bids. He said that, if a borrower obtained one bid, if the bid seemed reasonable, and if the bidder was competent, he would not require additional bids. He said that, if he was unsure of the potential contractor's ability or integrity, he might require the contractor to post a surety bond or to enter into a joint venture with a lumber supplier whereby the supplier would be a party to the contract.

Concerning competition on FHA-financed houses, our examination of FHA county office files for fiscal years 1969-71 showed:

	<u>Number of loans</u>			
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>Total</u>
Evidence of competition or attempt at competition (note a)	5	15	15	35
No evidence of competition	14	24	31	69
Competition not required because borrower bought an existing house or constructed his own house	<u>16</u>	<u>18</u>	<u>47</u>	<u>81</u>
Total	<u>35</u>	<u>57</u>	<u>93</u>	<u>185</u>

<sup>a</sup>Evidence consisted of actual bids, annotations of amounts bid by various contractors, or annotations that contractors had been contacted but did not bid.

Craighead County

Information available in FHA county office files on loans in fiscal years 1969-71 showed:

<u>Contractor (note a)</u>	<u>Number of loans</u>				<u>Primary supply source</u>
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>Total</u>	
Max Clayton	3	1	1	5	Barton Lumber Co.
John Wheeler	—	3	3	6	Barton Lumber Co.
Damon Meredith	—	—	5	5	Barton Lumber Co.
Lonnie Dale Elder	—	—	3	3	Jonesboro Lumber Co.
Lake City Lumber Co.	11	19	17	47	Lake City Lumber Co.
Jerry Bowman	—	—	5	5	Lake City Lumber Co.
Preston Cline (Bono Lumber Co.)	7	11	15	33	Bono Lumber Co.
Harvey L. Montgomery	4	3	2	9	Neely Lumber Co.
Neely Lumber Co.	1	—	2	3	Neely Lumber Co.
D&D Construction (J. Douglas)	—	1	5	6	Wickes Lumber Co.
Bill Ozbun	—	—	5	5	Wickes Lumber Co.
Number of contractors with fewer than three contracts:					
Four	4	—	—	4	
Four	—	5	—	5	
Nine	—	—	10	10	
No contractor involved	<u>14</u>	<u>11</u>	<u>23</u>	<u>48</u>	
Total	<u>44</u>	<u>54</u>	<u>96</u>	<u>194</u>	

<sup>a</sup>Contracts were for construction, repair, or improvement of rural houses.



Of the 24 borrowers interviewed, five said that FHA county office employees had suggested contractors to them and 19 said that FHA had not. Three of the five borrowers said that the FHA employees had suggested more than one contractor. These five contracts were awarded to five different contractors.

Concerning competition on FHA-financed houses, our examination of FHA county office loan files for fiscal years 1969-71 showed:

	<u>Number of loans</u>			
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>Total</u>
Evidence of competition or attempt at competition (note a)	3	7	7	17
No evidence of competition	27	44	35	106
Competition not required because borrower bought an existing house	<u>14</u>	<u>3</u>	<u>54</u>	<u>71</u>
Total	<u>44</u>	<u>54</u>	<u>96</u>	<u>194</u>

<sup>a</sup>Evidence consisted of actual bids, annotations of amounts bid by various contractors, or annotations that contractors had been contacted but did not bid.

Our interviews with the 24 borrowers disclosed that more competition had been sought than had been recorded in the files. Twenty borrowers said that they had sought and/or obtained bids from more than one contractor. We examined the files for 18 of these 20 borrowers; only six files contained indications that competition had been sought. Of the 24 borrowers, four said that they had gotten only one bid.

We interviewed nine contractors and suppliers who had built houses in Craighead County and who had done some business with FHA in fiscal years 1969-71. Included in the group was a contractor who had registered a complaint with the Subcommittee member. Four of the nine contractors indicated that they did not feel that FHA employees had referred potential customers to other contractors. Two contractors said that they had been low bidders on FHA-financed houses but that, after FHA reviewed their bids, FHA allowed other contractors to underbid them.

The three other contractors, including the complaining contractor, told us that they felt that FHA county office employees had referred potential customers to other contractors. The three contractors named five borrowers whom they thought FHA employees had referred elsewhere. The complaining contractor named three of the five borrowers. In our interviews with the five borrowers

- the first said that he had contacted three contractors, at least two of which FHA county office employees had suggested, but he did not name the contractor who had named him;
- the second said that he had solicited a bid from one of the two contractors who had mentioned him, but he said that FHA employees had not suggested any contractors to him;
- the third said that FHA employees had suggested the names of four or five contractors, including the contractor who had mentioned him; and
- the remaining two said that FHA employees had not suggested any contractors to them.

The FHA county supervisor told us that, except for conditional commitment loans, county office employees had encouraged borrowers to obtain competition from contractors. He said that the FHA county office did not maintain a list of contractors doing, or wanting to do, business with rural housing borrowers and that it was his policy that borrowers not be given the names of possible contractors.

Lee County

Information available in FHA county office files on loans made in fiscal years 1969-71 showed:

Contractor (note a)	Number of loans				Primary supply source(s)
	1969	1970	1971	Total	
Gerald Hall	3	5	5	13	Hyman Builders Supply, Inc.
Spencer Brown	2	5	9	16	Hyman Builders Supply, Inc.
Emerson and/or Weins	2	4	17	23	Vaccaro-Grobmyer Lumber Co. Hyman Builders Supply, Inc.
A. Parnell	5	3	2	10	Hyman Builders Supply, Inc.
Carl Huling	3	4	4	11	Hyman Builders Supply, Inc.
Ambros Jones	2	-	1	3	Hyman Builders Supply, Inc.
New Lee Builders	-	-	17	17	Pacific Homes, Inc.
Marianna Lumber Co.	-	1	8	9	Marianna Lumber Co.
Miller Lumber Co.	2	-	1	3	Miller Lumber Co.
Number of con- tractors with fewer than three contracts:					
Six	6	-	-	6	Hyman Builders Supply, Inc.
Four	-	5	-	5	Hyman Builders Supply, Inc.
Five	-	-	7	7	Hyman Builders Supply, Inc.
No contractor in- volved	<u>6</u>	<u>9</u>	<u>4</u>	<u>19</u>	
Total	<u>31</u>	<u>36</u>	<u>75</u>	<u>142</u>	

<sup>a</sup> Contracts were for construction, repair, or improvement of rural houses.

We questioned 24 borrowers. Two said that they had obtained more than one bid, and 22 indicated that they had gotten only one bid. Two of the 24 borrowers said that FHA county office employees had suggested their contractors. One of the two said that someone from the FHA county office had told him about a good carpenter and that no other contractors' names had been mentioned. The other borrower said that a former FHA assistant county supervisor had recommended a contractor to him. The borrower said also that, because he had bought his lot from that contractor, he had assumed that it was a logical choice. The 22 others indicated that FHA had not recommended their contractor.

The FHA county supervisor told us that, when he became supervisor in May 1971, he had a list of contractors prepared. He said that the list had been given to each applicant and that the applicant had been told to get bids from any contractors he wanted. He said that, if the applicant obtained only one bid and if the house as proposed was within FHA limitations on design, size, and cost, the contract would be approved. He said also that the files were not always documented when more than one bid was obtained and that FHA did not require that unsuccessful bids be mentioned in the borrower's file.

Concerning competition on FHA-financed houses, our examination of FHA county office files for fiscal years 1969-71 showed:

	<u>Number of loans</u>			
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>Total</u>
Evidence of competition (note a)	1	-	6	7
No evidence of competition	25	27	65	117
Competition not required because borrower bought an existing house or borrower acted as his own contractor	<u>5</u>	<u>9</u>	<u>4</u>	<u>18</u>
Total	<u>31</u>	<u>36</u>	<u>75</u>	<u>142</u>

<sup>a</sup>Evidence consisted of actual bids, annotations of amounts bid by various contractors, or annotations that contractors had been contacted but did not bid.

None of the six contractors we interviewed said that he knew of any situations in which FHA county office employees had referred borrowers to them or to other contractors. Generally the contractors said that they felt that their unsuccessful bids were not accepted because they were not the low bidders. The contractor in this county who had complained about favoritism told us that he thought that those contractors who bid low had to cut corners and thereby cheapened the house. He said that he was relatively content with current FHA county office procedures and employees.

Randolph County

Information available in FHA county office files on loans made in fiscal years 1969-71 showed:

Contractor (note a)	Number of loans				Primary supply source
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>Total</u>	
Builders Supply and Hardware Co.	24	14	26	64	Builders Supply and Hardware Co.
Pocahontas Lumber Co.	7	13	18	38	Pocahontas Lumber Co.
Thielemeier Lumber Co.	21	25	14	60	Thielemeier Lumber Co.
Tyler Lumber Co.	-	5	33	38	Tyler Lumber Co.
Dickson Lumber Co.	-	1	-	1	Dickson Lumber Co.
Minor loans for repairs	5	4	3	12	
No contractor involved	<u>5</u>	<u>11</u>	<u>14</u>	<u>30</u>	
Total	<u>62</u>	<u>73</u>	<u>108</u>	<u>243</u>	

<sup>a</sup>Contracts were for construction, repair, or improvement of rural houses.

Of the nine borrowers interviewed, one said that an FHA county office employee had suggested his contractor. The eight others indicated that FHA had not suggested any contractor. The one borrower said that the FHA county supervisor had discouraged him from getting bids from contractors in another county, had told him to get one bid, and had suggested a contractor who the supervisor said would be low bidder anyway.

Concerning competition on FHA-financed houses, our examination of FHA loan files for fiscal years 1969-71 showed:

	Number of loans			
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>Total</u>
Evidence of competition or at- tempt at competition (note a)	17	10	10	37
No evidence of competition	36	50	69	155
Competition not required be- cause borrower bought an existing house or borrower acted as his own contractor	<u>9</u>	<u>13</u>	<u>29</u>	<u>51</u>
Total	<u>62</u>	<u>73</u>	<u>108</u>	<u>243</u>

<sup>a</sup>Evidence consisted of actual bids, annotations of amounts bid by various contractors, or annotations that contractors had been contacted but did not bid.

Although the loan files of the nine borrowers we interviewed did not indicate any competition, seven of the borrowers told us that they had obtained two or more bids in selecting their contractors. The two others said that they had gotten only one bid.

The FHA county supervisor told us that prospective borrowers had been told the names of the four lumber companies that build houses financed by FHA in Randolph County. He said that FHA county office records did not always show whether there had been competition for each of the borrowers. He said that, if a borrower had obtained only one bid and if it met the criteria for loan approval, he would not require additional bids or negotiation.

We interviewed officials of the four lumber companies whose names the FHA county supervisor had provided to prospective borrowers. Included in this group was the company which had registered a complaint that FHA county office employees had referred the company's potential customers to other lumber companies. The official interviewed from that company said that the official who had made the complaint was deceased, that he was reluctant to talk about complaints made by the deceased official, and that he was satisfied with FHA operations in the last 6 to 12 months.

Representatives of the three other companies told us that they did not know of any instances in which FHA employees had referred potential customers to them or to any other contractor.



St. Francis County

Information available in FHA county office files on loans made in fiscal years 1969-71 showed:

Contractor (note a)	Number of loans				Primary supply source
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>Total</u>	
C. J. Reeves	1	7	10	18	Vaccaro-Grobmyer Lumber Co.
Emerson and/or Wiens	-	-	8	8	Do.
Jack Leslie	4	-	-	4	Do.
E. Sykes (or S. Brown)	4	7	12	23	Hyman Builders Supply, Inc.
Hyman Builders Supply, Inc.	-	-	8	8	Do.
New-Mer Building Co.	-	1	34	35	Pacific Homes, Inc.
Willard Whitaker	5	3	2	10	
Number of con- tractors with fewer than four contracts:					
Nineteen	24	-	-	24	
Twelve	-	16	-	16	
Fifteen	-	-	26	26	
No contractor involved	<u>4</u>	<u>12</u>	<u>15</u>	<u>31</u>	Vaccaro-Grobmyer Lumber Co.
Total	<u>42</u>	<u>46</u>	<u>115</u>	<u>203</u>	

<sup>a</sup>Contracts were for construction, repair, or improvement of rural houses.

Of the 23 borrowers we interviewed, 20 indicated that FHA county office employees had not suggested their contractors. The three other borrowers said that FHA employees had suggested their contractors. One of the three borrowers said that he had contacted four or five contractors but had

gotten only one bid. He said that the contractor making this bid was the one a former FHA assistant county supervisor had suggested.

The second borrower said that she had gotten a bid from only one contractor and that a former FHA assistant county supervisor had suggested and taken her to the contractor. The third borrower said that he had tried to get FHA to approve a house plan but had been told that the proposed house was too large. He said that an FHA county office employee (he did not remember which one) had called him later and had named a contractor from whom it might be quicker to get a house.

Concerning competition on FHA-financed houses, our examination of FHA county office files for fiscal years 1969-71 showed:

	<u>Number of loans</u>			
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>Total</u>
Evidence of competition or attempt at competition (note a)	3	10	7	20
No evidence of competition	36	33	64	133
Competition not required because borrower bought an existing house	<u>3</u>	<u>3</u>	<u>44</u>	<u>50</u>
Total	<u>42</u>	<u>46</u>	<u>115</u>	<u>203</u>

<sup>a</sup>Evidence consisted of actual bids, annotations of amounts bid by various contractors, or annotations that contractors had been contacted but did not bid.

Our interviews with the 23 borrowers indicated that more competition had been sought than had been recorded in the files. Eleven borrowers indicated that they had sought competition, and 12 said that they had not. The files indicated, however, that competition had been sought in only two instances.

We interviewed three contractors who stated that they did not know of any situations in St. Francis County in which they thought that FHA county office employees had

referred prospective borrowers away from or to them. The contractors told us also that they did not know of any pressure to use certain suppliers.

Of the two suppliers we contacted, only one answered our questions. He said that, during the time a particular FHA assistant county supervisor had been in that county, his company had not obtained as large a share of the business from contractors as it thought warranted. He did not name any specific cases and indicated that he was satisfied with "the way things are now."

The FHA county supervisor said that, because of the rapid expansion of the rural housing loan program, he had not pressed for competition when an applicant obtained one bid and it met the criteria for loan approval. He said also that he did not provide prospective borrowers with lists of contractors who build FHA-financed houses in St. Francis County but that, although he did not like to, he would name some contractor if the borrower asked.

## INSURANCE COMPANY

The complaint about favoritism to an insurance company involved the Ford Insurance Company of Paragould, Arkansas, an insurance agency which did business in Clay, Craighead, and Randolph Counties. The owners and officers of the Ford Insurance Company were also the owners and officers of the Farmers Home Mutual Fire Insurance Company.

FHA instructions state that insurance coverage for houses in the rural housing loan program in a State can be provided by any company licensed to do business in that State, and the Ford Insurance Company and the Farmers Home Mutual Fire Insurance Company are so licensed in Arkansas.

In each county, we examined loan files in the FHA county offices and interviewed borrowers, insurance agents, and FHA county office employees about insurance companies used by borrowers. Our examination showed that the Ford Insurance Company had insured about 21, 16, and 76 percent of the houses in Clay, Craighead, and Randolph Counties, respectively, which FHA had financed during fiscal years 1969-71. Also, six of the 85 borrowers questioned said that FHA county office employees had suggested the companies which were insuring their houses; two of these six said that FHA employees had suggested the Ford Insurance Company.

The results of our review in each of the five counties are discussed below.

Clay County

Information available in FHA county office files on insurance companies used by borrowers during fiscal years 1969-71 showed:

<u>Company</u>	<u>Number of policies</u>			
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>Total</u>
Home Insurance Co. of New York	2	5	12	19
Farmers Home Mutual Fire Insurance Company (Ford)	11	10	17	38
MFA Insurance Companies	9	13	27	49
Aetna Insurance Co.	3	4	-	7
Farmers Insurance Group	1	1	7	9
Utah Home Fire Insurance Co.	-	2	7	9
Insurance Co. of North America	-	1	8	9
Hartford Insurance Co.	-	3	3	6
Number of companies with five or less policies:				
Five	7	-	-	7
Seven	-	14	-	14
Six	-	-	9	9
Information not in file or not required	<u>2</u>	<u>4</u>	<u>3</u>	<u>9</u>
Total	<u>35</u>	<u>57</u>	<u>93</u>	<u>185</u>

None of seven borrowers questioned about the selection of insurance companies indicated that FHA county office employees had suggested an insurance company to him. When we asked the FHA county supervisor how the Ford Insurance Company contacted FHA borrowers, he said that he did not know but that he assumed that salesmen from that company drove around and spotted homes under construction and then offered the homeowners policies.

Craighead County

Information available in FHA county office files on insurance companies used by borrowers during fiscal years 1969-71 showed:

<u>Company</u>	<u>Number of policies</u>			
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>Total</u>
Allstate Insurance Co.	3	6	12	21
Farm Bureau Mutual Insurance Co.	3	3	9	15
Farmers Home Mutual Fire Insurance Company (Ford)	5	11	15	31
Farmers Insurance Group	4	6	11	21
Fireman's Fund	1	-	8	9
Home Insurance Co. of New York	4	1	9	14
MFA Insurance Companies	7	7	8	22
New Hampshire Insurance Group	5	5	4	14
State Farm Insurance Co.	-	3	6	9
Number of companies with five or less policies:				
Eleven	12	-	-	12
Nine	-	12	-	12
Ten	-	-	14	14
Total	<u>44</u>	<u>54</u>	<u>96</u>	<u>194</u>

Only one of the 24 borrowers interviewed indicated that FHA county office employees had suggested an insurance company, and he thought that the FHA assistant county supervisor or construction inspector had recommended the Ford Insurance Company. The 23 others did not indicate that FHA county office employees had suggested an insurance company to them.

The FHA county supervisor told us that the Ford Insurance Company did not write homeowner policies, that it wrote only fire and casualty insurance, and that it wrote policies on houses in areas that other companies would not cover.

Lee County

Information available in FHA county office files on insurance companies used by borrowers during fiscal years 1969-71 showed:

<u>Company</u>	<u>Number of policies</u>			
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>Total</u>
Farmers Union Mutual Insurance Co.	5	1	-	6
Farm Bureau Mutual Insurance Co.	13	13	32	58
Home Insurance Co. of New York	2	2	2	6
Fireman's Fund	1	1	14	16
United States Fidelity & Guaranty Co.	2	2	3	7
Hartford Insurance Co.	-	4	7	11
Aetna Insurance Co.	3	3	-	6
Number of companies with five or less policies:				
Five	5	-	-	5
Seven	-	9	-	9
Eight	-	-	16	16
Information not in file or not required	<u>-</u>	<u>1</u>	<u>1</u>	<u>2</u>
Total	<u>31</u>	<u>36</u>	<u>75</u>	<u>142</u>

Of the 22 borrowers questioned about the selection of their insurance companies, only one said that FHA county office employees had suggested an insurance company. Another borrower told us that he remembered a former FHA assistant county supervisor recommending an insurance company but that he could not recall whether other companies were mentioned. Both borrowers were insured by Fireman's Fund. The 20 other borrowers indicated that FHA county office employees had not suggested an insurance company to them.

Randolph County

Information available in FHA county office files on insurance companies or agencies used by borrowers during fiscal years 1969-71 showed:

<u>Company or agent</u>	<u>Number of policies</u>			
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>Total</u>
Ford Insurance Company (Farmers Home Mutual Fire Insurance Company)	46	59	79	184
Leo French (agent for two companies)	6	2	2	10
Hubert Steimel (MFA Insurance Companies)	1	3	4	8
Martin Insurance Agency (agent for six companies)	1	1	7	9
Larry Rowland (Farm Bureau Mutual Insurance Co.)	-	2	6	8
Wade Tyler Insurance Agency (agent for two companies)	1	-	6	7
Number of companies or agents with fewer than five policies:				
Two	2	-	-	2
Two	-	4	-	4
Two	-	-	3	3
Information not in file or not required	<u>5</u>	<u>2</u>	<u>1</u>	<u>8</u>
Total	<u>62</u>	<u>73</u>	<u>108</u>	<u>243</u>

Of the nine borrowers we interviewed, all had placed their policies with the Ford Insurance Company. Only one of them said that an FHA assistant county supervisor had recommended Ford to him and that he had called the company. Two of the eight other borrowers said that they had contacted the Ford agent on their own, and six said that the Ford agent had come to them. Of these six borrowers:

--Two said that relatives apparently had referred the agent to them.



--Two speculated that carpenters working on their houses might have referred their names to the agent.

--Two said that they did not know how the agent knew about them.

We interviewed four insurance agents. Only one offered names of FHA borrowers who, he felt, might have been directed to the Ford Insurance Company. The three borrowers he named were among the borrowers we interviewed. One, however, said that he had contacted the Ford agent after hearing about him from friends; one said that a relative had sent the agent; and the other said that he thought a carpenter working on his house might have sent the agent.

A document provided to us by the Subcommittee member showed that an official of a Federal savings and loan institution and an insurance agent had stated that insurance written by the Ford Insurance Company was "not acceptable to federal and state lending institutions of that area" and that a Federal Land Bank official in Pocahontas, Arkansas, had stated that insurance written by Ford was not acceptable to the Federal Land Bank. The Federal Land Bank official told us that insurance written by the Ford Insurance Company was acceptable to his organization and that Ford insured more houses financed by his organization than any other company.

Subsequent discussions with the president of the savings and loan association which employed the official who had made the statement cited in the document provided to us disclosed that each Federal savings and loan association's board of directors sets criteria as to the size and type of insurance company that it accepts. He told us that his association's board had established criteria which precluded its borrowers from utilizing insurance companies with assets under \$1 million, such as was the case with the Ford Insurance Company.

St. Francis County

Information available in FHA county office files on insurance companies used by borrowers during fiscal years 1969-71 showed:

<u>Company</u>	<u>Number of policies</u>			
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>Total</u>
Farm Bureau Mutual Insurance Co.	10	4	10	24
Farmers Insurance Group	2	10	8	20
Farmers Union Insurance Co.	5	3	5	13
MFA Insurance Companies	13	16	39	68
Insurance Co. of North America	-	4	34	38
State Farm Insurance Co.	2	3	3	8
Number of companies with five or less policies:				
Six	8	-	-	8
Five	-	6	-	6
Fourteen	-	-	16	16
Information not in file or not required	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>
Total	<u>42</u>	<u>46</u>	<u>115</u>	<u>203</u>

Of the 23 borrowers interviewed, only two indicated that FHA county office employees had suggested insurance companies to them. One said that a former FHA assistant county supervisor had suggested two companies but that one of the companies would not insure her house due to the number of people living in it. The second borrower said that he thought that the FHA county supervisor had suggested the company which was then insuring his house. The remaining 21 gave no indication that FHA had suggested insurance companies to them.

FARM IMPLEMENT DEALER

The complaint that FHA county office personnel had shown favoritism to a farm implement dealer did not involve the rural housing loan program. As a result, we reviewed this matter only in the county from which the complaint emanated. The Clay County implement dealer who had complained stated that FHA county office employees had told one of his

former customers--the holder of an FHA farm operating loan--that FHA could finance a new combine for him if he would buy a certain kind from a certain dealer.

The FHA county office files showed that, on September 22, 1969, this borrower had discussed with the FHA county supervisor the possibility of trading in his old combine, which needed \$2,000 in repairs and which was collateral on the FHA farm operating loan, for a new one. The case file showed that the county supervisor had agreed to let the mortgaged combine be traded for another with dealer financing; however, he told us that he had not sent the borrower to a specific implement dealer.

The complaining dealer said that he had not tried to sell the borrower a combine and would not sell him one with dealer financing because (1) he was having trouble collecting \$200 from the borrower and (2) he (the dealer) would be responsible for paying off any bank loan if the borrower could not make the payments. He said that he would have sold the borrower a combine if FHA had provided the financing.

However, the borrower told us that he was leery of purchasing a combine from this dealer because the dealer had lost his franchise. He said that the FHA county supervisor had sent him to a specific implement dealer and that the dealer had only one combine. He said that he had wanted to purchase a 2-year-old combine from a third implement dealer but that the FHA county office would not lend him the \$1,500 needed in addition to his trade-in to get dealer financing of the remaining balance.

The FHA assistant county supervisor told us that the borrower had purchased the new combine with dealer financing. He told us also that FHA's only involvement was to remove the old combine from collateral on the borrower's farm operating loan, to take a second mortgage on the new combine, and to allow some proceeds from the sale of mortgaged crops securing the operating loan to be used for a payment on the new combine.

We interviewed six other implement dealers in Clay County who did not furnish any specific information that FHA county office employees had referred any of their prospective

implement buyers to other dealers. Further, the dealer who had made the complaint did not give us any additional examples of referrals of FHA borrowers to other implement dealers.

## CHAPTER 3

### COMPLAINTS THAT WATER AND SEPTIC

#### SYSTEMS DID NOT COMPLY WITH STATE AND LOCAL CODES

We limited our review to determining whether individual homeowners' water and septic systems installed in the five counties under FHA's rural housing loan program complied with FHA instructions that State and local health codes be followed. We did not review FHA-financed public water and sewer systems.

#### PERCOLATION TESTS

FHA instructions require that State standards regarding percolation tests be followed. The Arkansas State Department of Health standards require that percolation tests be made to determine the suitability of the soil for the absorption of septic tank effluent. On the basis of these tests, the area needed for adequate absorption of the effluent--the absorption field--is to be determined. Prior to March 1971, FHA officials in the five counties generally did not require compliance with FHA instructions or State regulations for determining, through percolation tests, the size of septic system absorption fields needed for FHA-financed houses. The size of absorption fields prior to March 1971 generally was based on the judgment of FHA officials.

Our analysis of selected FHA county office loan files, as summarized in the following table, showed that, after March 1971 when FHA began enforcing regulations for percolation tests, the absorption fields, in terms of square feet for each bedroom, increased over those in use prior to March 1971.

<u>County</u>	<u>Average square feet of absorption field per bedroom</u>		
	<u>Before</u>	<u>After</u>	<u>Increase</u>
	<u>March 1971<sup>a</sup></u>	<u>March 1971<sup>b</sup></u>	
Clay	110	199	89
Craighead	148	295	147
Lee	107	191	84
Randolph	143	208	65
St. Francis	97	189	92

<sup>a</sup>Based on judgments and not percolation tests.

<sup>b</sup>Based on percolation tests as required by FHA regulations.

#### DISTANCE BETWEEN WELLS AND SEPTIC TANKS

Information from the Subcommittee member alleged that the distance between wells and septic tanks for some FHA-financed houses was less than 100 feet and that this was a violation of the Arkansas State Health codes. Our review of selected loan files showed that prior to February 1971 FHA county supervisors in the five counties often had allowed a minimum distance of 50 feet between wells and septic tanks. The 50-foot distance was authorized by both FHA instructions and State regulations in effect at that time.

In February 1971 the FHA Arkansas State office issued instructions changing the minimum distance required between wells and septic tanks to 100 feet. Our review of files of selected loans made after February 1971 showed that the 100-foot minimum requirement generally was being followed.

## CHAPTER 4

### COMPLAINTS OF INADEQUATE MATERIALS AND WORKMANSHIP

The information provided to us included complaints about the adequacy of materials and workmanship in the construction of FHA-financed houses in three counties--Craighead, Lee, and Randolph. As requested by the Subcommittee Chairman, we reviewed this matter also in Clay and St. Francis Counties.

FHA instructions require county office employees to review and approve housing plans and specifications and to make a minimum of two inspections during construction and a final inspection prior to the time FHA and the borrower accept the completed house.

Of 92 borrowers interviewed in the five counties, 53 told us of defects in, or problems with, their houses. Most complaints concerned poor workmanship and finish work involving painting, paneling, flooring, and plumbing. The results of our review are as follows.

#### CLAY COUNTY

Seven of the nine borrowers questioned about the adequacy of materials and workmanship in their houses did not tell us of any defects at the time of our interviews. The two others told us of defects which they had brought to the contractors' attention. One said that the contractor was trying to replace a window screen for her. The other borrower complained that her house had a broken commode, cheap and broken window locks, inverted sliding closet doors, and no shutoff valves inside the house for the plumbing. She said that she had discussed the commode, locks, and doors with the contractor and FHA and that the contractor had promised replacement of the commode and correction of the sliding doors.

#### CRAIGHEAD COUNTY

Of the 24 borrowers interviewed, six told us that they had problems with their houses. The others had no complaints. Of the six borrowers who complained, four told us that linoleum or tile flooring had come loose. Others complained

about a cracked carport floor, dull outside paint, low-quality wood used in framing (noted in FHA inspection reports), and poor workmanship in squaring out walls.

Two borrowers indicated that they had gone to the FHA county office with complaints. One said that FHA had not taken any action, and the other said that FHA had told him to negotiate with the contractor to have the repairs made, which he was now doing. The final inspection report in this borrower's file listed no defects, but the FHA construction inspector had written on it: "Contractor knows he will have some adjustments to make during the year."

We accompanied FHA county office employees on construction inspections or final inspections of nine houses. During these visits FHA employees noted all deficiencies that we observed. During the final inspection at one house, the FHA construction inspector required the contractor to remove debris from under the house, adjust storm doors, fix a plumbing trap leak, install a bathtub stopper, and paint outside headers over windows.



LEE COUNTY

Of the 26 borrowers interviewed, 23 told us about defects in their houses. The three others had no complaints. The defects cited were as follows:

	<u>Number of borrowers</u>	<u>Number of defects</u>
Poor carpentry, finish work, workmanship	17	59
Plumbing leaks and loose sinks	9	11
Poor finish work on, or unmatched, wood panels	8	9
Leaks around windows, doors, walls, or ceiling	9	12
Problem with gas or electrical appliances, wiring, workmanship	9	14
Linoleum or tile problems	15	15
Paint (outside) peeling	5	5

FHA procedures for final inspection require that both the borrower and the FHA county office representative inspect the house and sign the final inspection report only after all deficiencies have been corrected. We asked 17 of the 23 borrowers who told us of defects whether they were present at final inspections of their houses; eight said that they were not. Of the eight, one said that he had not been able to be there because of a snowstorm. Four others had purchased existing new houses, in which case the borrower normally was not present at inspection; and the three others offered no reasons for their absence at final inspection.

Seventeen of the 23 borrowers told us that they had registered their complaints in writing or verbally with contractors or with FHA county office employees. Ten of these 17 said that the contractors had ignored their complaints. One borrower said that she had complained to the FHA county supervisor and that, when advised to put the complaints in writing, she had told him that writing a letter was needless because she had just told him what the complaints were. One borrower told us that he had moved out of his house until the contractor repaired the things which the borrower had considered defective. Another borrower said that he had twice

submitted a list of 36 defects to the contractor but that he had received no response.

Of the seven contractors interviewed, two said that many of the borrowers' complaints about door frames, linoleum tile, and septic problems stemmed from damage caused by the borrowers' families. We could not discern who was right.

For example, in one case a borrower had complained about linoleum tile coming loose and cracking. The borrower told us that she felt it was the contractor's fault. However, the contractor told us that the borrower had a bed in a corner which required moving every time the bed was made or changed, and that he had given her four protective rubber cups to put under the bed legs. She claimed she had never received them. The bed was in a corner, and damage was limited to that area.

We accompanied the FHA construction inspector on his inspection of six houses under construction and on two final inspections. We noted apparent defects in finish work in four houses which the inspector did not comment on or note in his inspection reports. At one of the houses, we noticed three defective-looking wall studs, and at another we showed the inspector seven apparent defects not listed on his inspection report. The inspector listed three of these on his report, delayed final inspection, and told the contractor about the four other items.

One subdivision contractor in the county who puts together prefabricated houses sold eleven of these houses to FHA borrowers as existing houses, without benefit of FHA construction inspections. FHA State office procedures allow the financing of existing houses, but State office officials told us that such financing was not encouraged. The officials said that FHA loans could be made for prefabricated houses, and that the manufacturer of these particular houses was on their approved list of manufacturers but was considered one of the least desirable on that list.

The FHA State office officials said that prefabricated houses were as good as houses constructed onsite if the houses were assembled properly, but that they usually had to

watch construction on a contractor's first few prefabricated houses due to employees' inexperience in putting the houses together. Federal Land Bank officials in St. Louis, Missouri, told us that, in making loans for periods of 33 to 35 years, they did not differentiate between prefabricated houses and houses constructed onsite.

#### RANDOLPH COUNTY

Seven of the nine borrowers interviewed told us about defects in their houses. Of these seven, four said that contractors had taken, or had promised to take, some corrective action. The three other borrowers said that the contractor had not taken any action.

One of the borrowers who had written to the Subcommittee member told us of 22 specific complaints he had. We asked the contractor who had built the house about the complaints, and he acknowledged that there had been a lot of problems, but said that many of the problems could be attributed to the work of the carpenter whom the borrower had chosen. Also, the contractor said that he had done all that he could to make the repairs, but that many of the extras which the borrower requested had not been paid for.

#### ST. FRANCIS COUNTY

Of the 23 borrowers interviewed, 15 complained about defects in their houses and eight did not. Most complaints appeared to be related to poor workmanship or to the failure to complete work. None of the cited conditions related to the structural soundness of the houses but some--such as leaks around vents, windows, and doors--could lead to structural damage. The quality of materials in most houses appeared adequate, although there were some problems with split paneling, cracked concrete porches, and loose floor tiles. These problems could have been caused by poor quality of materials, poor workmanship, or owner abuse.

The borrowers told us that they had registered many of their complaints verbally with contractors and, in some cases, with FHA county office employees. Only one borrower indicated that he had made a written complaint. Four borrowers said that the FHA construction inspector had not

appeared interested in making detailed inspections of their houses at final inspection and/or had ignored their complaints. Five of the borrowers interviewed had not signed final inspection reports.

The FHA county supervisor told us that borrowers were advised at the time of loan closing that any defects noted subsequent to loan closing should be reported to the contractor in writing within 1 year. He said that, although borrowers were not encouraged to make such complaints directly to his office, occasionally they did so. He said that, when a borrower complained that the contractor was not doing anything about a complaint, his office contacted the contractor and tried to reconcile the differences but that the final settlement rested with the borrower and contractor, through legal action if necessary.

The FHA county supervisor told us that the county office had a full-time construction inspector from February to May 1971. He said that the inspections were then being made by an FHA construction inspector from adjoining Cross County 1 day a week or by himself and the assistant county supervisors if necessary.

We accompanied FHA county office employees on inspections of five construction sites and on visits to two borrowers who had complained to us about defects in their houses. At two of the five construction sites, these employees observed substandard studs and ordered them to be replaced. The only other deficiency the employees noted was poorly fitted trim at a roof corner.

The contractor was not present at one of the inspections in which the inspector ordered the studs replaced. The contractor told us later that he was quite upset with his subcontractor who had installed the studs, and that he normally culled the lumber before it was used. In the other case where there were bad studs, the FHA county office employees told us that the borrower had asked for the inspection to point out what he considered bad material and poor workmanship.

One of the borrowers complained of a leaky roof. The FHA construction inspector could not determine the source of

the leak because the access door to the attic was too small to allow entrance.

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On May 4, 1972, FHA issued instructions establishing the FHA county supervisor's responsibilities concerning construction complaints. He is responsible for receiving and resolving all complaints dealing with the construction of houses financed by FHA, with such advice and assistance as he deems necessary. There are detailed procedures for receiving complaints and for resolving them with the contractors and homeowners. In addition, a file is to be maintained for each contractor recording the actions taken on each complaint and this file is to be reviewed periodically to evaluate the contractor's performance.

## CHAPTER 5

### COMPLAINT OF INELIGIBLE BORROWERS

#### OBTAINING RURAL HOUSING LOANS

The Subcommittee member received a complaint that in Randolph County FHA was making rural housing loans to persons who would qualify for loans from private credit sources. As requested by the Subcommittee Chairman, we inquired into this matter in each county.

FHA instructions state that, if it appears that an applicant can meet his credit needs through some other credit source, FHA should assist the applicant in contacting the other source. The instructions require that documentation of the results of an applicant's attempts to obtain credit elsewhere be included in his file but do not specify the type of documentation to be included.

Of the 794 loan files we reviewed, 90 showed evidence of attempts to obtain credit. In 13 of these 90 instances, the files documented that private sources had refused credit. Some borrowers told us that they had attempted to obtain credit from private sources; these attempts were not always recorded in FHA's loan files. The results of our review in each county follow.

#### CLAY COUNTY

Our analysis of FHA files on 185 loans made in fiscal years 1969-71 showed that evidence of attempts to get private credit, if they occurred, were not recorded in 176 cases. The remaining nine files contained documentation that private credit sources had been contacted and that credit had been refused.

The FHA county supervisor told us that he based his judgment of a borrower's ability to get a loan elsewhere on his knowledge of the local lending institutions. He said that local banks made loans only for periods up to 5 years and that the local savings and loan association required a significant downpayment.

## CRAIGHEAD COUNTY

We interviewed 23 borrowers and reviewed their files. Nine said that they had sought credit elsewhere and the 14 others said that they had not. Only four files indicated that such credit had been sought. Only one file contained a written refusal from a private lending institution.

The FHA county supervisor told us that normally he did not require an applicant to go to other credit sources if he knew that the applicant would be refused. He said that he was on friendly terms with the two local savings and loan associations. He said that one of the prime criteria used in judging whether a potential borrower could get credit elsewhere was his ability to make a downpayment. He said that the local savings and loan associations required a downpayment of 20 percent or more and that few potential borrowers could meet this requirement.

Officials of the two local savings and loan associations said that FHA county office employees had referred potential borrowers to them and that they had referred some persons to FHA. Neither of them said that he thought FHA had presented any significant competition in Craighead County. One said that he felt that the continued easing of restrictions on the size of towns served by FHA could lead to more competition. Both officials indicated that their associations had required downpayments of 20 percent and more.

## LEE COUNTY

Of the 23 borrowers we questioned about seeking other sources of credit, only one said that he had tried to do so; however, his file did not document this. The 22 others told us that they had not sought credit elsewhere. The FHA county office files for five of these 22 borrowers indicated that they had stated at the time they applied for the FHA loans that they had been unable to get credit elsewhere. The remaining 17 files did not contain any information concerning attempts to obtain credit.

Our analysis of files on 142 loans made in fiscal years 1969-71 showed that 94 did not contain any indication of attempts to get private credit. The files on 23 loans

indicated that borrowers had stated at the time of loan application that they had tried to obtain private credit. The original file for one borrower had been stolen, and the current file was incomplete. In the remaining 24 cases, the files indicated that FHA county office employees may have contacted lending institutions but the files contained no written refusals.



## RANDOLPH COUNTY

Seven of the nine borrowers interviewed said that they had sought credit elsewhere; the two others could not recall whether they had. FHA county office files did not indicate that any of these borrowers had sought credit elsewhere. Our analysis of loan files on 243 loans made during fiscal years 1969-71 showed only 10 cases in which the files indicated that other credit sources had been contacted.

Officials of the local savings and loan association which had registered the complaint gave us the names of 38 FHA borrowers to whom they thought they would have made loans. These officials told us that, because of interest and term advantages, the borrowers had gotten their loans from FHA. In a March 1971 memorandum to the FHA State director, the FHA district supervisor for Randolph County stated that he and the county supervisor had discussed these complaints with the officials of the association.

The district supervisor said that, during the discussion, the association officials were given a list of about 25 borrowers whom the FHA county office had referred to the association. The district supervisor said that four of these borrowers had returned to the FHA county office. According to FHA county office records, the savings and loan association had refused credit to each of these four borrowers.

Information from the Subcommittee member named two borrowers who received FHA rural housing loans, but who, according to the local savings and loan association, would have qualified for home loans from the association. According to the association, one of the borrowers had applied to it for a loan. The loan was approved for \$9,000, but the borrower refused the loan because of the 9-percent interest rate. The borrower's loan file showed that FHA made a \$9,200 loan at 6-1/4-percent interest. The file did not contain any evidence that other credit sources had been considered.

The information from the Subcommittee member indicated that the second borrower was a customer of the association in good standing who would have received favorable consideration for a reasonable housing loan had he applied. The

FHA borrower's loan file showed that the borrower had started to build a house with cash on hand, had applied for credit with the savings and loan association, and had been referred by the association to the FHA county office. The file showed also that the FHA county supervisor had confirmed this with an official of the association.

The local savings and loan association officials told us that they believed a new FHA procedure would resolve the problem of prospective FHA borrowers' not contacting private credit sources. This new procedure whereby FHA would contact private lending institutions with a returnable form letter was to be implemented in Arkansas in November 1971.

#### ST. FRANCIS COUNTY

Of the 23 borrowers interviewed, four said that they had tried to get credit elsewhere. The 19 others said that they had not. FHA county office files on the 23 borrowers indicated that only one borrower stated at the time of loan application that he had sought credit elsewhere. This borrower told us that he had not sought credit elsewhere. The files on these 23 cases did not document that refusal or nonavailability of credit elsewhere had been verified.

Our analysis of files on 201 loans showed that, in 181 cases, if attempts to get credit elsewhere had been made, evidence of it was not recorded in the files. Only three of the remaining 20 files which indicated that private credit sources had been contacted contained written documents denying a credit application.

The FHA county supervisor told us that he recognized that records had not always been documented when nonavailability of credit from other sources was verified. He said that, in many cases, it was obvious from the applicant's income and net worth that other credit would not be available.

According to the FHA county supervisor, the only other source of credit for a housing loan in St. Francis County was a local savings and loan association. An official of the association told us that it required its borrowers to make a 20-percent downpayment. The FHA county supervisor told us that, to his knowledge, the association had all the

loans it could handle, even with the 20-percent downpayment requirement. He said that none of the borrowers to whom his office had made loans could have met this requirement.

## CHAPTER 6

### COMPLAINT THAT FHA COUNTY EMPLOYEE

#### SOLD LAND TO BORROWERS

A complaint was made to the Subcommittee member that the FHA county supervisor in one of the counties might be selling land to FHA rural housing loan program borrowers. FHA instructions prohibit the sale of land by FHA employees or county committeemen<sup>1</sup> to FHA borrowers or applicants except when justified to and approved by higher authority.

Our analysis of county land transfer records in each of the five counties revealed only one transfer of land from an FHA county employee or a committeeman to an FHA rural housing loan program borrower or applicant to build an FHA-financed house during fiscal years 1969-71. This transfer was made by a committeeman to his son who had received a rural housing loan. County committee meeting minutes showed that the committeeman had excused himself from the meeting at which his son's application was considered and approved.

The persons who had made the complaint told us that there had been a breakdown in communication and that they had not stated that the FHA county supervisor had sold land to FHA borrowers but, rather, that some of his friends might have bought land and sold it for personal profit to FHA borrowers. We questioned four borrowers who had bought land from the supervisor's friend who was mentioned in the information provided by the Subcommittee member. All of these borrowers said that FHA county office employees had not recommended the land to them.

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<sup>1</sup>A county committeeman is one of a three-member committee which reviews and approves or disapproves loan applications.

## CHAPTER 7

### COMPLAINT THAT FHA EMPLOYEES SHOWED

#### FAVORITISM TO ATTORNEYS FOR CLOSING LOANS

Information from the Subcommittee member included a complaint that FHA employees favored attorneys whose names were on an FHA-designated list for performing FHA loan closings and excluded other private attorneys from assisting FHA borrowers in such proceedings. FHA instructions require that all FHA rural housing loans, with certain exceptions, be closed by attorneys or title insurance companies designated in each county by the FHA State director.

Of 86 borrowers in the five counties whom we questioned about selection of their attorneys, 20 said that FHA county office employees selected or suggested the attorney for their loan closing. Of the remaining 66 borrowers, 35 said that they were given a choice of designated attorneys; 19 said that they used their or the contractor's attorney; three said that the attorney "just showed up"; and nine said that they did not remember how their attorney was selected. The results of our review in each county follows.

#### CLAY COUNTY

The following schedule shows, by attorney, the number of FHA rural housing loans closed during fiscal years 1969-71.

<u>Attorney</u>	<u>Number of loan closings</u>			
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>Total</u>
Hugh Trantham	22	34	58	114
Gus Camp	10	19	29	58
Scott Manatt	—	—	5	5
None required	<u>3</u>	<u>4</u>	<u>1</u>	<u>8</u>
Total	<u>35</u>	<u>57</u>	<u>93</u>	<u>185</u>

All three attorneys had been designated by the FHA State director to perform FHA loan closings at the time of

applicable loan closings. The first two were designated prior to February 1971 and the third in February 1971.

Of nine borrowers interviewed, four said that they had selected their attorneys from lists provided by FHA, two said that they had chosen their attorneys without FHA's help, one said that FHA had furnished the attorney, one said that the attorney "just showed up" at the closing, and one said that he could not remember how the attorney was selected.

CRAIGHEAD COUNTY

The following schedule shows, by attorney or firm, the number of FHA rural housing loans closed during fiscal years 1969-1971.

<u>Attorney or firm</u>	<u>Number of loan closings</u>			
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>Total</u>
Frierson, Walker and Snellgrove	24	38	68	130
Herbert H. McAdams	15	16	8	39
Carson Boothe	—	—	16	16
Penix and Penix	—	—	3	3
Title insurance companies	3	—	1	4
Not shown in file	<u>2</u>	<u>—</u>	<u>—</u>	<u>2</u>
Total	<u>44</u>	<u>54</u>	<u>96</u>	<u>194</u>

All of the above attorneys or law firms and title insurance companies were on the approved list of designated attorneys and title insurance companies at the time of applicable loan closings.

Of the 25 borrowers interviewed, 14 said that FHA had given them choices of attorneys; ten said that FHA county office employees had selected their attorneys for them-- three went to Boothe, three went to McAdams, and four went to Frierson, Walker and Snellgrove; and one said that he had chosen the attorney his contractor used.

LEE COUNTY

The following schedule shows, by attorney or firm, the number of FHA rural housing loans closed during fiscal years 1969-71.

<u>Attorney or firm</u>	<u>Number of loan closings</u>			
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>Total</u>
Carrold E. Ray	26	23	39	88
Daggett and Daggett	-	10	34	44
R. D. Smith, Jr.	4	1	1	6
Not shown in file	<u>1</u>	<u>2</u>	<u>1</u>	<u>4</u>
Total	<u>31</u>	<u>36</u>	<u>75</u>	<u>142</u>

Of 21 borrowers questioned, 14 told us that they remembered how their attorneys were selected and seven did not remember. Two borrowers said that FHA county office employees had recommended their attorneys, six said that they had selected their own attorneys, five said that the contractor had suggested or had chosen their attorneys, and one said that the attorney "just showed up."

The same contractor was involved in all five instances in which the contractor suggested or chose the attorneys and the one in which an attorney "just showed up." In the two cases in which FHA county office employees had recommended an attorney, two different attorneys were used. The attorneys and the firm used in loan closings were included on the approved list of designated attorneys.

RANDOLPH COUNTY

The following schedule shows, by attorney or firm, the number of FHA rural housing loans closed during fiscal years 1969-71.

<u>Attorney or firm</u>	<u>Number of loan closings</u>			
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>Total</u>
George H. Steimel	56	53	28	137
Dudley and Burris	1	10	16	27
Burris and Berry	-	-	16	16
George Wilson	-	2	14	16
Harrell A. Simpson, Jr.	-	5	33	38
None required	<u>5</u>	<u>3</u>	<u>1</u>	<u>9</u>
<b>Total</b>	<u>62</u>	<u>73</u>	<u>108</u>	<u>243</u>

Of the eight borrowers interviewed, three said that FHA county office employees had designated their attorneys, four said that they had selected their attorneys on the basis of prior dealings or knowledge, and one said that FHA county office employees had given him a choice of two or three attorneys. The attorneys and the firms used in loan closings were included on the approved list of designated attorneys.

#### ST. FRANCIS COUNTY

The following schedule shows, by attorney or firm, the number of FHA rural housing loans closed during fiscal years 1969-71.

<u>Attorney or firm</u>	<u>Number of loan closings</u>			
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>Total</u>
Knox Kinney	22	19	46	87
O. H. Hargraves	9	13	12	34
Richard B. McCulloch	8	2	10	20
Carroll Cannon	1	7	10	18
Henry Wilkinson	-	4	37	41
Title insurance company	1	1	-	2
Not shown in file	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
<b>Total</b>	<u>42</u>	<u>46</u>	<u>115</u>	<u>203</u>

All of the above attorneys were included on the approved list of designated attorneys.



Discussions with 23 borrowers indicated that, in 16 instances, borrowers had been given choices of attorneys. In the remaining seven cases, four borrowers told us that FHA county office employees had sent them to specific attorneys, one told us that the contractor had suggested the attorney, one did not know how his attorney was selected, and one said that the attorney "just showed up."

We noted that one contractor had sold 34 houses to FHA borrowers in fiscal year 1971. In all cases the same attorney was used. The FHA county supervisor told us that he had given all borrowers verbal lists of attorneys. He said that the attorney who closed all of the loans for the contractor referred to above also had represented the contractor in acquiring the land sold to the borrowers.

## CHAPTER 8

### SCOPE OF REVIEW

Our review included (1) an examination and a compilation of data from FHA's rural housing program loan files for loans made in fiscal years 1969-71 in the five counties, (2) interviews with borrowers identified in the information from the Subcommittee member and his constituents and borrowers selected in our examination of loan files, (3) interviews with various contractors, building material suppliers, insurance agents, engineers, State health officials, and commercial lenders doing business in the specified counties, (4) discussions with FHA officials and employees at the State and county level regarding policies, procedures, and practices in the areas being reviewed, and (5) visits to houses built or being built for borrowers with rural housing loan program financing.

We also reviewed applicable FHA instructions and internal management reports, and audit reports of the Department of Agriculture's Office of the Inspector General.

Our review was made primarily at the FHA State office in Little Rock, Arkansas, and in Clay, Craighead, Lee, Randolph, and St. Francis Counties in Arkansas.

L. H. FOUNTAIN, CHAIRMAN  
 ROBERT E. JONES, ALA.  
 BENJAMIN S. ROSENTHAL, N.Y.  
 JOHN C. CULVER, IOWA  
 DON FUQUA, FLA.  
 BILL ALEXANDER, ARK.

FLORENCE P. DWYER, N.J.  
 CLARENCE J. BROWN, OHIO  
 GUY VANDER JAGT, MICH.  
 JOHN H. BUCHANAN, JR., ALA.  
 J. KENNETH ROBINSON, VA.

225-2548

NINETY-SECOND CONGRESS  
**Congress of the United States**  
**House of Representatives**

INTERGOVERNMENTAL RELATIONS SUBCOMMITTEE  
 OF THE  
 COMMITTEE ON GOVERNMENT OPERATIONS  
 RAYBURN HOUSE OFFICE BUILDING, ROOM B-322  
 WASHINGTON, D.C. 20515

June 18, 1971

The Honorable Elmer B. Staats  
 Comptroller General of the United States  
 General Accounting Office  
 441 G. Street, N. W.  
 Washington, D. C.

Dear Mr. Staats:

As you know, the Farmers Home Administration, Department of Agriculture, makes and insures housing loans to rural residents. \*\*\* a member of this subcommittee, has advised me of numerous complaints he has received which indicate significant weaknesses in the administration of the rural housing loan programs by the Farmers Home Administration. The constituent complaints indicate:

1. Farmers Home Administration county supervisors are showing favoritism to certain implement dealers, lumber companies, and insurance companies by requiring their housing borrowers to obtain building materials and insurance policies from these companies.
2. Housing loan funds are being used to finance water and sewer facilities which do not comply with local and state health codes.
3. Substantial construction and flagrant usage of inferior materials have been noted on houses financed with government loan funds.
4. The Farmers Home Administration is making housing loans to ineligible borrowers.

## APPENDIX I

The Hon. Elmer B. Staats  
June 18, 1971  
Page Two

5. Farmers Home Administration county supervisors, in certain instances, have owned tracts of land which were subsequently sold to borrowers obtaining government loans.
6. Farmers Home Administration county supervisors are showing favoritism to certain private attorneys in that certain other attorneys are being excluded from assisting borrowers in loan settlement proceedings.

In addition, I would appreciate a report regarding heavy use of FHA funds for housing loans. There are allegations that this occurs to the detriment of agricultural financing needs, thereby disregarding the intent of Congress as expressed in applicable legislation. I am advised by \*\*\*[the Subcommittee member] that this information should be available after completion of another investigation which is currently in progress.

In view of the significance of these allegations, together with information obtained in a preliminary investigation made of Farmers Home Administration activities in Arkansas by \*\*\*[the Subcommittee member], I am requesting that your office inquire into these matters further and report your findings to the Subcommittee. In the absence of information indicating a need for a wider investigation, I believe it would be appropriate to confine your inquiry at the present time to the State of Arkansas with emphasis on rural housing activities in the following counties: Lee, St. Francis, Craighead, Clay, and Randolph.

I have been advised by \*\*\*[the Subcommittee member] that he met with representatives of your office on May 27, 1971, at which time agreement was reached that GAO personnel would review the policies, procedures, controls, and practices of the Farmers Home Administration relating to the alleged management weaknesses cited above. I have been further advised that it was agreed that the GAO review would develop the following additional information:

1. An inventory of all water and sewer systems approved by the Farmers Home Administration in Arkansas since January 1968. This inventory list should include the dates requests were received at the Farmers Home Administration state office; the dates that the applicants became organized; the dates the applicants submitted their application to the Farmers Home Administration; the dates

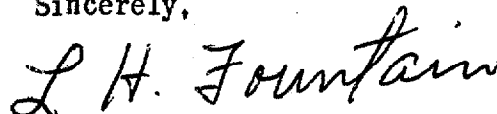
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Page Three

federal funds were made available to the applicants; and the dates their water and/or sewer systems were completed.

2. An inventory on all water and sewer applications received but not approved since January, 1968. This list should show the dates the applications were received and whether the applications are still pending or have been returned without further processing by the Farmers Home Administration.
3. An inventory list on housing loans approved in the five counties for fiscal years 1969 and 1970. This inventory list should show the number and the amount of loans approved. Also, this list should show, if possible, the dollar amount of building materials sold by the Hyman Lumber Company, Memphis, Tennessee, to the Farmers Home Administration borrowers or the borrowers' contractors during fiscal years 1969 and 1970.
4. A list of attorneys who have performed loan closing work for the Farmers Home Administration during fiscal years 1969 and 1970. The list should show the names of the attorneys and the number and amount of loans processed by each attorney for the Farmers Home Administration.

If you would like additional information or if there is any question concerning the nature of the review to be conducted, I would appreciate it if you will have your staff contact the Subcommittee counsel, Mr. Naughton.

Sincerely,



L. H. Fountain, Chairman  
Intergovernmental Relations Subcommittee

APPENDIX II

INVENTORY OF WATER AND SEWER LOANS IN ARKANSAS APPROVED BY  
THE FARMERS HOME ADMINISTRATION BETWEEN 1-1-68 AND 5-1-71

NAME & LOCATION OF APPLICANT	FIRST INQUIRY	DATE APPLIED	APPROVED LOAN	APPROVED GRANT	DATE APPROVED	DATE AVAILABLE	PROJECT COMPLETED
1. North Legrue Water Assn., Inc. Arkansas County 216 Court Square DeWitt, Arkansas 72042	4-11-68	4-11-68	64,200	None	10-7-68	1-31-69	4-3-69
2. Northeast Water Assn., Inc. Arkansas County DeWitt, Arkansas 72042	12-2-68	12-23-69	88,000	25,300	3-29-71		
3. Northeast Crossett Water Assn. Ashley County Crossett, Arkansas 71635	6-10-69	3-1-70	26,000	4,000	4-27-71		
4. Town of Garfield Benton County Garfield, Arkansas 72732	1-18-66 4-1-69	4-26-68 4-1-69	27,050 21,450	17,300 19,200	4-26-68 4-11-69	7-10-69 7-10-69	4-16-70 4-16-70
5. Town of Omaha Boone County Omaha, Arkansas 72662	6-25-64	6-16-69	5,000	5,000	6-20-69	11-10-69	11-10-69
6. Town of Bergman Boone County Bergman, Arkansas 72615	8-15-68 4-14-71	12-19-69 4-14-71	61,000 12,900	58,000 12,900	5-1-70 4-26-71		
7. Town of Harrell Calhoun County Harrell, Arkansas 71745	4-23-65	4-26-65	43,000	41,000	3-18-69	5-16-69	10-27-69

INVENTORY OF WATER AND SEWER LOANS IN ARKANSAS APPROVED BY  
THE FARMERS HOME ADMINISTRATION BETWEEN 1-1-68 AND 5-1-71

NAME & LOCATION OF APPLICANT	FIRST INQUIRY	DATE APPLIED	APPROVED		DATE APPROVED	DATE AVAILABLE	PROJECT COMPLETED
			LOAN	GRANT			
8. City of Thornton Calhoun County Thornton, Arkansas 71766	3-16-66	4-17-68	153,500	103,500	11-20-70		
9. City of Amity Clark County Amity, Arkansas 71921	4-27-66	7-28-66	145,000	87,400	8-7-70		
10. Town of Knobel Clay County Knobel, Arkansas 72435	8-31-66	8-31-66	85,700	48,000	3-23-70	12-8-70	
11. Walker Water Assn., Inc. Columbia County Magnolia, Arkansas 71753	7-28-67	11-4-67	25,700	23,700	4-23-70		
12. Town of Emerson Columbia County Emerson, Arkansas 71740	11-8-65	4-3-69	123,100	31,100	11-9-70		
13. City of Waldo Columbia County Waldo, Arkansas 71770	10-1-69	10-1-69	80,000	None	2-22-71		
14. Hattieville Water System Conway County Hattieville, Arkansas 72063	9-14-64	7-8-70	8,600	7,500	1-11-71		
15. Town of Bono Craighead County Bono, Arkansas 72416	3-11-66	3-11-66	94,300	37,200	12-9-69		11-4-70
16. Shady Park Water Assn., Inc. Craighead County Rt. 6, Jonesboro, Ark., 72401	6-5-68	6-5-68	36,000	None	6-7-68		2-13-69

INVENTORY OF WATER AND SEWER LOANS IN ARKANSAS APPROVED BY  
THE FARMERS HOME ADMINISTRATION BETWEEN 1-1-68 AND 5-1-71

NAME & LOCATION OF APPLICANT	FIRST INQUIRY	DATE APPLIED	APPROVED		DATE APPROVED	DATE AVAILABLE	PROJECT COMPLETED
			LOAN	GRANT			
17. Farville Water Assn., Inc. Craighead County Jonesboro, Arkansas 72401	7-1-68	7-1-68	13,000	None	7-30-68	9-4-68	3-6-69
18. Philadelphia Water Assn., Inc. Craighead County Jonesboro, Arkansas 72401	4-11-66	4-11-66	232,500	None	4-22-68		12-12-68
	" 9-17-70	9-17-70	47,000	None	3-19-71		
19. Oak Grove Water Users Assn., Inc. Crawford County Van Buren, Arkansas 72956	4-12-66	6-8-66	295,000	None	5-28-68	4-15-69	
	" 2-10-69	2-10-69	15,000	None	5-6-69	6-16-69	7-31-69
20. Town of Dyer Crawford County Dyer, Arkansas 72935	3-2-66	8-1-66	118,000	None	5-16-69	7-25-69	11-18-69
21. Cedarville Water Users Assn., Inc. Crawford County Van Buren, Arkansas 72956	8-17-67	5-29-68	317,000	96,000	5-20-70	7-24-70	
22. Dora Rural Water Users Assn. Crawford County Van Buren, Arkansas 72956	3-2-66	4-17-69	30,500	28,500	5-1-70	12-29-70	
	" 10-22-70	10-22-70	5,500	5,200	11-12-70	12-29-70	
	" 4-12-71	4-12-71	1,800	None	4-16-71		
23. Town of Kibler Crawford County Kibler, Arkansas 72921	8-27-62	6-1-69	191,600	30,400	2-19-71		



INVENTORY OF WATER AND SEWER LOANS IN ARKANSAS APPROVED BY  
THE FARMERS HOME ADMINISTRATION BETWEEN 1-1-68 AND 5-1-71

NAME & LOCATION OF APPLICANT	FIRST INQUIRY	DATE APPLIED	APPROVED		DATE APPROVED	DATE AVAILABLE	PROJECT COMPLETED
			LOAN	GRANT			
24. Heifer-Black Oak Water Assn., Inc. Crittenden County Earle, Arkansas 72331	2-14-68	2-14-68	176,000	None	5-22-68	12-5-68	10-1-69
25. Town of Crawfordville Crittenden County Crawfordville, Arkansas 72327	4-21-69	4-22-69	582,000	None	4-5-71		
26. Midway Water Assn., Inc. Crittenden County Proctor, Arkansas 72376	10-28-68	2-24-70	380,000	79,500	4-5-71		
27. City of Hickory Ridge Cross County Hickory Ridge, Arkansas 72347	3-9-66	5-27-66	98,000	58,600	8-11-70	3-30-71	
28. City of Cherry Valley Cross County Cherry Valley, Arkansas 72324	3-11-66	5-27-66	131,900	81,700	11-19-70		
29. Town of Mitchellville Desha County Dumas, Arkansas 71639	2-12-68	2-12-68	66,000	46,900	4-21-70	9-9-70	12-8-70
30. Cross Roads Water Assn. Drew County Dermott, Arkansas 71638	7-23-68	8-2-68	8,500	None	4-20-70	5-26-70	9-17-70
31. Town of Mayflower Faulkner County Mayflower, Arkansas 72106	12-27-66	6-23-69	12,000	None	10-10-69	1-20-70	9-15-70

INVENTORY OF WATER AND SEWER LOANS IN ARKANSAS APPROVED BY  
THE FARMERS HOME ADMINISTRATION BETWEEN 1-1-61 AND 5-1-71

62

NAME & LOCATION OF APPLICANT	FIRST INQUIRY	DATE APPLIED	APPROVED		DATE APPROVED	DATE AVAILABLE	PROJECT COMPLETED
			LOAN	GRANT			
32. Town of Guy Faulkner County Guy, Arkansas 72061	9-26-66	10-4-66	77,000	32,500	5-22-70	3-23-71	
33. Town of Denning Franklin County Denning, Arkansas 72836	12-5-67	1-8-68	118,000	None	10-9-69	4-10-70	9-3-70
34. City of Mammoth Spring Fulton County Mammoth Spring, Ark. 72554	3-3-65	11-30-65	275,870	None	5-7-69	5-11-70	
35. Town of Mountain Pine Garland County Mountain Pine, Arkansas 71956	4-3-68	2-10-69	240,000	None	11-19-70		
36. Town of Tull Grant County Benton, Arkansas 72015	12-14-65	2-14-65	115,000	91,500	3-14-69	5-1-69	8-7-69
37. Little Creek Water Assn. Grant County Sheridan, Arkansas 72150	2-8-68	2-12-68	156,700	None	10-5-70	4-26-71	
38. South Sheridan Water Assn. Grant County Sheridan, Arkansas 72150	5-7-68	3-1-70	195,800	None	10-5-70		
39. Center Grove Water Users Assn. Grant County Sheridan, Arkansas 72150	1-31-68	7-1-70	288,900	69,300	1-25-71		

INVENTORY OF WATER AND SEWER LOANS IN ARKANSAS APPROVED BY  
THE FARMERS HOME ADMINISTRATION BETWEEN 1-1-68 AND 5-1-71

NAME & LOCATION OF APPLICANT	FIRST INQUIRY	DATE APPLIED	APPROVED		DATE APPROVED	DATE AVAILABLE	PROJECT COMPLETED
			LOAN	GRANT			
40. Oak Grove Water Users Assn., Inc. Greene County Paragould, Arkansas 72450	11-28-66	5-8-70	125,000	38,000	4-14-71		
41. Bois D'Arc Water Users Assn. Hempstead County Hope, Arkansas 71801	7-24-67	7-24-67	10,000	None	6-18-68	7-23-69	12-31-69
42. Town of Fulton Hempstead County Fulton, Arkansas 71838	6-1-66	6-2-66	158,300	125,500	4-26-71		
43. Magnet-Butterfield Water Assn. Hot Spring County Malvern, Arkansas 72104	11-12-69	3-24-70	180,000	99,800	3-15-71		
44. Town of Cushman Independence County Cushman, Arkansas 72526	8-20-65	9-10-68	15,000	None	2-7-69	6-26-69	8-3-69
45. Denny Hill Water Supply Assn., Inc. Independence County Batesville, Arkansas 72501	5-13-66	5-19-66	None	8,500	1-8-68	4-30-68	8-12-68
46. The Pfeifer Water Assn., Inc. Independence County Batesville, Arkansas 72501	5-3-67	7-7-67	145,000	None	4-1-68	1-20-69	6-28-69
47. Town of Newark Independence County Newark, Arkansas 72562 "	10-6-65 1-12-70	10-25-65 1-12-70	202,000 None	54,700 10,000	5-7-69 5-1-70	8-7-69 5-1-70	1-20-70 5-5-70

INVENTORY OF WATER AND SEWER LOANS IN ARKANSAS APPROVED BY  
THE FARMERS HOME ADMINISTRATION BETWEEN 1-1-68 AND 5-1-71

NAME & LOCATION OF APPLICANT	FIRST INQUIRY	DATE APPLIED	APPROVED		DATE APPROVED	DATE AVAILABLE	PROJECT COMPLETED
			LOAN	GRANT			
48. Town of Magness Independence County Magness, Arkansas 72553	9-7-66	9-26-66	64,000	26,000	7-22-70	2-3-71	
49. Town of Franklin Izard County Franklin, Arkansas 72536	7-14-64	6-10-70	6,500	None	6-30-70	2-25-71	
"	7-14-64	6-10-70	1,500	7,700	1-21-71	2-25-71	3-5-71
50. Town of Mount Pleasant Izard County Mt. Pleasant, Arkansas 72561	3-25-66	7-19-66	50,000	21,350	3-4-69	4-22-69	1-22-70
51. Town of Beedeville Jackson County Beedeville, Arkansas 72014	3-31-66	6-6-66	34,270	34,270	6-5-69	1-7-71	
52. City of Campbell Station Jackson County Tuckerman, Arkansas 72473	9-17-65	9-17-65	43,700	13,600	4-22-70	4-27-71	
53. Ladd Water Users Assn. Jefferson County Pine Bluff, Arkansas 71601	4-20-67	6-12-68	375,000	None	4-9-69	6-5-69	2-9-70
"	3-13-70	3-13-70	100,000	23,200	10-9-70	12-10-70	
54. Town of Hartman Johnson County Hartman, Arkansas 72840	9-22-64	8-18-69	15,000	None	10-9-69	12-24-69	1-14-70

INVENTORY OF WATER AND SEWER LOANS IN ARKANSAS APPROVED BY

THE FARMERS HOME ADMINISTRATION BETWEEN 1-1-68 AND 5-1-71

NAME & LOCATION OF APPLICANT	FIRST INQUIRY	DATE APPLIED	APPROVED		DATE APPROVED	DATE AVAILABLE	PROJECT COMPLETED
			LOAN	GRANT			
55. City of Coal Hill Johnson County Coal Hill, Arkansas 72832	8-1-68	9-13-68	25,000	None	4-17-69	6-25-69	9-12-69
56. Town of Knoxville Johnson County Knoxville, Arkansas 72845	6-28-66	5-22-68	80,000	None	5-28-69	11-19-69	
"	2-5-70	2-5-70	11,000	None	3-4-70	4-9-70	11-28-70
57. City of Lewisville Lafayette County Lewisville, Arkansas 71845	6-10-66	2-5-68	25,000	None	2-20-68	9-3-68	1-28-69
58. City of Bradley Lafayette County Bradley, Arkansas 71826	2-9-66	2-9-66	169,000	35,000	5-1-70		
59. Town of Ravenden Lawrence County Ravenden, Arkansas 72459	6-17-66	7-27-66	70,600	31,300	12-15-69	6-17-70	1-28-71
60. Town of Lynn Lawrence County Lynn, Arkansas 72440	6-17-66	7-27-66	72,000	34,300	7-21-70	4-7-71	
61. Yorktown Water Assn., Inc. Lincoln County Star City, Arkansas 71667	12-2-69	12-3-69	283,400	65,400	12-21-70		

INVENTORY OF WATER AND SEWER LOANS IN ARKANSAS APPROVED BY  
THE FARMERS HOME ADMINISTRATION BETWEEN 1-1-68 AND 5-1-71

NAME & LOCATION OF APPLICANT	FIRST INQUIRY	DATE APPLIED	APPROVED		DATE APPROVED	DATE AVAILABLE	PROJECT COMPLETED
			LOAN	GRANT			
62. City of Booneville Logan County Booneville, Arkansas 72927	1-14-66	12-12-69	29,000	None	11-20-70	1-20-71	2-22-71
63. City of Scranton Logan County Scranton, Arkansas 72863	6-8-66	6-8-66	61,000	33,700	5-26-69	7-25-69	1-1-70
64. City of Flippin Marion County Flippin, Arkansas 72634	12-7-65	12-7-65	184,900	89,100	3-19-69	3-19-70	11-19-70
65. Town of Summit Marion County Summit, Arkansas 72677	5-10-66	10-21-65	109,500	None	5-16-69	11-12-69	11-18-70
66. Town of Bull Shoals Marion County Bull Shoals, Arkansas 72619	3-1-68	10-9-68	254,000	None	1-8-70	3-11-70	1-28-71
67. Mandeville Water Corp. Miller County Texarkana, Arkansas 75501	7-17-64	5-12-65	64,000	61,000	9-9-68	5-13-69	12-2-69
68. Dogwood Community Water Assn. Mississippi County Osceola, Arkansas 72370	9-14-65	9-14-65	109,000	None	4-17-68	8-22-68	12-3-68
"	9-14-65	5-5-70	102,000	None	8-5-70		
69. Driver-Grider Water Assn. Mississippi County Osceola, Arkansas 72370	11-28-66	11-28-66	133,000	None	4-25-68	11-4-68	2-12-70
"	3-26-69	3-26-69	26,000	None	9-12-69	12-17-69	2-12-70

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INVENTORY OF WATER AND SEWER LOANS IN ARKANSAS APPROVED BY  
THE FARMERS HOME ADMINISTRATION BETWEEN 1-1-68 AND 5-1-71

NAME & LOCATION OF APPLICANT	FIRST INQUIRY	DATE APPLIED	APPROVED		DATE APPROVED	DATE AVAILABLE	PROJECT COMPLETED
			LOAN	GRANT			
70. City of Wilson Mississippi County Wilson, Arkansas 72395	10-21-65	10-21-65	404,520	None	4-18-69	5-26-69	12-16-69
71. City of Joiner Mississippi County Joiner, Arkansas 72350	11-30-65	11-30-65	220,000	None	6-6-69	10-23-69	10-7-70
72. Sandridge-Bardstown Water Assn. Mississippi County Bassett, Arkansas 72313	5-7-68	5-7-68	44,000	22,600	4-28-70		
73. City of Luxora Mississippi County Luxora, Arkansas 72358	3-4-66	7-31-68	225,000	None	7-30-70	2-10-71	
74. Harmony Grove Water Assn. Ouachita County Harmony Grove, Arkansas 71701	8-8-66	2-5-70	250,000	110,800	5-22-70	3-25-71	
75. Town of Houston Perry County Houston, Arkansas 72070	1-11-66	1-12-66	53,000	44,000	1-19-70	6-3-70	12-9-70
76. Barton-Lexa Water Assn. Phillips County Helena, Arkansas 72342	3-2-66	11-18-66	417,000	None	3-26-69	5-24-69	11-21-69
77. The Rural Water Assn. of Lakeview and Wabash Phillips County Helena, Arkansas 72342	6-2-66	11-18-66	330,000	50,000	10-16-69	2-1-70	2-18-71
78. City of Elaine Phillips County Elaine, Arkansas 72333	10-4-67	4-17-69	110,000	None	3-10-70	12-10-70	

APPENDIX II

INVENTORY OF WATER AND SEWER LOANS IN ARKANSAS APPROVED BY  
THE FARMERS HOME ADMINISTRATION BETWEEN 1-1-68 AND 5-1-71

NAME & LOCATION OF APPLICANT	FIRST INQUIRY	DATE APPLIED	APPROVED		DATE APPROVED	DATE AVAILABLE	PROJECT COMPLETED
			LOAN	GRANT			
79. Town of Antoine Pike County Antoine, Arkansas 71922	1-6-66	1-6-66	98,000	75,000	5-16-69	7-15-69	3-4-71
80. City of Murfreesboro Pike County Murfreesboro, Arkansas 71958	11-28-66	8-28-67	349,000	None	6-4-69	5-15-70	4-23-71
81. Payneaway Water Assn. Polk County Payneaway, Arkansas 72472	4-19-67	4-24-67	71,600	6,000	4-22-69	8-29-69	3-20-70
82. Town of Cove Polk County Cove, Arkansas 71937	7-27-66	10-6-66	122,000	None	6-5-69	12-2-70	
83. Town of London Pope County London, Arkansas 72847	11-23-65	11-23-65	10,550	None	3-28-69	6-17-69	9-1-69
84. Maumelle Water Corp. Pulaski County Roland, Arkansas 72135	2-28-66	8-1-66	348,000	None	2-18-70	7-15-70	4-23-71
85. Valentine-Dick Jeter Water Assn. Pulaski County Jacksonville, Arkansas 72076	12-6-67	1-8-68	35,000	14,100	4-6-70	1-25-70	9-3-70
86. Town of Widener St. Francis County Widener, Arkansas 72394	6-24-64	7-15-68	11,000	None	8-27-68	10-21-68	11-1-68



APPENDIX II

PROJECT COMPLETED	DATE AVAILABLE	DATE APPROVED	APPROVED GRANT	LOAN	APPLIED DATE	FIRST INCURR	NAME & LOCATION OF APPLICANT
5-1-70	10-9-69	5-28-69	None	126,000	4-11-68	4-9-68	87. Newcastle Road Water Assn. St. Francis County Forrest City, Arkansas 72335
3-31-70	6-24-69	5-23-69	None	416,000	4-6-63	4-6-63	88. Salem Water Users Assn., Inc. Saline County Benton, Arkansas 72015
8-1-69	11-8-68	9-20-68	None	51,000	7-26-66	7-26-66	89. South Sebastian County Water Users Assn. 3015 Free Ferry Road Ft. Smith, Arkansas 72901
10-29-69	10-2-69	5-28-69	None	93,830	12-18-67	8-28-67	90. Central Water Users Assn. Sebastian County Rt. 1, Lavaca, Ark. 72941
	6-25-70	12-16-69	68,100	130,900	9-5-66	3-14-66	91. City of Lavaca Sebastian County Lavaca, Arkansas 72941
9-9-69	10-1-68	6-20-68	4,000	6,000	11-22-65	11-22-65	92. Town of Ben Lomond Sevier County Ben Lomond, Arkansas 71823
1-5-71	9-9-69	5-29-69	46,500	56,000	5-27-66	4-8-66	93. Town of Gilliam Sevier County Gilliam, Arkansas 71841

INVENTORY OF WATER AND SEWER LOANS IN ARKANSAS APPROVED BY  
THE FARMERS HOME ADMINISTRATION BETWEEN 1-1-68 AND 5-1-71

INVENTORY OF WATER AND SEWER LOANS IN ARKANSAS APPROVED BY  
THE FARMERS HOME ADMINISTRATION BETWEEN 1-1-68 AND 5-1-71

NAME & LOCATION OF APPLICANT	FIRST INQUIRY	DATE APPLIED	APPROVED		DATE APPROVED	DATE AVAILABLE	PROJECT COMPLETED
			LOAN	GRANT			
94. Town of Lockesburg Sevier County Lockesburg, Arkansas 71746	3-3-66	5-27-66	214,000	75,450	6-6-69	11-5-69	1-6-71
95. Town of Williford Sharp County Williford, Arkansas 72482	2-28-66	4-6-66	47,500	46,500	3-12-70	10-30-70	
96. Town of Sidney Sharp County Sidney, Arkansas 72577	3-26-66	4-8-66	34,700	27,000	4-24-70	9-22-70	1-27-71
97. Mt. Holly Water Assn. Union County Mt. Holly, Arkansas 71758	2-15-66	8-28-69	9,900	None	10-9-70	1-14-71	4-8-71
98. Parkers Chapel Water Assn. Union County El Dorado, Arkansas 71730	1-16-70	1-16-70	6,200	None	6-30-70	12-23-70	
99. Old Union Water Assn. Union County El Dorado, Arkansas 71730	1-25-67	5-9-68	150,000	None	4-16-69	5-20-69	9-4-69
100. Town of Calion Union County Calion, Arkansas 71724	10-30-67	7-12-68	210,000	None	10-9-69	4-15-70	11-24-70
101. City of Huttig Union County Huttig, Arkansas 71747	12-12-66	1-25-67	102,000	None	5-1-70	11-10-70	1-8-71
102. Wildwood Water Assn. Union County El Dorado, Arkansas 71730	6-6-66	12-15-69	39,700	None	2-1-71		

INVENTORY OF WATER AND SEWER LOANS IN ARKANSAS APPROVED BY  
THE FARMERS HOME ADMINISTRATION BETWEEN 1-1-68 AND 5-1-71

NAME & LOCATION OF APPLICANT	FIRST INQUIRY	DATE APPLIED	APPROVED		DATE APPROVED	DATE AVAILABLE	PROJECT COMPLETED
			LOAN	GRANT			
103. City of Norphlet Union County Norphlet, Arkansas 71759	6-21-68	5-22-69	64,700	None	4-5-71		
104. Town of Shirley Van Buren County Shirley, Arkansas 72153	4-16-64	4-16-64	57,600	42,400	4-18-69	8-13-69	3-10-70
105. Town of Damascus Van Buren County Damascus, Arkansas 72039	6-15-66	7-21-66	75,000	68,800	12-15-69	10-23-70	
106. Town of Elkins Washington County Elkins, Arkansas 72727	6-16-66	6-24-66	201,880	None	9-11-68	7-7-69	2-25-70
107. City of Prairie Grove Washington County Prairie Grove, Arkansas 72753	3-10-66	7-20-67	184,920	None	5-28-69		
108. White River Rural Water Association Washington County Springdale, Arkansas 72764	9-13-67	9-15-67	715,000	None	4-29-70	12-15-70	
109. City of Beebe White County Beebe, Arkansas 72012	7-12-66	7-31-69	8,000	None	10-16-69	3-24-70	
110. City of Judsonia White County Beebe, Arkansas 72081	10-5-66	10-15-68	15,000	None	12-3-68	8-15-69	8-19-69

INVENTORY OF WATER AND SEWER LOANS IN ARKANSAS APPROVED BY  
THE FARMERS HOME ADMINISTRATION BETWEEN 1-1-68 AND 5-1-71

NAME & LOCATION OF APPLICANT	FIRST INQUIRY	DATE APPLIED	LOAN APPROVED	GRANT	DATE APPROVED	DATE AVAILABLE	PROJECT COMPLETED
111. Southeast White County Water Association White County 310 N. Spring Street Searcy, Arkansas 72143	8-12-68	8-15-68	620,000	355,000	7-13-70	1-5-71	
112. City of Dardanelle Yell County Dardanelle, Arkansas 72834	7-11-67	6-14-68	127,000	None	4-1-69	5-6-69	7-21-69
113. City of Ola Yell County Ola, Arkansas 72853	10-29-65	2-18-66	187,800	101,300	12-16-69	10-7-70	
114. City of Danville Yell County Danville, Arkansas 72833	2-24-66	1-30-67	106,600	None	4-22-70	12-18-70	

GAO note: The above information was obtained from FHA and was not audited by GAO.

APPENDIX III

INVENTORY OF WATER AND SEWER APPLICATIONS IN ARKANSAS RECEIVED BY THE FARMERS HOME ADMINISTRATION  
 BUT NOT APPROVED BETWEEN 1-1-68 AND 5-1-71

NAME & LOCATION OF APPLICANT      FIRST      INQUIRY      APPLIED      LOAN      GRANT      HELD      APPLICATION      DATE RETURNED

1.	Town of St. Charles Arkansas County	2-14-68	2-13-70	120,000	109,000	X		
2.	City of Hamburg Ashley County Hamburg, Arkansas	8-1-69	7-2-70	338,800	None	X		
3.	City of Portland Ashley County Portland, Arkansas	2-21-68	2-17-69	167,300	147,800		11-12-69	
4.	City of Cotter Baxter County Cotter, Arkansas	11-18-65	1-9-70	410,000	None	X		
5.	Lakeview-Midway Water Assn. Baxter County Midway, Arkansas	5-13-68	5-27-71	490,000	None	X		
6.	Mt. Home Northeast Water Assn. Baxter County Mt. Home, Arkansas	5-7-68	12-11-69	410,000	35,300	X		
7.	Mt. Home Southeast Water Assn. Baxter County Mt. Home, Arkansas	8-2-68	8-2-68	150,000	110,000		1-14-69	
8.	Mt. Home Southwest Water Assn. Baxter County Mt. Home, Arkansas	6-21-68	7-15-68	200,000	None		11-26-69	

INVENTORY OF WATER AND SEWER APPLICATIONS IN ARKANSAS RECEIVED BY THE FARMERS HOME ADMINISTRATION

BUT NOT APPROVED BETWEEN 1-1-68 AND 5-1-71

NAME & LOCATION OF APPLICANT	FIRST INQUIRY	DATE APPLIED	REQUESTED		APPLICATION	
			LOAN	GRANT	HELD	DATE RETURNED
9. Benton County Water Dist. #1 Benton County Decatur, Arkansas 72722	11-18-70	11-18-70	9,660,000	None	X	
10. City of Gentry Benton County Gentry, Arkansas 72734	3-27-67	2-20-69	350,000	None	X	
11. City of Decatur Benton County Decatur, Arkansas 72722	9-15-69	9-19-69	155,800	None	X	
12. Western Benton County Water Assn. Benton County Bentonville, Arkansas 72712	4-7-69	4-14-69	1,000,000	None		11-18-69
13. City of Sulpher Springs Benton County Sulphur Springs, Arkansas 72768	5-6-66	4-4-68	210,000	141,000		4-4-68
14. Highway 59 Water Assn. Benton County Siloam Springs, Arkansas 72761	3-29-68	3-29-68	420,000	None		11-12-69
15. Readland-Grandlake Water Assn. Chicot County Readland, Arkansas 71664	1-19-68	5-22-70	79,000	34,000	X	
16. City of Gurdon Clark County Gurdon, Arkansas 71743	8-4-67	2-16-68	190,000	190,000		2-19-68

INVENTORY OF WATER AND SEWER APPLICATIONS IN ARKANSAS RECEIVED BY THE FARMERS HOME ADMINISTRATION

BUT NOT APPROVED BETWEEN 1-1-68 AND 5-1-71

	NAME & LOCATION OF APPLICANT	FIRST INQUIRY	DATE APPLIED	REQUESTED		APPLICATION HELD	DATE RETURNED
				LOAN	GRANT		
17.	City of Okolona Clark County Okolona, Arkansas 71962	6-30-65	6-1-70	54,200	53,500	X	
18.	Town of Nimmons Clay County Nimmons, Arkansas 72448	1-26-67	2-16-68	75,000	74,000		2-21-68
19.	Hargrave-Boydsville Water Assn. Clay County Rector, Arkansas 72461	1-2-69	1-14-69	400,000	400,000		11-6-69
20.	The Community Water Assn. Cleburne County Higden, Arkansas 72067	3-28-66	12-8-69	1,400,700	614,000	X	
21.	Town of Concord Cleburne County Concord, Arkansas 72523	9-26-66	2-4-70	188,000	188,000	X	
22.	Town of Tumbling Shoals Cleburne County Tumbling Shoals, Arkansas 72581	8-20-70	8-20-70	167,240	121,800	X	
23.	Highway 79 Water Users Assn., Inc. Cleveland County Kingsland, Arkansas 71652	2-20-68	2-28-68	19,250	None		9-19-68
24.	City of Taylor Columbia County Taylor, Arkansas 71861	10-12-70	10-12-70	20,000	None	X	

INVENTORY OF WATER AND SEWER APPLICATIONS IN ARKANSAS RECEIVED BY THE FARMERS HOME ADMINISTRATION

BUT NOT APPROVED BETWEEN 1-1-68 AND 5-1-71

NAME & LOCATION OF APPLICANT	FIRST INQUIRY	DATE APPLIED	REQUESTED		APPLICATION	
			LOAN	GRANT	HELD	DATE RETURNED
25. Free Hope Water Assn. Columbia County Magnolia, Arkansas 71753	11-16-70	11-16-70	47,000	None	X	
26. Sardis Water Assn. Conway County Morrilton, Arkansas 72110	2-3-69	2-3-69	100,000	None		8-16-69
27. Town of Brookland Craighead County Brookland, Arkansas 72417	6-4-68	8-25-70	116,100	61,700	X	
28. Town of Black Oak Craighead County Black Oak, Arkansas 72414	6-3-68	6-4-68	67,500	38,500		8-14-68
29. Boston Mountain Water Users Assn. Crawford County Mountainburg, Arkansas 72946	8-1-68	4-20-71	216,000	None	X	
30. Sunset Water Assn., Inc. Crittenden County Marion, Arkansas 72364	11-2-65	2-16-68	50,000	50,000		4-9-68
31. Town of Gilmore Crittenden County Gilmore, Arkansas 72339	10-29-65	2-16-68	50,000	50,000		3-29-68
32. Coldwater Water Assn. Cross County Wynne, Arkansas 72373	6-28-68	7-15-68	252,830	None		1-13-69



INVENTORY OF WATER AND SEWER APPLICATIONS IN ARKANSAS RECEIVED BY THE FARMERS HOME ADMINISTRATION

BUT NOT APPROVED BETWEEN 1-1-68 AND 5-1-71

NAME & LOCATION OF APPLICANT	FIRST INQUIRY	DATE APPLIED	REQUESTED		APPLICATION	
			LOAN	GRANT	HELD	DATE RETURNED
33. City of Parkin Cross County Parkin, Arkansas 72373	11-21-66	7-21-70	694,300	None	X	
34. Vanndale-Birdeye Water Assn. Cross County Vanndale, Arkansas 72387	4-20-70	4-20-70	400,000	137,000	X	
35. City of Carthage Dallas County Carthage, Arkansas 71725	7-5-66	6-23-70	152,800	76,200	X	
36. Town of Reed Desha County Reed, Arkansas 71670	5-27-69	2-4-70	40,000	26,000	X	
37. City of Tillar Drew County Tillar, Arkansas 71670	11-8-65	1-21-70	78,000	47,400	X	
38. Beulah Water Assn. Drew County Monticello, Arkansas 71655	11-14-69	7-6-70	10,790	5,000	X	
39. Collins Water Corp. Drew County Collins, Arkansas 71634	2-13-70	2-13-70	63,786	None	X	
40. Bowser Water Assn. Drew County Monticello, Arkansas 71655	8-20-70	8-20-70	17,600	None	X	

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APPENDIX III

INVENTORY OF WATER AND SEWER APPLICATIONS IN ARKANSAS RECEIVED BY THE FARMERS HOME ADMINISTRATION

BUT NOT APPROVED BETWEEN 1-1-68 AND 5-1-71

NAME & LOCATION OF APPLICANT	FIRST INQUIRY	DATE APPLIED	REQUESTED		APPLICATION	
			LOAN	GRANT	HELD	DATE RETURNED
41. Town of Mayflower Faulkner County Mayflower, Arkansas 72106	12-27-66	2-20-70	439,000	239,000	X	
42. Town of Vilonia Faulkner County Vilonia, Arkansas 72173	9-10-65	8-19-70	320,000	126,000	X	
43. Town of Mt. Vernon Faulkner County Mt. Vernon, Arkansas 72111	10-8-68	11-14-68	45,000	45,000		1-8-69
44. City of Greenbrier Faulkner County Greenbrier, Arkansas 72058	10-26-65	2-16-68	86,400	86,400		4-17-68
45. Town of Branch Franklin County Branch, Arkansas 72928	11-9-65	10-21-70	130,000	70,000	X	
46. Town of Lonsdale Garland County Lonsdale, Arkansas 72087	10-20-70	12-17-70	12,500	None	X	
47. Town of Leola Grant County Leola, Arkansas 72084	11-8-66	2-16-68	158,000	45,000		3-4-68
48. Town of Delaplaine Greene County Delaplaine, Arkansas 72425	5-20-66	11-17-70	42,000	42,000	X	

INVENTORY OF WATER AND SEWER APPLICATIONS IN ARKANSAS RECEIVED BY THE FARMERS HOME ADMINISTRATION

BUT NOT APPROVED BETWEEN 1-1-68 AND 5-1-71

NAME & LOCATION OF APPLICANT	FIRST INQUIRY	DATE APPLIED	REQUESTED		APPLICATION	
			LOAN	GRANT	HELD	DATE RETURNED
49. Walcott, Stanford & Light Water Users Association Greene County Walcott, Arkansas 72474	11-7-66	2-16-68	101,700	101,700		2-29-68
50. Halliday Water Assn. Greene County Marmaduke, Arkansas 72443	7-29-68	7-29-68	232,500	232,500		2-24-69
51. City of Dierks Howard County Dierks, Arkansas 71833	8-13-70	8-25-70	268,500	10,500	X	
52. Rock-Moore Water Assn. Independence County Moorefield, Arkansas 72528	5-20-69	1-9-70	250,000	150,000	X	
53. Southside Water Assn. Independence County Batesville, Arkansas 72501	8-4-70	8-4-70	81,000	None	X	
54. Spring Mill Water Assn. Independence County Batesville, Arkansas 72501	4-10-69	1-28-70	76,000	None	X	
55. Town of Newark Independence County Newark, Arkansas 72562	10-25-65	1-9-70	99,500	None	X	
56. Thida Water Assn. Independence County Thida, Arkansas 72165	8-7-70	8-7-70	82,800	78,800	X	

INVENTORY OF WATER AND SEWER APPLICATIONS IN ARKANSAS RECEIVED BY THE FARMERS HOME ADMINISTRATION

BUT NOT APPROVED BETWEEN 1-1-68 AND 5-1-71

NAME & LOCATION OF APPLICANT	FIRST INQUIRY	DATE APPLIED	REQUESTED		APPLICATION	
			LOAN	GRANT	HELD	DATE RETURNED
57. Town of Pleasant Plains Independence County Pleasant Plains, Arkansas 72568	5-6-66	9-8-69	900,000	490,000		11-21-69
58. Town of Guion Izard County Guion, Arkansas 72540	12-2-66	6-9-70	49,000	49,000	X	
59. Town of Jacksonport Jackson County Jacksonport, Arkansas 72075	12-29-67	12-1-70	82,400	None	X	
60. Town of Grubbs Jackson County Grubbs, Arkansas 72431	9-19-69	2-19-71	131,400	55,700	X	
61. Breckenridge-Union Water Users Assn. Jackson County Weldon, Arkansas 72177	12-16-68	10-5-70	220,000	219,000	X	
62. Wright Water Users Assn. Jefferson County Wright, Arkansas 71601	1-31-68	2-1-68	39,000	36,000		8-14-68
63. Highway 21 Water Users Assn. Johnson County Clarksville, Arkansas 72830	9-25-68	7-28-69	60,000	None		1-13-69
64. Spadra-Goose Camp W. U. Assn. Johnson County Clarksville, Arkansas 72830	9-15-70	9-15-70	78,500	78,500	X	

INVENTORY OF WATER AND SEWER APPLICATIONS IN ARKANSAS RECEIVED BY THE FARMERS HOME ADMINISTRATION

BUT NOT APPROVED BETWEEN 1-1-68 AND 5-1-71

NAME & LOCATION OF APPLICANT	FIRST INQUIRY	DATE APPLIED	REQUESTED		APPLICATION	
			LOAN	GRANT	HELD	DATE RETURNED
65. Walnut Hill Water Assn. Lafayette County Bradley, Arkansas 71826	7-16-68	4-3-70	76,500	None	X	
66. City of Imboden Lawrence County Imboden, Arkansas 72434	8-23-66	10-19-70	112,000	70,600	X	
67. Town of Strawberry Lawrence County Strawberry, Arkansas 72469	2-1-67	5-1-70	35,000	35,000	X	
68. Town of Portia Lawrence County Portia, Arkansas 72457	4-29-71	4-29-71	68,250	68,250	X	
69. Lee County Water Assn. Lee County Marianna, Arkansas 72360	6-3-68	6-3-68	834,500	None	X	
70. Town of Subiaco Logan County Subiaco, Arkansas 72865	2-24-66	12-3-70	90,000	50,000	X	
71. Town of Ratcliff Logan County Ratcliff, Arkansas 72951	12-17-68	12-17-68	7,000	None		5-25-70

INVENTORY OF WATER AND SEWER APPLICATIONS IN ARKANSAS RECEIVED BY THE FARMERS HOME ADMINISTRATION

BUT NOT APPROVED BETWEEN 1-1-68 AND 5-1-71

NAME & LOCATION OF APPLICANT	FIRST INQUIRY	DATE APPLIED	REQUESTED		GRANT	APPLICATION	
			LOAN			HELD	DATE RETURNED
72. Town of Keo Lonoke County Keo, Arkansas 72083 "	2-2-70 4-21-69	2-2-70 4-21-69	46,200 44,200		46,200 44,200	X	11-3-69
73. Town of Humnoke Lonoke County Humnoke, Arkansas 72072	9-29-67	7-3-68	70,000		70,000		1-20-69
74. City of Yellville Marion County Yellville, Arkansas 72687	11-26-65	11-18-68	170,000		170,000		3-24-69
75. Town of Burdette Mississippi County Burdette, Arkansas 72321	4-29-66	1-22-70	273,500		None	X	
76. Birdsong-Whitton Water Assn. Mississippi County Tyronza, Arkansas 72386	10-1-69	3-1-70	165,000		95,000	X	
77. City of Dell Mississippi County Dell, Arkansas 72426	1-31-67	5-20-69	72,500		72,500	X	
78. Dyess Rural Water Assn. Mississippi County Eyess, Arkansas 72330	8-12-70	8-12-70	116,550		112,500	X	

INVENTORY OF WATER AND SEWER APPLICATIONS IN ARKANSAS RECEIVED BY THE FARMERS HOME ADMINISTRATION

BUT NOT APPROVED BETWEEN 1-1-68 AND 5-1-71

NAME & LOCATION OF APPLICANT	FIRST INQUIRY	DATE APPLIED	REQUESTED		APPLICATION	
			LOAN	GRANT	HELD	DATE RETURNED
79. City of Keiser Mississippi County- Keiser, Arkansas 72351	11-10-65	11-6-70	250,000	175,000	X	
80. City of Leachville Mississippi County Leachville, Arkansas 72438	3-8-71	3-12-71	66,990	66,990	X	
81. NEMCO Water Assn. Mississippi County Armored, Arkansas 72310	5-1-69	6-2-69	513,000	None		11-10-69
82. Southwest Mississippi County Water Association Mississippi County Manila, Arkansas 72442	6-24-69	12-3-69	365,000	None	X	
83. Half Moon Water Assn. Mississippi County Blytheville, Arkansas 72315	12-9-69	1-12-70	129,000	None	X	
84. Town of Marie Mississippi County Marie, Arkansas 72395	1-23-69	4-26-71	179,700	None	X	
85. Town of Roe Monroe County Roe, Arkansas 72134	11-17-67	2-3-69	80,000	76,000	X	
86. Monroe Community Water Assn. Monroe County Monroe, Arkansas 72108	12-31-69	2-19-70	24,000	22,000	X	

INVENTORY OF WATER AND SEWER APPLICATIONS IN ARKANSAS RECEIVED BY THE FARMERS HOME ADMINISTRATION

BUT NOT APPROVED BETWEEN 1-1-68 AND 5-1-71

NAME & LOCATION OF APPLICANT	FIRST INQUIRY	DATE APPLIED	REQUESTED LOAN	GRANT	APPLICATION	
					HELD	DATE RETURNED
87. Town of Mt. Ida Montgomery County Mt. Ida, Arkansas 71957	2-28-68	3-10-69	270,000	270,000		11-26-69
88. City of Bluff City Nevada County Bluff City, Arkansas 71722	11-28-67	2-6-70	45,750	45,750	X	
89. City of Bearden Ouachita County Bearden, Arkansas 71720	11-1-66	8-8-69	320,000	None	X	
90. Town of Louann Ouchita County Louann, Arkansas 71751	3-3-71	3-3-71	76,500	74,100	X	
91. Slaughter Water Corp. Ouachita County Camden, Arkansas 71701	3-1-71	3-1-71	138,600	None	X	
92. City of Stephens Ouachita County Stephens, Arkansas 71764	2-25-66	7-10-70	230,000	None		3-1-71
93. Town of Adona Perry County Adona, Arkansas 72001	4-18-67	9-17-69	34,250	24,000	X	
94. Elaine-Lambrook Water Assn. Phillips County Elaine, Arkansas 72332	9-8-70	9-8-70	145,000	None	X	



INVENTORY OF WATER AND SEMER APPLICATIONS IN ARKANSAS RECEIVED BY THE FARMERS HOME ADMINISTRATION

BUT NOT APPROVED BETWEEN 1-1-68 AND 5-1-71

	NAME & LOCATION OF APPLICANT	FIRST INQUIRY	DATE APPLIED	REQUESTED		GRANT	APPLICATION	
				LOAN			HELD	DATE RETURNED
95.	Town of Daisy Pike County Daisy, Arkansas 71939	2-27-70	2-27-70	100,000		None	X	
96.	Kirby Water Assn. Pike County Kirby, Arkansas 71950	11-6-70	11-6-70	250,000		175,000	X	
97.	City of Tyroneza Poinsett County Tyroneza, Arkansas 72386	6-9-71	5-5-71	36,000		None	X	
98.	Crowley's Ridge Water Users Assn. Poinsett County Harrisburg, Arkansas 72432	6-3-69	6-3-69	355,000		None	X	
99.	City of Weiner Poinsett County Weiner, Arkansas 72477	3-9-66	8-31-70	156,000		None	X	
100.	St. Francis Water Assn. Poinsett County Marked Tree, Arkansas 72365	5-2-69	7-20-70	434,000		None	X	
101.	City of Lepanto Poinsett County Lepanto, Arkansas 72354	7-22-70	10-19-70	100,000		50,000	X	

INVENTORY OF WATER AND SEWER APPLICATIONS IN ARKANSAS RECEIVED BY THE FARMERS HOME ADMINISTRATION

BUT NOT APPROVED BETWEEN 1-1-68 AND 5-1-71

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NAME & LOCATION OF APPLICANT	FIRST INQUIRY	DATE APPLIED	REQUESTED		APPLICATION	
			LOAN	GRANT	HELD	DATE RETURNED
102. Town of Waldenburg Poinsett County Waldenburg, Arkansas 72475	10-15-68	10-15-68	76,570	75,500		1-13-69
103. Town of Grannis Polk County Grannis, Arkansas 71944	4-13-66	2-3-69	74,000	33,500	X	
104. Town of Hatfield Polk County Hatfield, Arkansas 71945	5-4-66	8-3-70	98,700	49,700	X	
105. Town of Wickes Polk County Wickes, Arkansas 71973	9-12-66	1-16-70	64,000	62,000	X	
106. City of Dover Pope County Dover, Arkansas 72837	4-28-66	3-19-70	212,500	212,500	X	
107. Town of Fredonia Prairie County Biscoe, Arkansas 72017	5-22-68	6-9-69	110,800	87,200	X	
108. Ferndale Water Users Assn. Pulaski County Ferndale, Arkansas 72208	9-4-70	9-4-70	469,500	313,000	X	
109. Maumelle Water Corp. Pulaski County Roland, Arkansas 72135	2-27-66	4-26-71	179,700	None	X	

INVENTORY OF WATER AND SEWER APPLICATIONS IN ARKANSAS RECEIVED BY THE FARMERS HOME ADMINISTRATION

BUT NOT APPROVED BETWEEN 1-1-68 AND 5-1-71

NAME & LOCATION OF APPLICANT	FIRST INQUIRY	DATE APPLIED	REQUESTED		APPLICATION	
			LOAN	GRANT	HELD	DATE RETURNED
110. Central Ark. Water Assn. Pulaski County Jacksonville, Arkansas 72076	3-19-70	4-2-70	620,000	449,100	X	
111. Shiloh Community Water Assn. Randolph County Pocahontas, Arkansas 72455	1-8-68	1-8-68	64,500	64,500		8-7-68
112. Town of Palestine St. Francis County Palestine, Arkansas 72372	12-13-66	6-19-70	242,100	153,300	X	
113. Town of Colt St. Francis County Colt, Arkansas 72326	3-8-66	6-22-70	174,000	110,600	X	
114. City of Madison St. Francis County Madison, Arkansas 72359	10-12-70	10-12-70	381,300	None	X	
115. Hughes Community Water Assn. St. Francis County Hughes, Arkansas 72348	10-16-70	10-16-70	931,500	None	X	
116. Tuni Water Association St. Francis County Forrest City, Arkansas 72335	11-5-69	11-5-69	225,000	None	X	
117. Southwest Water Users Assn. Saline County Benton, Arkansas 72015	4-19-67	1-5-70	115,000	None	X	

APPENDIX III

INVENTORY OF WATER AND SEWER APPLICATIONS IN ARKANSAS RECEIVED BY THE FARMERS HOME ADMINISTRATION

BUT NOT APPROVED BETWEEN 1-1-68 AND 5-1-71

	NAME & LOCATION OF APPLICANT	FIRST INQUIRY	DATE APPLIED	REQUESTED		GRANT	APPLICATION	
				LOAN			HELD	DATE RETURNED
118.	City of Traskwood Saline County Traskwood, Arkansas 72167	9-1-67	2-4-70	119,000		None	X	
119.	City of Leslie Searcy County Leslie, Arkansas 72645	3-1-66	6-22-70	127,000		72,000	X	
120.	City of Mansfield Sebastian County Mansfield, Arkansas 72944	5-5-66	9-15-70	193,000		146,000	X	
121.	City of Hardy Sharp County Hardy, Arkansas 72542	4-2-68	4-2-68	91,000		89,000		9-26-68
122.	Faircrest Water Assn. Union County El Dorado, Arkansas 71730	7-3-67	1-15-70	58,000		20,500	X	
123.	Town of Tontitown Washington County Tontitown, Arkansas 72770	12-6-66	3-19-70	132,000		None	X	
124.	Washington County Water Assn. Washington County Winslow, Arkansas 72959	11-18-70	11-18-70	1,393,700		979,500	X	
125.	City of Judsonia White County Judsonia, Arkansas 72081	6-24-70	6-24-70	136,000		106,000	X	

INVENTORY OF WATER AND SEWER APPLICATIONS IN ARKANSAS RECEIVED BY THE FARMERS HOME ADMINISTRATION

BUT NOT APPROVED BETWEEN 1-1-68 AND 5-1-71

	NAME & LOCATION OF APPLICANT	FIRST INQUIRY	DATE APPLIED	REQUESTED		GRANT	APPLICATION	
				LOAN			HELD	DATE RETURNED
126.	Town of Rosebud White County Rosebud, Arkansas 72137	2-12-68	2-12-68	55,000		55,000		9-3-68
127.	Town of Higginson White County Higginson, Arkansas 72068	4-26-66	3-22-68	170,000		None		4-10-68
128.	City of Patterson Woodruff County Patterson, Arkansas 72123	4-26-66	6-2-69	70,000		56,000		11-18-69
129.	City of Plainview Yell County Plainview, Arkansas 72857	5-11-66	2-12-70	175,000		113,000	X	
130.	City of Ola Yell County Ola, Arkansas 72853	12-4-70	1-5-71	113,200		None	X	

GAO note: The above information was obtained from FHA and was not audited by GAO.

APPENDIX IV

SUMMARY OF  
 FARMERS HOME ADMINISTRATION  
 RURAL HOUSING PROGRAM LOANS  
 APPROVED IN FIVE EASTERN ARKANSAS COUNTIES  
 DURING FISCAL YEARS 1969 THROUGH 1971

County	1969		1970		1971		Total	
	No. of loans	Amount of loans	No. of loans	Amount of loans	No. of loans	Amount of loans	No. of loans	Amount of loans
Clay	33	\$ 216,460	53	\$ 479,000	103	\$ 1,059,240	189	\$ 1,754,700
Craighead	44	407,740	72	768,240	103	1,145,300	219	2,321,280
Lee	30	210,260	55	428,500	86	917,470	171	1,556,230
Randolph	69	507,090	87	739,810	120	1,128,040	276	2,374,940
St. Francis	34	223,090	67	619,300	128	1,360,240	229	2,202,630
Five county total	<u>210</u>	<u>\$ 1,564,640</u>	<u>334</u>	<u>\$ 3,034,850</u>	<u>540</u>	<u>\$ 5,610,290</u>	<u>1,084</u>	<u>\$ 10,209,780</u>
State total	<u>2,410</u>	<u>\$18,835,820</u>	<u>3,773</u>	<u>\$35,744,120</u>	<u>5,753</u>	<u>\$59,470,370</u>	<u>11,936</u>	<u>\$114,050,310</u>

Note: The number of loans shown above does not agree with the number of loans discussed in ch. 2, 5, and 7 because the above were taken from FHA State office statistics and our examinations were of active loans in FHA county office files.

ATTORNEYS OR LAW FIRMS  
 PERFORMING LOAN CLOSINGS ON  
 FARMERS HOME ADMINISTRATION  
 RURAL HOUSING PROGRAM LOANS  
 IN FIVE EASTERN ARKANSAS COUNTIES  
 DURING FISCAL YEARS 1969 THROUGH 1971 (note a)

<u>County</u>	<u>Attorney or firm</u>	Number of loan closings performed			
		<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>Total</u>
Clay	Hugh Trantham	22	34	58	114
	Gus Camp	10	19	29	58
	Scott Manatt	-	-	5	5
Craighead	Frierson, Walker and Snellgrove (note b)	24	38	68	130
	Herbert H. McAdams	15	16	8	39
	Carson Boothe	-	-	16	16
	Penix and Penix	-	-	3	3
	Carrold E. Ray	26	23	39	88
Lee	Daggett and Daggett	-	10	34	44
	R. D. Smith, Jr.	4	1	1	6
	George H. Steimel	56	53	28	137
Randolph	Dudley and Burris	1	10	16	27
	Burris and Berry	-	-	16	16
	George Wilson	-	2	14	16
	Harrell A. Simpson, Jr.	-	5	33	38
	Knox Kinney	22	19	46	87
St. Francis	O. H. Hargraves	9	13	12	34
	Richard B. McCulloch	7	2	10	19
	Carroll Cannon	1	5	10	16
	Henry Wilkinson	-	4	37	41

<sup>a</sup>Based on active loan files in FHA county offices.

<sup>b</sup>At the time of our review, the name of this firm was Frierson, Walker, Snellgrove and Laser.