

UNITED STATES DEPARTMENT OF AGRICULTURE  
BEFORE THE SECRETARY OF AGRICULTURE

Docket No. 12-0382

In re: MICHELLE MURPHY,  
Petitioner

**DECISION AND ORDER**

This matter is before the Office of Administrative Law Judges (“OALJ”) upon the request of Michelle Murphy (“Petitioner”) for a hearing to address the existence or amount of a debt alleged to be due to the United States Department of Agriculture, Rural Development Agency (“Respondent”; “USDA-RD”); and if established, the propriety of imposing administrative wage garnishment. On April 23, 2012, Petitioner requested a hearing. By Order issued May 9, 2012, a hearing was scheduled to commence on June 6, 2012, and the parties were directed to provide information and documentation to the Hearing Clerk for the Office of Administrative Law Judges for the United States Department of Agriculture.

On May 8, 2012, Respondent filed a Narrative, together with supporting documentation (“RX-1 through RX-6”). Petitioner filed correspondence denying the indebtedness and supporting her position (“PX-1”). The parties’ submissions are hereby formally entered into the record.

The hearing commenced as scheduled. Petitioner represented herself and credibly testified. Respondent was represented by Michelle Tanner, of the New Program Initiatives Branch of USDA-RD, Saint Louis, Missouri. Ms. Tanner credibly testified regarding USDA-RD’s submissions.

On the basis of the entire record before me, the following Findings of Fact, Conclusions of Law, and Order shall be entered:

## FINDINGS OF FACT

1. On December 23, 2004, the Petitioner obtained a home mortgage loan in the amount of \$79,000.00 from USDA-RD for the purchase of real property located in Kilgore, Texas, evidenced by Promissory Note and Deed of Trust. RX-1.
2. The loan fell into default and was accelerated for foreclosure. RX-2.
3. A foreclosure sale was held on October 5, 2010, and USDA-RD acquired the property for the sum of \$46,365.00. RX-3.
4. USDA-RD and Chase developed a property disposition plan that valued the property for less than the sale price. RX-5.
5. At the time of the sale, the total due on Petitioner's mortgage account was \$79,408.89 consisting of principal, interest, fees and advances. RX-4
6. After crediting the account for sale proceeds, the amount due to USDA-RD was \$33,052.89. RX-4; RX-5.
7. Petitioner failed to negotiate a settlement of the loss claim with USDA-RD, and thereafter, USDA-RD referred the loss payment to the U.S. Department of Treasury ("Treasury") as a debt of the Petitioner. RX-6.
8. The debt is at Treasury for collection in the amount of \$32,329.00, plus potential fees of \$9,052.12. RX-6.
9. Petitioner was advised of intent to garnish her wages to satisfy the indebtedness.
10. Petitioner requested a hearing, and provided written submissions.
11. Chase also specifically stated that the Borrowers were not personally liable for the payment of the debt.

## CONCLUSIONS OF LAW

1. The Secretary has jurisdiction in this matter.
2. All procedural requirements for administrative wage offset set forth at 31 C.F.R. §285.11 have been met.
3. Petitioner's request for a hearing was not timely, and her wages have been garnished.
4. The amounts collected by Treasury through garnishment have been applied against Petitioner's account.
4. Respondent has established the existence of a valid debt due to the United States from Petitioner.
4. Petitioner has established the existence of a hardship as comprehended by prevailing statute and regulations.
5. Wage garnishment shall cease immediately and shall remain suspended until April, 2017, when it is anticipated that some of Petitioner's other debts shall be satisfied.
6. Amounts collected through wage garnishment and applied to Petitioner's account shall remain credited to the account.
7. Treasury may implement other appropriate collection action until the suspension on wage garnishment is lifted.

## **ORDER**

1. The Administrative Wage Garnishment may NOT proceed at this time.
2. As of April, 2017, wage garnishment may be implemented at the appropriate legal percentage of Petitioner's Monthly Disposable Income.
3. By not later than February 28, 2017, Petitioner shall provide to Treasury's agents and to USDA-RD a complete and detailed account of her income and expenses

4. Amounts collected and applied to Petitioner's account shall remain credited to the account.
5. Petitioner is advised that this Decision and Order does not prevent payment of the debt through offset of any federal money payable to Petitioner.
6. Petitioner is further advised that a debtor who is considered delinquent on debt to the United States may be barred from obtaining other federal loans, insurance, or guarantees. See, 31 C.F.R. § 285.13.
7. Until the debt is satisfied, Petitioner shall give to USDA-RD or those collecting on its behalf, notice of any change in his address, phone numbers, or other means of contact. Petitioner may direct questions to USDA-RD's representatives, c/o:

USDA New Program Initiatives Branch  
Rural Development Centralized Servicing Center  
4300 Goodfellow Blvd. F-22  
St. Louis, MO 63120  
314-457-5592  
314-457-4426 (facsimile)

8. Petitioner is advised that if she acquires the ability to negotiate a lump sum payment, she may be able to enter into a compromise settlement of the debt with the representatives of Treasury. The toll free number for Treasury's agent is **1-888-826-3127**.

Copies of this Decision and Order shall be served upon the parties by the Hearing Clerk's Office.

So Ordered this 7th day of June, 2012 in Washington, D.C.

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Janice K. Bullard  
Administrative Law Judge