

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

In the Matter of:

LYNZETTA R. WASHINGTON,

Petitioner.

Docket No. 25-SG-0104-AG-079
(Claim No. 721026413)

April 14, 2026

DECISION AND ORDER

This matter is before this Court upon a *Hearing Request* filed by Lynzetta R. Washington (“Petitioner”) on December 5, 2024. In the *Hearing Request*, Petitioner requested review of the United States Department of Housing and Urban Development (“HUD”) decision to seek repayment of a debt by garnishing Petitioner’s wages. Petitioner denied owing a debt to HUD but did not provide evidence or argument related to this claim.

On December 10, 2024, this Court issued an order requiring HUD and Petitioner to each submit documentary evidence related to the existence of this debt. HUD timely complied with the order and filed the *Secretary’s Statement that Petitioner’s Debt is Past Due and Legally Enforceable* (“Secretary’s Statement”) on January 7, 2025. Petitioner, however, did not comply with the Court’s order to present evidence.

Having not received any response from Petitioner, this Court issued an *Order to Show Cause* on February 14, 2025, wherein Petitioner was again ordered to file documentary evidence in support of her position. Petitioner failed to respond and, to date, has not presented any evidence or argument to the Court.

The Parties have been afforded the opportunity to present arguments and evidence in support of their prospective positions. Accordingly, this matter is ripe for decision.¹

APPLICABLE LEGAL PRINCIPLES

Administrative Wage Garnishment. The Debt Collection Improvement Act of 1996 authorizes federal agencies to use administrative wage garnishment as a mechanism for the

¹ While Petitioner’s request for reconsideration was pending, a lapse in appropriations occurred that resulted in a federal government shutdown and the closure of this Court and furlough of all its judges and employees for approximately six weeks. Due to this closure, a *Notice and Stay of Proceedings* was issued on October 1, 2025, staying all matters pending before the Court, including the instant matter. The stay of this matter is now **LIFTED**. Although the Court has reopened, the government shutdown, which was the longest in history and was followed by a second, shorter shutdown in February 2026, has caused a significant backlog that is being addressed.

collection of nontax debts owed to the United States government. 31 U.S.C. § 3720D; see also 31 C.F.R. § 285.11(d) (“General rule. Whenever an agency determines that a delinquent debt is owed by an individual, the agency may initiate proceedings administratively to garnish the wages of the delinquent debtor.”); 24 C.F.R. § 17.81. Garnishment is the process of withholding amounts from an employee’s disposable pay and the paying of those amounts to a creditor in satisfaction of a withholding order. 31 C.F.R. § 285.11(c).

Hearings. 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. 24 C.F.R. § 17.81(b). Hearings are conducted in accordance with procedures set forth at 31 C.F.R. § 285.11, as authorized by 24 C.F.R. § 17.81. This Court shall generally afford a debtor the right to a “paper hearing” wherein the issues in dispute are decided based upon a review of the written record. 31 C.F.R. § 285.11(f)(3)(iii).

HUD has the initial burden to prove the existence or amount of the debt. 31 C.F.R. § 285.11(f)(8)(i). After HUD has met its burden, the debtor must present by a preponderance of evidence that no debt exists or that the amount of the debt is incorrect. Id. at § 285.11(f)(8)(ii). Proving something by a preponderance of evidence requires convincing “the trier of fact to believe that the existence of a fact is more probable than its nonexistence.” Metro. Stevedore Co. v. Rambo, 521 U.S. 121, 137 n.9 (1997) (quoting Concrete Pipe & Prods. v. Constr. Laborers Pension Trust, 508 U.S. 602, 622 (1993)). In addition, the debtor may present evidence that the terms of the repayment schedule are unlawful, would cause a financial hardship to the debtor, or that collection of the debt may not be pursued due to operation of law. 31 C.F.R. § 285.11(f)(8)(ii).

FINDINGS OF FACT

As a means of providing foreclosure relief to Petitioner, HUD advanced funds to Petitioner’s FHA-insured first mortgage lender. In exchange for such funds, Petitioner delivered to the Secretary a Subordinate Note (“HUD Note”), dated April 14, 2016, and in the principal amount of \$ 6,709.08.

The terms of the HUD Note required payment on April 1, 2046 of insured mortgage, or if earlier, when the first of the following events occurs:

- 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 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.

The HUD Note also required that payment to be made to “the Office of Housing FHA-Comptroller, Director of Mortgage Insurance Accounting and Servicing, 451 Seventh Street,

SW, Washington, DC 20410 or any such other place as Lender may designate in writing by notice to the Borrower.”

On February 27, 2023, the FHA insurance on Petitioner’s primary mortgage was terminated, as the lender indicated that mortgage was paid in full. Pursuant to the terms of the HUD Note, the satisfaction of the primary mortgage and termination of the FHA insurance resulted in the HUD Note becoming immediately due.

HUD attempted to collect the amount due under the HUD Note but was unsuccessful. On October 25, 2024, a Notice of Intent to Initiate Wage Garnishment Proceedings (“Notice”) was mailed to Petitioner. The Notice informed Petitioner of the opportunity to enter into a written repayment agreement under terms acceptable to the U.S. Department of the Treasury, which services this debt on behalf of HUD. However, Petitioner never entered into any such agreement.

Therefore, Petitioner remains indebted to the Secretary of HUD in the following amounts:

- a. \$ 6,709.08 as the unpaid principal balance as of November 30, 2024;
- b. \$ 134.16 as the unpaid interest on the principal balance at 4.0 % per annum through November 30, 2024;
- c. \$ 460.19 as the unpaid penalties and administrative costs as of November 30, 2024; and
- d. interest on said principal balance, from December 1, 2024, at 4.0 % per annum until paid.

DISCUSSION

HUD claims Petitioner owes a valid debt to HUD and proposes a repayment schedule of \$ 202.87, or in an amount equal to fifteen percent (15%) of Petitioner’s disposable pay.² In support of its position, HUD has produced a copy of the HUD Note bearing Petitioner’s signature, and the sworn Declaration of Larry Gagliardi (“Declaration”), who was the Acting Director for the Asset Recovery Division of HUD’s Financial Operations Center.

The HUD Note establishes that Petitioner promised to pay the Secretary of HUD in return for a loan Petitioner received, and that payment would be made if Petitioner’s primary mortgage was paid in full or no longer insured by the Secretary. The Declaration explained that the insurance on Petitioner’s primary mortgage was terminated on or about February 27, 2023, because that lender indicated that the primary mortgage was paid in full. The Declaration adds that HUD has attempted to collect on this debt, but Petitioner remains delinquent.

The Court has reviewed the *Secretary’s Statement* and its supporting evidence and finds that HUD has met its initial burden to prove the existence and amount of the debt. Therefore, the

² \$202.87 per month is proposed, because it will liquidate the debt in approximately three years as recommended by the Federal Claims Collection Standards. See 31 C.F.R. § 901.8(b).

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).

As noted *supra*, Petitioner has not complied with this Court's orders to provide evidence in support of her position that she does not owe the subject debt. Petitioner was afforded multiple opportunities with the first occurring as early as December 2, 2024, when Petitioner prepared and signed her *Hearing Request*. The form on which Petitioner made her request explicitly directed Petitioner to, "EXPLAIN any additional facts concerning your objection on a separate sheet of paper and, together with all supporting documentation, enclose it with this request. Your objection(s) will be considered based on the information and documents you provide with this form, and any records held by the agency." However, Petitioner did not submit any information, except for the note, "Please review" in the body of the email to which the *Hearing Request* was attached.

As of the date of this *Decision*, Petitioner has had well over a year and multiple opportunities to provide evidence in support of her position that she does not owe the subject debt. This Court has consistently held that "assertions without evidence are not sufficient to show that the debt claimed by the Secretary is not past due or unenforceable." *In re Hongmei Zhang*, HUDOHA No. 23-AF-0163-AG-093, slip op. at 3 (Dec. 3, 2024). Accordingly, the Court finds that Petitioner has not met her burden to prove, by a preponderance of evidence, that no debt exists.

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 fifteen percent (15%) of Petitioner's disposable pay, 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,

A handwritten signature in black ink, appearing to read 'Sandra W. Gluvna', written over a horizontal line.

Sandra W. Gluvna
Administrative 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.).