

In the Matter of:

SHANE SNELSON,

Petitioner

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HUDBCA No. 03-D-CH-AWG18
 FHA No. 7-80386030

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For the Secretary

DECISION ON ADMINISTRATIVE WAGE GARNISHMENT

Background

Petitioner has requested a hearing concerning a proposed administrative wage garnishment relating to a debt allegedly owed to the U.S. Department of Housing and Urban Development (“HUD”). This alleged debt has resulted from a defaulted loan which was insured against non-payment by the Secretary of HUD. This hearing is authorized by the Debt Collection Improvement Act of 1996, as amended, (31 U.S.C. § 3720D) and applicable Departmental regulations. The administrative judges of this Board have been designated to determine whether this debt is past-due and enforceable against Petitioner and, if so, whether the Secretary may collect the alleged debt by administrative wage garnishment. 24 C.F.R. § 17.170(b). Pursuant to 31 C.F.R. § 285.11(f)(10)(i), issuance of a wage withholding order was stayed until the issuance of this written decision.

The hearing is conducted in accordance with the procedures set forth at 31 C.F.R. § 285.11, as authorized by 24 C.F.R. § 17.170, and is limited to a review of the written record, unless otherwise ordered. The Board finds no need for an oral hearing in this matter for reasons

set forth below. The Secretary has the initial burden of proof to show the existence and amount of the debt. 31 C.F.R. § 285.11(f)(8)(i). Petitioner thereafter must present by a preponderance of the evidence that no debt exists or that the amount of the debt is incorrect. In addition, Petitioner may present evidence that the terms of the repayment schedule are unlawful, would cause a financial hardship to Petitioner, or that collection of the debt may not be pursued due to operation of law. 31 C.F.R. § 285.11(f)(8)(ii).

Summary of Facts and Discussion

31 U.S.C. § 3720D authorizes Federal agencies to utilize administrative wage garnishment as a remedy for the collection of debts owed to the United States Government. The review of the record of this proceeding is conducted in accordance with the procedures set forth at 31 C.F.R. § 285.11, as authorized by 24 C.F.R. § 17.170.

Petitioner does not dispute on the existence or amount of the debt. Rather, Petitioner claims that administrative wage garnishment of his disposable pay would cause financial hardship. (Petitioner's Hearing Request form received April 17, 2003).

On June 17, 1997, Petitioner executed and delivered to 21st Century Home Mortgage Corp. an installment note in the amount of \$55,708.80 for a mobile home loan that was insured against nonpayment by the Secretary pursuant to Title I of the National Housing Act, 12 U.S.C. § 1703. (Secretary's Statement, hereinafter "Secy. Stat.", Exh. B). Petitioner subsequently defaulted on the note. Consequently, 21st Century Home Mortgage Corp. assigned the note to the United States of America pursuant to 24 C.F.R. § 201.54. (Secy. Stat., Exh. A, at 3). The Secretary is the holder of the Note on behalf of the United States. Id., unmarked Exh. Petitioner is indebted to the Secretary in the following amounts: \$5,112.59 as the unpaid principal balance as of April 30, 2003; \$858.71 as the unpaid interest on the principal balance at 5% per annum through April 30, 2003; \$179.14 as the U.S. Department of Treasury Debt Management Service fee; \$1,492.82 as the private collection agency (PCA) fee; and interest on said principal balance from April 30, 2003, at 5% per annum until paid. Id. at 4.

The Secretary has filed a Statement with documentary evidence in support of his position that Petitioner is indebted to the Department in a specific amount. Petitioner, however, has submitted no documentary evidence to demonstrate that administrative wage garnishment of his disposable pay would cause financial hardship. Thus, without evidence to substantiate Petitioner's allegation, I can find no legal basis for which the relief requested should be granted.

Petitioner may wish to negotiate repayment terms with the Department. However, this Board is not authorized to extend, recommend, or accept any payment plan or settlement offer on behalf of the Department. Petitioner may wish to discuss this matter with Lester J. West, Director, HUD Albany Financial Operations Center, 52 Corporate Circle, Albany, NY 12203-5121. His telephone number is 1-800-669-5152, extension 4206. Petitioner may also request a review of his financial status by submitting to that HUD Office a Title I Financial Statement (HUD Form 56142).

ORDER

For the reasons set forth above, I find that the debt which is the subject of this proceeding is legally enforceable against Petitioner in the amount claimed by the Secretary. The Order imposing the stay of referral of this matter to the U.S. Department of Treasury for administrative wage garnishment is vacated.

It is hereby **ORDERED** that the Secretary is authorized to seek collection of this outstanding obligation by means of administrative wage garnishment to the extent authorized by law.

Jerome Drummond
Administrative Judge

June 12, 2003