

**UNITED STATES OF AMERICA  
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
OFFICE OF ADMINISTRATIVE LAW JUDGES**

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**In the Matter of:** )  
 )  
**MARLON CHANCELOR** )  
 ) **HUDALJ: 03-010-CMP**  
 )  
**Respondent.** )  
\_\_\_\_\_ )

Michele A. Richman, Esquire  
Dane M. Narode  
For the Government

Marlon Chancelor,  
Respondent

Before: Constance T. O'Bryant  
Administrative Law Judge

**DEFAULT JUDGMENT AND ORDER**

On August 4, 2003, the U.S. Department of Housing and Urban Development ("HUD" or "the Government") filed a COMPLAINT FOR CIVIL MONEY PENALTIES against Marlon Chancelor ("Respondent") seeking civil money penalties in the amount of \$11,000 for Respondent's false certifications to HUD in connection with two insured mortgage loan transactions pursuant to 24 C.F.R. § 30.36(b)(1)-(2) and 12 U.S.C. § 1735f-14(b)(2)(A), and the applicable regulations at 24 C.F.R. Part 30. The controlling authority in this case is codified at 12 U.S.C. § 1735f and the applicable regulations are found in 24 C.F.R. Parts 26 and 30. Jurisdiction over the civil money penalty action contained in the complaint is codified at 12 U.S.C. § 1735f-14 and the HUD regulation that is found at 24 C.F.R. § 25.8(d)(2). On August 27, 2003, the Government filed its Motion for Default Judgment based on Respondent's failure to respond to the Complaint, pursuant to 24 C.F.R. §§ 30.85(b) and 30.90(b).

**FINDINGS OF FACT**

Respondent was the President of SouthPointe Group, Inc. ("SPGI"), the seller and/or representative of the seller of FHA-insured properties. On August 25, 2000, Respondent entered into a sales contract on behalf of SPGI, to sell the property at [REDACTED] to [REDACTED] Springfield. Thereafter, on October 31, 2000, Respondent signed the Addendum to the HUD-1 Settlement Statement, in which he certified that "I (We) certify that I (we) have not and will not pay or reimburse the

Borrower(s) for any part of the cash down payment. I (We) certify that I (we) have not and will not pay or reimburse the Borrower(s) for any part of the Borrowers closing costs which have been previously disclosed in the sales contract (including any addenda).” In fact, Respondent and/or SPGI provided \$6,250 towards Ms. Stringfield’s down payment costs. Additionally, on November 16, 2000, Respondent entered into a sales contract on behalf of SPGI, to sell the property located at [REDACTED] to [REDACTED] Roberson. Subsequently, on February 7, 2001, Respondent certified on the Addendum to the HUD-1 Settlement Statement that he did not and would not pay or reimburse Ms. Roberson for any part of the cash down payment or closing costs. In fact, Respondent and/or SPGI provided \$4,475 towards Ms. Roberson’s down payment. In both of the above-mentioned cases, the Addendums to the HUD-1 Settlement Statements containing Respondent’s false certifications were submitted to the lenders, who relied on the statements in certifying to HUD that the mortgages were eligible for insurance, which resulted in HUD’s agreement to endorse the mortgages for insurance. Thus, I find that Respondent made knowing and material false certifications to the Secretary in connection with mortgages insured under the National Housing Act. 12 U.S.C. § 1735f-14(b)(2)(A) & (B).

Respondent was notified of the procedures that he must follow in order to obtain a hearing on the Complaint. He was informed that he had a right to submit to HUD a written response to the Complaint within 15 days of his receipt. His response would then be filed along with the Complaint with the Chief Docket Clerk in this office in accordance with 24 C.F.R. § 26.37, and would serve as a request for hearing. However, if no response were received, HUD would still file the Complaint but with a motion for default judgment, pursuant to 24 C.F.R. §§ 30.90(b) and 26.39. Further, Respondent was informed that if a default judgment were issued, Respondent waived any right to a hearing on the allegations in the Complaint and on the amount of civil money penalties imposed, which would be immediately due and payable pursuant to 24 C.F.R. § 26.39. Copies of the pertinent regulations were included with the Notice and Complaint that were sent to Respondent.

Exhibit A to the Motion for Default Judgment shows proof of delivery of the Complaint and the accompanying materials to Respondent by Federal Express on April 6, 2003. HUD alleges that as of August 27, 2003, no response has been received. Further, there has been no filing by Respondent with this office.

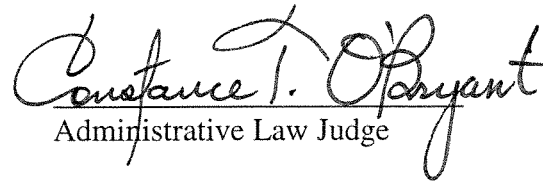
### **CONCLUSION & ORDER**

Respondent knowingly and materially committed violations of 12 U.S.C. § 1735f-14 as documented in the Complaint by falsely certifying that he did not provide down payment funds on two HUD-insured loans. Respondent failed to answer the Complaint and is therefore in default.

The Government’s Motion for Default Judgment is **GRANTED**. Respondent shall pay to the Secretary of HUD the total civil money penalty of \$11,000, which is immediately due and payable by Respondent without further proceedings.

This order shall constitute the final agency action, pursuant to 24 C.F.R. § 26.39.

So ORDERED.

  
Administrative Law Judge

Dated: 9/26/03