

**UTAH AMERICAN INDIAN BAND SUES U.S. DEPARTMENT OF
HOUSING & URBAN DEVELOPMENT TO STOP UNLAWFUL DESTRUCTION
OF ITS HOME-PURCHASING ASSISTANCE PROGRAM**

HUD Mortgagee Letter Harms Consumers While Failing to Protect the FHA Mutual Mortgage Insurance Fund—American Indians Refuse to Have Their Interests Again Relegated to the Reservation Without a Fight.

For Immediate Release

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Today the Cedar Band of Paiutes, the Cedar Band Corporation, and the CBC Mortgage Agency (“CBCMA”) filed a lawsuit in the United States District Court for the District of Utah seeking an order immediately stopping enforcement of the U.S. Department of Housing and Urban Development’s (“HUD”) Mortgagee Letter 19-06 (“Mortgagee Letter”), which unlawfully targets American Indian tribes and bands by prohibiting them from participating in home-purchasing assistance programs and thus threatens a critical source of revenue for the Cedar Band.

CBCMA is a subsidiary of Cedar Band Corporation, a band corporation chartered by the U.S. Department of the Interior and owned by the Cedar Band of Paiutes, a federally recognized American Indian band. CBCMA, like many other governmental housing agencies, provides down payment assistance to borrowers seeking to finance the purchase of a home with a mortgage insured by the Federal Housing Administration. CBCMA’s down payment assistance has helped thousands of borrowers achieve the dream of homeownership. CBCMA’s distributions benefit the Cedar Band, which uses them to fund economic, cultural, and educational programs, and to maintain the Cedar Band’s buildings on a reservation that provides little in terms of natural resources and economic opportunity.

HUD’s Mortgagee Letter purports to be an informal “guidance” document that merely “clarifies” existing law governing the provision of down payment assistance. In fact, the Mortgagee Letter represents a radical shift in longstanding HUD policy that effectively outlaws CBCMA’s business and pulls the rug out from under many borrowers, who now will be unable to close on their home purchase.

The Mortgagee Letter is the result of an improper process and violates federal law. HUD released the letter without prior notice, without soliciting comment, without consulting with affected American Indian tribes and bands, and without gaining the approval of necessary executive branch officials, including the President. HUD does not have the statutory authority to establish the rules contained in the Mortgagee Letter, and it infringed Plaintiffs’ due process right to fair notice. The Mortgagee Letter also encroaches on tribal sovereignty and contradicts the established federal policy of promoting the economic development of American Indian tribes and bands.

Lead counsel Helgi C. Walker of Gibson Dunn & Crutcher LLP said: “The harm that HUD has inflicted on CBCMA and the members of the Cedar Band with this administrative action is staggering. CBCMA has operated as a governmental provider of down payment assistance for

years, indeed pursuant to regulations that expressly allow tribes to provide down payment assistance. But now HUD has changed the rules without notice, throwing CBCMA and borrowers into a state of chaos. We intend to rectify this unlawful agency action and vindicate our client's legal rights.”

Co-counsel Michelle L. Rogers of Buckley LLP added: “HUD cannot abandon established law and policy through the issuance of industry guidance, despite its inaccurate labeling of that guidance as a clarification. The action damages not just the Cedar Band, but also borrowers who thought they'd be closing on a home in the coming days, and lenders with loans in the pipeline. We look forward to a just resolution for our client, borrowers, and the industry.”

Mortgagee Letter 19-06 is an effort to force American Indians back onto the reservation. The Cedar Band of Paiutes, Cedar Band Corporation, and CBCMA are confident that the court will swiftly put this unlawful, unconstitutional, and discriminatory action on hold and ultimately strike it down permanently. The Cedar Band and its subsidiary corporations strongly urge HUD to do the right thing and withdraw the Mortgagee Letter.