

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

In the Matter of:

LATUNYA COLEMAN,

Petitioner.

25-SG-0063-AO-015  
(Claim No. 7-210278650B)

June 2, 2025

**DECISION AND ORDER**

This matter is before the Tribunal upon a *Hearing Request* filed by Latunya Coleman (“Petitioner”) on November 12, 2024. In the *Hearing Request*, Petitioner disputed the existence of a debt allegedly owed to the United States Department of Housing and Urban Development (“HUD” or “the Secretary”) that HUD was seeking to collect via administrative offset under 31 U.S.C. § 3716. Petitioner did not provide any documentary evidence with her *Hearing Request*, but stated she would do so.

On November 14, 2024, this Tribunal issued an order requiring Petitioner and HUD to each submit documentary evidence related to the existence and enforceability 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 6, 2025. Petitioner, however, did not comply with the Tribunal’s order to present evidence.

Having not received any response from Petitioner, this Tribunal issued an *Order to Show Cause* on January 10, 2025, wherein Petitioner was again ordered to file documentary evidence in support of her position that she does not owe the subject debt. Petitioner failed to respond and, to date, has not presented any evidence to the Tribunal.

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.

**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.** The Office of Hearings and Appeals 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. This Tribunal 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). Thereafter, the Tribunal 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**

Around February 2021, Petitioner and Ryan Coleman were separated and eventually underwent a dissolution of marriage. Later, in March 2021, the HUD-insured primary mortgage on Petitioner's home was in default. As a means of providing foreclosure relief to Petitioner, HUD advanced funds to Petitioner's FHA-insured lender on May 15, 2021, to bring Petitioner's primary mortgage current.

In exchange for the foreclosure relief from HUD, Petitioner and Ryan Coleman executed and delivered to the Secretary a Partial Claims Promissory Note ("HUD Note") in the amount of \$22,197.98. The terms of the HUD Note required payment on September 1, 2046, or earlier when the first of the following events occurred:

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

The HUD Note also required that payment be made to the Secretary, as the lender, at "U.S. Department of HUD c/o Novad Management Consulting, Shepard's Mall, 2401 NW 23rd St, Suite 1A1, Oklahoma City, OK 73107 ... or any such other place as Lender may designate in writing by notice to Borrower."

On March 7, 2022, Petitioner's primary mortgage was paid in full, and the FHA mortgage insurance was terminated by the lender. Pursuant to the terms of the HUD Note, Petitioner's debt to the Secretary became immediately due and payable. However, Petitioner failed to make payment on the HUD Note as required causing Petitioner's debt to HUD to become delinquent.

HUD has attempted to collect on the claim from Petitioner, but has been unsuccessful. On October 14, 2024, HUD issued a Notice of Intent to Collect by Treasury Offset ("Notice") to

Petitioner at her last-known address. The Secretary alleges Petitioner is indebted to HUD in the following amounts:

- i. \$22,197.98 as the unpaid principal balance as of October 30, 2024;
- ii. \$147.98 as the unpaid interest on the principal balance at 4.0% per annum through October 30, 2024;
- iii. \$0.00 as the unpaid penalties as of October 30, 2024; and
- iv. interest on said principal balance from October 31, 2024, at 4.0% per annum until paid.

## DISCUSSION

Petitioner stated in her *Hearing Request* dated November 1, 2024, “I do not believe I owe the debt referenced in the notice.” She requested “additional time to compile the necessary information and evidence” and anticipated “being able to provide further details by early next week.” To date, the Tribunal has not received any additional information from Petitioner despite two orders requiring her to provide it.

Conversely, HUD’s *Secretary’s Statement* explains that the debt arises from the HUD Note that requires payment in full when the FHA-insured primary mortgage is satisfied. In support of its position, HUD produced a copy of the HUD Note 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. The evidence establishes Petitioner’s promise to pay set forth in the HUD Note and her failure to do so. The Declaration adds that HUD attempted to collect on this debt since it became due, but Petitioner remains delinquent.

As noted *supra*, Petitioner had multiple opportunities to produce evidence in support of her position that she does not owe the subject debt but failed to do so. Therefore, HUD’s evidence is unrefuted and establishes that Petitioner’s debt to HUD is past due and enforceable. See 24 C.F.R. § 17.69(c).

## ORDER

For the reasons set forth above, the Tribunal 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.

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 November 14, 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.*).