
In the Matter of:

Reginald B. Taplin,

Petitioner

HUDBCA No. 03-A-CH-AWG26
Claim No. 78-416068

Reginald B. Taplin
3887 W. Point Drive
Los Angeles, CA 90065

Pro se

Michael Berke, Esq.
US Department of Housing and
Urban Development
Office of Assistant General Counsel
for Midwest Field Offices
77 West Jackson Boulevard, Room 2604
Chicago, Illinois 60606-3507

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 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.

On March 24, 1999 Petitioner executed and delivered to the Hilton Financial Group an installment note in the amount of \$25,000.00 for a home improvement loan that was insured against nonpayment by the Secretary pursuant to the National Housing Act, 12 U.S.C. § 1703. (Secretary's Statement, hereinafter "Secy. Stat.", Exhibit A). Thereafter, the Hilton Financial Group assigned the note to TMS Mortgage, d/b/a The Money Store. (Secy. Stat., Unmarked Exh.). Petitioner subsequently defaulted on the note. Consequently, TMS Mortgage assigned the note to the United States of America in accordance with 24 C.F.R. § 201.54. (Secy. Stat., Unmarked Exh.). The Secretary is the holder of the Note on behalf of the United States. (Secy. Stat., Unmarked Exh.). Petitioner is indebted to the Secretary in the following amounts: \$13,468.63 as the unpaid principal balance as of May 30, 2003; \$202.02 as the unpaid interest on the principal balance at 6% per annum through May 30, 2003; \$410.12 as the U.S. Department of Treasury Debt Management Service fee; \$3,417.67 as the private collection agency (PCA) fee; and interest on said principal balance from June 1, 2003, at 6% per annum until paid. (Declaration of Lester J. West, hereinafter "West Decl.").

Petitioner does not dispute the existence of the debt, but disputes the terms of the proposed repayment schedule and asserts that administrative wage garnishment would cause financial hardship. (Petitioner's Hearing Request form dated May 30, 2003). 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 failed to submit documentary evidence to substantiate his claim that the administrative wage garnishment of his disposable pay would cause financial hardship or that the amount of the debt is incorrect.

According to the Declaration of Lester J. West:

"HUD employee Larry Gagliardi Jr., contacted the Petitioner by phone on June 5, 2003, to request a copy of his current pay stub. On June 5, 2003, Petitioner faxed HUD a pay stub dated June 6, 2003 for pay period ending May 25, 2003 (Exhibit A). This pay stub indicates year-to-date "Mandatory Recovery" (wage garnishment)

of \$763.51. This year-to-date figure is based on garnishments of \$198.12 on May 22, 2003, \$198.22 on May 30, 2003, \$198.12 on June 5, 2003, and \$169.05 which have not yet been received by HUD but are indicated on the pay stub provided by Petitioner ("Exhibit "B"). The garnishment amount was calculated by the Petitioner's employer based on the Wage Garnishment Order for a garnishment of 15% of Petitioner's net disposable pay per pay period." (Secy. Stat., Exh. B).

Petitioner is presently subject to administrative wage garnishment, and this Board finds, in absence of evidence to the contrary, that the administrative wage garnishment in the amount determined by the Secretary is justified by the record of this proceeding.

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

In the absence of any evidence submitted by Petition to disprove the documentary evidence submitted by the Secretary, 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.

David T. Anderson
Administrative Judge

Date: August 7, 2003