



U.S. Department of Housing and Urban Development  
Office of Inspector General for Audit  
Great Plains District, 7AGA  
Gateway Tower II - 5<sup>th</sup> Floor  
400 State Avenue  
Kansas City, Kansas 66101-2406

**MEMORANDUM NO:**  
2002-KC-0801

May 29, 2002

**MEMORANDUM FOR:** Ron Bailey, Director, Denver Single Family Homeownership Center, 8AHH

*Roger E. Niesen*

**FROM:** Roger E. Niesen, Regional Inspector General for Audit, 7AGA

**SUBJECT:** Region 7 Officer/Teacher Next Door Occupancy Violations

### **INTRODUCTION**

We completed occupancy evaluations of participants in the Officer/Teacher Next Door program in Region 7. Our objective was to determine whether program participants violated the 3-year occupancy requirements and to refer those violations for possible prosecution by Assistant United States Attorneys or administrative action by HUD. We found that all program participants were occupying the residence they had acquired under the Officer/Teacher Next Door program.

### **METHODOLOGY AND SCOPE**

We evaluated 14 homebuyers who participated in the Region 7 Officer/Teacher Next Door program during the period of March 1999 to March 2002. We used an Internet data system that contains public records to gather background information on each of the Officer/Teacher Next Door program participants located in our Region. We obtained loan case file information from Homeownership Center officials, Marketing and Management contractor staff, and HUD program staff to provide specific loan information if we detected program violators. We confirmed occupancy for eight of the program participants through interviews with the participants during site visits. We confirmed occupancy of the other six program participants through interviews with neighbors, verification of occupancy data with utility companies or the post office, and assistance from our Office of Investigations.

## **BACKGROUND**

The goals of the Officer/Teacher Next Door program are to strengthen America's communities and build a safer nation by offering homeownership opportunities to law enforcement officers and teachers in revitalization areas. HUD believes the public service professionals will help make these goals a reality by becoming positive role models for their neighborhoods.

Under the program, officers and teachers may purchase a HUD-owned single family home at a 50 percent discount. The officer/teacher must then live in the home as their sole residence for at least 3 years from the date of closing. As an alternative, a governmental agency, pre-approved nonprofit organization, or school district can purchase eligible HUD homes at a 50 percent discount and sell them to an officer or teacher. HUD requires that the full discount be passed on to an officer or teacher.

In 2001, the Office of Inspector General's Southeast and Caribbean Region conducted a nationwide audit of the Officer/Teacher Next Door program. The audit<sup>1</sup> found that 23 of 108 randomly selected homebuyers (21 percent) violated occupancy requirements. As a result of the nationwide audit, HUD initiated the following actions: HUD completed an overview of its procedures; initiated enforcement actions against noncompliant program participants; and provided training to management and marketing contractors and closing agents.

Also, as a result of the nationwide audit, the OIG decided it needed to conduct further reviews of homebuyers under the Officer/Teacher Next Door program to identify violations of occupancy requirements. We conducted the review of homebuyers in Region 7.

## **RESULTS OF REVIEW**

We determined that all program participants were occupying the residence they had acquired under the Officer/Teacher Next Door program. We identified one program participant as a potential violator of the residency requirements and referred the participant to the Office of Investigations. Our Office of Investigations conducted a further review and confirmed the program participant was residing in the home bought under the program. This report does not contain any recommendations for corrective action. The table on the following page contains the identifying case information for the program participants we reviewed.

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<sup>1</sup> Nationwide Audit Results on the Officer/Teacher Next Door Program issued June 29, 2001 (2001-AT-0001)

<b><u>CITY</u></b>	<b><u>STATE</u></b>	<b><u>CASE NO</u></b>	<b><u>OND/TND</u></b>	<b><u>OCCUPANCY VIOLATION</u></b>
KANSAS CITY	KS	182-036656	T	NONE
KANSAS CITY	KS	182-039390	T	NONE
KANSAS CITY	KS	182-050643	T	NONE
ST. LOUIS	MO	292-161104	T	NONE
ST. LOUIS	MO	292-363691	T	NONE
ST. LOUIS	MO	292-382602	T	NONE
ST. LOUIS	MO	292-329041	O	NONE
ST. LOUIS	MO	292-252108	O	NONE
ST. LOUIS	MO	292-386039	O	NONE
ST. LOUIS	MO	292-380361	O	NONE
LINCOLN	NE	321-185113	O	NONE
OMAHA	NE	321-159977	T	NONE
OMAHA	NE	321-180792	T	NONE
OMAHA	NE	321-186172	T	NONE

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