

UNITED STATES DEPARTMENT OF AGRICULTURE
BEFORE THE SECRETARY OF AGRICULTURE

In re:)	AWG Docket No. 10-0061
)	
Christopher D. Pallente)	
)	
Petitioner)	Decision

On February 4, 2010, I held a hearing on a Petition to Dismiss the administrative wage garnishment proceeding to collect the debt allegedly owed to Respondent, USDA, Rural Development for a loss it incurred under a Single Family Housing Loan Guarantee. Petitioner, and Mary Kimball and Gene Elkin, who testified for Respondent, were duly sworn. Respondent proved the existence of the debt owed by Petitioner Christopher D. Pallente and his wife, Keirissa Palente, to Respondent for its payment of a loss sustained by JP Morgan Chase Bank, N.A., Loan number 1082842409, on the \$156,060.00 home mortgage loan the bank had made to Petitioner and his wife. The mortgage loan had been made on January 10, 2007, for property located at 7239 Sun Valley Drive, Twenty Nine Palms, CA 92277. Prior to signing this loan, Mr. and Mrs. Pallente signed a Request for Single Family Housing Loan Guarantee, under which they certified and acknowledged that if USDA, Rural Development paid a loss claim on the requested loan, they would reimburse USDA, Rural Development. Mr. and Mrs. Pallente defaulted on the loan on July 1, 2007. After the sale of the property by the bank, USDA, Rural Development paid \$81,352.51 to JP Morgan Chase Bank, N.A. Mr. and Mrs. Pallente have one child who is 2 ½ years old. Mr. Pallente is employed as a truck driver earning [REDACTED] month. Rent,

car payments and other monthly expenses leave Mr. and Mrs. Pallente with very little disposal income. They intend to file for bankruptcy, but need time to borrow the money needed for attorney fees. Therefore the present collection of any part of the debt would cause Petitioner undue, financial hardship within the meaning and intent of the provisions of 31 C.F.R. § 285.11.

USDA, Rural Development has met its burden under 31 C.F.R. §285.11(f)(8) that governs administrative wage garnishment hearings, and has proved the existence and the amount of the debt owed by the Petitioner. On the other hand, Petitioner showed that he would suffer undue financial hardship if any amount of money is garnished from his disposable income at any time during the next six (6) months. During that time, Mr. Davis shall make efforts to file for the protections of the bankruptcy laws. If he does not file for bankruptcy within the next six months, Mr. Pallente shall contact Treasury to discuss a settlement plan to pay the debt.

Under these circumstances, the proceedings to garnish Petitioner's wages are suspended and may not be resumed for six (6) months from the date of this Order.

Dated: February 4, 2010

Victor W. Palmer
Administrative Law Judge