



**DEPARTMENT OF DEFENSE
DEFENSE OFFICE OF HEARINGS AND APPEALS**



In the matter of:)	
)	
-----)	ISCR Case No. 09-04975
)	
Applicant for Security Clearance)	

Appearances

For Government: Kathryn D. MacKinnon, Esquire, Department Counsel
For Applicant: *Pro se*

May 9, 2011

Decision

MARSHALL, Jr., Arthur E., Administrative Judge:

On April 30, 2010, the Defense Office of Hearings and Appeals (DOHA) issued a Statement of Reasons (SOR) enumerating security concerns arising under Guideline F (Financial Considerations). DOHA took action under Executive Order 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; Department of Defense (DOD) Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and the adjudicative guidelines (AG) effective within the DOD on September 1, 2006.

In a response dated May 26, 2010, Applicant answered the five allegations raised in the SOR under Guideline F and provided supplemental explanations concerning each allegation. He also requested a hearing before a DOHA administrative judge. DOHA assigned the case to me on October 7, 2010. The parties proposed a hearing date of December 6, 2010. A notice setting that date for the hearing was issued on November 16, 2010. I convened the hearing as scheduled.

Applicant gave testimony, introduced one witness, and offered 12 documents, which were accepted into the record without objection as exhibits (Ex.) A-L. He was given until January 4, 2011, to submit any additional documents. The Government introduced five documents, which were accepted into the record without objection as

Exs. 1-5. The transcript (Tr.) of the proceeding was received on December 14, 2010. On December 21, 2010, Department Counsel forwarded to me four additional documents, which were accepted into the record without objection as Exs. M-P. On January 4, 2011, when no further submissions were received, the record was closed. Based on a review of the testimony, submissions, and exhibits, I find Applicant met his burden of mitigating security concerns related to financial considerations. Clearance is granted.

Findings of Fact

Applicant is a 39-year-old senior network engineer who has worked for the same government contractor for three years. He earned a high school diploma and has attended some college-level studies. He is divorced and has two teenaged children.

In 1992, Applicant and his ex-wife married. Between 2001 and 2002, Applicant and his former spouse experienced marital difficulties. They separated during this period, ultimately divorcing in 2008. In the interim, she moved with their children to a distant state. Applicant soon followed them in order to maintain his relationship with his young children. He sold their house and bought a second home in the new state, where he assumed physical custody of the children.¹ After about six to eight months, his estranged wife returned north to their original state of residence. Applicant and his children enjoyed a period of stability for the rest of the school year and through that summer. Shortly after the new school year began, his wife returned and took their children home with her.

After consulting a real estate management company and concluding it would not be difficult to rent the modestly sized house, Applicant quickly found renters for the house and followed his children back to their former area of residence in 2003.² During his absence, he routinely checked with the property managers once a month. Between 2003 and 2004, he took an equity loan from the house and quickly purchased a modest townhouse in the same state where his children now resided in order to offer his children more stability.³ With the prospect of living with or near his children being a paramount concern, he did not vigorously investigate his new neighborhood, which was located in a rural area.⁴ Unbeknownst to Applicant, the townhouse he chose was located in an area with rising crime. By 2005, the value of the townhouse began to decline due to a souring real estate market.⁵

¹ Tr. 16.

² Tr. 47-48. As noted by the Government, he “did [his] due diligence to the best of his ability.” The house was an approximately 1,300 square foot property. Tr. 49.

³ Tr. 17.

⁴ Tr. 47.

⁵ *Id.*

Despite a management clause prohibiting sublets, the rented house was then sublet to “15 illegal immigrants” who, by about 2007, “destroyed it.”⁶ Applicant learned of this situation from neighbors, not the management company. He quickly returned to his former residence to “re-do everything in the sense of inside the house and get it back to renting again.”⁷ New renters were subsequently found about six to eight months later. During that time and throughout, Applicant made timely payments on that property’s mortgage. With new property managers, it has housed reliable tenants since that time.⁸

Not long after Applicant returned to his townhouse, his estranged wife sued for child support, despite their prior agreement to work their financial issues out informally. He was also told she would keep the children in her physical care.

Shortly thereafter, Applicant was offered his current position and met a girlfriend. He found roommates to help offset his mortgage payments on his townhouse residence.⁹ Because of escalating crime in his neighborhood, including nearby murders, however, he determined his home was no longer safe for him and his children. Around this time, he assumed full custody of his oldest child. While the townhouse remained as his legal residence, he temporarily rented a cabin in a safe area in which he and one son could live.¹⁰ They then moved in with his girlfriend, where Applicant and his girlfriend shared expenses for her larger home. While this arrangement served their safety needs, the added expense of paying for a third home became burdensome.

In about 2008, Applicant tried unsuccessfully to refinance his townhouse as a way to offset the increased funds necessary to maintain a safe household elsewhere.¹¹ He then unsuccessfully tried to find reliable tenants for the townhouse while applying for a home loan modification.¹² He hoped that a reliable tenant’s rent could help off-set his need to continue paying his full mortgage payments on the property.¹³ In 2009, he sought a loan modification. With no success finding tenants or working with his lenders, Applicant realized he could no longer meet his obligations on the out-of-state property, make payments on the empty townhouse at the then-present mortgage rate, and

⁶ Tr. 18.

⁷ *Id.* See also Tr. 49.

⁸ Tr. 55-56.

⁹ Tr. 106.

¹⁰ Tr. 92.

¹¹ Tr. 51, 84.

¹² Tr. 52-53. Given his prior problems with a management company, Applicant scrutinized potential tenants closely.

¹³ Tr. 73.

continue living elsewhere.¹⁴ He then ceased making payments on the townhouse and put the property on the market while awaiting final word on his loan modification request. It was his hope to roll over any arrearage into the modified loan, but his request was eventually denied.¹⁵

Through his efforts, Applicant ultimately secured a ratified contract for a short sale on the townhouse. He was offered \$129,000 for the property, on which he owed approximately \$185,000.¹⁶ Applicant was initially told a short sale might be permissible. His second mortgage holder said it would agree with the short sale if the primary lender agreed to it. The primary lender (SOR allegation ¶ 1.c), however, would not agree to the short sale. Applicant contacted his local congressman for assistance to slow down the foreclosure process in order to complete a short sale, but approval for the sale could not be obtained despite previous indications that a short sale might be permitted.¹⁷ Foreclosure proceedings followed in early 2010, about six months after Applicant was no longer able to make mortgage payments on the house. The house was then auctioned. In a December 2010 letter from his primary lender, Applicant was notified that he would receive an IRS 1099C form for tax year 2010.¹⁸ Despite his best efforts, Applicant was unable to learn more about the auction, the foreclosure, or his current standing.¹⁹ He has not received official notification as to how his secondary lender would treat the foreclosure, although he noted its prior deferral to his primary lender's actions.

At the time of the foreclosure, Applicant had not had any financial issues since he declared bankruptcy in 1998. That bankruptcy followed a period of financial instability that coincided with the purchase of Applicant's first marital home shortly before his salary as a state police officer was stalled, and his wife had their two sons.²⁰ Since that time, Applicant has budgeted his income and his salary has risen. In 2009, for example, he was earning approximately \$71,500 a year; in 2010, Applicant was

¹⁴ Tr. 85-86.

¹⁵ Tr. 89.

¹⁶ Tr. 61.

¹⁷ Tr. 62-63.

¹⁸ Ex. M (Lender letter, dated Dec. 14, 2010). A 1099C form serves as evidence of a canceled debt with regard to the discrepancy between the mortgage balance and the foreclosure sale price. Under the Mortgage Forgiveness Debt Relief Act of 2007, any potential tax liability for a deficiency on a residential property is usually forgiven on debts up to \$2 million in forgiven debt. See, e.g., IRS Publication 908. In contrast, a 1099A form generally indicates potential debt and tax liability issues.

¹⁹ Exs. M-P (2010 correspondence related to the foreclosure).

²⁰ Tr. 44.

earning close to \$90,000.²¹ He is currently living within his means and is highly valued as an employee at his workplace.

Before Applicant received verification that he would be issued a 1099C, rather than a 1099A, Applicant was prepared to address any resultant liability on his residential property.²² He has made regular mortgage payments on the house located in a state to the south of his current region of residence.²³ He made regular child support payments through payroll deduction until an agreement was reached under which he took physical custody and financial responsibility for his older child, while his ex-wife did the same for the younger child.²⁴ He has not pursued financial counseling.²⁵ However, he has learned a lot about the pitfalls of renting properties and mortgages.²⁶ With a better understanding of these ventures, Applicant is now more cautious. He will not do anything that will jeopardize his job in the future.²⁷ He is also more mature.²⁸ Applicant leads a simple life with no luxuries of note. His current monthly income is about \$4,714 and his expenses are approximately \$3,101, leaving him a net surplus of about \$1,612 a month.²⁹ He now maintains a modest 401k account.

At issue in the April 2010 SOR are five alleged debts, three of which Applicant was unaware until his receipt of the SOR. Those debts are noted at ¶¶ 1.a, 1.d, and 1.e. The Government, in noting that those alleged debts only amount to about \$800, emphasized that its major concerns were with regard to the debts reflected in allegations ¶¶ 1.b - 1.c.³⁰ In sum, the five alleged debts at issue are represented in the following five SOR allegations:

¶ 1.a – Telecommunications debt, \$467. Charged-off account. *Status unclear*. This account was opened in 2006 and its status was last reported in December 2009. The credit report offered as Ex. 4 (Mar. 4, 2010) does not include an account number,

²¹ Ex. A (Pay stubs from Mar. 2009 and Nov. 2010). Annual salary calculations are estimated using Applicant's current base salary distributions, multiplied by 26 pay periods per year.

²² Tr. 70.

²³ Tr. 56.

²⁴ Tr. 25.

²⁵ Tr. 74.

²⁶ Tr. 95-96.

²⁷ Tr. 95.

²⁸ Tr. 109. Applicant's brother noted that Applicant has become more conservative and parsimonious in the past few years. Tr. 109-114.

²⁹ Ex. P (Budget). Applicant maintains two credit cards. He showed that he budgets to pay more than the monthly minimum payment on his active credit card. See *also* Tr. 78-79.

³⁰ Tr. 43.

contact information, or other identifying information about this account, except that it notes the account was closed at consumer's request. The Government conceded the reference code noted in Ex. 4 is an internal identification code and not an account number.³¹ Applicant provided bank statements showing current payments on an account with the same leading national telecommunications provider continuing into 2010, but there is no evidence directly linking that account with the one undefined account at issue.³² Because the account at issue is impossible to distinguish, Applicant credibly testified that he has had only one account with this creditor, a combined account for cellular and landline service, and noted that he is unaware of any outstanding debt to this entity.³³ The account is with one of the three leading national telecommunications entities. It is noted that this industry commonly either carries over delinquent balances or denies service when an outstanding balance is at issue.³⁴

¶ 1.b – Second mortgage-related debt, \$2,474 past due on account in foreclosure with a total loan balance of \$35,570. Status unclear. This debt concerns the last property Applicant acquired, which is discussed above. Applicant had no evidence whether he would receive a 1099C for this property, but showed that in the past, this lender deferred to the actions of the primary lender.

¶ 1.c – First mortgage-related debt, \$18,498 past due on account in foreclosure with a total loan balance of \$141,000. Addressed. This debt concerns the last property Applicant acquired, which is discussed above. He was notified that he would receive a 1099C form regarding the post-auction status of his loan.³⁵

¶ 1.d – Education-related debt, \$284. In collection. *Status/origin unknown.* This account is not reflected in the credit reports submitted by the Government in its exhibits, but is referenced only by name in 2009 interrogatories.³⁶ There is no indication as to what source or credit reporting bureau served as the basis for this allegation. Therefore, neither account nor contact information is available for the Applicant's review or in the record. Applicant denied knowledge of this alleged debt. He last attended a college-level course in about 2007, at a state college. Applicant's February 2009 security clearance application notes no other post-secondary institutions. He testified that he had no outstanding balances, which he previously demonstrated by offering

³¹ Tr. 37.

³² Ex. H (Bank statements, dated Dec. 22, 2009 – Nov. 19, 2010).

³³ Tr. 35-36.

³⁴ It is also noted that Applicant's multiple moves may have led to the creation of an outstanding balance that may have gone unnoticed by both Applicant and the creditor. Tr. 38.

³⁵ Therefore, it would appear the house was treated as Applicant's residence, a status that should have remained the same in his secondary lender's assessment of the situation.

³⁶ Tr. 39.

interviewers a copy of his transcripts.³⁷ He also provided a copy of a 2009 registration statement showing that he had a zero balance with this institution, with his last payment shown as having been made in 2007 for his last class from that same year.³⁸ He has consistently testified, in his interrogatories and at the hearing, that he has unsuccessfully researched the origin of this alleged account.

¶ 1.e – Medical debt, \$284. In collection. *Status/origin unknown*. This account is not reflected in the credit reports submitted by the Government in its exhibits. As with the debt noted at ¶ 1.d, there is no indication as to what source or credit reporting bureau served as the basis for this allegation. The alleged debt is only referenced in the 2009 interrogatories constituting Ex. 2. In the interrogatories, the alleged debt is only identified by creditor identification code reference number.³⁹ No other information is noted. The reference code noted is not linked to a specific credit reporting bureau.⁴⁰ Applicant has consistently stated that he cannot identify this alleged debt and that he has unsuccessfully tried to research its origin.⁴¹ Unable to identify the alleged debt or its source, Applicant cannot dispute the alleged debt. He is willing to pay any bona fide debt owed, but is unable to identify the creditor based on the Government's evidence.⁴²

Policies

When evaluating an applicant's suitability for a security clearance, an administrative judge must consider the AG. In addition to brief introductory explanations for each guideline, the AG list potentially disqualifying conditions and mitigating conditions. These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, these guidelines are applied in conjunction with the factors listed in the adjudicative process. The administrative judge's overarching adjudicative goal is a fair, impartial, and commonsense decision. Under AG ¶ 2(c), this process is a conscientious scrutiny of a number of variables known as the "whole-person concept." The administrative judge must consider all reliable information about the person, past and present, favorable and unfavorable, in making a decision.

The protection of the national security is the paramount consideration. AG ¶ 2(b) requires that "[a]ny doubt concerning personnel being considered for access to classified information will be resolved in favor of national security." In reaching this

³⁷ Ex. 2 (Interrogatories, dated Dec. 3, 2009) at 5.

³⁸ *Id.* at 8.

³⁹ *Id.* at 4-5.

⁴⁰ It may be assumed the code represents a creditor, as designated by one of the credit reporting bureaus, but there is no indication as to which credit reporting bureau, if any, was the original source.

⁴¹ Tr. 39, 41.

⁴² Ex. 2, *supra*, note 37, at 5.

decision, I have drawn only those conclusions that are reasonable, logical, and based on the evidence contained in the record.

The Government must present evidence to establish controverted facts alleged in the SOR. An applicant is responsible for presenting witnesses and other evidence to rebut, explain, extenuate, or mitigate facts admitted by applicant or proven by Department Counsel.⁴³ The burden of proof is something less than a preponderance of evidence. The ultimate burden of persuasion is on the applicant.⁴⁴ The DOHA Appeal Board may reverse the administrative judge's "decision to grant, deny, or revoke a security clearance if it is arbitrary, capricious, or contrary to law."⁴⁵

A person who seeks access to classified information enters into a fiduciary relationship with the Government predicated upon trust and confidence. This relationship transcends normal duty hours and endures throughout off-duty hours. The Government reposes a high degree of trust and confidence in individuals to whom it grants access to classified information. 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.

Section 7 of Executive Order 10865 provides that decisions shall be "in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned." See *also* EO 12968, Section 3.1(b) (listing multiple prerequisites for access to classified or sensitive information). "The clearly consistent standard indicates that security clearance determinations should err, if they must, on the side of denials."⁴⁶ Any reasonable doubt about whether an applicant should be allowed access to sensitive information must be resolved in favor of protecting such sensitive information.⁴⁷

Based upon my consideration of the evidence, Guideline F (Financial Considerations) is the most pertinent to this case. Conditions pertaining to this AG that could raise a security concern and may be disqualifying, as well as those which would mitigate such concerns, are set forth and discussed below.

⁴³ See *also* ISCR Case No. 94-1075 at 3-4 (App. Bd. Aug. 10, 1995).

⁴⁴ ISCR Case No. 93-1390 at 7-8 (App. Bd. Jan. 27, 1995).

⁴⁵ ISCR Case No. 07-16511 (App. Bd. Dec. 4, 2009) (citing Directive ¶¶ E3.1.32.3 and E3.1.33.3; see ISCR Case No. 09-03773 (A.J. Jan. 29, 2010) discussing appellate standards of review).

⁴⁶ *Id.*

⁴⁷ *Id.*

Analysis

Guideline F - Financial Considerations

Under Guideline F, “failure or an inability 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 information.”⁴⁸ It also states that “an individual who is financially overextended is at risk of having to engage in illegal acts to generate funds.”⁴⁹ Applicant bought a residential property through a primary and a secondary lender. That property ultimately was auctioned in foreclosure. In addition, three minor debts were alleged as delinquent, which Applicant admits could be his. Such facts are sufficient to raise Financial Considerations Disqualifying Condition (FC DC) AG ¶ 19(a) (inability or unwillingness to satisfy debts) and FC DC AG ¶ 19(c) (a history of not meeting financial obligations). With such conditions raised, it is left to Applicant to overcome the case against him and mitigate security concerns.

The debts at issue are multiple in number. Two of the debts are mortgage-related, arising from the same property purchase. The remaining three debts are nominal. Of those nominal debts, one appears to have been addressed or erroneous, while the other two are insufficiently identified for Applicant to further investigate. The evidence indicates that Applicant applied some degree of diligence in avoiding foreclosure of the townhouse by taking roommates, seeking new tenants, applying for both a loan modification and refinancing, and securing a short-sale buyer to avoid foreclosure before his primary lender decided not to accept his willing buyer. He and his witness credibly testified that he has learned much about real estate and rental management over the past few years, and that Applicant is wary of repeating similar scenarios in the future. In light of his diligence and the lessons he has learned, it is unlikely he will again venture into real estate without considerably more advice and planning. Given these circumstances, Financial Considerations Mitigating Condition (FC MC) AG ¶ 20(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) applies.

Many of the conditions at play with regard to Applicant’s house issues were beyond his control. His seemingly attractive townhouse, in which he hoped to live with his young son, proved to be in an increasingly dangerous neighborhood. Consequently, he rented an apartment in order to provide a safe environment for his child. The real estate market then turned sour. He was unable to find suitable renters. He unsuccessfully applied for a home loan modification, then unsuccessfully sought refinancing. When he thought he had approval to negotiate a short sale, he secured a bona fide offer and the tentative approval of his secondary lender, but his short sale was ultimately denied by his primary lender. The property was presumably sold for less

⁴⁸ AG ¶ 18.

⁴⁹ *Id.*

than the balance on Applicant's loan.⁵⁰ Such facts indicate factors out of Applicant's control. However, it was Applicant who chose to stop making payments on the property, an act which led to foreclosure. While he may have done so due to a depletion of available financial resources, this act was not outside of his control. Consequently, FC MC AG ¶ 20(b) (the conditions that resulted in the behavior were largely beyond the person's control (e.g., loss of employment, a business downturn, unexpected medical emergency, or a death, divorce or separation) and the individual acted responsibly under the circumstances) only applies in part.

Applicant has not received financial counseling, obviating application of FC MC AG ¶ 20(c) (the person has received or is receiving counseling for the problem and there are clear indications that the problem is being resolved or is under control).

When Applicant, for safety reasons, was forced to rent an alternative place to live when he discovered his new townhouse was in a dangerous area, he did so after finding roommates to help meet his mortgage obligations. When he moved, he unsuccessfully tried to find a reliable tenant, secure a home loan modification, and seek approval for refinancing at more favorable terms. His successful attempt to find a short sale buyer was quashed when his primary lender would not approve the sale. After the house was auctioned in foreclosure in early 2010, he waited a year before receiving word that he would be issued a 1099C form from his primary lender, thus cancelling his obligation for any discrepancy between his loan and the sale price. In the interim, he stood prepared to address any resultant obligation. As for the three minor debts at issue, Applicant provided credible and consistent testimony that he has tried to research those debts, but to no avail. FC MC AG ¶ 20(d), (the individual initiated a good-faith effort to repay overdue creditors or otherwise resolve debts) applies.

The burden for mitigation in these proceedings is placed squarely on Applicant. This case is not one of an individual investing in risky ventures or indulging in luxuries. In order to maintain relations with his children, Applicant relocated and bought a home. He soon discovered the area was unsafe and had to rent another place to live and care for his eldest child. From there, Applicant unsuccessfully attempted many logical strategies to meet his mortgage obligations before the property went into foreclosure.

At the hearing, the Government expressed its concern that, at the time, it was unclear what, if any, deficiency balance might be owed for the mortgaged townhouse. After the hearing, Applicant provided evidence that a 1099C would be issued with regard to his primary lender. As for the secondary lender, it may be assumed that, at best, it will follow the primary lender in issuing a 1099C or, at worst, encumber Applicant with a singular debt of manageable worth. Regardless, Applicant provided sufficient evidence that he devised and executed a reasonable strategy to meet his mortgage obligations through roommates, tenants, refinancing, and sale until he was simply unable to make payments on the property. After the house went into foreclosure, he sought the aid of his congressman to delay foreclosure, but that effort could not forestall action by his lender. After the home was auctioned, he stood prepared to

⁵⁰ Tr. 120.

address any resultant obligation. The evidence indicates the vast majority of that debt was cancelled without tax repercussions. In the unlikely event there may be some liability attached to his second mortgage, that sum would be comparatively minor, and Applicant credibly expressed his commitment to addressing his debt. Given his current monthly remainder after expenses of over \$1,600 a month, he has the ability to meet such a balance.

Whole-Person Concept

Under the whole-person concept, an administrative judge must evaluate an applicant's eligibility for a security clearance by considering the totality of an applicant's conduct and all the circumstances. An administrative judge should consider the nine adjudicative process factors listed at AG ¶ 2 (a). Under AG ¶ 2(c), the ultimate determination of whether to grant a security clearance must be an overall commonsense judgment based on careful consideration of the guidelines and the whole-person concept. In addition, what constitutes reasonable behavior in such cases, as contemplated by FC MC ¶ 20(b), depends on the specific facts in a given case.

I considered the potentially disqualifying and mitigating conditions in light of all the facts and circumstances surrounding this case, as well as the "whole-person" factors. Applicant is a highly credible and candid 39-year-old senior network engineer who is a highly valued employee. He volitionally pursued some post-secondary education after completing high school. He is a devoted father who has twice relocated in order to provide his children with paternal love and security. He made his elder child's safety his paramount concern when he left his home and rented an apartment in a safer area. He demonstrated considerable diligence in personally taking more responsibility over his ownership and the management of his former home after it was "trashed" by poor tenants and mismanaged by negligent real estate agents. Since 2009, he has tried to fathom the origin of two of the three smaller debts at issue, but both the alleged creditor and the credit bureau reporting source remain undefined. As for the third smaller debt, the fact he still maintains service with the creditor-telecommunications provider strongly suggests the matter was resolved or the credit reporting bureau entry is in error.

When Applicant vacated his townhouse in order to find a safer haven for himself and his child, he had to rent an apartment. He later moved in with a girlfriend, with whom he shared expenses. To offset this unforeseen expense, he sought out roommates. He actively worked to find renters. He then endeavored to seek a home loan modification. Next, he sought refinancing, hoping to apply any arrearages to his refinanced loan. Refinancing was denied, and the real estate market continued in a downward trend. When he thought he had approval to execute a short sell, he found a willing buyer. That attempt, however, was ultimately blocked by his primary lender. Refuge to his local congressman to forestall foreclosure was insufficient. When the property was auctioned, he stood prepared to address any liability. He later received evidence that his primary lender on the residence would provide him with 1099C relief. Given this fact, it is highly likely that his secondary loan will similarly be subject to cancellation. If it is not, however, Applicant has both the intention, commitment, and financial resources to address any resultant balance owed on the smaller loan.

Applicant demonstrated a rising sense of responsibility and understanding of real estate finances commensurate with personal maturation and increased financial resources. He lives a simple life and eschews unnecessary expenditures. He limits his credit card use. He now lives within his means and has a notable monthly net remainder to address any unexpected debts. While his foreclosure raised genuine security concerns, the unique facts leading to his move from that home and the assumption of unforeseen expenses in finding a new place to live do not demonstrate frivolity or a capricious nature, but a genuine concern for safety. He devised and executed a methodical plan to keep the home and meet his financial obligations until both his resources and options were depleted. I conclude that Applicant exhibited reasonable behavior under the circumstances, and I have no concerns that he will again fall prey to financial problems. Given all these considerations, there is sufficient evidence to mitigate Guideline F security concerns. Clearance is granted.

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:	FOR APPLICANT
Subparagraphs 1.a-1.e:	For Applicant

Conclusion

In light of all of the circumstances presented by the record in this case, it is clearly consistent with national interest to grant Applicant a security clearance. Clearance granted.

ARTHUR E. MARSHALL, JR.
Administrative Judge