

(lower interest rates) as a result of further liquidity in the secondary mortgage market and increased demand by investors desiring or requiring the full faith and credit of the U.S. government.

The team provided comprehensive assistance to GNMA in the following areas:

- Standards, procedures manuals, and training programs,
- Program guidelines and public policy issues,
- Marketing, pricing, and sponsor relations,
- Production administration and program management, and
- Performance measurement and reporting.

2. Office of Federal Housing Enterprise Oversight (OFHEO)

Under this engagement, TCBA provided services to OFHEO in revising accounting and finance reporting models to include policies and procedures; reviewing standards for measuring financial risk of various housing programs; analyzing market and pricing issues and financial reporting; reviewing programs and systems to monitor risk management; and developing an examinations handbook. Sections of the examination handbook were prepared for derivatives, corporate governance, management control systems, asset and liability management (funding, hedging, swaps, global debt and foreign currencies) and risk management areas (interest rate risk, credit risk, operating risk, off-balance sheet activities, mortgage-backed securities, etc.).

TCBA also provided support for the examinations of Fannie Mae (Federal National Mortgage Association) and Freddie Mac (Federal Home Loan Mortgage

Corporation), collectively known as the Federal Housing Enterprises (FHEs) as a result of the 1992 legislation creating the Office of Federal Housing Enterprise Oversight (OFHEO). In addition, we assisted OFHEO's Examination and Oversight program by providing Examiners, Capital Market Specialists, Information System Examiners, and other specialists as defined by OFHEO to assist in the monitoring and oversight of the FHEs.

STATE/LOCAL GOVERNMENT

1. City of Los Angeles Earthquake Emergency Loan Program Review

TCBA reviewed 250 loans made by the City of Los Angeles Department of Housing (LAHD) under the Earthquake Emergency Loan Program involving \$300 million of funds from HUD. The objective of the program review was to determine if loans were made to eligible borrowers for intended purposes and if funds were properly disbursed. Accordingly, TCBA reviewed LAHD policies and procedures and determined if the loan program was in compliance with all relevant regulations. This review entailed examination of complex loan files and an understanding of various construction project costs, to ensure that disbursements were warranted for work performed.

2. Strategic Planning/Loan Due Diligence for the South Carolina Jobs-Economic Development Authority (JEDA)

The Jobs-Economic Development Authority (JEDA) was established to meet the financing and capital needs

of small and medium-sized businesses in order to enhance job opportunities in South Carolina. In that regard, TCBA conducted an analysis to determine the impact of the strategic plan for JEDA completed for the State's Department of Commerce. Accordingly, TCBA examined the strengths, weaknesses, opportunities, and threats to JEDA's mission. TCBA also reviewed the ways in which Federal, state, and local regulations hinder or facilitate JEDA's ability to achieve self-sufficiency.

JEDA was the first development finance authority in the Nation to sell securities backed by a portfolio of small business loans financed by Community Development Block Grants funds. As part of that innovative transaction, TCBA performed comprehensive reviews of JEDA's loan files and servicing records for 70 economic development loans with diverse collateral. TCBA created a database of standardized information for the assets and assisted in the sale of this unique private placement securitized transaction for JEDA.