

UNITED STATES DEPARTMENT OF AGRICULTURE
BEFORE THE SECRETARY OF AGRICULTURE

In re:)
)
Geremic Lomax,) AWG Docket No. 10-0115
)
Petitioner)

Final Decision and Order

This matter is before me upon the request of the Petitioner, Geremic Lomax, for a hearing in response to efforts of Respondent, USDA’s Rural Development Agency, Rural Housing Service, to institute a federal administrative wage garnishment against him. On February 18, 2010, I issued a Pre-hearing Order requiring the parties to exchange information concerning the amount of the debt.

I conducted a telephone hearing at the scheduled time on May 3, 2010. Rural Housing was represented by Mary Kimball who testified on behalf of the agency. Mr. Lomax and his wife were present and each participated in the presentation of their position. The witnesses were sworn.

Rural Housing filed a copy of its Narrative along with exhibits RX-1 through RX-6 on March 4, 2010. Mr. Lomax acknowledged that he received a copy of Rural Housing’s Exhibits. On May 3, 2010, Rural Housing filed a second Narrative and exhibits RX-1A and RX-1B which explained a page numbering discrepancy concerning exhibit RX-1 that I noted and raised in during the hearing. I conclude that Rural Housing used pages from two different versions of Form RD 1980-21, Request for Single Family Housing Loan Guarantee. Page 1 of the form signed by Mr. Lomax came from the 2003 version of the form, while page 2 came from the 2006 version. This filing satisfies me that RX-1 came from a single document.

On March 24, 2010, Mr. Lomax filed a handwritten statement stating his position. His filing included exhibits PX-1 through PX-3. On May 18, 2010 Mr. Lomax filed a copy of his Consumer Debtor Financial Statement.

Based on the testimony during the hearing and the record before me, I conclude that Mr. Lomax owes \$33,434.06 on the USDA Rural Housing loan guarantee. In addition, there are potential fees of \$9,361.53 due the US Treasury for the cost of collection. I encourage Mr. Lomax 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. Lomax's disposable pay.

Summary of the Facts Presented

1. On March 11, 2005, Geremic Lomax applied for and received a guaranteed home mortgage loan from Gateway Home Mortgage, LLC for the amount of \$84,999.00. The property is located at 21 North King Drive, Fountain Inn, South Carolina 29644. 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. Lomax as evidenced by the completed form RD 1980-21 that is signed both by a representative of Rural Housing and Mr. Lomax. RX-1. During the hearing, Mr. Lomax acknowledged signing the guarantee.

3. Mr. Lomax defaulted on the loan on July 1, 2006. The loan balance at that time was \$83,684.23. On June 4, 2008, based on the loan guarantee, Rural Housing paid JP Morgan Chase Bank \$40,932.06. RX-2, RX-3.

4. After the house finally sold, the Chase Bank refunded \$5,576.00 to Rural Housing from the proceeds of the sale. RX-5, p.1-2. In addition, on February 18, 2009, Rural Housing received a Treasury offset payment in the amount of \$1,922.00. Both amounts were credited to Mr. Lomax's account leaving a balance due on the Loan Guarantee of \$33,434.06. The potential fees due to the U.S. Treasury pursuant to the Loan Agreement are \$9,361.53. Narrative, RX-6.

Findings, Analysis and Conclusions

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

2. Petitioner Geremic Lomax is indebted to USDA's Rural Development Agency, Rural Housing Service program in the amount of \$33,434.06.

3. In addition, Mr. Lomax is indebted for potential fees to the US Treasury in the amount of \$9,361.53.

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

5. Mr. Lomax's disposable pay supports garnishment, up to 15% of Mr. Lomax's disposable pay (within the meaning of 31 C.F.R. § 285.11); and Mr. Lomax has no circumstances of financial hardship (within the meaning of 31 C.F.R. § 285.11).

Order

Until the debt is fully paid, Mr. Lomax 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. Lomax's disposable pay.

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

Done at Washington, D.C.
this 18th day of May 2010

STEPHEN M. REILLY
Hearing Official