

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

In the Matter of:

**Sophia D. Jacobs,**

Petitioner.

Docket No. 23-VH-0099-AO-023

Claim No. 721019740

April 15, 2024

**ORDER OF DISMISSAL AND RULING**

24 C.F.R. § 26.4 (c)-(d) provides that “If a party refuses or fails to comply with an order of the hearing officer, including an order compelling discovery, the hearing officer may enter any appropriate order necessary to the disposition of the hearing *including a determination against the noncomplying party...*” (Emphasis added).

On May 22, 2023, Petitioner filed a *Hearing Request*. Petitioner filed a *Motion for Referral to a Settlement Judge* on June 1, 2023 in which she challenged the amount of the subject debt and requested a referral to a settlement judge to negotiate the amount owed. In response, the Secretary filed an *Opposition to Petitioner’s Request for Referral* on June 5, 2023, followed by *Petitioner’s Response to the Secretary’s Opposition* filed on June 8, 2023. In Petitioner’s Response she admitted responsibility for payment of the subject debt but instead of paying the amount claimed by the Secretary, Petitioner wanted to negotiate the amount owed to exclude the additional interest and administrative costs.

HUD is required by statute and regulation to charge interest and fees on past due debts. 1900.25 REV-5 § 2-5 (B). The Debt Collection Improvement Act of 1996 requires HUD to refer delinquent debts to the U.S. Department of the Treasury (“Treasury”) for collection. 31 U.S.C. § 3711(g). When HUD sends a debt to Treasury, Treasury is authorized to charge HUD a fee for its collection efforts. 31 U.S.C. § 3711(g)(6). Such fees are then incurred by the debtor as the debtor’s responsibility until such time as the debt is paid in full. Moreover, HUD is required to charge the debtor interest, administrative costs, and penalties. 31 U.S.C. § 3717(a) & (e)(1)-(2). Fees and administrative costs (which includes the fee charged by Treasury) total 30% of any amount collected by Treasury. Payments made by the debtor are first applied to fees, then to interest, and then finally to the principal. 31 C.F.R. § 901.9(f).

Even though Petitioner is willing to repay the subject debt owed, less interest and administrative costs, Petitioner’s proposed offer is not a matter that can be determined in this proceeding because this Court is not authorized to extend, recommend, or accept any repayment plan or settlement offer on behalf of HUD. The U.S. Department of Treasury has authority to negotiate and accept settlement offers related to the subject debt so Petitioner may wish to contact Treasury at 1-888-826-3127 or discuss this offer with the Director of HUD’s Albany Financial Operations Center, 52 Corporate Circle, Albany, NY 12203-5121 at 1-800-669-5152, extension 2859.

But, consistent with the provisions of 24 C.F.R. §§ 26.4 (c)-(d) that govern this Court, Petitioner's appeal is **DISMISSED** *sua sponte* because Petitioner has failed to comply with the Court's Order to present sufficient evidence to support Petitioner's claim that the subject debt amount is inaccurate. Therefore, it is hereby

**ORDERED** that this matter be **DISMISSED WITH PREJUDICE** and the stay of proceeding issued on May 25, 2023 is VACATED. It is

**FURTHER ORDERED** that Petitioner's *Motion for Referral to a Settlement Judge* is DENIED. The Secretary's *Motion in Opposition to Petitioner's Motion for Referral to Settlement Judge* is GRANTED.

SO ORDERED.  
  
Vanessa L. Hall  
Administrative Judge