

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

In the Matter of:

AZARIAS OCHOA,

Petitioner.

Docket No. 25-SG-0094-AO-017
(Claim No. 721027949)

April 14, 2026

DECISION AND ORDER

This matter is before the Court upon a *Hearing Request* filed by Azarias Ochoa (“Petitioner”) on November 27, 2024. In the *Hearing Request*, Petitioner disputes the existence of a debt owed to the United States Department of Housing and Urban Development (“HUD” or “the Secretary”) that HUD was seeking to collect via administrative offset under 31 U.S.C. § 3716. Specifically, Petitioner claims this debt was paid by a title company and references conversations he had with the title company.

On December 2, 2024, Petitioner and HUD were each ordered to submit documentary evidence related to the existence and enforceability of this debt. HUD timely complied with the order and filed the *Secretary’s Statement that Petitioner’s Debt is Past Due and Legally Enforceable* (“Secretary’s Statement”) on December 9, 2024. Petitioner, however, did not comply with the Court’s order.

Having not received any response from Petitioner, this Court issued an *Order to Show Cause* on February 4, 2025, wherein Petitioner was again ordered to file documentary evidence in support of the position that the debt was paid. However, Petitioner failed to respond and, to date, has not presented any evidence to the Court.

The Parties have been afforded the opportunity to present arguments and evidence in support of their prospective positions. Accordingly, this matter is ripe for decision.¹

APPLICABLE LEGAL PRINCIPLES

Administrative Offset. The Debt Collection Improvement Act of 1996 authorizes federal agencies to use administrative offset as a mechanism for the collection of debts owed to

¹ While Petitioner’s request for reconsideration was pending, a lapse in appropriations occurred that resulted in a federal government shutdown and the closure of this Court and furlough of all its judges and employees for approximately six weeks. Due to this closure, a *Notice and Stay of Proceedings* was issued on October 1, 2025, staying all matters pending before the Court, including the instant matter. The stay of this matter is now **LIFTED**. Although the Court has reopened, the government shutdown, which was the longest in history and was followed by a second, shorter shutdown in February 2026, has caused a significant backlog that is being addressed.

the United States government. See 31 U.S.C. §§ 3716, 3720A. An administrative offset is the mechanism for withholding funds payable by the United States to a person to satisfy a claim. 31 U.S.C. § 3701(a)(1).

Hearings. This Court has jurisdiction to determine whether Petitioner’s alleged debt is past due and legally enforceable. See 24 C.F.R. §§ 17.61 *et seq.* The debtor has the right to review HUD’s records related to the debt and to present their own evidence. Id. Thereafter, the Court will then review the written record of the proceeding to determine whether, by a preponderance of evidence, all or part of that debt is past due and legally enforceable. Id. at § 17.69(c). Upon reaching that determination, the Court must issue a written decision that constitutes the final agency decision with respect to the past due status and enforceability of the debt. Id. § 17.73(a).

FINDINGS OF FACT

In May of 2021, Petitioner’s home was in default, and Petitioner was threatened with foreclosure. As a means of providing foreclosure relief to Petitioner, HUD advanced funds to Petitioner’s FHA-insured primary mortgage lender to bring the primary note current. In exchange for such funds, Petitioner executed on June 5, 2021,² a Promissory Note (“HUD Note”) in the principal amount of \$ 9,218.74, and a Partial Claims Mortgage.

The terms of the HUD Note required payment by April 1, 2050, or earlier when the first of the following events occurs:

- i. The Borrower has paid in full all amounts due under the primary Note and related mortgage, deed of trust, or similar Security Instruments insured by the Secretary; or
- ii. The maturity date of the primary Note has been accelerated; or
- iii. The primary Note and related mortgage, deed of trust, or similar Security Instrument are no longer insured by the Secretary.

The HUD Note required that payment be made to “Office of Housing FHA-Comptroller, Director of Mortgage Insurance Accounting and Servicing, 451 Seventh Street, SW, Washington, DC 20410 or any such other place as [the Secretary of HUD] may designate in writing by notice to Borrower.”

On January 18, 2022, the FHA insurance on Petitioner’s primary note was terminated when the primary lender notified HUD that the primary note was paid in full. Pursuant to the terms of the HUD Note, Petitioner’s debt to the Secretary became immediately due and payable. However, Petitioner did not make payment on the HUD Note as required. As a result, Petitioner’s debt to HUD became delinquent.

² The HUD Note was dated May 28, 2021, but was not signed by Petitioner until June 5, 2021.

On September 16, 2024, HUD issued a notice to Petitioner regarding this outstanding debt. The Notice instructed Petitioner, “If you sold or refinanced your home and have evidence that HUD was paid through this transaction, please provide a copy of the cancelled check (front and back) that was made payable to HUD.” The Notice also informed Petitioner of payment instructions if he is unable to provide evidence of payment to HUD. Petitioner did not make payment on the debt or provide the requested proof of repayment. As such, on October 14, 2024, HUD issued a Notice of Intent to Collect by Treasury Offset (“Notice of Intent”) to Petitioner.

HUD has attempted to collect this debt from Petitioner, but has been unsuccessful. Therefore, the Secretary alleges Petitioner is indebted to HUD in the following amounts:

- i. \$ 9,218.74 as the unpaid principal balance as of November 30, 2024;
- ii. \$ 92.19 as the unpaid interest on the principal balance at 4.0% per annum through November 30, 2024;
- iii. \$ 0.00 as the unpaid penalties as of November 30, 2024; and
- iv. interest on said principal balance from December 1, 2024, at 4.0% per annum until paid.

DISCUSSION

Petitioner states in the *Hearing Request* that the debt was paid by a title company. Petitioner added that he spoke with the title company that confirmed to him that the “final payoff has been paid.” He added that a mortgage company was researching where the payment was sent. However, Petitioner did not provide any evidence in support of these claims.

In response, HUD filed the *Secretary’s Statement* wherein it was explained that the debt arises from the HUD Note. In support of its position, HUD produced a copy of the HUD Note and the Partial Claims Mortgage, which were both signed by Petitioner. HUD also submitted the sworn Declaration of Brian Dillon (“Declaration”), who is the Director for the Asset Recovery Division of HUD’s Financial Operations Center. In the Declaration, Mr. Dillon explains that HUD has not been repaid despite efforts to collect from Petitioner.

As noted *supra*, Petitioner had multiple opportunities to produce evidence in support of his position that a title company paid off this debt to HUD. The initial Notice from HUD on September 16, 2024, instructed Petitioner to provide a copy of the cancelled check that was issued to satisfied the debt. Indeed, evidence demonstrating a debtor is not liable for the full amount of a debt requires, “either a release in writing from the former lender explicitly relieving [the] obligation, or valuable consideration accepted by the lender indicating [the] intent to release.” *In re Teresa Holder*, HUDOHA No. 22-VH-0097-AG-069 (Dec. 21, 2023).

This Court’s orders also requested evidence that this debt was paid. However, to date, Petitioner has not provided such evidence or otherwise responded. Therefore, HUD’s evidence is unrefuted and establishes that Petitioner’s debt to HUD is past due and enforceable. *See* 24 C.F.R. § 17.69(c); *see also*, *In re Hongmei Zhang*, HUDOHA No. 23-AF-0163-AG-093, slip op.

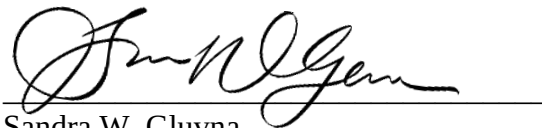
at 3 (Dec. 3, 2024) (This Court has consistently held that “assertions without evidence are not sufficient to show that the debt claimed by the Secretary is not past due or unenforceable.”).

ORDER

For the reasons set forth above, the Court finds the debt that is the subject of this proceeding is legally enforceable against Petitioner in the full amount claimed by the Secretary. Accordingly, it is **ORDERED** that the Secretary is authorized to seek collection of this outstanding obligation by means of administrative offset in the amount claimed.

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 offset, issued on December 2, 2024, is **VACATED**.

SO ORDERED,

A handwritten signature in black ink, appearing to read "Sandra W. Gluvna", is written over a horizontal line.

Sandra W. Gluvna
Administrative Judge

Finality of Decision. Pursuant to 24 C.F.R. § 17.73(a), this constitutes the final agency action for the purposes of judicial review under the Administrative Procedure Act (5 U.S.C. § 701 *et seq.*).