

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

In the Matter of:

VERNECIA CARTER,

Petitioner.

25-AF-0011-AG-008
(Claim No. 721025532)

June 24, 2026

DECISION AND ORDER

On October 9, 2024, Vernecia Carter (“Petitioner”) filed a *Hearing Request* (“*Request*”) seeking a hearing concerning the amount, enforceability, or payment schedule of a debt allegedly owed to the U.S. Department of Housing and Urban Development (“HUD” or “the Secretary”). The Debt Collection Improvement Act of 1996, as amended (31 U.S.C. § 3720D), authorizes federal agencies to use administrative wage garnishments as a mechanism for the collection of debts allegedly owed to the United States government.

The Secretary of HUD has designated the judges of the Office of Hearings and Appeals to adjudicate contested cases where the Secretary seeks to collect debts by means of administrative wage garnishment.¹ This hearing is conducted in accordance with procedures set forth at 31 C.F.R. § 285.111, as authorized by 24 C.F.R. § 17.81.²

FINDINGS OF FACT

In February 2014, Petitioner executed and delivered a Subordinate Note (“The Note”) in favor of the Secretary in the principal amount of \$6,643.58. The funds secured by the Note were paid by the Secretary to Petitioner’s primary mortgage lender to bring Petitioner’s mortgage current to provide foreclosure relief.

The terms of the Note included Petitioner’s promise to pay, secured by a mortgage, deed of trust, or similar security instrument to protect the Secretary from losses if Petitioner defaulted on the Note. The Note required payment on or before March 1, 2044, or when the first of the following events occurs:

¹ Due to a lapse in appropriations resulting in the longest government shutdown in history, the Office of Hearings and Appeals (“OHA”) 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 matters pending before this Court, including the instant matter. The Court has since reopened. Accordingly, the stay of this matter is hereby **LIFTED**.

² On May 1, 2025, the Secretary moved to substitute counsel in this matter. That request is **GRANTED**.

- i. 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 primary 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 about September 15, 2023, the FHA mortgage insurance on Petitioner's primary mortgage was terminated, as the lender indicated that the primary mortgage was paid in full. The total amount due now consists of:

- i. \$6,628.08 as the unpaid principal balance as of September 30, 2024;
- ii. \$132.54 as the unpaid interest on the principal balance at 4.0% per annum through September 30, 2024;
- iii. \$455.27 as the unpaid penalties and administrative costs on the balance through September 30, 2024; and
- iv. interest on said principal balance from October 1, 2024, at 4.0% per annum until paid.

A "Notice of Intent to Initiate Administrative Wage Garnishment Proceedings" ("Notice") dated October 2, 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.

HUD's attempt to obtain Petitioner's current income information was unsuccessful. Therefore, HUD proposes a wage garnishment repayment schedule of \$200.44 per month, which will liquidate the debt in approximately three years as recommended by the Federal Claims Collections Standards; or alternatively, a repayment schedule in an amount equal to 15% of Petitioner's disposable income.

DISCUSSION

The Secretary 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, must 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 that the alleged debt is legally unenforceable. Id.

As evidence of the Petitioner's indebtedness, the Secretary has filed the *Secretary's Statement that Petitioner's Debt is Past Due and Legally Enforceable and Proposed Repayment Schedule* together with a copy of the Subordinate Note signed by Petitioner and the Declaration of Brian Dillon, Director, Asset Recovery Division, wherein Mr. Dillon states the full amount of the debt owed by Petitioner. The express language of the Note, signed and agreed to by Petitioner, states under "Borrower's Promise to Pay," that "[i]n return for a loan received from Lender, Borrower promises to pay the principal sum of Six Thousand Six Hundred Forty-Three

Dollars and 58 Cents (US \$6,643.58), to the order of Lender.” (emphasis removed). The Note further states that payment will be made at the U.S. Department of HUD c/o Deval LLC, Irving, Texas. Accordingly, the copy of the Note submitted by HUD under oath is sufficient to establish the existence and the amount of the debt owed by Petitioner.

In her *Request*, Petitioner contests the existence of the debt stating that she paid off her mortgage in full in September 2023 and did not receive any notices regarding the debt while she was paying her mortgage. However, Petitioner has not presented evidence to refute the existence or amount of the debt as claimed by the Secretary. It is axiomatic that assertions without evidence are not sufficient to show that the debt claimed by the Secretary is not past due or unenforceable. See *In re Hongmei Zhang*, HUDOHA No. 23-AF-0163-AG-093 (Dec. 3, 2024). Accordingly, the Court finds Petitioner has not met her burden to prove, by a preponderance of evidence, that no debt exists.

Therefore, the Secretary may garnish the lesser of 15% of Petitioner’s disposable pay or \$200.44 per month. Petitioner is entitled to 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 Court finds the subject debt to be 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 \$200.44 per month as discussed above), or such other amount as determined by the Secretary, not to exceed 15% of Petitioner’s disposable pay. 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: 2026.06.24 14:05:15
-04'00'

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.*).