



Mediation and Appeals

Single Family Housing Guaranteed Loan Program



United States
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Rural Development



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.



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Guaranteed Loan Program Regulation


7 CFR Part 3555

- The regulation is the rule!
- 8 Subparts: A – H
- Appendix 1




7 CFR Part 3555

<http://www.rd.usda.gov/publications/regulations-guidelines>





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7 CFR Part 3555

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HB-1-3550 Direct Single Family Housing Loans and Grants - Field Office Handbook

HB-2-3550 Direct Single Family Housing Loans and Grants - Centralized Servicing Center Handbook

HB-1-3555 SFH Guaranteed Loan Program Technical Handbook

HB-1-3560 MFH Loan Origination Handbook

HB-2-3560 MFH Asset Management Handbook

HB-3-3560 MFH Project Servicing Handbook

HB-1-3565 Guaranteed Rural Rental Housing Program Origination and Servicing Handbook

Application Information Systems Support Handbook

HB-1-3550 Direct Single Family Housing Loans and Grants - Field Office Handbook

HB-1-3555 SFH Guaranteed Loan Program Technical Handbook

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- 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

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Appendix 6 - Interest Assistance

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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



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7 CFR Part 3555

Subpart A - General

3555.1 Applicability.

3555.2 Purpose.

(a) General.

(b) Demonstration programs.

3555.3 Civil rights.

3555.4 Mediation and Appeals



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7 CFR Part 3555

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.



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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.



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Guaranteed Loan Program Technical Handbook

HB-1-3555

- Provides guidance to support the regulation
- HB is not the rule
- 20 Chapters



HB-1-3555

HB-1-3555 SFH Guaranteed Loan Program Technical Handbook

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HB-1-3555

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



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HB-1-3555

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
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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!



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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

supplemental social security income and Social Security benefits received in a lump sum;

(vii) Any earned income tax credit;

(viii) **Adoption** assistance in excess of any amount determined pursuant to HUD's definition of annual income at 24 CFR 5.609(c);

Find x

Adoption

Previous Next



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7 CFR PART 3555 / HB-1-3555

LEARNING CHECKS



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Question Slide

“Topic”

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

TRUE/FALSE or other answer options will be displayed



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ANSWER SLIDE

“Topic”

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

X. Correct Response

- Additional guidance for clarification may be provided



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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



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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



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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



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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



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**WAY
TO GO!**



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