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**FROM:** Department of Justice  
Civil Division

Fax No. (202) 616-8460  
Voice No. (202) 616-8298

**DATE:** April 3, 2008

**SENT BY:** Robert J. Katerberg

**TO:** Michael L. Braunstein, Esq.

**FAX No.** (845) 356-4335

**NUMBER OF PAGES SENT (INCLUDING COVER PAGE):** 4

**MESSAGE:**

Mike: Please find attached the Stipulation with my manual signature. Please note that I took the final version from your email of 3/31/08, 5:45 PM, and made just one change which was to change "March \_\_, 2008" to "April 3, 2008" in the signature block. Please sign and fax back to me at (202) 616-8460. I will then create a conformed copy with "/s/" signatures and file it with the Court on ECF. Thanks, Rob

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

PENOBSCOT INDIAN NATION, et al.	)
	)
Plaintiffs,	)
	)
v.	)
	)
UNITED STATES DEPARTMENT OF	)
HOUSING AND URBAN	)
DEVELOPMENT, et al.,	)
	)
Defendants.	)

Case No.: 07-1282 (PLF)

**STIPULATION TO RESOLVE REMAINING CLAIMS AND DISMISS ACTION**

WHEREAS, the Amended Complaint filed in this action on October 9, 2007 (dkt. no. 15) contains both claims directed toward the final rule entitled Standards for Mortgagor's Investment in Mortgaged Property, 72 Fed.Reg.56,002 (Oct. 1, 2007)("Final Rule"), and claims relating to other alleged conduct by employees of the United States Department of Housing and Urban Development ("HUD") pre-dating and independent of the Final Rule;

WHEREAS, the Court by Order and Opinion of March 5, 2008 (dkt. nos. 39, 41) granted plaintiffs' motion for summary judgment on their claims directed toward the Final Rule, and vacated and remanded the Final Rule to HUD;

WHEREAS, by separate Order of March 5, 2008 (dkt. no. 40), the Court directed the parties to meet and confer and discuss settlement of plaintiffs' remaining claims;

WHEREAS, plaintiffs' remaining claims relate to allegations that HUD employees have told third-party lenders that plaintiffs' Grant America Program ("GAP") was not acceptable and/or did not comply with HUD's policies governing the use of

down payment assistance ("DPA") for Federal Housing Administration ("FHA") insured home purchase loans; and

WHEREAS, the parties believe that plaintiffs' remaining claims can be most efficiently resolved consensually without the need for judicial intervention;

NOW, THEREFORE, the parties hereby stipulate and agree as follows:

1. The United States Department of Housing and Urban Development's ("HUD's") current policy governing permissible sources of down payment assistance for FHA-insured home purchase loans is contained in ¶ 2-10.C of HUD Handbook 4155.1, Rev. 5, "Mortgage Credit Analysis of Mortgage Insurance, One to Four Family Properties," which states in pertinent part:

Gift Funds. An outright gift of the cash investment is acceptable if the donor is the borrower's relative, the borrower's employer or labor union, a charitable organization, a governmental agency or public entity that has a program to provide homeownership assistance to low- and moderate-income families or first-time homebuyers, or a close friend with a clearly defined and documented interest in the borrower. The gift donor may not be a person or entity with an interest in the sale of the property, such as the seller, real estate agent or broker, builder, or any entity associated with them.

2. Based upon the Penobscot Indian Nation's ("PIN's") continued status as a Federally Recognized Indian Tribe with inherent sovereign powers, acknowledged by the Secretary for the Department of Interior and indicated by the Bureau of Indian Affairs in the Notice published in the Federal Register at 72 Fed. Reg. 13,648, 13,650 (March 22, 2007), HUD finds that PIN's Grant America Program™ ("GAP") meets HUD's current policies pertaining to the source of gift funds for the borrowers' required cash investment for obtaining FHA insured mortgage financing. Accordingly, HUD will insure

mortgages that meet FHA requirements in which home buyers obtain downpayment assistance provided by PIN for the borrower's required cash investments.

3. In light of the foregoing representations, plaintiffs agree to dismiss with prejudice all claims that were not adjudicated by the Court's March 5, 2008 Order and Opinion (dkt. nos. 39, 41). Therefore, the parties hereby stipulate to the dismissal of plaintiffs' remaining claims with prejudice.

Dated: April 3, 2008

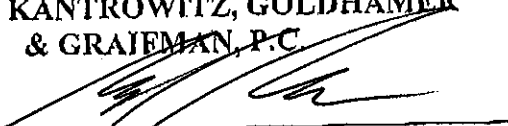
Respectfully submitted,

JEFFREY S. BUCHOLTZ  
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