

October 15, 2007

Here is an update and overview of the latest events in the DPA industry and the status of our efforts to make homeownership a reality to those who need help the most.

Here's the timeline of events:

- 10/1/07: HUD issued its Final Rule "Standards for Mortgagor's Investment in Mortgaged Property" eliminating seller-assisted down payment assistance programs.
- 10/1/07: Lawsuit is filed against HUD.
- 10/1/07: Representatives Miller, Waters, and Green issue statement in support of DPA.
- 10/2/07: HUD clarifies funding dates: "Therefore, in order for the homebuyer to use a gift that was derived from the seller, the homebuyer must have entered into a contract of sale (including any amendments to purchase price) before that date [Oct 31, 2007]."
- 10/10/07: Motion for Preliminary Injunction and a Motion for Temporary Restraining Order are filed. These motions can stop the Rule from being implemented.
- This Week: The Genesis Foundation will file an Amicus ("friend of the court") Brief in order to address additional points of concern to help support and clarify the Injunction already filed.

What to expect:

- HUD has until October 19th to respond to the motions. We expect the Court to hold a hearing the week of October 22nd. It is expected that a decision will be made on the day of the hearing, as the Court has acknowledged the urgency of the situation.

What this means for you right now:

- **If your contract and addendums are finalized on or before the 30th of this month, PreferredProgram will fund regardless of how far out the closing is scheduled.**

What this means if the Injunction is approved by the judge:

- If signed by the judge, the injunction will inhibit HUD from implementing its Rule until the court case is decided—a process that could take many months.

We will continue to keep you apprised as this continues to unfold. Thank you for your commitment to and support for us and homebuyers across the nation.

Kelly Schwedland
President
PreferredProgram

P.S. Congress has the authority to stop HUD's rule. You can encourage them by going to www.takeaction.ahaanow.org to find and contact your representatives.