

# U.S. Probes GOP Ties in Home Loans

By Jack Nelson  
Los Angeles Times

JACKSON, Miss.—Federal investigators are looking into reports that partisan politics and conflicts of interest have pervaded the administration of government loans for low-income houses in Mississippi and Arkansas.

A central figure in the investigation, which includes checks on reports that low-income people have had to pay inflated prices for manufactured houses financed by the Farmers Home Administration, is Clarke Reed, a Mississippi millionaire and Republican Party state chairman.

Reed, who went into the housing business in 1969, the first year of the Nixon administration, is associated with firms that have sold hundreds of Farmers Home-financed houses in both states.

In an interview with The Los Angeles Times, Reed acknowledged persuading Farmers Home to raise the appraised values of some houses, but said: "I did it just like anyone else selling houses, and the appraisals were raised below the rate of inflation."

Investigators for the Agriculture Department and a House Government Operations subcommittee have found that several present or former Republican officials in both states, in addition to Reed, have been involved in Farmers Home-financed housing.

See HOUSING, A6, Col. 3

## HOUSING, From A1

But none has been as active as Reed, head of the Southern Association of Republican State Chairmen and for the past seven years chairman of the Mississippi GOP. Reed gained national attention by helping shape and direct President Nixon's "Southern strategy." He has staunchly defended Mr. Nixon's handling of the Watergate scandals.

Reed acknowledged that operating through his long-established firm of Reed-Joseph Co. of Greenville and through a newer firm, Modular Homes, Inc., he had been involved in the selling of hundreds of Farmers Home-financed homes.

Modular Homes, he said, is only "a paper organization" that operates in conjunction with Pacific Homes of Marks, Miss., operated by William King Self. Self built a modular manufacturing plant in Marks after buying Pacific Homes of Elk Grove, Calif., in 1969.

Although an FHA source told the Times, "We all consider Clarke Reed synonymous with Pacific Homes in housing operations," Reed said he has no direct interest in the firm, which has sold the great majority of manufactured homes being financed by Farmers Home in Arkansas and Mississippi.

Jeptha Barbour, director of the Mississippi Farmers Home program, estimated that Pacific had sold about 800 FHA-financed houses in Mississippi in the past year. He said that probably represented 70 to 80 per cent of the total number of manufactured homes financed by Farmers Home in Mississippi during that period.

Barbour, whose brother Haley Barbour works under

Reed as executive secretary of the Mississippi Republican Party, denied any knowledge of inflated appraisals or partisan politics in the Farmers Home Administration.

Reed, who as Republican patronage chief helped Jeptha Barbour obtain his Farmers Home post a year ago, denied any person or Republican Party wrongdoing. Of the federal investigators, he said "I want them to investigate thoroughly and prove or disprove the allegations and then make a definitive report on it to the public."

William D. Mounger, state party finance chairman and a member of the national GOP finance committee, called the allegations "just a bunch of malarky."

Mounger's brother-in-law, James Roland, is Mississippi director of another federal agency that approves government housing loans—the Department of Housing and Urban Development.

After the Times first talked with Reed about some of the charges several weeks ago, he appointed a committee of the Mississippi Republican Party to look into one specific allegation—that \$200 kickbacks to the party treasury were required in 1971 for each Farmers Home loan commitment made to housing dealers.

The committee issued a report saying it had found "no evidence whatsoever" that any money had ever been paid to the party or any party official for loan approvals.

The committee acknowledged that at a September, 1970, meeting of the state central committee "a Republican active in a congressional campaign stated that

he understood in other states the political parties raised money by collecting a certain amount of money per unit for FHA permits and that the party should consider this."

The idea was rejected, however, according to the committee. Reed said that although there was some talk at the meeting that such a plan could raise \$400,000 for the party treasury, he and other GOP officials unanimously opposed the idea.

Mounger said the \$400,000 figure was cited because at that time "it was estimated that there would be about 2,000 of the loans."

Three different Republican sources told the Times that in 1971 Haley Barbour's predecessor as executive secretary of the state party, William Wilkins, told them that Farmers Home loans could be secured for \$200 a house.

Wilkins, now a housing developer, has branded the allegations "damned lies."

In the wake of the federal investigations, Prentiss Walker, a former Republican congressman, has charged that Reed and Mounger dictate Farmers Home policies in Mississippi.

Walker, who in 1964 became the first Republican in modern times to be elected to Congress from Mississippi, is in the housing business in south Mississippi.

He cited two instances in which he said two low-income persons filed applications for \$12,500 Farmers Home loans, but were turned down as poor credit risks. Later, Walker said, Farmers Home loans of \$15,000 were secured through Reed's Modular Homes for

the same two persons.

Of Walker's allegation, Reed said, "If they can prove that out, they've got something. I don't think they can prove it. The government's looking into it and we'll soon find out."  
OUT."

Investigators also are checking allegations that:

- Appraisers for Farmers Home and the Veterans Administration are required to contribute percentages of their salaries to the state GOP treasury.

- Some Republican officials have been quoted that applicants would have to retain Republican attorneys to secure Farmers Home loans.

- Democrats or Republicans not aligned with the Reed faction have had valid loan applications rejected or unnecessarily delayed.

Reed and Mounger acknowledged that some federal employees in Mississippi are on the GOP's monthly contribution list, but said the employees signed up voluntarily and that their jobs do not depend on the contributions.

Contributors who give as much as \$10 a month, he said, are permitted to buy "two tickets at cost" for all \$100-a-plate fund raising dinners.

The latest was a Jackson speech Friday by Gov. Ronald Reagan of California.

Reed, a Reagan supporter, dismisses all of the allegations as politically inspired. He said "Bob Walker on Reagan's staff told me they had an anonymous tip that there was a story I was selling loan commitments and they were waiting to drop it on me when he is in Mississippi. They were just trying to spook him."