

UNITED STATES OF AMERICA  
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
OFFICE OF HEARINGS AND APPEALS  
Washington, D.C.

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In the Matter of:	)	
	)	Judge H. Alexander Manuel
	)	
<b>Victor Ward,</b>	)	HUDOHA No. 22-AM-0046-AG-036
	)	
Petitioner.	)	Claim No. 5519216 LL 9244
	)	August 8, 2023

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**DECISION AND ORDER**

On November 23, 2021, Victor Ward, (“Petitioner”) filed a Request for Hearing (“*Request*”) concerning the amount, enforceability, or payment schedule of a debt allegedly owed to the U.S. Department of Housing and Urban Development (“HUD” or “the Secretary”). The Debt Collection Improvement Act of 1996, as amended (31 U.S.C. § 3720D), authorizes federal agencies to use administrative wage garnishments as a mechanism for the collection of debts allegedly owed to the United States government.

The Secretary of HUD has designated the administrative 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.

As a preliminary matter, the Secretary has filed the *Secretary’s Statement that Petitioner’s Debt is Past Due and Legally Enforceable and Secretary’s Proposed Repayment Schedule*, dated January 10, 2022, (“*Sec’y. Stat.*”) attaching the *Declaration of Sharon Wandrick*, (“*Wandrick Decl.*”), Supervisor, Monitoring and Surveillance Division, Government National Mortgage Association (“Ginnie Mae”) of HUD, dated December 10, 2021, as Exhibit B thereto. Upon consideration, the Court finds that the *Sec’y. Stat.*, together with the documentary evidence attached thereto constitutes *prima facie* evidence that the alleged debt in this case is due and owing by Petitioner.

In his *Request*, Petitioner claims he does not owe the debt. However, Petitioner fails to submit evidence with his *Request* to support his position. Accordingly, the Court finds that Petitioner has failed to file any substantive evidence that the alleged debt in this case is not owed or is not legally enforceable.

**BACKGROUND**

On September 29, 1992, Petitioner signed a *Retail Installment Contract* (“*Note*”) with Sinclair-Oconne Homes. *Sec’y. Stat.* at ¶ 2, Exhibit B at ¶ 3. The *Note* was insured against

nonpayment by the Secretary pursuant to the National Housing Act, 12 U.S.C. § 3720D. *Sec’y. Stat.* at ¶ 2. The *Note* was assigned to Logan-Laws Financial Corporation (“Logan-Laws”). *Id.* at ¶ 3, *Sec’y. Stat.*, Exhibit A - *Declaration of Sharon Wandrick* (“*Wandrick Decl.*”) at ¶ 3. Ginnie Mae subsequently defaulted Logan-Laws as an issuer of mortgage backed securities and subsumed Logan-Laws’ rights and interests in the *Note*. *Sec’y. Stat.* at ¶¶ 4, 5, *Wandrick Decl.* at ¶ 4. As a result, Ginnie Mae was assigned all rights, title, and interest in Petitioner’s loan. *Sec’y. Stat.* at ¶ 5, *Wandrick Decl.* at ¶ 4.

The Secretary maintains that Petitioner is indebted to the Secretary in the following amounts:

- (a) \$19,824.11 as the unpaid principal balance;
- (b) \$12,939.04 as the unpaid interest on the principal balance through December 29, 2021;
- (c) \$1,368.41 in administrative fees; and
- (d) 2% interest on said principal balance until paid.

*Sec’y. Stat.* at ¶ 7, *Wandrick Decl.* at ¶ 6.

A *Notice of Intent to Initiate Administrative Wage Garnishment Proceedings* (“*Notice*”) dated October 20, 2021, was sent to Petitioner. *Sec’y. Stat.* at ¶ 8, *Wandrick Decl.* at ¶ 7.<sup>1</sup> In response, Petitioner filed his *Request* with this Court. On December 10, 2021, this Court ordered that referral of this matter by the Secretary to the U.S. Department of the Treasury for issuance of an administrative wage garnishment order be stayed until the issuance of this Decision.

## DISCUSSION

In accordance with 31 C.F.R. § 285.11(e)(2)(ii), Petitioner was afforded the opportunity to enter into a written repayment agreement with HUD under mutually agreeable terms. *Sec’y. Stat.* at ¶ 9, *Wandrick Decl.* at ¶ 7. Petitioner did not enter into a written repayment agreement in response to the *Notice*. *Sec’y. Stat.* at ¶ 9, *Wandrick Decl.* at ¶ 8.

In response to the *Notice*, Petitioner claims that he does not owe the debt. However, Petitioner’s obligation to repay the *Note* derives from the terms of the *Note* itself. The express language of the *Note*, signed and agreed to by Petitioner, states under “NOTICE OF ASSIGNMENT” that “Buyer ... ***agrees to make the payments*** set forth in the ... Payment Schedule to Logan-Laws Financial Corporation.” (emphasis added). In addition, the express language of the *Note* states that the “FINANCE CHARGE” is \$45,666.35, the “Amount Financed” is \$26,446.45, and the “Total of Payments” is \$72,112.80.

Further, Petitioner provides no proof to support his claim that he does not owe the debt or to offset the Secretary’s evidence that he is under an obligation to repay the debt to the Secretary. This Court has provided Petitioner two opportunities to prove that all or part of the alleged debt is either unenforceable or not past due. Specifically, on December 10, 2021, this Court ordered

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<sup>1</sup> While both the *Sec’y. Stat.* and the *Wandrick Decl.* state that the *Notice* is dated November 4, 2021, the *Notice* itself is dated October 20, 2021.

Petitioner to file documentary evidence of such proof on or before January 24, 2022. Then, on November 20, 2022, this Court ordered Petitioner to provide the same on or before January 12, 2023. Petitioner failed to respond to either *Order*. As such, this Court is authorized to dismiss Petitioner's *Request*. See 24 C.F.R. § 26.4(d).

Therefore, in the absence of a release from HUD discharging Petitioner from the obligation to repay the debt, Petitioner remains indebted to the Secretary in the amounts set forth above. See *In re Juanita Mason*, HUDOA No. 08-H-NY-AWG70, at p. 3 (December 8, 2008) (“... [F]or Petitioner not to be held liable for the debt, there must either be a release in writing from the lender... or valuable consideration accepted by the lender from Petitioner...”) (citations omitted).

Therefore, this Court finds Petitioner liable for the debt in this case in the amounts claimed by the Secretary.

Should Petitioner wish to negotiate repayment terms with the Department, this Court is not authorized to extend, recommend, or accept any payment plan or settlement offer on behalf of the Department. If Petitioner wishes to discuss a payment plan, Petitioner may discuss the matter with Michael DeMarco the Director of the HUD Financial Operations Center, at 1-800-669-5152, extension 2859 or write to HUD Financial Operation Center, 50 Corporate Circle, Albany, NY 12203-5121. Petitioner is also entitled to seek reassessment of this financial hardship determination in the future in the event that she experiences materially-changed financial circumstances. See 31 C.F.R. § 285.11(k).

### ORDER

For the reasons set forth above, I find the debt that is the subject of this proceeding to be legally enforceable against Petitioner 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 Petitioner's disposable income per month, or such other amount as determined by the Secretary, not to exceed 15% of Petitioner's disposable income per month. 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 wage garnishment is **VACATED**.

SO ORDERED,



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H. Alexander Manuel  
Administrative Judge

**APPEAL NOTICE: You have the right to move for reconsideration of this case before the HUD Office of Hearings and Appeals within 20 days of the date of this ruling or decision; or, thereafter, to reopen this case. Ordinarily, such motions will not be granted absent a demonstration by the movant that there is substantial new evidence to be presented that could not have been presented previously. An appeal may also be taken of this decision to the appropriate United States District Court. For wage garnishments cases, See 24 C.F.R. § 17.81, 31 C.F.R. § 285.119f), and 5 U.S.C. 701, et seq. For administrative offset cases, See 24 C.F.R. § 17.73(a), and 5 U.S.C. § 701, et seq.**