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#### CLARK, DOLE CITE FmHA LOAN ERRORS

Washington, D.C.--Preliminary findings of an internal U.S. Department of Agriculture audit indicate that the Farmers Home Administration (FmHA) has wasted an estimated \$43 million during the past two years through improper administration of a subsidized home ownership loan program, U.S. Senators Dick Clark (D-Iowa) and Robert Dole (R-Kan.) said today.

In a joint statement, the senators said the findings indicate the funds have been lost "through loans improperly granted to persons not actually eligible for them, and through failure to close out loans to persons who had been qualified for them when they applied, but had since lost eligibility because of increased income."

They said they had been shown "no evidence" that willful misconduct has been involved, stating that the situation "appears instead to have stemmed from such factors as mismanagement and lack of properly trained staff."

The FmHA program covered by the audit is the agency's Section 502 single family housing interest credit program.

The senators said they have discussed the situation with FmHA officials and have been told the agency is working to correct it. They said the agency itself requested the audit last fall, after similar problems were discovered in a similar Department of Housing and Urban Development loan program.

The audit is being conducted by the USDA's Office of Audit, and is expected to be completed in the fall of this year. Clark and Dole said FmHA officials have indicated that the preliminary findings are based on a random computer sampling of FmHA loan activity nationwide. They said the FmHA informed them of the audit this week.

Clark and Dole said they will ask the General Accounting Office to review the audit, in order to double check that an accurate accounting of the situation is being presented.

They said they also plan to explore the situation in detail at upcoming joint House-Senate subcommittee hearings on the FmHA, slated to begin Jan. 27.

Clark is chairman of the Senate Rural Development Subcommittee, the Senate panel involved in the hearings. Dole is a subcommittee member. The hearings represent the final stage of an intensive, two-year subcommittee study of the FmHA, intended to lead to recommendations for improving agency management and performance. "This new situation which has just come to light further underscores the need for--and value of--vigilant, continuous Congressional oversight in areas like these," the senators said.