

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

In the Matter of:

HANNA ABDULLAH,

Petitioner.

Docket No. 25-SG-0108-AO-019  
(Claim No. 7-210281900A)

November 21, 2025

**DECISION AND ORDER**

This matter is before the Court upon a *Hearing Request* filed by Hanna Abdullah (“Petitioner”) on December 6, 2024. In the *Hearing Request*, Petitioner claimed she never received funds from the United States Department of Housing and Urban Development (“HUD” or “the Secretary”) and, therefore, should not be responsible for the debt that HUD is seeking to collect via administrative offset under 31 U.S.C. § 3716.

On October 1, 2025, a lapse in appropriations for the federal government resulted in the closure of this Court until November 13, 2025. Due to this closure, a *Notice and Stay of Proceedings* was issued that stayed all matters pending before this Court, including the instant matter. The Court has now reopened. Accordingly, the stay of this matter is hereby **LIFTED**.

**APPLICABLE LEGAL PRINCIPLES**

**Administrative Offset.** The Debt Collection Improvement Act of 1996 authorizes federal agencies to use administrative offset as a mechanism for the collection of debts owed to the United States government. *See* 31 U.S.C. §§ 3716, 3720A. An administrative offset is the mechanism for withholding funds payable by the United States to a person to satisfy a claim. 31 U.S.C. § 3701(a)(1).

**Hearings.** This Court has jurisdiction to determine whether Petitioners’ alleged debt is past due and legally enforceable. *See* 24 C.F.R. §§ 17.61 *et seq.* The debtor has the right to review HUD’s records related to the debt and to present their own evidence. *Id.* Thereafter, the Court will then review the written record of the proceeding to determine whether, by a preponderance of the evidence, all or part of that debt is past due and legally enforceable. *Id.* at § 17.69(c). Upon reaching that determination, the Court must issue a written decision that constitutes the final agency decision with respect to the past due status and enforceability of the debt. *Id.* § 17.73(a).

## FINDINGS OF FACT

As a means of providing foreclosure relief to Petitioner, HUD advanced funds to Petitioner's FHA-insured primary mortgage lender. In exchange for such funds, Petitioner executed on April 28, 2022,<sup>1</sup> a Promissory Note ("HUD Note") in the principal amount of \$29,358.99.

The terms of the HUD Note required payment by September 1, 2050, or 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 primary Note and related mortgage, deed of trust, or similar Security Instrument are no longer insured by the Secretary.

The HUD Note required that payment be made to "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 [the Secretary of HUD] may designate in writing by notice to Borrower."

On February 28, 2024, Petitioner's primary mortgage held at the time by Midland Mortgage, a division of MidFirst Bank, was paid in full. Petitioner provided evidence that Midland released the lien on the property securing the FHA-insured primary mortgage. The FHA insurance on that mortgage was terminated on February 29, 2024, and pursuant to the terms of the HUD Note, Petitioner's debt to the Secretary became immediately due and payable.

However, Petitioner did not make payment on the HUD Note as required. As a result, Petitioner's debt to HUD became delinquent. On October 14, 2024, HUD issued a Notice of Intent to Collect by Treasury Offset ("Notice of Intent") to Petitioner at an address in Waukegan, Illinois. HUD has attempted to collect on this claim from Petitioner, but has been unsuccessful.

Therefore, the Secretary alleges Petitioner is indebted to HUD in the following amounts:

- i. \$29,358.99<sup>2</sup> as the unpaid principal balance as of November 30, 2024;
- ii. \$293.55 as the unpaid interest on the principal balance at 4.0% per annum through November 30, 2024;
- iii. \$0.00 as the unpaid penalties as of November 30, 2024; and
- iv. interest on said principal balance from December 1, 2024, at 4.0% per annum until paid.

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<sup>1</sup> The HUD Note was dated April 1, 2022, but was not signed by Petitioner until April 28, 2022.

<sup>2</sup> Although the *Secretary's Statement* identifies the principal balance as \$29,353.99, the HUD Note and Notice of Intent establish that the principal balance is \$29,358.99.

## DISCUSSION

Petitioner stated in her *Hearing Request*, “I never received \$29,358.99, or \$29,456.84 and therefore I don’t owe this debt.” In response, HUD filed the *Secretary’s Statement* wherein it was explained that the debt arises from the HUD Note that Petitioner agreed to in exchange for foreclosure relief. The *Secretary’s Statement* further explained that HUD paid the funds directly to Petitioner’s FHA-insured primary mortgage lender to bring her loan current. In support of its position, HUD produced a copy of the HUD Note purportedly bearing Petitioner’s signature, and the sworn Declaration of Brian Dillon (“Declaration”), who is the Director for the Asset Recovery Division of HUD’s Financial Operations Center.<sup>3</sup>

After receiving the *Secretary’s Statement*, Petitioner submitted a response stating, “I did not sign anything stating that I received \$29,358.99. I never received \$29,358.99 from HUD and neither did my mortgage company.” Petitioner added, “I did not default on the primary note and the loan was paid in full.” To support these claims, Petitioner provided documentation from Midland Mortgage to include a Satisfaction of Mortgage. These documents established that Petitioner paid in full a loan held by Midland Mortgage on February 28, 2024. However, they do not prove or disprove that Petitioner’s mortgage company received funds from HUD related to the HUD Note.

The Court has reviewed and considered the evidence submitted by the Parties and finds that HUD has proven, by a preponderance of the evidence, that Petitioner executed the HUD Note establishing the existence of her debt to HUD. Petitioner’s claim that she did not receive, and did not sign a document acknowledging receipt of, the principal amount of \$29,358.99 is not material, because HUD produced evidence that such funds were paid to Petitioner’s primary mortgage lender and not to Petitioner. And, although Petitioner claims her mortgage company did not receive such funds from HUD, Petitioner fails to provide any documentation or sworn statement from her lender that would rebut the Declaration submitted by HUD. At best, Petitioner’s has proven that her primary mortgage was paid in full, which is a triggering event for the HUD Note to become immediately due and payable.

## ORDER

For the reasons set forth above, the Court finds the debt that is the subject of this proceeding is legally enforceable against Petitioner in the full amount claimed by the Secretary. Accordingly, it is **ORDERED** that the Secretary is authorized to seek collection of this outstanding obligation by means of administrative offset in the amount claimed.

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<sup>3</sup> The Declaration was made under penalty of perjury.

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 offset, issued on December 12, 2024, 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 24 C.F.R. § 17.73(a), this constitutes the final agency action for the purposes of judicial review under the Administrative Procedure Act (5 U.S.C. § 701 *et seq.*).