

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

In the Matter of:

ANITA CHILES,

Petitioner.

Docket No. 24-VH-0330-AO-057  
(Claim No. 7-210257290B)

August 1, 2025

**DECISION AND ORDER**

This matter is before this Court upon a *Hearing Request* filed by Anita Chiles (“Petitioner”) on July 22, 2024, pursuant to 24 C.F.R. § 17.69(a), concerning an alleged debt that the United States Department of Housing and Urban Development (“HUD” or “the Secretary”) seeks to collect from Petitioner via administrative offset under 31 U.S.C. § 3716. In the *Hearing Request*, Petitioner contests the existence of the debt. The Secretary requests a finding that the debt is past due and legally enforceable.

**LEGAL FRAMEWORK**

The Debt Collection Improvement Act of 1996 authorizes federal agencies to use administrative offset as a mechanism for the collection of debts owed to the United States government. See 31 U.S.C. §§ 3716, 3720A. This Court has jurisdiction to determine whether Petitioner’s alleged debt is past due and legally enforceable pursuant to 24 C.F.R. §§ 17.61 *et seq.*

A petitioner has the right to review the Secretary’s case and present the petitioner’s own evidence. See 24 C.F.R. § 17.69(a)-(b). This Court will then review the written record of the proceeding to determine whether, by a preponderance of the evidence, all or part of that debt is past due and legally enforceable. Id. at § 17.69(c). Thereafter, this 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. at § 17.73(a).

**FINDINGS OF FACT**

Petitioner executed and delivered a Subordinate Note, dated April 23, 2009, in favor of the Secretary in the principal amount of \$6,527.68 (“First HUD Note”). Petitioner also executed and delivered a Subordinate Note, dated July 4, 2013, in favor of the Secretary in the principal amount of \$6,968.78 (“Second HUD Note”).<sup>1</sup> The funds secured by the Notes were paid by the

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<sup>1</sup> The First HUD Note and the Second HUD Note are collectively referred to herein as the “Notes.”

Secretary to Petitioner's primary mortgage lender to bring Petitioner's primary mortgage current and provide foreclosure relief to Petitioner.

The terms of the First HUD Note included Petitioner's promise to pay, secured by a mortgage, deed of trust, or similar security instrument to protect the Secretary from losses if Petitioner defaulted on the First HUD Note. The First HUD Note required payment on April 1, 2025, or, if earlier, when the first of the following events occurs:

- i. 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 Note and related mortgage, deed of trust or similar Security Instrument are no longer insured by the Secretary, or
- iv. The property is not occupied by the purchaser as his or her principal residence.

The terms of the Second HUD Note also included Petitioner's promise to pay, secured by a mortgage, deed of trust, or similar security instrument to protect the Secretary from losses if Petitioner defaulted on the Second HUD Note. The Second HUD Note required payment on July 1, 2043, or, if earlier, when the first of the following events occurs:

- i. 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 Note and related mortgage, deed of trust or similar Security Instrument are no longer insured by the Secretary, or
- iv. The property is not occupied by the purchaser as his or her principal residence.

On October 6, 2022, the Federal Housing Administration insurance on Petitioner's primary mortgage was terminated, as the primary lender indicated that the mortgage was paid in full. The Secretary alleges that Petitioner is indebted to HUD in the following amounts:

- i. \$13,496.46 as the total unpaid principal balance as of June 30, 2024;
- ii. \$89.96 as the unpaid interest on the principal balance at 4.00% per annum as of June 30, 2024; and
- iii. interest on said principal balance from July 1, 2024 at 4.00% per annum until paid.

A Notice of Intent to Collect by Treasury Offset was sent to Petitioner's last known address on June 24, 2024.

## **DISCUSSION**

As noted above, Petitioner may present evidence to demonstrate that all or part of the debt is not past due. 24 C.F.R. §§ 17.69(a)-(b). Petitioner submitted two subordinate deeds of trust and argues that she did not have to repay the First HUD Note until April 1, 2025, and that

she does not have to repay the Second HUD Note until July 1, 2043. However, the Notes became due, pursuant to their terms, on October 6, 2022, when the Federal Housing Administration insurance on Petitioner's primary mortgage was terminated.<sup>2</sup>

As evidence of the Petitioner's indebtedness, HUD filed the *Secretary's Statement that Petitioner's Debt is Past Due and Legally Enforceable* together with a copy of the Notes and the Declaration of Brian Dillon, wherein Mr. Dillon, Director of HUD's Asset Recovery Division, states the amount owed by Petitioner. The express language of the Notes, signed and agreed to by Petitioner, states under "Borrower's Promise to Pay" that "[i]n return for a loan received from Lender, Borrower promises to pay the principal sum... to the order of the Lender." The Notes further state that payment shall be made at the Office of the Housing FHA-Comptroller, Director of Mortgage Insurance Accounting and Servicing, 451 Seventh Street, SW, Washington, DC 20410. Accordingly, the copy of the Notes submitted by HUD under oath is sufficient to establish the existence and the amount of the debt owed by Petitioner.

Moreover, the documents submitted by Petitioner do not prove that Petitioner made payments to HUD to satisfy the debt in this case or that HUD has otherwise released Petitioner of her liability to repay the debt. "For Petitioner not to be held liable for the full amount of the subject debt, there must be either a release in writing from the former lender explicitly relieving Petitioner's obligation, 'or valuable consideration accepted by the lender' indicating intent to release." *In re Gisela Gonzalez Figueroa*, HUDOHA No. 24-AF-0015-AO-003 (Dec. 6, 2024). Absent any such evidence, the subject debt is past due and legally enforceable against Petitioner in the amount claimed by the Secretary.

### **ORDER**

For the reasons set forth above, this 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 by the Secretary.

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<sup>2</sup> As discussed above, the insurance on Petitioner's primary mortgage was terminated because the primary lender indicated that the mortgage was paid in full.

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, imposed on July 24, 2024, is **VACATED**.

**SO ORDERED,**



ALEXANDER FERNANDEZ-PONS  
CN = ALEXANDER FERNANDEZ-  
PONS C = US O = U.S. Government  
OU = Department of Housing and Urban  
Development, Office of the Secretary  
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Alexander Fernández-Pons  
Administrative Law Judge

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**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.*).