DEPARTMENT OF DEFENSE
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 19-03679
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Jeffrey T. Kent, Esq., Department Counsel
For Applicant: Brittany Forrester, Esq.

08/22/2022

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Decision

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HARVEY, Mark, Administrative Judge:

Applicant did not meet his burden of proving a reasonable dispute of his obligation to repay a mortgage debt of about $70,000. He failed to mitigate security concerns arising under Guideline F (financial considerations). Eligibility for access to classified information is denied.

Statement of the Case

On July 24, 2018, Applicant completed and signed an Electronic Questionnaires for National Security Positions or security clearance application (SCA). (Government Exhibit (GE) 1) On April 12, 2021, the Defense Counterintelligence and Security Agency Consolidated Adjudications Facility (DCSA CAF) issued a statement of reasons (SOR) to Applicant under Executive Order (Exec. Or.) 10865, *Safeguarding Classified Information within Industry*, February 20, 1960; DOD Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (Directive), January 2, 1992; and Security Executive Agent Directive 4, establishing in Appendix A the *National Security Adjudicative Guidelines for Determining Eligibility for Access to Classified Information or Eligibility to Hold a Sensitive Position* (AGs), effective June 8, 2017. (Hearing Exhibit (HE) 2)

The SOR detailed reasons why the DCSA CAF did not find under the Directive that it is clearly consistent with the interests of national security to grant or continue a security clearance for Applicant and recommended referral to an administrative judge to determine whether a clearance should be granted, continued, denied, or revoked.

Specifically, the SOR set forth security concerns arising under Guideline F. (HE 2) On May 21, 2021, Applicant responded to the SOR and requested a hearing. (Transcript (Tr.) 10; HE 3) On August 6, 2021, Department Counsel was ready to proceed. Processing of the case was delayed due to the COVID-19 pandemic.

On June 28, 2022, the case was assigned to me. On July 11, 2022, the Defense Office of Hearings and Appeals (DOHA) issued a notice of hearing, setting the hearing for August 3, 2022. (HE 1) The hearing was held as scheduled. During the hearing, Department Counsel offered 12 exhibits; Applicant offered 29 exhibits; there were no objections, and all exhibits were admitted into evidence. (Tr. 14-19; GE 1-12; Applicant Exhibit (AE) A-AE CC) On August 12, 2022, DOHA received a transcript of the hearing. I received six post-hearing exhibits, which were admitted into evidence without objection. (AE DD-AE II) On August 15, 2022, Applicant indicated all exhibits were provided, and the record closed on August 15, 2022. (AE 5)

Some details were excluded to protect Applicant's right to privacy. Specific information is available in the cited exhibits and transcript.

Findings of Fact

In Applicant's SOR response, he denied the SOR allegation in ¶ 1.a. (HE 3) He also provided mitigating information.

Applicant is a 54-year-old systems engineer who has been employed by a DOD contractor in the area of information technology for several years. (Tr. 20-21) In 2006, he married, and his three children are 9, 10, and 12. (Tr. 20) He attended college, and he did not receive a degree. (Tr. 21) He has not served in the military. (Tr. 21) His exceptionally detailed resume provides additional information about his background and training. (AE BB (pg. 461-471)) The summary indicates:

> A hands-on computer consultant/manager and critical thinking that can learn quickly and develop expertise, and produce immediate contributions in system and analysis, businesses operation and motivational team management. Possess a valuable blending of leadership, creative and analytical abilities that combine efficiency with imagination to produce bottom line results. (*Id*. at 460)

Financial Considerations

In January 2014, Applicant's net monthly pay was about $10,000. (AE EE (pg. 486-487)) Later in 2014, Applicant his net monthly pay was about $18,000. (AE GG (pg. 510)) He had a brief period of unemployment in 2014. From late 2014 to March 2017, his annual salary was about $100,000. (Tr. 59-62, 64; AE HH (pg. 513)) In 2018, Applicant's annual salary was $170,000. (Tr. 52) His current annual salary is $145,000. (Tr. 49) His spouse did not work outside their home from 2015 to 2021. (Tr. 50) He spends about $11,000 annually to support his autistic child. (Tr. 57)

SOR ¶ 1.a alleges a charged-off account for $71,997. In 2006, Applicant purchased his residence for $387,000 with financing his builder provided. (Tr. 24) His home's purchase was financed with two loans from the same mortgage lender (C1), primary mortgage account XX35 and secondary mortgage account XX77. (Tr. 24-25; HE 3) Lender C1 sold the two loans to Lender A. He made two separate payments to the lenders for the two mortgages. (Tr. 32)

Applicant's November 14, 2006 mortgage agreement indicates the primary mortgage amount was $311,500, the annual interest rate was 8.5 percent, the loan period was 30 years, and the monthly payment was $2,284. (pg. 279) His credit report states he had a $290,643 conventional mortgage (XX35), opened in 2006, modified in 2014, and closed in May 2021, and it was in a "[p]ays account as agreed" status in 2021. (GE 6 at 6) An April 29, 2009 bill from Lender A for first mortgage account XX35 indicates the balance was $309,214 with a monthly payment is $2,398. (AE L (pg. 103-104)) From January 2015 to October 2015, Applicant made the $2,686 monthly payments on his primary mortgage account (XX35), although some of the payments were made 15 to 30 days late. (AE X) This account was transferred or sold to another mortgage company, Lender C2, and then to Lender Q, on May 21, 2021. (GE 6 at 5) Applicant currently has a $299,873 FHA mortgage with an $1,835 monthly payment. (GE 6 at 5) The Lender Q mortgage is in a "[p]ays account as agreed" status. (Tr. 35; GE 6 at 5) The Lender Q annual interest rate is 2.9 percent. (Tr. 36) Applicant's handling of the XX35 mortgage account does not raise a security concern; however, the relationship between the primary mortgage XX35 with the secondary mortgage XX77 will be briefly discussed, *infra*.

In 2006, Applicant also borrowed $77,822 at an 11.25 percent annual interest rate from Lender C, and his contract specified monthly payments of $756. (AE K (pg. 75-76); AE Y (pg. 295-297)) An April 29, 2009 bill from Lender A for second mortgage account XX77 indicates the balance was $77,071 with a monthly payment is $756. (AE L (pg. 105-106))

Around 2014 to 2015, Applicant changed employment, and he received less pay. (Tr. 26-27) He also had a period of unemployment. (AE EE (pg. 478)) He called mortgage lender A, and he asked for better loan terms. (Tr. 28) He stopped paying his two mortgages. (Tr. 27-28) Lender A provided loan modification documentation; however, Applicant had difficulty completing the application and providing all of the supporting documentation, which was extensive. (Tr. 28-30) In April 2014, Applicant submitted documentation to modify both of the mortgages. (Tr. 34; AE EE (pg. 478-482)) The two loan numbers were written on the bottom of the loan modification request. (*Id*.) After three or four months, a mortgage modification was approved. (Tr. 30-31)

The new loan modification agreement states it "amends and supplements (1) the Mortgage, Deed of Trust, or Deed to Secure Debt (the 'Security Instrument'), dated the 14 day of November, 2006 and in the amount of $311,500.00." (Tr. 39; AE K (pg. 91); AE M (pg. 109) The new principal balance was $304,764. (AE K (pg. 93; AE M (pg. 111)) Applicant insisted that he believed two mortgages for about $310,000 and $70,000 were merged into one mortgage for about $311,000. (Tr. 40) Applicant successfully completed

the three-month trial period, and he said he received payment instructions for one mortgage. (Tr. 31-32)

Applicant's July 1, 2015 Lender A statement for account XX77 shows he paid $756 the previous month and $844 in the year to date. (AE P (pg. 163)) His August 1, 2015 Lender A statement for account XX77 shows he paid $756 the previous month and $1,600 year to date. (AE Q (pg. 170)) On August 19, 2015, the Lender A wrote Applicant that his new principal balance of the second mortgage was $79,389, which included unpaid interest of $7,391. (AE X (pg. 225-226) Interest was added to his principal balance. (*Id.*) His new monthly payment was $1,339, and the first payment was due on September 1, 2015. (*Id*.) His September 1, 2015 Lender A statement for account XX77 shows he paid $756 the previous month and $2,356 year to date. (AE R (pg. 177)) He did not make any additional payments to Lender A for account XX77 after August 2015, and the payment for the year to date remained at $2,356 for the remainder of 2015. (AE V (pg. 205))

Lender A noted that correspondence was sent to Applicant on the following dates after the August 1, 2015 trial period: November 23, 2015; December 29, 2015; and September 5, 2017. (HE 3 at 9) Applicant denied that there were two loan modifications submitted, and he denied there was a trial period which consisted of monthly trial payment in the amount of $756.37, beginning June 1, 2015, through August 1, 2015. (Tr. 42)

The following exchange occurred between Department Counsel and Applicant:

> [Department Counsel]: I'm looking at a letter dated August 19, 2015, for account number [XX]77, and it's talking about a principal balance of $79,000. Are you telling me that your first mortgage was only $79,000?
>
> [Applicant]: No. I'm saying that the mortgage that I paid on was the first mortgage, which was a much larger sum.
>
> [Department Counsel]: Right, but in 2015 you did a trial plan to get your second mortgage back on track.
>
> [Applicant]: No, I didn't, because there was only one loan modification application that I submitted. If there were two mortgage applications, then I would say, okay, there would be a separate statement for that, but I only submitted one application.
>
> [Department Counsel]: What if you did a loan modification on the first mortgage and then you also did this trial plan to fix your second mortgage? Do you think that's possibly what happened?
>
> [Applicant]: I don't think so. I only had one payment stub coming from [Lender A] as one payment.
>
> [Department Counsel]: So let's see. So in 2015, though, you were receiving separate statements just for your second mortgage, weren't you?

> [Applicant]: Before the mortgage modification was occurring, yes, I was receiving two separate statements, two separate mortgage accounts, two separate amounts. After the mortgage modification submission went through, [Lender A] was only sending one mortgage statement to me at my address, actually in a certified overnight letter, so they were very diligently Fed Ex'ing these trial statements to my home [address omitted]. So the trial itself to them was very important. And as I said, they were sending FedEx mail overnight to make sure that those payments were made on time, and I sent them as well. (Tr. 42-43)

Applicant provided payment records from Lender A, which showed that Applicant paid $2,686 to address his XX35 debt 11 out of 12 months from December 2014 to December 2015. (AE X (pg. 247-248))

Applicant received multiple bills from Lender A. (AE N-AE W (pg. 149-209)) For example, on December 16, 2015, Lender A wrote Applicant and advised him that his regular monthly payment was $756; he owed $5,964 in interest payments for the period before June 1, 2015; and he accumulated $12,279 in overdue interest payments for the period up to January 1, 2016. (AE V (pg. 205, 209)

Applicant said he responded to Lender A's requests for payments, indicating he believed the $79,000 second mortgage was included in the loan modification in 2014. (Tr. 34) In 2017, Applicant complained to the state attorney and Consumer Credit Bureau about Lender A's attempts to receive payment for the $72,000 mortgage. (Tr. 63) Lender A received correspondence about loans XX35 and XX77 from Applicant on August 16, 2017, and September 3, 2017. (HE 3 at 6) On September 15, 2017, Lender A provided a detailed history of the two loans, including supporting documentation. (*Id.*) Lender A responded to Applicant's complaints as follows:

> Our records indicate on May 14, 2015, the loan ending in [XX77] was approved for an Extension Program Trial Period Plan. The trial period consisted of monthly trial payment in the amount of $756.37, beginning June 1, 2015, through August 1, 2015. My research confirms that the trial period plan was completed, as stated in enclosed letter dated August 19, 2015. Further research confirms that the extension agreement was to be returned within fifteen days. Our records confirm that it was not returned within the specified timeframe. I have enclose[d] copies of both letters for your reference.
>
> [Lender A's] records indicate that the loan ending in [XX77] was charged off and referred to our Recovery Department on January 19, 2016. At the time of the charge off, the loan was paid through the September 2014 installment. I have enclosed a copy of the loan payment history for your convenience. (HE 3 at 7)

On November 22, 2017, Lender A wrote Applicant asking for payment of $71,998. (Tr. 43; AE AA (pg. 433)) Lender A insisted that Applicant owed about $72,000, and

Applicant maintained the $72,000 was included in the mortgage modification. (Tr. 34, 41) Applicant said both loans were cited in his single loan modification request, and he was pleased when the modification amount was reduced about $70,000. (Tr. 44) Lender A sold the mortgage account to Lender C2, and Applicant said he continued to receive only one list of required payments. (Tr. 32)

Applicant disclosed the issue of his mortgage in his July 24, 2018 SCA. He said, "In the year of 2015, I had applied for a mortgage modification using the home affordable refinance program. My mortgage was 80/20. My income wasn't enough. The bank focused on the primary mortgage - as to the second mortgage I had strongly assume it was being purged into one." (GE 1 at 57) The Office of Personnel Management February 28, 2019 summary of Applicant's interview did not mention Applicant's theory that the first and second mortgage were merged together into the mortgage modification, the summary of interview indicates:

> The reason for the delinquency was due to the interest rate being 11% and not being able to refinance. The account is currently being charged off. The Subject is not aware of when the account became delinquent. The Subject indicated that he no longer owes anything due to the account being in the process of being charged off so no further action will be taken. (GE 12 at 7)

Applicant's October 18, 2019 credit report shows the debt in SOR ¶ 1.a as originating in November 2006, with a balance of $71,997 (XX77), and as a charged off real estate mortgage with date of last activity of April 2014. (GE 3 at 1) In 2021, the lien for the SOR ¶ 1.a debt was released. (Tr. 46; AE F (pg. 25)) The "MORTGAGE RELEASE, SATISFACTION, AND DISCHARGE" document states:

> The undersigned, [Lender A], the Mortgagee of that certain Mortgage described below, does hereby release, discharge and reconvey, to the persons legally entitled thereto, all of its right, title, and interest in and to the real estate described in said Mortgage, forever satisfying, releasing, cancelling, and discharging the lien from said Mortgage. (AE E (pg. 21)

Applicant said he did not know why the lien was released. (Tr. 46) This debt is not shown on his June 29, 2021, or July 25, 2022 credit reports. (GE 5, GE 6)

Applicant said after the hearing he would provide documentations showing that the two mortgages were included in the same modification. (Tr. 63) He provided his application for a loan modification, which has the two loan numbers handwritten on the bottom of the pages. (AE EE (pg. 478-482)) Both mortgages are listed in the income portion of the application, and he provided the homeowner's insurance to Lender A. (AE EE (pg. 480); AE FF (pg. 494-495)) He did not receive an IRS Form 1099C indicating the $72,000 mortgage was forgiven. (Tr. 65) His budget showed a current discretionary monthly remainder of $2,492. (AE DD (pg. 476)) He did not include his spouse's income of $3,128 in the calculation of the remainder; however, she was not employed outside their home until recently. (*Id*.) Applicant's credit reports reflect paid debts or debts with a

zero balance or in current paid as agreed status. The three major credit reporting companies score Applicant at 710, 698, and 698. (AE B (pg. 7))

Policies

The U.S. Supreme Court has recognized the substantial discretion of the Executive Branch in regulating access to information pertaining to national security emphasizing, "no one has a 'right' to a security clearance." *Department of the Navy v. Egan*, 484 U.S. 518, 528 (1988). As Commander in Chief, the President has the authority to control access to information bearing on national security and to determine whether an individual is sufficiently trustworthy to have access to such information." *Id*. at 527. The President has authorized the Secretary of Defense or his designee to grant applicant's eligibility for access to classified information "only upon a finding that it is clearly consistent with the national interest to do so." Exec. Or. 10865.

Eligibility for a security clearance is predicated upon the applicant meeting the criteria contained in the adjudicative guidelines. These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, these guidelines are applied in conjunction with an evaluation of the whole person. An administrative judge's overarching adjudicative goal is a fair, impartial, and commonsense decision. An administrative judge must consider all available, reliable information about the person, past and present, favorable and unfavorable.

The Government reposes a high degree of trust and confidence in persons with access to classified information. This relationship transcends normal duty hours and endures throughout off-duty hours. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation about potential, rather than actual, risk of compromise of classified information. Clearance decisions must be "in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned." *See* Exec. Or. 10865 § 7. Thus, nothing in this decision should be construed to suggest that it is based, in whole or in part, on any express or implied determination about applicant's allegiance, loyalty, or patriotism. It is merely an indication the applicant has not met the strict guidelines the President, Secretary of Defense, and DNI have established for issuing a clearance.

Initially, the Government must establish, by substantial evidence, conditions in the personal or professional history of the applicant that may disqualify the applicant from being eligible for access to classified information. The Government has the burden of establishing controverted facts alleged in the SOR. *See Egan*, 484 U.S. at 531. "Substantial evidence" is "more than a scintilla but less than a preponderance." *See v. Washington Metro. Area Transit Auth.*, 36 F.3d 375, 380 (4th Cir. 1994). The guidelines presume a nexus or rational connection between proven conduct under any of the criteria listed therein and an applicant's security suitability. *See* ISCR Case No. 95-0611 at 2 (App. Bd. May 2, 1996).

Once the Government establishes a disqualifying condition by substantial evidence, the burden shifts to the applicant to rebut, explain, extenuate, or mitigate the facts. Directive ¶ E3.1.15. An applicant "has the ultimate burden of demonstrating that it is clearly consistent with the national interest to grant or continue his [or her] security clearance." ISCR Case No. 01-20700 at 3 (App. Bd. Dec. 19, 2002). The burden of disproving a mitigating condition never shifts to the Government. *See* ISCR Case No. 02-31154 at 5 (App. Bd. Sep. 22, 2005). "[S]ecurity clearance determinations should err, if they must, on the side of denials." *Egan*, 484 U.S. at 531; *see* AG ¶ 2(b).

Analysis

Financial Considerations

AG ¶ 18 articulates the security concern for financial problems:

> Failure to live within one's means, satisfy debts, and meet financial obligations may indicate poor self-control, lack of judgment, or unwillingness to abide by rules and regulations, all of which can raise questions about an individual's reliability, trustworthiness, and ability to protect classified or sensitive information. . . . An individual who is financially overextended is at greater risk of having to engage in illegal or otherwise questionable acts to generate funds. . . .

The Appeal Board explained the scope and rationale for the financial considerations security concern in ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012) (citation omitted) as follows:

> This concern is broader than the possibility that an applicant might knowingly compromise classified information in order to raise money in satisfaction of his or her debts. Rather, it requires a Judge to examine the totality of an applicant's financial history and circumstances. The Judge must consider pertinent evidence regarding the applicant's self-control, judgment, and other qualities essential to protecting the national secrets as well as the vulnerabilities inherent in the circumstances. The Directive presumes a nexus between proven conduct under any of the Guidelines and an applicant's security eligibility.

AG ¶ 19 includes disqualifying conditions that could raise a security concern and may be disqualifying in this case: "(a) inability to satisfy debts"; "(b) unwillingness to satisfy debts regardless of the ability to do so"; and "(c) a history of not meeting financial obligations." Applicant had sufficient income to pay or resolve his debts, and AG ¶ 19(a) is not established. The record evidence establishes AG ¶¶ 19(b) and 19(c).

AG ¶ 20 lists financial considerations mitigating conditions which may be applicable in this case:

> (a) the behavior happened so long ago, was so infrequent, or occurred under such circumstances that it is unlikely to recur and does not cast doubt on the individual's current reliability, trustworthiness, or good judgment;
>
> (b) the conditions that resulted in the financial problem were largely beyond the person's control (e.g., loss of employment, a business downturn, unexpected medical emergency, a death, divorce or separation, clear victimization by predatory lending practices, or identity theft), and the individual acted responsibly under the circumstances;
>
> (c) the individual has received or is receiving financial counseling for the problem from a legitimate and credible source, such as a non-profit credit counseling service, and there are clear indications that the problem is being resolved or is under control;
>
> (d) the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts; and
>
> (e) the individual has a reasonable basis to dispute the legitimacy of the past-due debt which is the cause of the problem and provides documented proof to substantiate the basis of the dispute or provides evidence of actions to resolve the issue.

The DOHA Appeal Board concisely explained Applicant's responsibility for proving the applicability of mitigating conditions as follows:

> Once a concern arises regarding an Applicant's security clearance eligibility, there is a strong presumption against the grant or maintenance of a security clearance. *See Dorfmont v. Brown*, 913 F. 2d 1399, 1401 (9th Cir. 1990), *cert. denied*, 499 U.S. 905 (1991). After the Government presents evidence raising security concerns, the burden shifts to the applicant to rebut or mitigate those concerns. *See* Directive ¶ E3.1.15. The standard applicable in security clearance decisions is that articulated in *Egan*, *supra*. "Any doubt concerning personnel being considered for access to classified information will be resolved in favor of the national security." Directive, Enclosure 2 ¶ 2(b).

ISCR Case No. 10-04641 at 4 (App. Bd. Sept. 24, 2013).

Applicant presented some important mitigating information. Applicant's credit reports reflect paid debts, debts with a zero balance, or debts in current paid as agreed status, except for the debt in SOR ¶ 1.a. Applicant's recent credit reports do not show the debt in SOR ¶ 1.a, and the lien for the debt in SOR ¶ 1.a has been released. Applicant's annual income for 2014 to 2017 was $100,000; however, he did not prove that he was

unable to make the $756 monthly payments to the creditor in SOR ¶ 1.a. When his income increased, he had an opportunity to resume payments to address the debt in SOR ¶ 1.a.

Applicant disputed the SOR ¶ 1.a debt; however, his dispute was not reasonable. The loan modification agreement he provided did not encompass the debt in SOR ¶ 1.a. After he submitted the mortgage modification, he made the three separate requested payments during the trial period to the SOR ¶ 1.a creditor. His July 1, 2015 Lender A statement for account XX77 shows he paid $756 the previous month and $844 in the year to date. His August 1, 2015 Lender A statement for account XX77 shows he paid $756 the previous month and $1,600 year to date. His September 1, 2015 Lender A statement for account XX77 shows he paid $756 the previous month and $2,356 year to date.

The Appeal Board has previously explained what constitutes a "good faith" effort to repay overdue creditors or otherwise resolve debts:

> In order to qualify for application of [the "good faith" mitigating condition], an applicant must present evidence showing either a good-faith effort to repay overdue creditors or some other good-faith action aimed at resolving the applicant's debts. The Directive does not define the term "good-faith." However, the Board has indicated that the concept of good-faith "requires a showing that a person acts in a way that shows reasonableness, prudence, honesty, and adherence to duty or obligation." Accordingly, an applicant must do more than merely show that he or she relied on a legally available option (such as bankruptcy) in order to claim the benefit of [the "good faith" mitigating condition].

(internal citation and footnote omitted) ISCR Case No. 02-30304 at 3 (App. Bd. Apr. 20, 2004) (quoting ISCR Case No. 99-9020 at 5-6 (App. Bd. June 4, 2001)). Applicant did not show good faith in his handling of the SOR ¶ 1.a debt. Contrary to his assertion at his hearing, he made the three monthly payments of $756 to the creditor. There are not clear indications that future delinquent debt is unlikely to recur. His history of handling his SOR ¶ 1.a debt casts doubt on his current reliability, trustworthiness, and good judgment. Financial considerations security concerns are not mitigated.

Whole-Person Concept

Under the whole-person concept, the administrative judge must evaluate an Applicant's eligibility for a security clearance by considering the totality of the Applicant's conduct and all the circumstances. The administrative judge should consider the nine adjudicative process factors listed at AG ¶ 2(d):

> (1) the nature, extent, and seriousness of the conduct; (2) the circumstances surrounding the conduct, to include knowledgeable participation; (3) the frequency and recency of the conduct; (4) the individual's age and maturity at the time of the conduct; (5) the extent to which participation is voluntary; (6) the presence or absence of rehabilitation and other permanent behavioral changes; (7) the motivation for the conduct;

(8) the potential for pressure, coercion, exploitation, or duress; and (9) the likelihood of continuation or recurrence.

Under AG ¶ 2(c), "[t]he ultimate determination" of whether to grant a security clearance "must be an overall commonsense judgment based upon careful consideration of the guidelines" and the whole-person concept. My comments under Guideline F are incorporated in my whole-person analysis. Some of the factors in AG ¶ 2(d) were addressed under that guideline but some warrant additional comment.

Applicant is a 54-year-old systems engineer who has been employed by a DOD contractor in the area of information technology for several years. He attended college, and he did not receive a degree. His exceptionally detailed resume provides additional information about his background and training.

Applicant did not act responsibly under the circumstances. He wanted Lender A to modify both of his mortgages. He was being charged interest rates of 8.5 percent on the primary mortgage and 11.25 percent on the secondary mortgage. At his request, Lender A modified the first mortgage to the extent of adding unpaid interest onto the principle; however, the interest rate of 8.5 percent continued. As to the second mortgage, he sent in the three payments in 2015, and Lender A sent him the modified mortgage. However, Lender A did not reduce the interest rate, and Applicant did not sign the modification of the SOR ¶ 1.a mortgage. Applicant stopped making payments to Lender A on the SOR ¶ 1.a mortgage without good cause. In 2017, Lender A sent Applicant a detailed discussion of the XX77 account, and Applicant did not resume payments. He did not establish that he lacked the means to make his SOR ¶ 1.a mortgage payments from 2017 to 2021.

Lender A's release of the lien related to the SOR ¶ 1.a debt in 2021 is insufficient to fully mitigate security concerns. Applicant admitted that he did not pay the SOR ¶ 1.a debt, which is about $70,000. Applicant did not establish that account XX77 was included in the loan modification of account XX35. He did not comply with the contract in which he assured the lender that he would pay the debt. His history of handling the SOR ¶ 1.a debt continues to cause security concerns.

It is well settled that once a concern arises regarding an applicant's security clearance eligibility, there is a strong presumption against granting a security clearance. *See Dorfmont*, 913 F. 2d at 1401. I have carefully applied the law, as set forth in *Egan*, Exec. Or. 10865, the Directive, the AGs, and the Appeal Board's jurisprudence to the facts and circumstances in the context of the whole person. Applicant failed to mitigate financial considerations security concerns.

Formal Findings

Formal findings For or Against Applicant on the allegations set forth in the SOR, as required by Section E3.1.25 of Enclosure 3 of the Directive, are:

Paragraph 1, Guideline F:	AGAINST APPLICANT
Subparagraph 1.a:	Against Applicant

Conclusion

In light of all of the circumstances presented by the record in this case, it not clearly consistent with the national interest to grant or continue Applicant's eligibility for access to classified information. Eligibility for access to classified information is denied.

_____
Mark Harvey
Administrative Judge