DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of the Secretary

24 CFR Parts 1, 2, 8, 103, 104, 146, and 180

[Docket No. FR–4077–F–01]

RIN 2501–AC27

Consolidated HUD Hearing Procedures for Civil Rights Matters

AGENCY: Office of the Secretary, HUD.

ACTION: Final rule.

SUMMARY: This final rule consolidates HUD's hearing procedures for nondiscrimination and equal opportunity matters in a new 24 CFR part 180. Currently, the hearing procedures established under the various civil rights statutory authorities are described in different parts of title 24. The consolidation of these procedures will eliminate redundancy from title 24, present uniformity, and assist in HUD's efforts to streamline the contents of its regulations. Additionally, this final rule makes appropriate adjustments in stated penalty amounts pursuant to the Debt Collection Improvement Act of 1996.

EFFECTIVE DATE: November 4, 1996.

FOR FURTHER INFORMATION CONTACT: Carole W. Wilson, Associate General Counsel for Litigation and Fair Housing Enforcement, or Harry L. Carey, Assistant General Counsel for Fair Housing Enforcement, Department of Housing and Urban Development, 451 Seventh Street, SW, Room 10270, Washington, DC 20410, telephone number (202) 708–0570 (this number is not toll-free). Hearing- or speech-impaired persons may access this number via TTY by calling the toll-free Federal Information Relay Service at 1–800–877–8339.

SUPPLEMENTARY INFORMATION:

I. Background

A. Consolidating HUD's Civil Rights Hearing Procedures

On March 4, 1995, President Clinton issued a memorandum to all Federal departments and agencies regarding regulatory reinvention. In response to this memorandum, HUD conducted a page-by-page review of its regulations to determine which could be eliminated, consolidated, or otherwise improved. As a result of this review, HUD has decided to streamline its regulations governing the hearing procedures for civil rights matters.

Currently, the procedures for administrative hearings under the various statutory civil rights authorities are described in different parts of title 24. For example, HUD's regulations governing administrative proceedings under the Fair Housing Act (42 U.S.C. 3601–3619) are found at 24 CFR part 104. The HUD regulations describing the hearing procedures under title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d–1) and the Age Discrimination Act of 1975 (42 U.S.C. 6103) are located at 24 CFR part 2. The procedures for hearings under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) are found at 24 CFR part 8.

Many of these regulations contain nearly identical provisions. In order to eliminate redundancy from title 24 of the Code of Federal Regulations, HUD is consolidating its civil rights hearing procedures in a new 24 CFR part 180. The establishment of a uniform set of hearing procedures will also assist in reducing confusion among HUD program participants, who in the past were faced with separate implementing HUD regulations for each civil rights statutory authority. This final rule also assists participants in HUD programs by making several clarifying, non-substantive, revisions to the existing civil rights hearing procedures. On April 23, 1996 (61 FR 18026), HUD published a rule for public comment proposing to consolidate many of its non-civil rights hearing procedures in 24 CFR part 26. The rule finalizing the April 23, 1996 proposed rule was published on September 24, 1996 (61 FR 50208), and takes effect on October 24, 1996.

New 24 CFR part 180 extends to all nondiscrimination hearings many procedures that previously were found only in the regulations governing hearings under the Fair Housing Act. In the seven years since HUD published 24 CFR part 104 (54 FR 3298, January 23, 1989), these procedures have assisted parties in obtaining equitable resolutions to complaints of unlawful discrimination. Because of this success, 24 CFR part 180 adopts many of these procedures for use in administrative hearings under other civil rights authorities. For instance, § 180.445 incorporates the settlement judge process that was developed by HUD's administrative law judges to resolve cases without the need for hearings. This rule also requires the parties to exchange exhibits and lists of witnesses prior to a hearing (See §§ 180.440 and 180.645).

B. Changes to Title 24

In addition to establishing new part 180, this final rule makes several necessary conforming amendments to HUD's regulations in title 24. For example, 24 CFR part 2 (Practice and Procedure for Hearings Under Title VI of the Civil Rights Act of 1964) and 24 CFR part 104 (Administrative Proceedings Under Section 812 of the Fair Housing Act), are rendered obsolete by the consolidated hearing procedures in new part 180. Accordingly, the final rule removes these parts from title 24. This rule also amends the following HUD regulations to remove any provisions describing nondiscrimination hearing procedures and to reference new 24 CFR part 180:

1. 24 CFR part 1 (Nondiscrimination in Federally Assisted Programs of the Department of Housing and Urban Development—Effectuation of Title VI of the Civil Rights Act of 1964);

2. 24 CFR part 8 (Nondiscrimination Based On Handicap in Federally assisted Programs and Activities of the Department of Housing and Urban Development);

3. 24 CFR part 103 (Fair Housing—Complaint Processing); and

4. 24 CFR part 146 (Nondiscrimination on the Basis of Age in HUD Programs or Activities Receiving Federal Financial Assistance).

C. The Debt Collection Improvement Act of 1996

Pursuant to the Federal Civil Penalties Inflation Adjustment Act of 1990 (28 U.S.C. 2461 note; Pub. L. 101–410, approved October 5, 1990; 104 Stat. 890), as amended by the Debt Collection Improvement Act of 1996 (31 U.S.C. 3701 note; Pub. L. 104–134, approved April 26, 1996; 110 Stat. 1321–358), each Federal agency is required to issue regulations adjusting for inflation the maximum civil money penalties that can be imposed pursuant to such agency's statutes. This final rule adjusts the penalty amounts formerly described in § 104.910 and set forth in § 180.607 of this final rule.

II. Justification for Final Rulemaking

In accordance with its own regulations on rulemaking in 24 CFR part 10, HUD generally publishes a rule for public comment before issuing a rule for effect. However, part 10 provides an exception to the public comment requirement if the agency finds good cause to omit advance notice and public participation. The good cause requirement is satisfied when public comment is ''impracticable, unnecessary, or contrary to the public interest'' (24 CFR 10.1). HUD finds that in this case it is unnecessary to solicit public comment prior to publication of the rule for effect.

This final rule consolidates HUD's regulations governing nondiscrimination hearing procedures in a new 24 CFR part 180. Currently, the administrative hearing procedures under the various civil rights statutory authorities are described in different parts of title 24. Many of these regulations contain nearly identical provisions. Consolidation of these requirements in a single part will eliminate redundancy, streamline the content of title 24, and establish uniformity. Although this final rule makes several clarifying revisions to the existing nondiscrimination hearing procedures, it does not affect or establish substantive policy.

This rule also amends the maximum penalty amounts which may be imposed pursuant to a nondiscrimination hearing. These amendments are mandated by Debt Collection Improvement Act of 1996. Accordingly, it is unnecessary for HUD to solicit public comment on the adjustments to the penalty amounts.

III. Findings and Certifications

Executive Order 12866, Regulatory Planning and Review

This final rule was reviewed by the Office of Management and Budget under Executive Order 12866, *Regulatory Planning and Review*. Any changes made to the final rule as a result of that review are clearly identified in the docket file, which is available for public inspection in the office of the Department's Rules Docket Clerk, Room 10276, 451 Seventh Street, SW, Washington, DC 20410–0500.

Unfunded Mandates Reform Act

The Secretary has reviewed this rule before publication and by approving it certifies, in accordance with the Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1532), that this rule does not impose a Federal mandate that will result in the expenditure by State, local, and tribal governments, in the aggregate, or by the private sector, of $100 million or more in any one year.

Regulatory Flexibility Act

The Secretary, in accordance with the Regulatory Flexibility Act (5 U.S.C. 605(b)), has reviewed and approved this final rule, and in so doing certifies that this rule will not have a significant economic impact on a substantial number of small entities. As part of HUD's continuing efforts to implement the President's regulatory reform initiative, and to eliminate redundancy from title 24, this rule consolidates HUD's nondiscrimination hearing procedures. This final rule establishes a new 24 CFR part 180 which sets forth a uniform set of hearing procedures for civil rights matters. The rule will have no adverse or disproportionate economic impact on small entities.

Environmental Impact

In accordance with 40 CFR 1508.4 of the regulations of the Council on Environmental Quality and 24 CFR 50.20(k) of HUD regulations, the policies and procedures contained in this rule relate only to hearing procedures and administrative law decisions, which do not constitute development decisions and do not affect the physical condition of a project area or building site. Therefore, this rule categorically is excluded from the requirements of the National Environmental Policy Act.

Executive Order 12612, Federalism

The General Counsel, as the Designated Official under section 6(a) of Executive Order 12612, Federalism, has determined that this rule will not have substantial direct effects on States or their political subdivisions, or the relationship between the Federal government and the States, or on the distribution of power and responsibilities among the various levels of government. This final rule merely consolidates HUD's nondiscrimination hearing procedures. No programmatic or policy changes will result from this rule that would affect the relationship between the Federal Government and State and local governments.

Executive Order 12606, The Family

The General Counsel, as the Designated Official under Executive Order 12606, The Family, has determined that this rule will not have the potential for significant impact on family formation, maintenance, or general well-being, and thus is not subject to review under the Order. This final rule eliminates redundancy from title 24 by consolidating HUD's nondiscrimination hearing procedures in a new 24 CFR part 180. No significant change in existing HUD policies or programs will result from promulgation of this rule.

List of Subjects

24 CFR Part 1

Administrative practice and procedure, Civil rights, Reporting and recordkeeping requirements.

24 CFR Part 2

Administrative practice and procedure, Civil rights.

24 CFR Part 103

Administrative practice and procedure, Aged, Fair housing, Individuals with disabilities, Intergovernmental relations, Investigations, Mortgages, Penalties, Reporting and recordkeeping requirements.

24 CFR Part 104

Administrative practice and procedure, Aged, Fair housing, Individuals with disabilities, Mortgages, Penalties.

24 CFR Part 146

Administrative practice and procedure, Aged, Civil rights, Grant programs—housing and community development, Loan programs—housing and community development, Reporting and recordkeeping requirements.

24 CFR Part 180

Administrative practice and procedure, Aged, Civil rights, Fair housing, Individuals with disabilities, Intergovernmental relations, Investigations, Mortgages, penalties, Reporting and recordkeeping requirements.

Accordingly, title 24 of the Code of Federal Regulations is amended as follows:

PART 1—NONDISCRIMINATION IN FEDERALLY ASSISTED PROGRAMS OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—EFFECTUATION OF TITLE VI OF THE CIVIL RIGHTS ACT OF 1964

1. The authority citation for 24 CFR part 1 is revised to read as follows:

Authority: 42 U.S.C. 2000d-1 and 3535(d).

2. Section 1.9 is amended by revising paragraph (b) and removing paragraph (c), (d), and (e), to read as follows:

§ 1.9 Hearings.

* * * * *

(b) *Hearing procedures.* Hearings shall be conducted in accordance with 24 CFR part 180.

§§ 1.10,1.11 [Removed]

3. Sections 1.10 and 1.11 are removed.

§ 1.112 [Redesignated as § 1.10]

4. Section 1.12 is redesignated as § 1.10.

PART 2—[REMOVED]

5. Under the authority of 42 U.S.C. 3535(d), Part 2 is removed.

PART 8—NONDISCRIMINATION BASED ON HANDICAP IN FEDERALLY ASSISTED PROGRAMS AND ACTIVITIES OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

6. The authority citation for part 8 is revised to read as follows:

Authority: 29 U.S.C. 794; 42 U.S.C. 3535(d) and 5309.

7. Section 8.58 is amended by revising paragraph (b) and by removing paragraphs (c), (d), and (e), to read as follows:

§ 8.58 Hearings.

* * * * *

(b) *Hearing procedures.* Hearings shall be conducted in accordance with 24 CFR part 180.

8. Section 8.59 and subpart E, consisting of §§ 8.60 through 8.71, are removed.

PART 103—FAIR HOUSING—COMPLAINT PROCESSING

9. The authority citation for 24 CFR part 103 continues to read as follows:

Authority: 42 U.S.C. 3601–19; 42 U.S.C. 3535(d).

§§ 103.45, 103.50, 103.100, 103.115, 103.215, 103.330, 103.405, 103.410, 103.500 [Amended]

10. Sections 103.45, 103.50, 103.100, 103.115, 103.215, 103.330, 103.405, 103.410, 103.500 are amended by replacing all references to ''part 104'' with ''part 180.''

PART 104—[REMOVED]

11. Under the authority of 42 U.S.C. 3535(d), Part 104 is removed.

PART 146—NONDISCRIMINATION ON THE BASIS OF AGE IN HUD PROGRAMS OR ACTIVITIES RECEIVING FEDERAL FINANCIAL ASSISTANCE

12. The authority citation for 24 CFR part 146 is revised to read as follows:

Authority: 42 U.S.C. 3535(d) and 6103.

13. Section 146.43 is revised to read as follows:

§ 146.43 Hearings, decisions, post-termination proceedings.

The provisions of 24 CFR part 180 apply to HUD enforcement of this part.

14. A new part 180 is added to read as follows:

PART 180—HEARING PROCEDURES FOR CIVIL RIGHTS MATTERS

Subpart A—General Information

Sec.

Subpart B—Administrative Law Judge

Subpart C—Parties

Subpart D—Proceedings Prior to Hearing

Subpart E—Discovery

Subpart F—Procedures at Hearing

Subpart G—Post-Final Decision in Fair Housing Cases

Subpart H—Post-Final Decision in Non-Fair Housing Act Matters

Authority: 29 U.S.C. 794; 42 U.S.C. 2000d–1 3535(d), 3601–3619; 5301–5320, and 6103.

Subpart A—General Information

§ 180.100 Definitions.

As used in this part:

(a) The terms *ALJ, Department, Fair Housing Act, General Counsel,* and *HUD* are defined in 24 CFR part 5, subpart A.

(b) The terms *Aggrieved Person, Assistant Secretary, Attorney General, Discriminatory Housing Practice, Person,* and *State* are defined in 24 CFR part 103, subpart A.

(c) *Agency* has the same meaning as *HUD.*

Applicant and *Application* have the meanings provided in 24 CFR 1.2 or 24 CFR 8.3, as applicable.

Charge means the statement of facts issued under 24 CFR 103.405 upon which HUD has found reasonable cause to believe that a discriminatory housing practice has occurred or is about to occur.

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Complaint means a complaint filed under the statutes covered by this part.

Complainant means the person (including the Assistant Secretary) who filed a complaint under the statutes covered by this part.

Fair Housing Act matters refers to proceedings under this part pursuant to the Fair Housing Act and the implementing regulations at 24 CFR parts 100 and 103.

Federal financial assistance has the meaning provided in 24 CFR 1.2, 24 CFR 8.3, or 24 CFR 146.7, as applicable.

Hearing means a trial-type proceeding that involves the submission of evidence, either by oral presentation or written submission, and briefs and oral arguments on the evidence and applicable law.

Intervenor is a person entitled by law or permitted by the ALJ to participate as a party.

Non-Fair Housing Act matters refers to proceedings under this part pursuant to:

(1) Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d–1) and the

implementing regulations at 24 CFR part 1;

(2) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794) and the implementing regulations at 24 CFR part 8; or

(3) The Age Discrimination Act of 1975 (42 U.S.C. 6103) and the implementing regulations at 24 CFR part 146.

Notice of Proposed Adverse Action is the statement of facts issued pursuant to a non-Fair Housing Act matter upon which HUD has found reason to terminate or refuse to grant or continue Federal financial assistance.

Party is a person who has full participation rights in a proceeding under this part.

Prevailing party has the same meaning as the term has in section 722 of the Revised Statutes of the United States (42 U.S.C. 1988).

Recipient has the meaning provided in 24 CFR 1.2, 24 CFR 8.3, or 24 CFR 146.7, as applicable.

Respondent means the person accused of violating one of the statutes covered by this part, including a recipient.

Secretary means the Secretary of HUD, or to the extent of any delegation of authority by the Secretary to act under any of the statutory authorities listed in § 180.105(a), any other HUD official to whom the Secretary may hereafter delegate such authority.

§ 180.105 Scope of rules.

(a) This part contains the rules of practice and procedure applicable to administrative proceedings before an ALJ under the following authorities:

(1) The Fair Housing Act (42 U.S.C. 3601–3619) and the implementing regulations at 24 CFR parts 100 and 103, where no election to proceed in federal district court has been made;

(2) Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d–1), and the implementing regulations at 24 CFR part 1;

(3) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), and the implementing regulations at 24 CFR part 8; and

(4) The Age Discrimination Act of 1975 (42 U.S.C. 6103), and the implementing regulations at 24 CFR part 146.

(b) In the absence of a specific provision, the Federal Rules of Civil Procedure shall serve as a general guide.

(c) Hearings under this part shall be conducted as expeditiously and inexpensively as possible, consistent with the needs and rights of the parties to obtain a fair hearing and a complete record.

(d) Except to the extent that a waiver would otherwise be contrary to law, the ALJ may, after adequate notice to all interested persons, modify or waive any of the rules in this part upon a determination that no person will be prejudiced and that the ends of justice will be served.

(e) All pleadings, correspondence, exhibits, transcripts of testimony, exceptions, briefs, decisions, and other documents filed in any proceeding may be inspected in the Chief Docket Clerk's office during regular business hours.

Subpart B—Administrative Law Judge

§ 180.200 Designation.

Proceedings under this part shall be presided over by an ALJ appointed under 5 U.S.C. 3105. HUD's Chief ALJ shall designate the presiding ALJ.

§ 180.205 Authority.

The ALJ shall have all powers necessary to conduct fair, expeditious and impartial hearings, including the power to:

(a) Administer oaths and affirmations and examine witnesses;

(b) Rule on offers of proof and receive evidence;

(c) Take depositions or have depositions taken when the ends of justice would be served;

(d) Regulate the course of the hearing and the conduct of persons at the hearing;

(e) Hold conferences for the settlement or simplification of the issues by consent of the parties;

(f) Rule on motions, procedural requests, and similar matters;

(g) Make and issue initial decisions;

(h) Impose appropriate sanctions against any person failing to obey an order, refusing to adhere to reasonable standards of orderly and ethical conduct, or refusing to act in good faith;

(i) Issue subpoenas if authorized by law; and

(j) Exercise any other powers necessary and appropriate for the purpose and conduct of the proceeding as authorized by the rules in this part or in conformance with statute, including 5 U.S.C. 551–59.

§ 180.210 Withdrawal or disqualification of ALJ.

(a) *Disqualification.* If an ALJ finds that there is a basis for his/her disqualification in a proceeding, the ALJ shall withdraw from the proceeding. Withdrawal is accomplished by entering a notice in the record and providing a copy of the notice to the Chief ALJ.

(b) *Motion for recusal.* If a party believes that the presiding ALJ should be disqualified for any reason, the party may file a motion to recuse with the ALJ. The motion shall be supported by an affidavit setting forth the alleged grounds for disqualification. The ALJ shall rule on the motion, stating the grounds therefor.

(c) *Redesignation of ALJ.* If an ALJ is disqualified, the Chief ALJ shall designate another ALJ to preside over further proceedings.

§ 180.215 Ex Parte communications.

(a) An ex parte communication is any direct or indirect communication concerning the merits of a pending proceeding, made by a party in the absence of any other party, to the presiding ALJ, and which was neither on the record nor on reasonable prior notice to all parties. Ex parte communications do not include communications made for the sole purpose of scheduling hearings, requesting extensions of time, or requesting information on the status of cases.

(b) Ex parte communications are prohibited.

(c) If the ALJ receives an ex parte communication that the ALJ knows or has reason to believe is prohibited, the ALJ shall promptly place the communication, or a written statement of the substance of the communication, in the record and shall furnish copies to all parties. Unauthorized communications shall not be taken into consideration in deciding any matter in issue. Any party making a prohibited ex parte communication may be subject to sanctions including, but not limited to, exclusion from the proceeding and an adverse ruling on the issue that is the subject of the prohibited communication.

§ 180.220 Separation of functions.

No officer, employee, or agent of the Federal Government engaged in the performance of investigative, conciliatory, or prosecutorial functions in connection with the proceeding shall, in that proceeding or any factually related proceeding under this part, participate or advise in the decision of the ALJ, except as a witness or counsel during the proceedings or in its appellate review.

Subpart C—Parties

§ 180.300 Rights of parties.

Each party may appear in person, be represented by counsel, examine or cross-examine witnesses, introduce documentary or other relevant evidence into the record and, in Fair Housing Act matters, request the issuance of subpoenas.

§ 180.305 Representation.

(a) HUD is represented by the General Counsel.

(b) Any party may appear on his/her/its own behalf or by an attorney. Each party or attorney shall file a notice of appearance. The notice must identify the matter before the ALJ, the party on whose behalf the appearance is made, and the mailing address and telephone number of the person appearing. Similar notice shall also be given for any withdrawal of appearance.

(c) An attorney must be admitted to practice before a Federal Court or the highest court in any State. The attorney's representation that he/she is in good standing before any of these courts is sufficient evidence of the attorney's qualifications under this section, unless otherwise ordered by the ALJ.

§ 180.310 Parties.

(a) Parties to proceedings under this part are HUD, the respondent(s), and any intervenor(s). Respondents include persons named as such in a charge issued under 24 CFR part 103, and recipients/applicants named as respondents in hearing notices issued under 24 CFR parts 1, 8, or 146 and notices of proposed adverse action under this part.

(b) An aggrieved person is not a party but may file a motion to intervene. Requests for intervention shall be filed within 50 days after the filing of the charge; however, the ALJ may allow intervention beyond that time. An intervenor's right to participate as a party may be restricted by order of the ALJ pursuant to statute, the rules in this part or other applicable law. Intervention shall be permitted if the person requesting intervention is

(1) The aggrieved person on whose behalf the charge is issued; or

(2) An aggrieved person who claims an interest in the property or transaction that is the subject of the charge and the disposition of the charge may, as a practical matter, impair or impede this person's ability to protect that interest, unless the aggrieved person is adequately represented by the existing parties.

(c) A complainant in a non-Fair Housing Act matter is not a party but may file a motion to become an amicus curiae.

(d) Any person may file a petition to participate in a proceeding under this part as an amicus curiae. An amicus curiae is not a party to the proceeding and may not introduce evidence at the hearing.

(1) A petition to participate as amicus curiae shall be filed before the commencement of the hearing, unless the petitioner shows good cause for filing the petition later. The petition may be granted if the ALJ finds that the petitioner has a legitimate interest in the proceedings, and that such participation will not unduly delay the outcome and may contribute materially to the proper disposition thereof.

(2) The amicus curiae may submit briefs within time limits set by the ALJ or by the Secretary in the event of an appeal to the Secretary.

(3) When all parties have completed their initial examination of a witness, the amicus curiae may request the ALJ to propound specific questions to the witness. Any such request may be granted if the ALJ believes the proposed additional testimony may assist materially in elucidating factual matters at issue between the parties and will not expand the issues.

§ 180.315 Standards of conduct.

(a) All persons appearing in proceedings under this part shall act with integrity and in an ethical manner.

(b) The ALJ may exclude parties or their representatives for refusal to comply with directions, continued use of dilatory tactics, refusal to adhere to reasonable standards of orderly and ethical conduct, failure to act in good faith, or violations of the prohibitions against ex parte communications. If an ALJ suspends or bars an attorney from participating in a proceeding, the ALJ shall include in the record the reasons for such action. An attorney who is suspended or barred from participation may appeal to the Chief ALJ. The proceeding will not be delayed or suspended pending disposition on the appeal, except that the ALJ shall suspend the proceeding for a reasonable time to enable the party to obtain another attorney.

Subpart D—Proceedings Prior to Hearing

§ 180.400 Service and filing.

(a) *Service*—(1) *Service by the Office of ALJs.* The Office of ALJs shall serve all notices, orders, decisions and other such documents by mail to each party and amicus curiae at the last known address.

(2) *Service by others.* A copy of each filed document shall be served on each party and each amicus curiae. Service shall be made upon counsel if a party is represented by counsel. Service on counsel shall constitute service on the party. Service may be made to the last known address by first-class mail or other more expeditious means, such as:

(i) Hand delivery to the person to be served or a person of suitable age and discretion at the place of business, residence, or usual place of abode of the person to be served;

(ii) Overnight delivery; or

(iii) Facsimile transmission or electronic means. The ALJ may place appropriate limits on service by facsimile transmission or electronic means.

(3) *Certificate of service.* Every document served shall be accompanied by a certificate of service containing a statement as to the date of service, the method of service, the parties served and the address at which they were served, which is signed and dated by the person making service.

(b) *Filing*—(1) *Method.* All documents shall be filed with the Chief Docket Clerk. Filing may be by first class mail, delivery, facsimile transmission, or electronic means; however, the ALJ may place appropriate limits on filing by facsimile transmission or electronic means.

(2) *Form*. Every pleading, motion, brief, or other document shall contain a caption setting forth the title of the proceeding, the docket number assigned by the Office of ALJs, and the designation of the type of document (e.g., charge, motion).

(3) *Signature.* Every document filed by a party shall be signed by the party or the party's attorney and must include the signer's address and telephone number. The signature constitutes a certification that: the signer has read the document; to the best of the signer's knowledge, information and belief, the statements made therein are true; and the document is not interposed for delay.

§ 180.405 Time computations.

(a) In computing time under this part, the time period begins the day following the act, event, or default and includes the last day of the period, unless the last day is a Saturday, Sunday, or legal holiday observed by the Federal Government, in which case the time period includes the next business day.

(b) *Modification of time periods.* Except for time periods required by statute, the ALJ may enlarge or reduce any time period required under this part where necessary to avoid prejudicing the public interest or the rights of the parties. Requests for extension of time should set forth the reasons for the request.

(c) *Entry of orders.* In computing any time period involving the date of the ALJ's issuance of an order or decision, the date of issuance is the date of service by the Chief Docket Clerk.

(d) *Computation of time for delivery by mail.* When documents are filed by mail, three days shall be added to the prescribed time period for filing any responsive pleading. Documents are not filed until received by the Chief Docket Clerk.

(e) *Untimely filing.* The ALJ may refuse to consider any motion or other document that is not filed in a timely fashion.

§ 180.410 Charges under the Fair Housing Act.

(a) *Filing and service.* Within three days after the issuance of a charge, the General Counsel shall file the charge with the Chief Docket Clerk and serve copies (with the additional information required under paragraph (b) of this section) on all respondents and aggrieved persons.

(b) *Contents.* The charge shall consist of a short and plain written statement of the facts upon which reasonable cause has been found to believe that a discriminatory housing practice has occurred or is about to occur. A notification shall be served with the charge containing the following information:

(1) Any complainant, respondent, or aggrieved person may elect to have the claims asserted in the charge decided in a civil action under 42 U.S.C. 3612(o), in lieu of an administrative proceeding under this part.

(2) Such election must be made not later than 20 days after receipt of service of the charge by serving written notice of such on the Chief Docket Clerk, each respondent, each aggrieved person on whose behalf the charge was issued, the Assistant Secretary, and the General Counsel.

(3) If no person timely elects to have the claims asserted in the charge decided in a civil action under 42 U.S.C. 3612(o), an administrative proceeding will be conducted under this part.

(4) If an administrative hearing is conducted:

(i) The hearing will be held at a date and place specified.

(ii) The respondent will have an opportunity to file an answer to the charge within 30 days after service of the charge.

(iii) The aggrieved person may participate as a party to the administrative proceeding by filing a request for intervention within 50 days after service of the charge.

(iv) All discovery must be concluded 15 days before the date set for hearing.

(v) The rules in this part will govern the proceeding.

(5) If, at any time following service of the charge on the respondent, the respondent intends to enter into a contract, sale, encumbrance, or lease with any person regarding the property that is the subject of the charge, the respondent must provide a copy of the charge to such person before the respondent and the person enter into the contract, sale, encumbrance or lease.

(c) *Election of judicial determination.* If the complainant, the respondent, or the aggrieved person on whose behalf a complaint was filed makes a timely election to have the claims asserted in the charge decided in a civil action under 42 U.S.C. 3612(o), the Chief ALJ shall dismiss the administrative proceeding.

(d) *Effect of a civil action on administrative proceeding.* An ALJ may not continue an administrative proceeding under the Fair Housing Act after the beginning of the trial of a civil action commenced by the aggrieved person under an act of Congress or a State law seeking relief with respect to that discriminatory housing practice. If such a trial is commenced, the ALJ shall dismiss the administrative proceeding. The commencement and maintenance of a civil action for appropriate temporary or preliminary relief under 42 U.S.C. 3610(e) or 42 U.S.C. 3613 does not affect administrative proceedings under this part.

§ 180.415 Notice of proposed adverse action regarding Federal financial assistance in Non-Fair Housing Act matters.

(a) *Filing and service.* Within 10 days after a recipient/applicant has requested a hearing, as provided for in 24 CFR part 1, 8, or 146, the General Counsel shall file a notice of proposed adverse action with the Chief Docket Clerk and serve copies (with the additional information required under paragraph (b) of this section) on all respondents and complainants.

(b) *Contents.* The notice of proposed adverse action shall consist of a short and plain written statement of the facts and legal authority upon which the proposed action is based. A notification shall be served with the notice containing the following information:

(1) That an administrative hearing will be held at a date and place specified.

(2) That the respondent will have an opportunity to file an answer to the notice of adverse action within 30 days after its service.

(3) That the complainant may participate as an amicus curiae by filing a timely request to do so.

(4) That discovery must be concluded by a date specified.

(5) That the rules specified in this part shall govern the proceeding.

(c) *Consolidation.* The ALJ may provide for non-Fair Housing Act proceedings at HUD to be joined or consolidated for hearing with proceedings in other Federal departments or agencies, by agreement with such other departments or agencies. All parties to any proceeding consolidated subsequent to service of the notice of proposed adverse action shall be promptly served with notice of such consolidation.

§ 180.420 Answer.

(a) Within 30 days after service of the charge or notice of proposed adverse action, a respondent may file an answer. The answer shall include:

(1) A statement that the respondent admits, denies, or does not have and is unable to obtain sufficient information to admit or deny, each allegation made. A statement of lack of information shall have the effect of a denial. Any allegation that is not denied shall be deemed to be admitted.

(2) A statement of each affirmative defense and a statement of facts supporting each affirmative defense.

(b) Failure to file an answer within the 30-day period following service of the charge or notice of proposed adverse action shall be deemed an admission of all matters of fact recited therein and may result in the entry of a default decision.

§ 180.425 Amendments to pleadings.

(a) *By right.* HUD may amend the charge or notice of proposed adverse action once as a matter of right prior to the filing of the answer.

(b) *By leave.* Upon such conditions as are necessary to avoid prejudicing the public interest and the rights of the parties, the ALJ may allow amendments to pleadings upon a motion of a party.

(c) *Conformance to the evidence.* When issues not raised by the pleadings are reasonably within the scope of the original charge or notice of proposed adverse action and have been tried by the express or implied consent of the parties, the issues shall be treated in all respects as if they had been raised in the pleadings, and amendments may be made as necessary to make the pleading conform to evidence.

(d) *Supplemental pleadings.* The ALJ may, upon reasonable notice, permit supplemental pleadings concerning transactions, occurrences or events that have happened or been discovered since the date of the pleadings and which are relevant to any of the issues involved.

§ 180.430 Motions.

(a) *Motions.* Any application for an order or other request shall be made by

a motion which, unless made during an appearance before the ALJ, shall be in writing and shall state the specific relief requested and the basis therefor. Motions made during an appearance before the ALJ shall be stated orally and made a part of the transcript. All parties shall be given a reasonable opportunity to respond to written or oral motions or requests.

(b) *Responses to written motions.* Within seven calendar days after a written motion is served, any party to the proceeding may file a response in support of, or in opposition to, the motion. Unless otherwise ordered by the ALJ, no further responsive documents may be filed. Failure to file a response within the response period constitutes a waiver of any objection to the granting of the motion.

(c) *Oral argument.* The ALJ may order oral argument on any motion.

§ 180.435 Prehearing statements.

(a) Before the commencement of the hearing, the ALJ may direct the parties to file prehearing statements.

(b) The prehearing statement must state the name of the party presenting the statement and, unless otherwise directed by the ALJ, briefly set forth the following:

(1) The issues involved in the proceeding;

(2) The facts stipulated by the parties and a statement that the parties have made a good faith effort to stipulate to the greatest extent possible;

(3) The facts in dispute;

(4) The witnesses (together with a summary of the testimony expected) and exhibits to be presented at the hearing;

(5) A brief statement of applicable law;

(6) Conclusions to be drawn;

(7) Estimated time required for presentation of the party's case; and

(8) Such other information as may assist in the disposition of the proceeding.

§ 180.440 Prehearing conferences.

(a) Before the commencement of or during the course of the hearing, the ALJ may direct the parties to participate in a conference to expedite the hearing. Failure to attend a conference may constitute a waiver of all objections to the agreements reached at the conference and to any order with respect thereto.

(b) During the conference, the ALJ may dispose of any procedural matters on which he/she is authorized to rule. At the conference, the following matters may be considered:

(1) Pre-trial motions;

(2) Identification, simplification and clarification of the issues;

(3) Necessary amendments to the pleadings;

(4) Stipulations of fact and of the authenticity, accuracy, and admissibility of documents;

(5) Limitations on the number of witnesses;

(6) Negotiation, compromise, or settlement of issues;

(7) The exchange of proposed exhibits and witness lists;

(8) Matters of which official notice will be requested;

(9) Scheduling actions discussed at the conference; and

(10) Such other matters as may assist in the disposition of the proceeding.

(c) Conferences may be conducted by telephone or in person, but generally shall be conducted by telephone, unless the ALJ determines that this method is inappropriate. The ALJ shall give reasonable notice of the time, place and manner of the conference.

(d) *Record of conference.* Unless otherwise directed by the ALJ, the conference will not be stenographically recorded. The ALJ will reduce the actions taken at the conference to a written order or, if the conference takes place less than seven days before the beginning of the hearing, may make a statement at the hearing and on the record summarizing the actions taken at the conference.

§ 180.445 Settlement negotiations before a settlement judge.

(a) *Appointment of settlement judge.* The ALJ, upon the motion of a party or upon his or her own motion, may request the Chief ALJ to appoint another ALJ to conduct settlement negotiations. The order appointing the settlement judge may confine the scope of settlement negotiations to specified issues. The order shall direct the settlement judge to report to the Chief ALJ within specified time periods.

(b) *Duties of settlement judge.* (1) The settlement judge shall convene and preside over conferences and settlement negotiations between the parties and assess the practicalities of a potential settlement.

(2) The settlement judge shall report to the Chief ALJ describing the status of the settlement negotiations, evaluating settlement prospects, and recommending the termination or continuation of the settlement negotiations.

(c) *Termination of settlement negotiations.* Settlement negotiations shall terminate upon the order of the chief ALJ issued after consultation with the settlement judge. The conduct of settlement negotiations shall not unduly delay the commencement of the hearing.

§ 180.450 Resolution of charge or notice of proposed adverse action.

At any time before a final decision is issued, the parties may submit to the ALJ an agreement resolving the charge or notice of proposed adverse action. A charge under the Fair Housing Act can only be resolved with the agreement of the aggrieved person on whose behalf the charge was issued. If the agreement is in the public interest, the ALJ shall accept it by issuing an initial decision and consent order based on the agreement.

Subpart E—Discovery

§ 180.500 Discovery.

(a) *In general.* This subpart governs discovery in aid of administrative proceedings under this part. Discovery in Fair Housing Act matters shall be completed 15 days before the date scheduled for hearing or at such time as the ALJ shall direct. Discovery in non-Fair Housing Act matters shall be completed as the ALJ directs.

(b) *Scope.* The parties are encouraged to engage in voluntary discovery procedures. Discovery shall be conducted as expeditiously and inexpensively as possible, consistent with the needs of all parties to obtain relevant evidence. Unless otherwise ordered by the ALJ, the parties may obtain discovery regarding any matter, not privileged, that is relevant to the subject matter involved in the proceeding, including the existence, description, nature, custody, condition, and location of documents or persons having knowledge of any discoverable matter. It is not grounds for objection that information sought will be inadmissible if the information appears reasonably calculated to lead to the discovery of admissible evidence.

(c) *Methods.* Parties may obtain discovery by one or more of the following methods:

(1) Deposition upon oral examination or written questions.

(2) Written interrogatories.

(3) Requests for the production of documents or other evidence for inspection and other purposes.

(4) Requests for admissions.

(5) Upon motion of a party, the presiding ALJ may issue an order requiring a physical or mental examination of a party or of a person in the custody or under the legal control of a party.

(d) *Frequency and sequence.* Unless otherwise ordered by the ALJ or restricted by this subpart, the frequency

or sequence of these methods is not limited.

(e) *Non-intervening aggrieved person.* For purposes of obtaining discovery from a non-intervening aggrieved person, the term *party* as used in this subpart includes the aggrieved person.

§ 180.505 Supplementation of responses.

A party is under a duty, in a timely fashion, to:

(a) Supplement a response with respect to any question directly addressed to:

(1) The identity and location of persons having knowledge of discoverable matters; and

(2) The identity of each person expected to be called as an expert witness, the subject matter on which the expert witness is expected to testify, and the substance of the testimony.

(b) Amend a response if the party later obtains information upon the basis of which:

(1) The party knows the response was incorrect when made, or

(2) The party knows the response, though correct when made, is no longer true, and the circumstances are such that a failure to amend the response is, in substance, a knowing concealment.

(c) Supplement other responses, as imposed by order of the ALJ or by agreement of the parties.

§ 180.510 Interrogatories.

(a) Any party may serve on any other party written interrogatories to be answered by the party served. If the party served is a public or private corporation, a partnership, an association, or a governmental agency, the interrogatories may be answered by any authorized officer or agent who shall furnish such information as may be available to the party. A party may serve not more than 30 written interrogatories on another party without an order of the ALJ.

(b) Each interrogatory shall be answered separately and fully in writing under oath or affirmation, unless it is objected to, in which event, the reasons for the objection shall be stated in lieu of an answer. The answers shall be signed by the person making them, and the objections may be signed by the attorney or other representative making them. The answers and objections shall be served within 15 days after service of the interrogatories.

(c) It is a sufficient answer to an interrogatory to specify the records from which the answer may be derived or ascertained if:

(1) The answer to the interrogatory may be derived or ascertained from the records of the party on whom the interrogatory has been served or from an examination, audit or inspection of such records, or from a compilation, abstract or summary based thereon, and

(2) The burden of deriving or ascertaining the answer is substantially the same for the party serving the interrogatory as the party served. The party serving the interrogatory shall be afforded reasonable opportunity to examine, audit or inspect such records and to make copies, compilations, abstracts or summaries. The specification shall include sufficient detail to permit the interrogating party to locate and identify the individual records from which the answer may be ascertained.

(d) Objections to the form of written interrogatories are waived unless served in writing upon the party propounding the interrogatories.

§ 180.515 Depositions.

(a) *Notice.* Upon written notice to the witness and to all other parties, a party may take the testimony of a witness by deposition and may request the production of specified documents or materials by the witness at the deposition. Notice of the taking of a deposition shall be given not less than five days before the deposition is scheduled. The notice shall state:

(1) The purpose and general scope of the deposition;

(2) The time and place of the deposition;

(3) The name and address of the person before whom the deposition is to be taken;

(4) The name and address of the witness; and

(5) A specification of the documents and materials that the witness is requested to produce.

(b) *Deposition of an organization.* If the deposition of a public or private corporation, partnership, association, or governmental agency is sought, the organization so named shall designate one or more officers, directors or agents to testify on its behalf, and may set forth, for each person designated, the matters on which he/she will testify.

(c) *Procedure at deposition.* Depositions may be taken before any disinterested person having power to administer oaths in the location where the deposition is to be taken. Each deponent shall be placed under oath or affirmation, and the other parties will have the right to cross-examine. The deponent may have counsel present during the deposition. The questions propounded and all answers and objections thereto shall be reduced to writing, read by or to and subscribed by the witness, and certified by the person before whom the deposition was taken. Non-intervening aggrieved persons may be present at depositions in which they are not the deponent.

(d) *Motion to terminate or limit examination.* During the taking of a deposition, a party or the witness may request suspension of the deposition on the grounds of bad faith in the conduct of the examination, oppression of the witness or party, or improper questioning or conduct. Upon request for suspension, the deposition will be adjourned. The objecting party or witness must immediately move the ALJ for a ruling on the objection. The ALJ may then limit the scope or manner of taking the deposition.

(e) *Waiver of deposing officer's disqualification.* Objection to taking a deposition because of the disqualification of the officer before whom it is taken is waived unless made before the taking of the deposition begins or as soon thereafter as the disqualification becomes known or could have been discovered with reasonable diligence.

(f) *Payment of costs of deposition.* The party requesting the deposition shall bear all costs of the deposition.

§ 180.520 Use of deposition at hearings.

(a) *In general.* At the hearing, any part or all of a deposition, so far as admissible under the Federal Rules of Evidence, may be used against any party who was present or represented at the taking of the deposition or who had due notice of the taking of the deposition, in accordance with the following provisions:

(1) Any deposition may be used by any party for the purpose of contradicting or impeaching the testimony of the deponent as a witness.

(2) The deposition of an expert witness may be used by any party for any purpose, unless the ALJ rules that such use is unfair or in violation of due process.

(3) The deposition of a party, or of anyone who at the time of the taking of the deposition was an officer, director, or duly authorized agent of a public or private corporation, partnership, or association that is a party, may be used by any other party for any purpose.

(4) The deposition of a witness, whether or not a party, may be used by any party for any purpose if the ALJ finds:

(i) That the witness is dead;

(ii) That the witness is out of the United States or more than 100 miles from the place of hearing, unless it appears that the absence of the witness was procured by the party offering the deposition;

(iii) That the witness is unable to attend to testify because of age, sickness, infirmity, or imprisonment;

(iv) That the party offering the deposition has been unable to procure the attendance of the witness by subpoena; or

(v) Whenever exceptional circumstances exist as to make it desirable, in the interest of justice and with due regard to the importance of presenting the testimony of witnesses orally in open hearing, to allow the deposition to be used.

(5) If a part of a deposition is offered in evidence by a party, any other party may require the party to introduce all of the deposition that is relevant to the part introduced. Any party may introduce any other part of the deposition.

(6) Substitution of parties does not affect the right to use depositions previously taken. If a proceeding has been dismissed and another proceeding involving the same subject matter is later brought between the same parties or their representatives or successors in interest, all depositions lawfully taken in the former proceeding may be used in the latter proceeding.

(b) *Objections to admissibility.* Except as provided in this paragraph, objection may be made at the hearing to receiving in evidence any deposition or part of a deposition for any reason that would require the exclusion of the evidence if the witness were present and testifying.

(1) Objections to the competency of a witness or to the competency, relevancy, or materiality of testimony are not waived by failure to make them before or during the taking of the deposition, unless the basis of the objection is one which might have been obviated or removed if presented at that time.

(2) Errors and irregularities occurring at the oral examination in the manner of taking the deposition, in the form of the questions or answers, in the oath or affirmation, or in the conduct of parties, and errors of any kind which might be obviated, removed or cured if promptly presented, are waived unless reasonable objection is made at the taking of the deposition.

§ 180.525 Requests for production of documents or things for inspection or other purposes, including physical and mental examinations.

(a) Any party may serve on any other party a request to:

(1) Produce and/or permit the party, or a person acting on the party's behalf, to inspect and copy any designated documents, or to inspect and copy, test, or sample any tangible things that contain or may lead to relevant information and that are in the possession, custody, or control of the party upon whom the request is served.

(2) Permit entry upon designated land or other property in the possession or control of the party upon whom the request is served for the purpose of inspection and measuring, photographing, testing, or other purposes stated in paragraph (a)(1) of this section.

(b) Each request shall set forth with reasonable particularity the items or categories to be inspected and shall specify a reasonable time, place and manner for making the inspection and performing the related acts.

(c) Within 15 days after service of the request, the party upon whom the request is served shall serve a written response on the party submitting the request. The response shall state, with regard to each item or category, that inspection and related activities will be permitted as requested, unless there are objections, in which case the reasons for the objection shall be stated.

(d) Upon motion of any party, when the mental or physical condition (including the blood group) of a party or of a person in the custody or under the legal control of a party, is in controversy, the presiding ALJ may order the party to submit to a physical or mental examination by a suitably licensed or certified examiner or to produce for examination the person in the party's custody or legal control. The order may be made only on motion for good cause shown and upon notice to the person to be examined and to all parties and shall specify the time, place, manner, conditions, and scope of the examination and the person or persons by whom it is to be made. A report of the examiner shall be made in accordance with Rule 35(b) of the Federal Rules of Civil Procedure.

§ 180.530 Requests for admissions.

(a) Any party may serve on any other party a written request for the admission of the truth of any matters relevant to the adjudication set forth in the request that relate to statements or opinions of fact or of application of law to fact, including the genuineness and authenticity of any documents described in or attached to the request.

(b) Each matter for which an admission is requested is admitted unless, within 15 days after service of the request, or within such time as the ALJ allows, the party to whom the request is directed serves on the requesting party a sworn written answer which:

(1) Specifically denies, in whole or in part, the matter for which an admission is requested;

(2) Sets forth in detail why the party cannot truthfully admit or deny the matter; or

(3) States an objection that the matter is privileged, irrelevant or otherwise improper in whole or in part.

(c) An answering party may not give lack of information or knowledge as a reason for failure to admit or deny, unless he/she/it states that he/she/it has made a reasonable inquiry and that the information known to, or readily obtainable by, him/her/it is insufficient to enable the party to admit or deny.

(d) The party requesting admissions may move for a determination of the sufficiency of the answers or objections. Unless the ALJ determines that an objection is justified, the ALJ shall order that an answer be served. If the ALJ determines that an answer does not comply with the requirements of this section, the ALJ may order either that the matter is admitted or that an amended answer be served.

(e) Any matter admitted under this section is conclusively established unless, upon the motion of a party, the ALJ permits the withdrawal or amendment of the admission. Any admission made under this section is made for the purposes of the pending proceeding only, is not an admission by the party for any other purpose, and may not be used against the party in any other proceeding.

§ 180.535 Protective orders.

(a) Upon motion of a party or a person from whom discovery is sought or in accordance with § 180.540(c), and for good cause shown, the ALJ may make appropriate orders to protect a party or person from annoyance, embarrassment, oppression, or undue burden or expense as a result of the requested discovery request. The order may direct that:

(1) The discovery may not be had;

(2) The discovery may be had only on specified terms and conditions, including at a designated time and place;

(3) The discovery may be had by a method of discovery other than that selected by the party seeking discovery;

(4) Certain matters may not be the subject of discovery, or the scope of discovery may be limited to certain matters;

(5) Discovery may be conducted with no one present other than persons designated by the ALJ;

(6) A trade secret or other confidential research, development or commercial information may not be disclosed, or

may be disclosed only in a designated way; or

(7) The party or other person from whom discovery is sought may file specified documents or information under seal to be opened as directed by the ALJ.

(b) The ALJ may permit a party or other person from whom discovery is sought, who is seeking a protective order, to make all or part of the showing of good cause in camera. If such a showing is made, upon motion of the party or other person from whom discovery is sought, an in camera record of the proceedings may be made. If the ALJ enters a protective order, any in camera record of such showing shall be sealed and preserved and made available to the ALJ or, in the event of appeal, to the Secretary or a court.

§ 180.540 Motion to compel discovery.

(a) If a deponent fails to answer a question propounded, or a party upon whom a discovery request has been made fails to respond adequately, objects to a request, or fails to produce documents or other inspection as requested, the discovering party may move the ALJ for an order compelling discovery in accordance with the request. The motion shall:

(1) State the nature of the request;

(2) Set forth the response or objection of the deponent or party upon whom the request was served;

(3) Present arguments supporting the motion; and

(4) Attach copies of all relevant discovery requests and responses.

(b) For the purposes of this section, an evasive or incomplete answer or response will be treated as a failure to answer or respond.

(c) In ruling on a motion under this section, the ALJ may enter an order compelling a response in accordance with the request, may issue sanctions under paragraph (d) of this section, or may enter a protective order under § 180.535.

(d) *Sanctions.* If a party fails to provide or permit discovery, the ALJ may take such action as is just, including but not limited to the following:

(1) Inferring that the admission, testimony, document, or other evidence would have been adverse to the party;

(2) Ordering that, for purposes of the adjudication, the matters regarding which the order was made or any other designated facts shall be taken to be established in accordance with the claim of the party obtaining the order;

(3) Prohibiting the party failing to comply with the order from introducing evidence concerning, or otherwise relying upon, documents or other evidence withheld;

(4) Ordering that the party withholding discovery not introduce into evidence, or otherwise use in the hearing, information obtained in discovery;

(5) Permitting the requesting party to introduce secondary evidence concerning the information sought;

(6) Striking any appropriate part of the pleadings or other submissions of the party failing to comply with such order; or

(7) Taking such other action as may be appropriate.

§ 180.545 Subpoenas.

(a) This section governs the issuance of subpoenas in administrative proceedings under the Fair Housing Act. Except for time periods stated in the rules in this section, to the extent that this section conflicts with procedures for the issuance of subpoenas in civil actions in the United States District Court for the District in which the investigation of the discriminatory housing practice took place, the rules of the United States District Court apply.

(b) *Issuance of subpoena.* Upon the written request of a party, the Chief ALJ or the presiding ALJ may issue a subpoena requiring the attendance of a witness for the purpose of giving testimony at a deposition or hearing and requiring the production of relevant books, papers, documents or tangible things.

(c) *Time of request.* Requests for subpoenas in aid of discovery must be submitted in time to permit the conclusion of discovery 15 days before the date scheduled for the hearing. If a request for subpoenas of a witness for testimony at a hearing is submitted three days or less before the hearing, the subpoena shall be issued at the discretion of the Chief ALJ or the presiding ALJ, as appropriate.

(d) *Service.* A subpoena may be served by any person who is not a party and is not less than 18 years of age. Service on a person shall be made by delivering a copy of the subpoena to the person and by tendering witness fees and mileage to that person. When the subpoena is issued on behalf of HUD, witness fees and mileage need not be tendered with the subpoena.

(e) *Amount of witness fees and mileage.* A witness summoned by a subpoena issued under this part is entitled to the same witness and mileage fees as a witness in proceedings in United States District Courts. Fees payable to a witness summoned by a subpoena shall be paid by the party requesting the issuance of the subpoena, or where the ALJ determines that a party is unable to pay the fees, the fees shall be paid by HUD.

(f) *Motion to quash or limit subpoena.* Upon a motion by the person served with a subpoena or by a party, made within five days after service of the subpoena (but in any event not less than the time specified in the subpoena for compliance), the ALJ may:

(1) Quash or modify the subpoena if it is unreasonable and oppressive or for other good cause shown; or

(2) Condition denial of the motion upon the advancement, by the party on whose behalf the subpoena was issued, of the reasonable cost of producing subpoenaed books, papers or documents. Where circumstances require, the ALJ may act upon such a motion at any time after a copy of the motion has been served upon the party on whose behalf the subpoena was issued.

(g) *Failure to comply with subpoena.* If a person fails to comply with a subpoena issued under this section, the party requesting the subpoena may refer the matter to the Attorney General for enforcement in appropriate proceedings under 42 U.S.C. 3614(c).

Subpart F—Procedures at Hearing

§ 180.600 Date and place of hearing.

(a) *For Fair Housing Act Cases.* (1) *Time.* The hearing shall commence not later than 120 days after the issuance of the charge, unless it is impracticable to do so. If the hearing cannot be commenced within this time period, the ALJ shall notify in writing all parties, aggrieved persons, amici, and the Assistant Secretary of the reasons for the delay.

(2) *Place.* The hearing will be conducted at a place in the vicinity in which the discriminatory housing practice is alleged to have occurred or to be about to occur.

(b) *For Non-Fair Housing Matters.* Hearings shall be held in Washington, DC, unless the ALJ determines that the convenience of the respondent or HUD requires that another place be selected.

(c) The ALJ may change the time, date or place of the hearing, or may temporarily adjourn or continue a hearing for good cause shown.

§ 180.605 Conduct of hearings.

The hearing shall be conducted in accordance with the Administrative Procedure Act (5 U.S.C. 551–559).

§ 180.610 Waiver of right to appear.

If all parties waive their right to appear before the ALJ, the ALJ need not conduct an oral hearing. Such waivers

shall be in writing and filed with the ALJ. The ALJ shall make a record of the pleadings and relevant written evidence submitted by the parties. These documents may constitute the evidence in the proceeding, and the decision may be based upon this evidence.

§ 180.615 Failure of party to appear.

A default decision may be entered against a party failing to appear at a hearing unless such party shows good cause for such failure.

§ 180.620 Evidence.

The Federal Rules of Evidence apply to the presentation of evidence in hearings under this part.

§ 180.625 Record of hearing.

(a) All oral hearings shall be recorded and transcribed by a reporter designated and supervised by the ALJ. The original transcript shall be a part of the record and shall constitute the sole official transcript. All exhibits introduced as evidence shall be incorporated into the record. The parties and the public may obtain transcripts from the official reporter at rates not to exceed the applicable rates fixed by the contract with the reporter.

(b) Corrections to the official transcript will be permitted upon motion of a party. Motions for correction must be submitted within five days after receipt of the transcript. Corrections of the official transcript will be permitted only where errors of substance are involved and upon the ALJ's approval.

§ 180.630 Stipulations.

The parties may stipulate to any pertinent facts by oral agreement at the hearing or by written agreement at any time. Stipulations may be submitted into evidence at any time before the end of the hearing. Once received into evidence, a stipulation is binding on the parties.

§ 180.635 Written testimony.

The ALJ may accept and enter into the record direct testimony of witnesses made by verified written statement rather than by oral presentation at the hearing. Unless the ALJ fixes other time periods, affidavits shall be filed and served on the parties not later than 14 days prior to the hearing. Witnesses whose testimony is presented by affidavit shall be available for cross-examination as may be required.

§ 180.640 In camera and protective orders.

The ALJ may limit discovery or the introduction of evidence, or may issue such protective or other orders necessary to protect privileged communications. If the ALJ determines that information in documents containing privileged matters should be made available to a party, the ALJ may order the preparation of a summary or extract of the nonprivileged matter contained in the original.

§ 180.645 Exhibits.

(a) *Identification.* All exhibits offered into evidence shall be numbered sequentially and marked with a designation identifying the sponsor. The original of each exhibit offered in evidence or marked for identification shall be filed and retained in the docket of the proceeding, unless the ALJ permits the substitution of a copy for the original.

(b) *Exchange of exhibits.* One copy of each exhibit offered into evidence must be furnished to each of the parties and to the ALJ. If the ALJ does not fix a time for the exchange of exhibits, the parties shall exchange copies of proposed exhibits at the earliest practicable time before the commencement of the hearing. Exhibits submitted as rebuttal evidence are not required to be exchanged before the commencement of the hearing if the submission of such evidence could not reasonably be anticipated at that time.

(c) *Authenticity.* The authenticity of all documents submitted or exchanged as proposed exhibits prior to the hearing shall be admitted unless written objection is filed before the commencement of the hearing, or unless good cause is shown for failing to file such a written objection.

(d) The parties are encouraged to stipulate as to the admissibility of exhibits.

§ 180.650 Public document items.

Whenever a public document, such as an official report, decision, opinion, or published scientific or economic statistical data issued by any of the executive departments (or their subdivisions), legislative agencies or committees, or administrative agencies of the Federal Government (including Government-owned corporations), or a similar document issued by a State or its agencies is offered (in whole or in part), and such document (or part thereof) has been shown by the offeror to be reasonably available to the public, such document need not be produced or marked for identification, but may be offered for official notice, as a public document item by specifying the document or relevant part thereof.

§ 180.655 Witnesses.

(a) Witnesses shall testify under oath or affirmation.

(b) If a witness fails or refuses to testify, the failure or refusal to answer any question found by the ALJ to be proper may be grounds for striking all or part of the testimony that may have been given by the witness, or for any other action deemed appropriate by the ALJ.

§ 180.660 Closing of record.

(a) *Oral hearings.* Where there is an oral hearing, the hearing ends on the day of the adjournment of the oral hearing or, where written briefs are permitted, on the date that the written briefs are due.

(b) *Hearing on written record.* Where the parties have waived an oral hearing, the hearing ends on the date set by the ALJ as the final date for the receipt of submissions by the parties.

(c) *Receipt of evidence following hearing.* Following the end of the hearing, no additional evidence may be accepted into the record, except with the permission of the ALJ. The ALJ may receive additional evidence upon a determination that new and material evidence was not readily available before the end of the hearing, the evidence has been timely submitted, and its acceptance will not unduly prejudice the rights of the parties.

§ 180.665 Arguments and briefs.

(a) Following the submission of evidence at an oral hearing, the parties may file a brief, proposed findings of fact and conclusions of law, or both, or, in the ALJ's discretion, make oral arguments.

(b) Unless otherwise ordered by the ALJ, briefs and proposed findings of fact and conclusions of law shall be filed simultaneously by all parties. In Fair Housing Act cases, such filings shall be due not later than 45 days after the adjournment of the oral hearing. In other cases, they shall be due as the ALJ orders.

§ 180.670 Initial decision of ALJ.

(a) The ALJ shall issue an initial decision including findings of fact and conclusions of law upon each material issue of fact or law presented on the record. The initial decision of the ALJ shall be based on the whole record of the proceeding. A copy of the initial decision shall be served upon all parties, aggrieved persons, the Assistant Secretary, the Secretary, and amici, if any.

(b) *Initial decision in Fair Housing Act cases.* (1) The ALJ shall issue an initial decision within 60 days after the end of the hearing, unless it is impracticable to do so. If the ALJ is unable to issue the initial decision

within this time period (or within any succeeding 60-day period following the initial 60-day period), the ALJ shall notify in writing all parties, the aggrieved person on whose behalf the charge was filed, and the Assistant Secretary, of the reasons for the delay.

(2) The initial decision shall state that it will become the final agency decision 30 days after the date of issuance of the initial decision.

(3) *Findings against respondents.* If the ALJ finds that a respondent has engaged, or is about to engage, in a discriminatory housing practice, the ALJ shall issue an initial decision against the respondent and order such relief as may be appropriate. Relief may include, but is not limited to:

(i) Ordering the respondent to pay damages to the aggrieved person (including damages caused by humiliation and embarrassment).

(ii) Ordering injunctive or such other equitable relief as may be appropriate. No such order may affect any contract, sale, encumbrance or lease consummated before the issuance of the initial decision that involved a bona fide purchaser, encumbrancer or tenant without actual knowledge of the charge.

(iii) Assessing a civil penalty against the respondent to vindicate the public interest.

(A) The amount of the civil penalty may not exceed:

(*1*) $11,000, if the respondent has not been adjudged to have committed any prior discriminatory housing practice in any administrative hearing or civil action permitted under the Fair Housing Act or any State or local fair housing law, or in any licensing or regulatory proceeding conducted by a Federal, State or local governmental agency.

(*2*) $27,500, if the respondent has been adjudged to have committed one other discriminatory housing practice in any administrative hearing or civil action permitted under the Fair Housing Act, or any State or local fair housing law, or in any licensing or regulatory proceeding conducted by a Federal, State, or local government agency, and the adjudication was made during the five-year period preceding the date of filing of the charge.

(*3*) $55,000, if the respondent has been adjudged to have committed two or more discriminatory housing practices in any administrative hearings or civil actions permitted under the Fair Housing Act or any State or local fair housing law, or in any licensing or regulatory proceeding conducted by a Federal, State, or local government agency, and the adjudications were made during the seven-year period preceding the date of the filing of the charge.

(B) If the acts constituting the discriminatory housing practice that is the subject of the charge were committed by the same natural person who has previously been adjudged, in any administrative proceeding or civil action, to have committed acts constituting a discriminatory housing practice, the time periods set forth in paragraphs (b)(3)(iii)(A)(*2*) and (*3*) of this section do not apply.

(C) In a proceeding involving two or more respondents, the ALJ may assess a civil penalty as provided under paragraph (b) of this section against each respondent that the ALJ determines has been engaged or is about to engage in a discriminatory housing practice.

(4) *Findings in favor of respondents.* If the ALJ finds that the charging party has not established that a respondent has engaged in a discriminatory housing practice, the ALJ shall make an initial decision dismissing the charge as against that respondent.

(c) *Initial Decision in Non-Fair Housing Act matters.* The ALJ shall issue the initial decision as soon as possible after the end of the hearing.

(1) *Findings against Respondents.* If the ALJ finds that a respondent has failed to comply substantially with the statutory and regulatory requirements that gave rise to the notice of proposed adverse action, the ALJ shall issue an initial decision against the respondent.

(i) The initial decision shall provide for suspension or termination of, or refusal to grant or continue, Federal financial assistance, in whole or in part, to the involved program or activity.

(ii) The initial decision may contain such terms, conditions, and other provisions as are consistent with and will effectuate the purposes of the applicable statute and regulations, including provisions designed to assure that no Federal financial assistance will be extended for the program or activity unless and until the respondent corrects its noncompliance and satisfies the Secretary that it will fully comply with the relevant statute and regulations.

(iii) The initial decision shall state that it will become final only upon the Secretary's approval.

(2) *Findings in favor of respondents.* If the ALJ finds that a respondent has not failed to comply substantially with the statutory and regulatory requirements that gave rise to the notice of proposed adverse action, the ALJ shall make an initial decision dismissing the notice of proposed adverse action. The initial decision shall state that it will become the final agency decision 30 days after the date of issuance.

§ 180.675 Petitions for review.

(a) The Secretary may affirm, modify or set aside, in whole or in part, the initial decision, or remand the initial decision for further proceedings.

(b) Any party adversely affected by the ALJ's initial decision may file a motion with the Secretary explaining how and why the initial decision should be modified, set aside, in whole or in part, or remanded for further proceedings. Such petition shall be based only on the following grounds:

(1) A finding of material fact is not supported by substantial evidence;

(2) A necessary legal conclusion is erroneous;

(3) The decision is contrary to law, duly promulgated rules of HUD, or legal precedent; or

(4) A prejudicial error of procedure was committed.

(c) Each issue shall be plainly and concisely stated and shall be supported by citations to the record when assignments of error are based on the record, statutes, regulations, cases, or other authorities relied upon. Except for good cause shown, no assignment of error by any party shall rely on any question of fact or law not presented to the ALJ.

(d) Such petitions must be received by the Secretary within 15 days after issuance of the initial decision.

(e) A statement in opposition to the petition for review may be filed. Such opposition must be received by the Secretary within 22 days after issuance of the initial decision.

(f) A petition not granted within 30 days after the issuance of the initial decision is deemed denied.

(g) If the Secretary remands the decision for further proceedings, the ALJ shall issue an initial decision on remand within 60 days after the date of issuance of the Secretary's decision, unless it is impracticable to do so. If the ALJ is unable to issue the initial decision within this time period (or within any succeeding 60-day period following the initial 60-day period), the ALJ shall notify in writing the parties, the aggrieved person on whose behalf the charge was filed, any amicus curiae and the Assistant Secretary, of the reasons for the delay.

§ 180.680 Final decisions.

(a) *Public disclosure.* HUD shall make public disclosure of each final decision.

(b) *Where initial decision does not provide for suspension or termination of, or refusal to grant or continue, Federal financial assistance.*

(1) *Issuance of final decision by Secretary.* The Secretary may review any finding of fact, conclusion of law, or order contained in the initial decision of the ALJ and issue a final decision in the proceeding. The Secretary shall serve the final decision on all parties no later than 30 days after the date of issuance of the initial decision.

(2) *No final decision by Secretary.* If the Secretary does not serve a final decision within the time period described in paragraph (b)(1) of this section, the initial decision of the ALJ will become the final agency decision. For the purposes of this part, such a final decision will be considered to have been issued 30 days after the date of issuance of the initial decision.

(c) *Where initial decision provides for suspension or termination of, or refusal to grant or continue, Federal financial assistance.* When the initial decision provides for the suspension or termination of, or the refusal to grant or continue, Federal financial assistance, or the imposition of any other sanction, such decision shall not constitute an order or final agency action until approved by the Secretary. Further, in the case of proceedings under title VI of the Civil Rights Act of 1964, no order suspending, terminating, or refusing to grant or continue Federal financial assistance shall become effective until the requirements of 24 CFR 1.8(c) have been met.

Subpart G—Post-Final Decision in Fair Housing Cases

§ 180.700 Action upon issuance of a final decision in Fair Housing Act cases.

(a) *Licensed or regulated businesses.* (1) If a final decision includes a finding that a respondent has engaged or is about to engage in a discriminatory housing practice in the course of a business that is subject to licensing or regulation by a Federal, State or local governmental agency, the Assistant Secretary will notify the governmental agency of the decision by:

(i) Sending copies of the findings of fact, conclusions of law and final decision to the governmental agency by certified mail; and

(ii) Recommending appropriate disciplinary action to the governmental agency, including, where appropriate, the suspension or revocation of the respondent's license.

(2) The Assistant Secretary will notify the appropriate governmental agencies within 30 days after the date of issuance of the final decision, unless a petition for judicial review of the final decision as described in § 180.710 of this part has been filed before the issuance of the notification of the agency. If such a petition has been filed, the Assistant Secretary will provide the notification to the governmental agency within 30 days after the date that the final decision is affirmed upon review. If a petition for judicial review is timely filed following the notification of the governmental agency, the Assistant Secretary will promptly notify the governmental agency of the petition and withdraw his or her recommendation.

(b) *Notification to the Attorney General.* If a final decision includes a finding that a respondent has engaged or is about to engage in a discriminatory housing practice and another final decision including such a finding was issued under this part within the five years preceding the date of issuance of the final decision, the General Counsel will notify the Attorney General of the decisions by sending a copy of each final decision.

§ 180.705 Attorney's fees and costs.

Following the issuance of the final decision, any prevailing party, except HUD, may apply for attorney's fees and costs. The ALJ will issue an initial decision awarding or denying such fees and costs. The initial decision will become HUD's final decision unless the Secretary reviews the initial decision and issues a final decision on fees and costs within 30 days. The recovery of reasonable attorney's fees and costs will be permitted as follows:

(a) If the respondent is the prevailing party, HUD will be liable for reasonable attorney's fees and costs to the extent provided under the Equal Access to Justice Act (5 U.S.C. 504) and HUD's regulations at 24 CFR part 14, and an intervenor will be liable for reasonable attorney's fees and costs only to the extent that the intervenor's participation in the administrative proceeding was frivolous or vexatious, or was for the purpose of harassment.

(b) To the extent that an intervenor is a prevailing party, the respondent will be liable for reasonable attorney's fees unless special circumstances make the recovery of such fees and costs unjust.

§ 180.710 Judicial review of final decision.

(a) Any party adversely affected by a final decision may file a petition in the appropriate United States Court of Appeals for review of the decision under 42 U.S.C. 3612(i). The petition must be filed within 30 days after the date of issuance of the final decision.

(b) If no petition for review is filed under paragraph (a) of this section within 45 days after the date of issuance of the final decision, the findings of facts and final decision shall be conclusive in connection with any petition for enforcement.

§ 180.715 Enforcement of final decision.

(a) *Enforcement by HUD.* Following the issuance of a final decision, the General Counsel may petition the appropriate United States Court of Appeals for the enforcement of the final decision and for appropriate temporary relief or restraining order in accordance with 42 U.S.C. 3612(j).

(b) *Enforcement by others.* If no petition for review has been filed within 60 days after the date of issuance, and the General Counsel has not sought enforcement of the final decision as described in paragraph (a) of this section, any person entitled to relief under the final decision may petition the appropriate United States Court of Appeals for the enforcement of the final decision in accordance with 42 U.S.C. 3612(m).

Subpart H—Post-Final Decision in Non-Fair Housing Act Matters

§ 180.800 Post-termination proceedings.

(a) A respondent adversely affected by the order terminating, discontinuing, or refusing Federal financial assistance in consequence of proceedings pursuant to this title may request the Secretary for an order authorizing payment, or permitting resumption, of Federal financial assistance. Such request shall:

(1) Be in writing;

(2) Affirmatively show that, since entry of the order, the respondent has brought its program or activity into compliance with statutory and regulatory requirements; and

(3) Set forth specifically, and in detail, the steps taken to achieve such compliance.

(b) If the Secretary denies such request, the respondent may request an expeditious hearing. The request for such a hearing shall be addressed to the Secretary within 30 days after the respondent is informed that the Secretary has refused to authorize payment or permit resumption of Federal financial assistance and shall specify why the Secretary erred in denying the request.

(c) The procedures established by this part shall be applicable to any hearing.

§ 180.805 Judicial review of final decision.

A termination of or refusal to grant or to continue Federal financial assistance is subject to judicial review as provided in the applicable statute.

Dated: September 24, 1996.
Henry G. Cisneros,
Secretary.
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