

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

In the Matter of:

OTTIS CHILDERS,

Petitioner.

23-AM-0020-AG-010  
(Claim No. 5525684 LL 9244)

October 10, 2024

**NOTICE OF TRANSFER**

Due to the retirement of Administrative Judge H. Alexander Manuel, the above-captioned matter is reassigned to Administrative Law Judge Alexander Fernández-Pons for adjudication in accord with applicable statutes and regulations.

So **ORDERED**,



J. Jeremiah Mahoney  
Chief Administrative Law Judge

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

In the Matter of:

OTTIS CHILDERS,

Petitioner.

23-AM-0020-AG-010  
(Claim No. 5525684 LL 9244)

October 10, 2024

**DECISION AND ORDER**

On December 6, 2022, Ottis Childers (“Petitioner”) filed a *Hearing Request* (“*Request*”) seeking a hearing 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 judges of the 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**

On December 16, 1992, Petitioner executed and delivered to Sinclair-Oconee Homes a Retail Installment Contract (“Note”) in the amount of \$28,634.00, which was insured against nonpayment by the Secretary, pursuant to the National Housing Act, 12 U.S.C. § 1721(g). Contemporaneously, on December 16, 1992, the Note was assigned to Logan-Laws Financial Corporation (“Logan-Laws”).

Subsequently, the Government National Mortgage Association (“Ginnie Mae”), a division of HUD, defaulted Logan-Laws as an issuer of Mortgage-Backed Securities (“MBS”) due to its failure to comply with the MBS program requirements. Upon default, all of Logan-Laws’ rights, title, and interest in Petitioner’s loan were assigned to Ginnie Mae, and, therefore, to HUD.

HUD alleges Petitioner is currently in default on the Note and states it has made efforts to collect from the Petitioner but has been unsuccessful. HUD maintains that Petitioner is indebted to the Secretary in the following amounts:

- i. \$9,531.04 as the unpaid principal balance;
- ii. \$6,992.58 as the unpaid interest on the principal balance through March 8, 2023;  
and
- iii. 1% interest on said principal balance until paid.<sup>1</sup>

A “Notice of Intent to Initiate Administrative Wage Garnishment Proceedings” (“Notice”) dated October 6, 2022, sent by the U.S. Department of Treasury on behalf of HUD was received by Petitioner. In accordance with 31 C.F.R. § 285.11(e)(2)(ii), the Notice afforded Petitioner the opportunity to enter into a written repayment agreement with HUD under mutually agreeable terms.

HUD’s attempt to obtain Petitioner’s current income information was unsuccessful. Thus, HUD now proposes a repayment schedule equal to 15% of Petitioner’s disposable pay.

### **DISCUSSION**

The Secretary 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). Petitioner, thereafter, must 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, Petitioner may present evidence that the terms of the proposed repayment schedule are unlawful, would cause an undue hardship to Petitioner, or that the alleged debt is legally unenforceable. Id.

As evidence of the Petitioner’s indebtedness, the Secretary has filed the *Secretary’s Statement that Petitioner’s Debt is Past Due and Legally Enforceable and Secretary’s Proposed Repayment Schedule* together with a copy of the Note signed by Petitioner and the Declaration of Sharon Wandrick, Supervisor of Ginnie Mae’s Office of Issuer and Portfolio Management Monitoring Division, wherein Ms. Wandrick attests that Petitioner owes the full amount of the debt.

HUD contends the copy of the Note proves Petitioner is indebted to it because the express language of the Note, signed and agreed to by Petitioner, states that he agreed to repay the amount financed to the assignee of the Note. Specifically, the Note states that the “FINANCE CHARGE” is \$49,442.80, the “AMOUNT FINANCED” is \$28,634.00, and the “TOTAL OF PAYMENTS” is \$78,076.00. Further, under “Seller Assignor” Sinclair-Oconee Homes assigned the Note to Logan-Laws, which as discussed, was then assigned to the Secretary. Accordingly, the copy of the Note submitted by HUD under oath establishes the existence and the amount of the debt owed by Petitioner.

Petitioner contests the existence of the debt, asserting it was satisfied. In support of his contention, Petitioner provides a Certificate of Title, dated October 17, 2022, releasing a lien on

---

<sup>1</sup> If found liable for the debt, Petitioner may also be responsible for U.S. Department of Treasury debt collection fees pursuant to 31 U.S.C. § 3711(g)(6). Such fees may constitute 30% of the amount Petitioner allegedly owes HUD.

the property. However, Petitioner's document does not eliminate Petitioner's obligation to repay the outstanding balance on the Note. Rather,

[T]he release of lien on the mobile home does not necessarily indicate that HUD has been fully paid or has forgiven any amount due under the Note. Release of the lien simply means that HUD no longer has a security interest in Petitioner's property. As a result, even though the lien on the title of the mobile home has been released, Petitioner remains legally obligated to pay the remaining balance of the alleged debt.

In re Linda M. Williams, HUDOA No. 11-H-NY-AWG71 at 4 (July 15, 2011). Moreover, Petitioner has not submitted any proof that he has made payments to HUD that would have satisfied the debt in this case. Thus, Petitioner's evidence is insufficient to refute the evidence put forward by the Secretary and the Tribunal finds that Petitioner remains indebted to the Secretary for the full amount of the debt.

Accordingly, the Secretary may garnish up to 15% of Petitioner's disposable pay. Should Petitioner wish to negotiate repayment terms with the HUD, this Tribunal is not authorized to extend, recommend, or accept any payment plan or settlement offer on behalf of the HUD.<sup>2</sup> Petitioner is entitled to seek reassessment of the repayment schedule in the future in the event he experiences materially-changed financial circumstances. See 31 C.F.R. § 285.11(k).<sup>3</sup>

### ORDER

For the reasons set forth above, the Tribunal finds the subject debt 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 pay, or such other amount as determined by the Secretary, not to exceed 15% of Petitioner's disposable pay. 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,**  
**ALEXANDER**  
**FERNANDEZ-**  
**PONS**

Digitally signed by: ALEXANDER FERNANDEZ-PONS  
DN: CN = ALEXANDER FERNANDEZ-PONS C = US O = U.S. Government OU = Department of Housing and Urban Development, Office of the Secretary  
Date: 2024.10.10 12:11:42 -0400'

Alexander Fernández-Pons  
Administrative Law Judge

<sup>2</sup> The U.S. Department of Treasury has authority to negotiate and accept settlement offers related to this debt and can be reached at 1-888-826-3127.

<sup>3</sup> **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.).