

UNITED STATES OF AMERICA
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF HEARINGS AND APPEALS

In the Matter of:

FELICIA SLOAN,

Petitioner.

Docket No. 24-AF-0128-AG-090
(Claim No. 721022125)

April 30, 2026

DECISION AND ORDER

On February 7, 2024, Felicia Sloan (“Petitioner”) filed a *Hearing Request* seeking a hearing concerning the amount, enforceability, or payment schedule of a debt allegedly owed to the United States Department of Housing and Urban Development (“HUD” or the “Secretary”).¹ The Debt Collection Improvement Act of 1996, as amended (31 U.S.C. § 3720D), authorizes federal agencies to use administrative wage garnishment as a mechanism for the collection of debts owed to the United States government.

The Secretary of HUD has designated the judges of this Tribunal to adjudicate contested cases where the Secretary seeks to collect debts by means of administrative wage garnishment. This hearing is conducted in accordance with procedures set forth at 31 C.F.R. § 285.11, as authorized by 24 C.F.R. § 17.81.

FINDINGS OF FACT

Petitioner executed a Partial Claims Promissory Note (“HUD Note”), dated October 24, 2020, in favor of the Secretary in the principal amount of \$4,877.60. The funds secured by the HUD Note were paid by the Secretary to Petitioner’s primary mortgage lender to bring Petitioner’s primary mortgage current and provide foreclosure relief to Petitioner.

The terms of the HUD Note included Petitioner’s promise to pay the principal sum to the Secretary. The HUD Note required payment on December 1, 2029, or, if earlier, when the first of the following events occurs:

¹ While this matter was pending, a lapse in appropriations occurred that resulted in the longest government shutdown in history. As a result, the Tribunal was closed and its employees and judges were furloughed from October 1, 2025, to November 13, 2025. Due to this closure, a *Notice and Stay of Proceedings* was issued on October 1, 2025, staying all pending matters, including the instant matter. The Tribunal has since reopened. Accordingly, the stay of this matter is hereby **LIFTED**.

A second lapse in appropriations resulted in the closure of the Tribunal and furlough of its employees and judges from February 1, 2026, to February 3, 2026. Although the Tribunal has reopened, the closures have resulted in a significant backlog that is being addressed.

- i. The Borrower has paid in full all amounts due under the primary Note and related mortgage, deed of trust or similar Security Instruments insured by the Secretary, or
- ii. The maturity date of the primary Note has been accelerated, or
- iii. The Note and related mortgage, deed of trust or similar Security Instrument are no longer insured by the Secretary, or
- iv. The property is not occupied by the purchaser as his or her principal residence.

On or around September 26, 2022, the Federal Housing Administration (“FHA”) insurance on Petitioner’s primary note was terminated when the primary lender indicated that the mortgage matured, an event that caused the HUD Note to become due. The Secretary alleges that Petitioner is indebted to HUD in the following amounts:

- i. \$4,877.60 as the unpaid principal balance as of January 31, 2024;
- ii. \$73.14 as the unpaid interest on the principal balance at 3.0% per annum through January 31, 2024;
- iii. \$347.86 as the unpaid penalties and administrative costs as of January 31, 2024; and
- iv. interest on said principal balance from February 1, 2024, at 3.0% per annum until paid.

A Notice of Intent to Initiate Administrative Wage Garnishment Proceedings (“Notice”), dated January 3, 2024, was sent to Petitioner. In accordance with 31 C.F.R. § 285.11(e)(2)(ii), the Notice afforded Petitioner the opportunity to enter into a written repayment agreement with HUD under mutually agreeable terms.

Petitioner did not provide HUD with her income information. HUD proposes a wage garnishment repayment schedule of \$147.18 per month,² or an amount equal to 15% of Petitioner’s disposable pay.

DISCUSSION

HUD bears the initial burden of proof to show the existence and amount of the alleged debt. See 31 C.F.R. § 285.11(f)(8)(i). Petitioner, thereafter, may show by a preponderance of the evidence that no debt exists or that the amount of the debt is incorrect. See 31 C.F.R. § 285.11(f)(8)(ii). Additionally, Petitioner may present evidence that the terms of the proposed repayment schedule are unlawful, would cause an undue hardship to Petitioner, or are legally unenforceable. Id.

As evidence of the Petitioner’s indebtedness, HUD filed the *Secretary’s Statement that Petitioner’s Debt is Past Due and Legally Enforceable* together with a copy of the HUD Note and the Declaration of Brian Dillon, wherein Mr. Dillon, Director of HUD’s Asset Recovery Division, states the amount owed by Petitioner. The express language of the HUD Note, signed and agreed to by Petitioner, states under “Borrower’s Promise to Pay” that “[i]n return for a loan

² HUD states that the proposed repayment schedule will liquidate the debt in approximately three years as recommended by the Federal Claims Collection Standards.

received from Lender, Borrower promises to pay the principal sum... to the order of the Lender.” The HUD Note further states that “[p]ayment shall be made at the following address U.S. Department of HUD c/o Novad Management Consulting, Shepard’s Mall 2401 NW 23rd St, Suite 1A1 Oklahoma City, OK 73107....” The copy of the HUD Note submitted by HUD under oath is sufficient to establish the existence and the amount of the debt owed by Petitioner.

HUD has met its initial burden to prove the existence and amount of the debt. Therefore, the burden shifts to Petitioner to prove that no debt exists, or the amount of the debt is incorrect. 31 C.F.R. § 285.11(f)(8)(ii).

Petitioner argues that the debt is not due because she has not paid off her mortgage and has not refinanced her mortgage. However, the record establishes that the FHA insurance on her mortgage was terminated after the primary lender indicated that the mortgage matured. The document submitted by Petitioner with the subject “Verification of mortgage, balance, and loan status” indicates that the mortgage’s origination date was September 26, 2002, and that the mortgage had a term of 240 months. Accordingly, the mortgage matured and the FHA insurance was terminated on or around September 26, 2022, which caused the HUD Note to become due pursuant to its terms.

The evidence submitted by Petitioner demonstrates that she was aware of the HUD Note. Petitioner did not present evidence that the subject debt has been satisfied, or that HUD has released her from her obligation to repay it. See *In re Gisela Gonzalez Figueroa*, HUDOHA No. 24-AF-0015-AO-003 (Dec. 6, 2024) (holding that there must be a release in writing from the lender, or valuable consideration accepted by the lender indicating an intent to release). Accordingly, the Tribunal concludes that the debt in this case is past due and enforceable.

The Secretary may garnish up to 15% of Petitioner’s disposable pay. Should Petitioner wish to negotiate repayment terms with HUD, this Tribunal is not authorized to extend, recommend, or accept any payment plan or settlement offer on behalf of HUD.³ Petitioner may seek reassessment of the repayment schedule in the future in the event she experiences materially changed financial circumstances. See 31 C.F.R. § 285.11(k).

ORDER

For the reasons set forth above, the Tribunal finds the subject debt is legally enforceable against Petitioner in the amount claimed by the Secretary.

It is **ORDERED** that the Secretary is authorized to seek administrative wage garnishment in the amount of 15% of Petitioner’s disposable pay, or such other amount as determined by the Secretary, not to exceed 15% of Petitioner’s disposable pay.

³ The United States Department of the Treasury has authority to negotiate and accept settlement offers related to this debt and can be reached by contacting 1-888-826-3127.

It is **FURTHER ORDERED** that the Order imposing the *Stay of Referral* of this matter to the U.S. Department of the Treasury for administrative wage garnishment is **VACATED**.

SO ORDERED,



Digitally signed by: ALEXANDER
FERNANDEZ-PONS
Date: 2026.04.30 12:39:08 -
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Alexander Fernández-Pons,
Administrative Law Judge

Finality of Decision. Pursuant to 31 C.F.R. § 285.11(f)(12), this constitutes the final agency action for the purposes of judicial review under the Administrative Procedure Act (5 U.S.C. §§ 701 *et seq.*).