

October 2, 2007

Monday morning, as you are probably already aware, HUD published its final rule on Mortgage Standards in the Federal Register. Generally speaking this would no longer allow Seller-Funded Downpayment Programs after 30 days.

By Monday afternoon the industry had responded by suing HUD. We expect an injunction next week. Approval of the injunction would keep HUD from implementing the rule.

HUD has confirmed that all gift requests will be honored as long as a contract between the buyer and the seller has been signed by Oct 31, 2007.

As an industry leader in downpayment assistance, we will continue to fight for homeownership in America and we will be sure to keep you updated as this issue progresses. We expect a favorable resolution shortly.

Thank you for your continued support!

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President
The Genesis Foundation
<http://www.preferredprogram.org>

P.S. Feel free to contact your senator in favor of Seller-Funded DPA: <http://takeaction.ahaanow.org/ahaa/home/>

Also, here are the main points of the legal argument:

First, we, as an industry, think that this is singularly discriminatory in nature -- intentionally discriminating against the very people HUD was created to serve. Seller-Funded DPA is primarily used by minorities, single mothers and first time homebuyers who don't have access to funds.

Second, HUD's action completely disregards the 15,000+ comments received by HUD in response to the proposed rule to regulate seller-funded DPA -- not eliminate it.

Thirdly, implementation of the Rule is pre-empting the legislative action of Congress. Current legislation regarding Seller-Funded DPAs is currently under review by both the House and Senate and is anticipating action before the close of session this year.