



Based on the testimony during the hearing and the record before me, I conclude that Mr. Meador owes \$22,924.37 on the USDA Rural Housing loan guarantee. In addition, there are potential fees of \$6,418.83 due the US Treasury for the cost of collection. In determining the percentage of garnishment, if any, to be authorized for collection, I examine the petitioner's Consumer Debtor Financial Statement. This gives me the opportunity to determine if a financial hardship exists that would preclude garnishment at this time; or, if the petitioner's financial condition indicates that I should limit the garnishment to a percentage below the maximum 15% authorized by the statute. It is the petitioner's burden to provide this information to me. Without the information contained in the Consumer Debtor Financial Statement, there is no evidence to indicate that any financial hardship exists. Mr. Meador has declined to submit his Consumer Debtor Financial Statement. Therefore, I am only able to conclude that Mr. Meador disposable pay supports garnishment and that no financial hardship exists that would limit garnishment. I find that garnishment is appropriate, up to 15% of Mr. Meador's disposable pay.

I encourage Mr. Meador and the collection agency to work together to establish a repayment schedule rather than immediately proceeding with garnishment, even though this Decision authorizes garnishment, up to 15% of Mr. Meador's disposable pay.

Mr. Cannaday argued on Mr. Meador's behalf that when JP Morgan Chase, the lender, bid \$54,825.00 at the foreclosure sale to acquire the property, that Virginia law requires that amount to be credited to Mr. Meador's account. What Mr. Cannaday does

not take into account is that this is an action on a loan guarantee, not an action on a foreclosure. Mr. Meador requested that the United States Department of Agriculture, Rural Development Agency, Rural Housing Service provide a loan guarantee so that he could obtain a mortgage to purchase a home. In the Request for Single Family Housing Loan Guarantee, Form 1980-21 (RX-1, p. 3-4), Mr Meador agreed “that if the Agency pays a loss claim on the requested loan to the lender, I will reimburse the Agency for that amount.” (RX-1 at p. 4.) The Loan Note Guarantee, Form RD 1980-17 (RX-1, p.1-2), identifies the terms and conditions of the Guarantee. These include a provision for calculating the loss when the lender acquires the collateral such as happened here when JP Morgan Chase acquired Mr. Meador’s house at the foreclosure sale. (RX-1 at p.1).

### **Summary of the Facts Presented**

1. On March 3, 2004, Quilla Meador applied for and received a guaranteed home mortgage loan from Home Loan Corporation for the amount of \$55,855.00. The property is located at 604 Forrest Street, Martinsville, Virginia 24112. The mortgage loan was later assigned to JP Morgan Chase Bank.

2. The mortgage loan guarantee resulted from an agreement between United States Department of Agriculture’s Rural Development Agency, Rural Housing Service and Mr. Meador as evidenced by the completed form RD 1980-21 that is signed both by a representative of Rural Housing and Mr. Meador. (RX-1.)

3. Mr. Meador defaulted on the loan on July 1, 2007. The loan balance at that time was \$55,637.12. On June 2, 2008, based on the loan guarantee, Rural Housing paid JP Morgan Chase Bank \$25,827.90. (RX-2, RX-3.)

4. On March 11, 2009, Rural Housing received a Treasury offset payment in the amount of \$2,863.00. A subsequent claim against Mr. Meador's account, paid by Treasury in the amount of \$1,124.75 and an additional Treasury offset payment, in the amount of \$1,165.28, leave a balance due on the Loan Guarantee of \$22,924.37. The potential fees due to the U.S. Treasury pursuant to the Loan Agreement are \$6,418.83. Narrative, RX-6.

#### **Findings, Analysis and Conclusions**

1. The Secretary of Agriculture has jurisdiction over the parties, Mr. Meador and USDA Rural Development Agency, Rural Housing Service; and over the subject matter, which is administrative wage garnishment.

2. Petitioner Quilla Meador is indebted to USDA's Rural Development Agency, Rural Housing Service program in the amount of \$22,924.37.

3. In addition, Mr. Meador is indebted for potential fees to the US Treasury in the amount of \$6,418.83.

4. All procedural requirements for administrative wage garnishment set forth in 31 C.F.R. ¶ 285.11 have been met.

5. Mr. Meador declined to provide a Consumer Debtor Financial Statement.

Therefore, I conclude that Mr. Meador disposable pay supports garnishment, up to 15%

of Mr. Meador’s disposable pay (within the meaning of 31 C.F.R. § 285.11); and Mr. Meador has no circumstances of financial hardship (within the meaning of 31 C.F.R. § 285.11).

**Order**

Until the debt is fully paid, Mr. Meador shall give notice to USDA Rural Development Agency, Rural Housing Service or those collecting on its behalf, of any changes in his mailing address; delivery address for commercial carriers such as FedEx or UPS; FAX number(s); phone number(s); or e-mail address(es).

USDA Rural Development Agency, Rural Housing Service, and those collecting on its behalf, are authorized to proceed with garnishment, up to 15% of Mr. Meador’s disposable pay.

Copies of this Decision and Order shall be served upon the parties and counsel for Mr. Meador by the Hearing Clerk’s Office.

Done at Washington, D.C.  
this 22nd day of July 2010

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**STEPHEN M. REILLY**  
Presiding Official