

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

In The Matter of:

INTERNATIONAL HOME CAPITAL
CORPORATION,

Respondent

HUDALJ 05-036-MR

DEFAULT DECISION AND ORDER

On March 10, 2005, the Secretary of the United States Department of Housing and Urban Development ("the Secretary" or "HUD") issued a Complaint seeking civil money penalties of \$118,000 against International Home Capital Corporation ("Respondent") pursuant to Section 536 of the National Housing Act, (12 U.S.C. § 1735f-14) and 24 C.F.R. Part 30. The Complaint alleges that Respondent violated requirements imposed by HUD's Federal Housing Administration ("FHA") while operating as an FHA-approved mortgagee. The Complaint notified Respondent of its right to appeal the imposition of the civil money penalty by filing an Answer within 15 days of receipt of the Complaint, and that failure to file an Answer could result in a default judgment and imposition of the penalty sought. *See* 24 C.F.R. §§ 26.39 and 30.90(b). Respondent received the Complaint on March 17, 2005, but failed to file an Answer.

On April 13, 2005, HUD issued a Motion for Default Judgment against Respondent. Respondent had seven days from receipt of the motion in which to file a response. *See* 24 C.F.R. § 26.39(a). No response has been filed. By failing to respond to the motion, Respondent has admitted the allegations of the Complaint and waived its right to a hearing. *See* 24 C.F.R. § 26.39(c). Accordingly, HUD's Motion for Default Judgment will be granted.

Findings of Fact

1. Respondent is a corporation located in Woodland Hills, California. On June 4, 1998, FHA approved Respondent as an approved mortgagee. (Complaint, ¶ 3)

2. Respondent knowingly and materially violated HUD/FHA requirements by failing to implement and maintain a Quality Control Plan, in consequence of which Respondent was unaware during a two-year period that 39 of its HUD/FHA insured loans went into default on or before the date of the sixth payment due date. These violations increased the Government's risk of loss on loans originated by Respondent. (Complaint ¶¶ 19-20)

3. Respondent knowingly and materially violated HUD/FHA requirements by failing in connection with 13 loans to verify the source and adequacy of borrowers' funds to close the loans. These violations increased the Government's risk of loss on loans originated by Respondent. (Complaint ¶¶ 23-39)

4. Respondent knowingly and materially violated HUD/FHA requirements by failing in connection with nine loans to verify and analyze borrowers' effective income, thereby increasing the Government's risk of loss on loans originated by Respondent. (Complaint ¶¶ 42-56)

5. Respondent knowingly and materially violated HUD/FHA requirements by failing in connection with nine loans to analyze borrowers' liabilities, thereby increasing the Government's risk of loss on loans originated by Respondent. (Complaint ¶¶ 59-71)

6. In connection with 13 loans Respondent knowingly and materially violated HUD/FHA credit requirements, thereby increasing the Government's risk of loss on loans originated by Respondent. (Complaint ¶¶ 74-90)

7. Respondent knowingly and materially violated HUD/FHA requirements by failing in connection with two loans to correctly calculate the maximum mortgage amount, causing HUD to over-insure the mortgages and increasing the Government's risk of loss on loans originated by Respondent. (Complaint ¶¶ 92-96)

Conclusions

By reason of the facts found in paragraph 2. above, Respondent has committed knowing and material violations of 12 U.S.C. § 1735f-14, 24 C.F.R. § 202.5(h), and HUD Handbook 4060.1 REV-1, ¶¶ 6-1, 6-4, for which civil money penalties may be imposed.

By reason of the facts found in paragraph 3. above, Respondent has committed knowing and material violations of 12 U.S.C. § 1735f-14, HUD Handbook 4155.1 REV-4 CHG 1, ¶ 2-10, and Mortgagee Letter 00-28, for which civil money penalties may be imposed.

By reason of the facts found in paragraph 4. above, Respondent has committed knowing and material violations of 12 U.S.C. § 1735f-14 and HUD Handbook 4155.1 REV-1, CHG 1, ¶¶ 2-7, 2-9, 2-12, and 3-1, for which civil money penalties may be imposed.

By reason of the facts found in paragraph 5. above, Respondent has committed knowing and material violations of 12 U.S.C. § 1735f-14, and HUD Handbook 4155.1 REV-4, CHG 1, ¶¶ 2-2, 2-11, and 2-12, for which civil money penalties may be imposed.

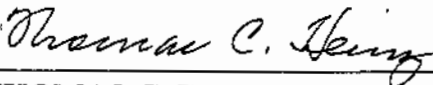
By reason of the facts found in paragraph 6. above, Respondent has committed knowing and material violations of 12 U.S.C. § 1735f-14 and HUD Handbook 4155.1 REV-4 CHG 1, ¶¶ 2-3 and 2-4, for which civil money penalties may be imposed.

By reason of the facts found in paragraph 7. above, Respondent has committed knowing and material violations of 12 U.S.C. § 1735f-14, HUD Handbook 4155.1 REV-4 CHG 1, ¶¶ 1-11 and 1-12, and Mortgagee Letters 01-12, 97-26, and 96-18, for which civil money penalties may be imposed.

ORDER

Pursuant to 24 C.F.R. §§ 25.12, 26.37, 26.39, 30.35, and 30.90, it is hereby ORDERED that:

1. The Government's Motion for Default Judgment is granted:
2. Respondent shall pay to the Secretary of HUD a civil money penalty of \$118,000, which penalty is due and payable immediately without further proceedings; and
3. This Order shall constitute the final agency action.



THOMAS C. HEINZ
Administrative Law Judge

Dated: May 12, 2005