

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

In the Matter of:

TAYLOR MURPHY and VINCENT GAUTHIER,

Petitioners.

Docket No. 24-VH-0290-AG-186  
(Claim No. 721022958)

August 1, 2025

**DECISION AND ORDER**

Taylor Murphy and Vincent Gauthier (collectively, “Petitioners”) requested 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”).<sup>1</sup> 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 Office of Hearings and Appeals 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**

Petitioners executed and delivered a Promissory Note (“HUD Note”), dated December 3, 2021, in favor of the Secretary in the principal amount of \$37,686.87. The funds secured by the HUD Note were paid by the Secretary to Petitioners’ primary mortgage lender to bring Petitioners’ primary mortgage current and provide foreclosure relief to Petitioners.

The terms of the HUD Note included Petitioners’ promise to pay, secured by a mortgage, deed of trust or similar security instrument to protect the Secretary from losses if Petitioners defaulted on the HUD Note. The HUD Note required payment on June 1, 2047, or, if earlier, when the first of the following events occurs:

- 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

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

iv. The property is not occupied by the purchaser as his or her principal residence.

On December 19, 2022, Petitioners paid in full all amounts due under the primary note and related mortgage. Accordingly, the Secretary alleges that Petitioners are indebted to HUD in the following amounts:

- i. \$37,686.87 as the unpaid principal balance as of June 30, 2024;
- ii. \$318.15 as the unpaid interest on the principal balance at 3.0% per annum through June 30, 2024;
- iii. interest on said principal balance from July 1, 2024 at 3.0% per annum until paid.

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

Petitioners did not provide HUD with their income information. HUD proposes a wage garnishment repayment schedule of \$1,055.70 per month,<sup>2</sup> or an amount equal to 15% of Petitioners’ 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). Petitioners, 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, Petitioners may present evidence that the terms of the proposed repayment schedule are unlawful, would cause an undue hardship to Petitioners, or are legally unenforceable. Id.

As evidence of the Petitioners’ indebtedness, HUD 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 HUD Note and the Declaration of Gary Sautter, wherein Mr. Sautter, Acting Director of HUD’s Asset Recovery Division, states the amount owed by Petitioners. The express language of the HUD Note, signed and agreed to by Petitioners, states under “Borrower’s Promise to Pay” that “[i]n return for a loan received from Lender, Borrower promises to pay the principal sum... to the order of the Lender.” The HUD Note further states that payment shall be made at Novad Management Consulting, Shepard’s Mall 2401 NW 23rd Street, 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 Petitioners.

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

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

When Petitioners sold their home in 2022, they thought their debt to HUD was paid off. In support of their position, they provided a Closing Disclosure and a Payoff Quote. “For Petitioner[s] not to be held liable for the full amount of the subject debt, there must be either a release in writing from the former lender explicitly relieving Petitioner[s’] obligation, ‘or valuable consideration accepted by the lender’ indicating intent to release.” See *In re Gisela Gonzalez Figueroa*, HUDOHA No. 24-AF-0015-AO-003 (Dec. 6, 2024). The document submitted by Petitioners relates to the subject property but does not prove that Petitioners made payments to HUD to satisfy the debt in this case or that HUD has otherwise released Petitioners from their obligation to repay the debt. Absent any such evidence, this Court finds that the subject debt is past due and legally enforceable against Petitioners in the amount claimed by HUD.

Accordingly, the Secretary may garnish up to 15% of Petitioners’ disposable pay. Should Petitioners wish to negotiate repayment terms with HUD, this Court is not authorized to extend, recommend, or accept any payment plan or settlement offer on behalf of HUD.<sup>3</sup> Petitioners are entitled to seek reassessment of the repayment schedule in the future in the event they experience materially changed financial circumstances. See 31 C.F.R. § 285.11(k).

## ORDER

For the reasons set forth above, this Court finds the subject debt is legally enforceable against Petitioners 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 Petitioners’ disposable pay, or such other amount as determined by the Secretary, not to exceed 15% of Petitioners’ disposable pay.

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

**SO ORDERED,**



ALEXANDER FERNANDEZ-PONS  
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= Department of Housing and Urban  
Development, Office of the Secretary  
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Alexander Fernández-Pons  
Administrative Law Judge

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**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.*).

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<sup>3</sup> The United States Department of the Treasury (“Treasury”) has authority to negotiate and accept settlement offers related to this debt and can be reached by contacting HUD Counsel assigned to this matter.