

UNITED STATES DEPARTMENT OF AGRICULTURE
BEFORE THE SECRETARY OF AGRICULTURE

In re:)	
)	AWG Docket No. 11-0143
Chalonda D. Hobson,)	
)	
Petitioner)	Decision and Order

1. The hearing by telephone was held as scheduled on April 13, 2011. Chalonda D. Hobson, the Petitioner (“Petitioner Hobson”), represents herself (appears *pro se*) and failed to appear. [She failed to appear by telephone; she did not answer at the number she provided on her Hearing Request, and she provided no other telephone number.]

2. Rural Development, an agency of the United States Department of Agriculture (USDA), is the Respondent (“USDA Rural Development”) and was represented by Mary E. Kimball. The address for USDA Rural Development for this case is

Mary E. Kimball, Branch Accountant
USDA / RD New Program Initiatives Branch
Bldg 105 E, FC-22, Post D-2
4300 Goodfellow Blvd
St Louis MO 63120-1703

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Summary of the Facts Presented

3. Petitioner Hobson owes to USDA Rural Development a balance of **\$22,381.28**, in repayment of a \$31,150.00 United States Department of Agriculture Farmers Home Administration loan made in 1996 for a home in Mississippi, the balance of which is now unsecured (“the debt”). *See* USDA Rural Development Exhibits, plus Narrative, Witness & Exhibit List (filed March 21, 2011), plus Mary Kimball’s testimony, all of which are admitted into evidence.

4. Potential Treasury fees in the amount of 28% (the collection agency keeps 25% of what it collects; Treasury keeps another 3%) on **\$22,381.28** would increase the current balance by \$6,266.76, to \$28,648.04. *See* USDA Rural Development Exhibits, esp. RX 8.

5. In September 2010, Petitioner Hobson sold the home in a “short sale.” Based on the appraisal (RX 6), Petitioner Hobson’s sale was priced right. By the time of the short sale, \$4,630.98 in interest had accrued, and \$7,259.26 in fees. The \$38,859.64 due prior to the short sale included:

	\$ 26,969.40 principal
	4,630.98 accrued interest
	<u>7,259.26</u> “fee” balance [real property taxes likely included]
	\$ 38,859.64

less escrow balance - 390.24

	\$ 38,469.40
	=====

6. The short sale in September 2010 yielded \$11,500.00, which reduced the \$38,469.40 amount owed to \$26,969.40. Uncollected interest (\$1,403.88) increased the debt to \$28,373.28. A \$6,009.00 Treasury *offset*, minus the \$17.00 collection fee, has paid down the debt by \$5,992.00, reducing the balance to **\$22,381.28**. *See* RX 7.

7. Petitioner Hobson’s Hearing Request with statements and pay stubs (submitted in January 2011) are admitted into evidence and show that Petitioner Hobson works 2 jobs, making \$8.07 per hour (gross) at the nursing home working probably less than half-time; and making \$7.25 per hour (gross) on the week-end job for the rehabilitation center, perhaps for 11 hours each week-end. [Without testimony from Petitioner Hobson, and without a completed Consumer Debtor Financial Statement, I do not have all the information I would prefer to have.] Petitioner Hobson’s monthly gross income from the two jobs together may be less than \$1,000.00 per month; her weekly gross income may be roughly 30 times Federal minimum wage. It appears to me that any garnishment would result in **financial hardship** to Petitioner Hobson and is NOT authorized. 31 C.F.R. § 285.11.

8. Petitioner Hobson is responsible and able to negotiate the disposition of the debt with Treasury’s collection agency.

Discussion

9. Any garnishment would result in **financial hardship** to Petitioner Hobson and is NOT authorized. *See* paragraph 7. I encourage **Petitioner Hobson and the collection agency** to **negotiate promptly** the repayment of the debt. Petitioner Hobson, this will

require **you** to telephone the collection agency after you receive this Decision. The toll-free number for you to call is **1-888-826-3127**. Petitioner Hobson, you may choose to offer to the collection agency to compromise the debt for an amount you are able to pay, to settle the claim for less.

Findings, Analysis and Conclusions

10. The Secretary of Agriculture has jurisdiction over the parties, Petitioner Hobson and USDA Rural Development; and over the subject matter, which is administrative wage garnishment.
11. Petitioner Hobson owes the debt described in paragraphs 3, 4, 5 and 6.
12. Any garnishment would result in **financial hardship** to Petitioner Hobson and is NOT authorized. 31 C.F.R. § 285.11.
13. This Decision does not prevent repayment of the debt through *offset* of Petitioner Hobson's **income tax refunds** or other **Federal monies** payable to the order of Ms. Hobson.

Order

14. Until the debt is repaid, Petitioner Hobson shall give notice to USDA Rural Development or those collecting on its behalf, of any changes in her mailing address; delivery address for commercial carriers such as FedEx or UPS; FAX number(s); phone number(s); or e-mail address(es).
15. USDA Rural Development, and those collecting on its behalf, are **NOT** authorized to proceed with garnishment. 31 C.F.R. § 285.11.

Copies of this Decision shall be served by the Hearing Clerk upon each of the parties.

Done at Washington, D.C.
this 13th day of April 2011

s/ Jill S. Clifton

Jill S. Clifton
Administrative Law Judge

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