

AUDIT RELATED MEMORANDUM
96-CH-221-1801
October 5, 1995

MEMORANDUM FOR: Beverly Bishop, Director of Housing,
Illinois State Office

FROM: Dale L. Chouteau, District Inspector General for
Audit, Midwest

SUBJECT: Carl I. Brown Mortgage
Single Family Mortgage Insurance Program
Downers Grove, Illinois

We have completed a survey of Carl I. Brown Mortgage's branch office, located in Downers Grove, Illinois. The objective of the survey was to evaluate Carl I. Brown Mortgage's internal controls relating to the origination of HUD/FHA insured loans from its Downers Grove office. The survey did not include a review of Carl I. Brown's headquarters office in Kansas City, Missouri, or any of the firm's other branch offices.

Carl I. Brown Mortgage is a direct endorsement mortgagee. It originates and services HUD insured loans in 46 states. It also services loans purchased from other mortgage companies. It does not have any Section 221 or 235 loans in its portfolio.

The scope of our survey included interviews with staff from HUD's Office of Housing - Single Family Production Branch, HUD's Office of Lender Activities and Land Sales Registration - Monitoring Division, and Carl I. Brown Mortgage. We also reviewed HUD's case files and Carl I. Brown's loan origination records. The survey covered the period from July 1, 1993 to June 30, 1995.

Based upon our survey results, we found no basis for a detailed audit.

If you have any questions, please contact me at (312) 353-7832.

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