

FOR IMMEDIATE RELEASE  
October 31, 2007

Contact: Rick Del Sontro  
202-234-7515

## **Genesis Foundation & Home Downpayment Gift Foundation Prevail**

### **Judge Orders A Halt to HUD's Anti-Homeownership Rule**

Washington, DC –Genesis Foundation (Genesis) and Home Downpayment Gift Foundation, Inc. (HDGF), both 501(c)3 charitable entities dedicated to helping low and moderate income families create and maintain homeownership, announced today that it had prevailed in its temporary injunction in the United States District Court. The decision by the court halts the rule set to go into effect October 30, which would have eliminated the opportunity for over 100,000 families each year to become homeowners.

Seller funded downpayment programs have a 94% success rate with homeowners and the rule rather than addressing the unsuccessful borrower's seeks to eliminate these programs and puts at risk many potential homebuyer's throughout the country. The judge agreed that HUD ignored the arguments made by respected industry groups that had argued that there were more effective ways to address HUD's concerns with these programs.

"We felt it was necessary to get involved in this lawsuit and take a leadership role because potential homeowners were not being adequately represented," said Kelly Schwedland, President Genesis. "The decision today affirmed our belief that HUD had failed to consider reasonable proposed alternatives to the regulation.

The injunction stops the rule from going into effect until there is a resolution to the lawsuit against HUD. This allows all seller assisted down payment programs to continue in their efforts of enabling homeownership.

"I am thrilled by the court's decision. Indeed this was a significant victory for homeowners. I still believe that HUD's rule is without merit and lacks a real attempt to seek out alternative solutions," said Rick Del Sontro, CEO of Home Downpayment Gift Foundation. "To make matters worse, HUD has twice attempted to engage in improper selective enforcement of this rule. Such treatment from a federal agency is not merely irrational; it is outrageous. I believe the court took this into consideration when they rendered their decision."

Responding to the needs of those they serve, the organizations' legal actions arose out of HUD's recently issued rule which seeks to terminate successful

downpayment assistance (DPA) programs sponsored by HDGF, Genesis and other charities. These programs provide cash gifts to aspiring homeowners who are able to make monthly payments on the mortgages on modestly priced homes, but cannot come up with the downpayments required to qualify for loans guaranteed by the Federal Housing Administration (FHA).

Current law requires homebuyers seeking FHA loans to make at least a 3% down payment on their homes, but permits them to receive some or all of the downpayment amount as gifts from charities. Beginning in the mid-1990s, a number of 501(c)3 organizations initiated down payment assistance programs to enable low and moderate income families to purchase their own homes, with faith-based organizations first taking the lead.

From those modest beginnings, DPA programs grew rapidly, helping hundreds of thousands of families. Though HUD is actively seeking statutory authority to offer FHA loans equal to 100% of a home's purchase price by having buyers assume more debt in lieu of a down payment, HUD has moved to prevent charities from giving low-income families the down payment outright.

HUD's proposed rule was criticized sharply by Members of Congress in a June 22, 2007 hearing conducted by the House Financial Services Subcommittee on Housing and Community Opportunity on DPA programs. HUD's action also reverses its previous position regarding the provision of down payment assistance, and reneges on its written commitment to provide six months notice before changing that position.

"We believe the SFDPA has served a critical role in homeownership. HUD is attempting to take a private market solution and replace it with a program that would cost taxpayers dearly. From the beginning of this process I have believed that HUD knew the outcome they wanted and has worked backwards with little regard for people or process," said Del Sontro

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### **About Home Downpayment Gift Foundation**

Home Downpayment Gift Foundation, Inc. is a 501(c)3, publicly supported non-profit organization founded in 2001. HDGF is one of the first nonprofit organizations to launch risk mitigation and homeowner protection programs in conjunction with its downpayment assistance program. Together with the Genesis Foundation, the two organizations currently assist over 5000 families each month become homeowners. HDGF also provides free homebuyer education, involuntary loss of employment insurance, early delinquency counseling and makes emergency funds available for mortgage payments through the Rainy Day Program. All of these programs are designed help

families keep their homes and prevent foreclosure. To learn more about HDGF, please go to [www.homedownpayment.org](http://www.homedownpayment.org)

**About The Genesis Foundation**

The Genesis Foundation, Inc. is a 501(c)3, publicly supported non-profit organization founded in 2000. Genesis operates the PreferredProgram providing downpayment assistance to first time as well as low to moderate income homebuyers. Genesis also operates the HOPE funds program which offers mortgage payment protection along with downpayment assistance. The Genesis Foundation is currently the largest provider of seller funded downpayment assistance in the nation. To learn more about The Genesis Foundation programs, please go to [www.PreferredProgram.org](http://www.PreferredProgram.org) or [www.HOPEfundsprogram.org](http://www.HOPEfundsprogram.org)