Mediation and Appeals

Single Family Housing Guaranteed Loan Program
Training Objectives

• Where is the topic located?
  * 7 CFR Part 3555 and HB-1-3555

• Learning Checks

• Resources
Things change!

• Every effort has been made to ensure training references are accurate at the time of publication.

• Always reference the most recent USDA publications available online.
Guaranteed Loan Program Regulation

7 CFR Part 3555

- The regulation is the rule!
- 8 Subparts: A – H
- Appendix 1
7 CFR Part 3555


Regulations & Guidelines

All Federal regulations can be found at Regulations.gov and customers can search, review and submit comments on Federal documents that are open for comment and published in the Federal Register.

As a service to our customers, we post Rural Development's Instructions, Administrative Notices, and forms. The instructions are available in three file formats: Adobe Acrobat (PDF), Microsoft Word 6.0 (doc) and Text (txt). To the extent possible, all documents have been made available in either Adobe Acrobat Ver 5.0 and higher, or Text and are 508 compliant. If you should have accessibility issues and need a hard copy, please send an e-mail to comments@wdc.usda.gov.

If you are having problems with this page, need a hard copy of any of the documents due to accessibility issues or would like to be added to the Regulations Update distribution list (available for Rural Development employees only with a valid Rural Development e-mail address), please e-mail comments@wdc.usda.gov.

Rural Development

- Administrative Notices
- Instructions
- Forms
- Spanish Forms, Form Letters and Guide Letters
- Handbooks
  - Procedures Notices
  - Significant Guidance Documents
  - Unnumbered Letters
  - Federal Register Publications
7 CFR Part 3555

Subpart A: General

• .1: Applicability
• .2: Purpose
• .3: Civil Rights
• .4: Mediation and appeals
• .5: Environmental Requirements
• .6: State and local law
• .7: Exception authority
• .8: Conflict of interest
• .9: Enforcement
• .10: Definitions and abbreviations
Subpart A - General

3555.1 Applicability.
3555.2 Purpose.
   (a) General.
   (b) Demonstration programs.
3555.3 Civil rights.
3555.4 Mediation and Appeals
Sec. 3555.4 Mediation and appeals.

Whenever Rural Development makes a decision that will adversely affect a participant, the participant may proceed with alternative dispute resolution including mediation and a USDA National Appeals Division hearing in accordance with 7 CFR parts 1 and 11. The participant also may request an informal review of the adverse decision made by Rural Development. Except when the adverse decision applies to a loss claim, the applicant or borrower and the lender may participate in the appeal process. Adverse decisions made by the lender cannot be appealed unless concurrence by Rural Development was required by this subpart and obtained by the lender.
7 CFR Part 3555

3555.10: Definitions

**Participant.** For the purpose of appeals, a participant is any individual or entity that has applied for, or whose right to participate in or receive a payment, loan guarantee, or other benefit, is affected by an Agency decision in accordance with 7 CFR 11.1.
Guaranteed Loan Program Technical Handbook

HB-1-3555

• Provides guidance to support the regulation
• HB is not the rule
• 20 Chapters
HB-1-3555 SFH Guaranteed Loan Program Technical Handbook

Table of Contents
Chapter 1 - Overview
Chapter 2 - Record Retention
Chapter 3 - Lender Approval
Chapter 4 - Lender Responsibilities
Chapter 5 - Origination and Underwriting Overview
Chapter 6 - Loan Purposes
Chapter 7 - Loan Terms and Conditions
Chapter 8 - Applicant Characteristics
Chapter 9 - Income Analysis
Chapter 10 - Credit Analysis
Chapter 11 - Ratio Analysis
Chapter 12 - Property and Appraisal Requirements
Chapter 13 - Special Property Types
Chapter 14 - Funding Priorities
Chapter 15 - Submitting the Application Package
Chapter 16 - Closing the Loan and Requesting the Guarantee
Chapter 17 - Regular Servicing-Performing Loans
Chapter 18 - Servicing Non-Performing Loans - Accounts with Repayment Problems
Chapter 19 - Custodial and Real Estate Owned Property
Chapter 20 - Loss Claims - Collecting on the Guarantee

Acronyms

Glossary

Appendix 1 - 7 CFR part 3555
Appendix 2 - Forms and instructions
Appendix 3 - Review and Appeals
Appendix 4 - Agency and Employee Addresses
Appendix 5 - Income Limits
Appendix 6 - Interest Assistance
Appendix 7 - Caivrs Access Instructions
Appendix 8 - EDI Documentation
Appendix 9 - Penalties
Appendix 10 - Unnumbered Letter and State Supplements
SECTION 3: GENERAL PROGRAM REQUIREMENTS

1.6 CIVIL RIGHTS
   A. Major Civil Rights Laws Affecting the SFHGLP
   B. Nondiscrimination
   C. Reasonable Accommodations for Persons with Disabilities

1.7 REVIEW AND APPEALS

1.8 STATE AND LOCAL LAWS

1.9 EXCEPTION AUTHORITY
   A. Who Can File a Request
   B. What Must be Included in the Request
   C. Where Requests are Submitted

1.10 CONFLICT OF INTEREST
   A. Prohibited Relationship
   B. Discrimination Requests

1.11 UNAUTHORIZED ASSISTANCE

1.12 RURAL DEVELOPMENT ADMINISTRATIVE RESPONSIBILITIES
APPENDIX 1: 7 CFR 3555 IMPLEMENTED 12/01/14
APPENDIX 2: FORMS AND INSTRUCTIONS
APPENDIX 3: REVIEW AND APPEALS
APPENDIX 4: AGENCY AND EMPLOYEE ADDRESSES
APPENDIX 5: INCOME LIMITS
APPENDIX 6: INTEREST ASSISTANCE
APPENDIX 7: CAIVRS ACCESS INSTRUCTIONS
APPENDIX 8: EDI DOCUMENTATION
APPENDIX 9: PENALTIES
APPENDIX 10: UN-NUMBERED LETTERS AND STATE SUPPLEMENTS
Mediation and appeals

1. Agency determines the loan request is ineligible under 7 CFR Part 3555
2. Agency informs participants of decision and their rights
   • HB-1-3555 Letter 1, appealable decisions
   • HB-1-3555 Letter 2, non-appealable decisions
3. Participant may pursue applicable options
Mediation and appeals

Review and Appeal Options:
• Informal Administrative Review by Agency Decision-Maker
• Mediation as a Form of Alternative Dispute Resolution (ADR)
• Appeal Request to National Appeals Division (NAD)

Letter will detail required steps to request review/appeal!
Mediation and appeals

Reviews and Appeals:
• Opportunity to review the facts of the loan file
• Ask questions regarding decisions
• Present evidence from the regulation to support an alternate decision
• If applicable, NAD representative will review and determine outcome
TIPS

• Underwriter = USDA Approved Lender
• USDA = not an underwriter
• Research Rule & HB questions: Table of Contents
• Research Rule & HB questions: Control + F
7 CFR PART 3555 / HB-1-3555
LEARNING CHECKS
Question Slide

“Topic”

• Question will be bulleted with scenario, or
• Include a statement/question

TRUE/FALSE or other answer options will be displayed
“Topic”

ANSWER: 7 CFR Part 3555 and HB-1-3555 references provided

X. Correct Response

- Additional guidance for clarification may be provided
LET'S GET STARTED.
Mediation and appeals

The lender must give their consent for an applicant to appeal an adverse decision made by USDA.

A. TRUE  B. FALSE
Mediation and appeals

**ANSWER:** 3555.4, HB 1.7, and Appendix 3 A. Review and Appeal Options

**B. False**

- The lender, applicant or both may appeal adverse decisions as applicable
- Exception: Adverse loss claim decisions made by the Customer Service Center (CSC) may only be appealed by the approved USDA lender
Mediation and appeals

• USDA approved lender denies a guaranteed loan application
• No loan application is submitted to USDA for review
• The applicant may appeal the lender’s decision

A. TRUE  B. FALSE
Mediation and appeals

**ANSWER: 3555.4, HB 1.7**

**B. False**

- Adverse decisions made by the lender are not appealable
Mediation and appeals

A participant must attend a face-to-face Informal Administrative Review with the adverse decision official prior to requesting an Appeal.

A. TRUE       B. FALSE
Mediation and appeals

ANSWER: 3555.4, HB 1.7 and Appendix 3

D. Informal Administrative Review

B. False

• Participant may skip an informal review and request mediation or an appeal

• If appeal is pursued first, participant waives rights to an informal administrative review
Mediation and appeals

• USDA denies a guaranteed loan application
• Reason for denial cited: HB-1-3555, Chapter 10, 10.8
• Denial reason is incorrect

A. TRUE  B. FALSE
Mediation and appeals

ANSWER: 3555.4, HB 1.7

A. TRUE

• Adverse decisions must be based on CFR Part 3555
Mediation and appeals

• USDA denies a loan request
• Denial reason: Household income exceeds application adjusted annual household limit
• This decision is non-appealable

A. TRUE  B. FALSE
Mediation and appeals

ANSWER: 3555.4, HB 1.7 and Appendix 3

C. Adverse Decision that cannot be appealed

B. TRUE

• Income limits are statutory and are not appealable
• However, the calculation of the adjusted annual income is eligible for an informal administrative review
Mediation and appeals

Participants have ___ days to request an informal administrative review.

A. 15     B. 45
Mediation and appeals

ANSWER: 3555.4, HB 1.7 and Appendix 3

D. Informal Administrative Review

A. 15

- Request must be made within 15 days of the date of the USDA letter
- Reviews may take place face to face or telephone
- Actual USDA decision maker or representative may attend
Mediation and appeals

Participants have ____ days to request an appeal from the National Appeals Division (NAD).

A. 30       B. 60
Mediation and appeals

ANSWER: 3555.4, HB 1.7 and Appendix 3

E. Mediation

A. 30

• Written request must be signed by participant(s)
• Sent to NAD with 1. copy of USDA decision and 2. reasons why the decision is believed incorrect
• Appeals may be face to face or by telephone
WAY TO GO!
Regulations

GovDelivery Sign up


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*Email Address

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Thank you for supporting the USDA Single Family Housing Guaranteed Loan Program!
In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA’s TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at How to File a Program Discrimination Complaint and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov.

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