

UNITED STATES DEPARTMENT OF AGRICULTURE
BEFORE THE SECRETARY OF AGRICULTURE

In re:)	AWG Docket No. 10-0216
)	
Karen Glover,)	
)	
Petitioner)	Decision and Order

On August 3, 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 losses it incurred under an assumed Single Family Housing Loan and a new loan given by Respondent to Petitioner Karen Glover. Petitioner, Karen Glover, and Mary Kimball who testified for Respondent, were each duly sworn.

Respondent proved the existence of the debt owed by Petitioner for payment of the loss Respondent sustained on the loan given to Petitioner to finance the purchase of a home located at 15 Chase Park, Batavia, N.Y. The loan was evidenced by a Promissory Note in the amount of \$57,000 dated April 29, 1994. Petitioner defaulted on the loan and a short sale was held on June 17, 2009, and USDA, Rural Development received \$38,227.73. Prior to the sale, the amount owed to Respondent, USDA, Rural Development, was \$46,090.37 for principal, interest, and other expenses. After the sale, Petitioner owed \$7,862.64 plus \$551.06 to replace escrow deposits. Since the sale, \$591 has been collected by the U. S. Treasury Department in offsets from income tax refunds that Petitioner otherwise would have received. The amount that is presently owed on the debt is \$7,821.34 plus potential fees to Treasury of \$2,189.98, or \$10,011.32 total.

Petitioner is employed as a Personal Trainer. She is married and has a 14 year old

daughter who attends a public high school. Petitioner earns [REDACTED] an hour or [REDACTED]0 net per month. Her husband has net monthly income of approximately [REDACTED]. Petitioner has filed and testified to the accuracy of a Consumer Debtor Financial Statement that shows her monthly family expenses to be: mortgage payment-[REDACTED], phone-[REDACTED] gasoline-[REDACTED] electricity [REDACTED], water-[REDACTED], food-[REDACTED], medical expenses-[REDACTED] home insurance-[REDACTED] car insurance-[REDACTED] home repairs-[REDACTED], TV cable-[REDACTED], real estate taxes-[REDACTED], license certification and required courses-[REDACTED] and miscellaneous-[REDACTED] These expenses total [REDACTED] and when deducted from the combined net monthly income of Petitioner and her husband of \$3,900.00, there is no disposable income, and nothing may presently be subject to wage garnishment. I have concluded that 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 she would suffer undue financial hardship if any amount of money is garnished from her disposable income at any time during the next six (6) months. During that time, Mrs. Glover will 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.

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

Dated: August 3, 2010

Victor W. Palmer
Administrative Law Judge