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By: DAVID M. PODELL (DP 1975)

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY
TRENTON VICINAGE**

In Re:

REGENCY HOUSING PARTNERS, L.P.,

Debtor.

REGENCY PARK RESIDENTS'
ASSOCIATION, LISA MARIE MORRIS,
LUVENIA CALLUM, PIERRETTE CHANG,
NAM CHAN CHO, RUTH DAVERN,
STEPHEN DREXLER, CHANEY HALLET,
ANNETTE & RICHARD HALSEY,
REN QIAO HUO, JACQUELINE JETER,
SAM KIM, ANNE LUYSTER, MILDRED
MCDOWELL, MURIEL STREET, and
EVANGELA YOUNG,

Plaintiffs,

v.

UNITED STATES DEPARTMENT OF
HOUSING AND URBAN
DEVELOPMENT, and ALPHONSO
JACKSON, in his official capacity as
Secretary of the United States Department of
Housing and Urban Development,

Defendants.

Case No.: 07-20228 (MBK)

Chapter 7

Judge: Hon. Michael B. Kaplan

Adv. No. _____

**MEMORANDUM IN SUPPORT OF
PLAINTIFFS' MOTION FOR TEMPORARY RESTRAINING
ORDER
AND PRELIMINARY INJUNCTION**

I. PRELIMINARY STATEMENT

Plaintiffs, sixteen (16) elderly and/or disabled low-income tenants living at Regency Park Apartments in Mount Holly, New Jersey, and their unincorporated tenant association bring this action against the United States Department of Housing and Urban Development (HUD) for declaratory and injunctive relief, judicial review of an agency action, and to enforce Plaintiffs' rights under federal housing laws. Plaintiffs ask this Court to stop HUD from selling the HUD-held mortgage on Regency Park Apartments, as part of its non-public Multifamily and Healthcare Loan Sale 2007-1 on Sept 19, 2007, to Wall Street investors, or in the alternative stay the award to a qualified bidder on or before Friday, September 21, 2007, or in the alternative stay the real estate closing on or before September 28, 2007.

The owner of Regency Park Apartments, Regency Housing Partners L.P., is the Debtor in the chapter 7 proceeding. Plaintiffs recognize that the HUD-held mortgage is not property of the estate under 11 U.S.C. § 541, and under other circumstances, this Court would not concern itself with a mortgage holder's sale of its note. In this case, however, public policy concerns and equity compel this Court to take action.

Regency Park Apartments is a 163-unit publicly-assisted multifamily apartment complex in Mount Holly Township, New Jersey. In addition to a 123-unit six-floor mid-rise building with 1-bedroom apartments, there are approximately forty (40) townhomes for families across the street.

Defendant United States Department of Housing and Urban Development (HUD), the New Jersey Housing Mortgage Finance Agency (HMFA), and the Township of Mount Holly have mortgages on the property with restrictive covenants allowing rental of the 123 1-bedroom apartments only to low-income senior and disabled tenants and the lease of the 40 townhomes only to low-income families.

Although there is a severe shortage of affordable housing in Mt. Holly Township and Burlington County for low-income individuals, especially low-income disabled persons and senior citizens, and the building's common areas, facilities, and occupied units comply with the Mt. Holly Township Property Maintenance Code (The BOCA National Property Maintenance Code / 1996) and conditions exceed HUD Housing Quality Standards, the vacancy rate for the entire premises is over 60% and the vacancy rate at the mid-rise building is over 75%. Defendant HUD, as well as the State and the Township, took no action against the Debtor to preserve Regency Park Apartments as affordable housing.

Four (4) months ago, Plaintiffs initiated action by filing a receivership action in state chancery court in Burlington County. Defendant HUD removed the action to federal district court. Two (2) months ago, just before the Honorable Joseph H. Rodriguez had an opportunity to appoint a receiver, the Debtor filed a voluntary petition under chapter 7.

Within days, the Chapter 7 Trustee Bunce Atkinson, with the approval of this Court and the Office of the U.S. Trustee, acted in the public interest, as well as the interest of all creditors, and hired a management company to operate Regency Park Apartments, preserve it as affordable housing, and generate income for creditors, while the property is sold within the chapter 7 proceeding.

While one of arm of the federal government has been acting in the public interest, however, Defendant HUD — the arm of the federal government responsible for affordable housing — decided to violate its own regulations and sell the HUD-held mortgage on Regency Park Apartments.

Plaintiffs are applying for a Temporary Restraining Order pursuant to D.N.J. LBR 9075-1. If this Court does not halt the note sale without FHA mortgage insurance on Wednesday, September 19, 2007, or in the alternative stay the award to a qualified bidder on or before Friday, September 21, 2007, or in the alternative stay the real estate closing on or before September

28, 2007, HUD's actions will terminate the restrictive covenants or regulatory agreement accompanying the HUD-held mortgage, as well as make Regency Park Apartments ineligible for restoring project-based Section 8 subsidies as part of a future sale or mortgage restructuring. Defendant HUD's proposed action is arbitrary and capricious agency action in violation of the Administrative Procedure Act, 5 U.S.C. § 701 et seq.

II. PROCEDURAL HISTORY

Plaintiffs originally filed a receivership action in state chancery court in Burlington County on Monday, May 14, 2007. On May 25, 2007, Defendant HUD filed a Notice of Removal to federal court. On May 25, 2007, Defendant HUD removed Plaintiffs' receivership action to federal district court. The case was assigned to the Honorable Joseph H. Rodriguez and docketed as Regency Park Residents' Association et al. v. Regency Housing Partners, L.P. et al., Case No. 1:07-cv-02465-JHR-JS.

On June 13, 2007, Plaintiffs moved for a Temporary Restraining Order and Preliminary Injunction to appoint a receiver. On June 20, 2007, the Honorable Joseph H. Rodriguez conducted a telephonic conference call and issued a Preliminary Injunction to appoint a receiver.

On July 20, 2007, however, before the Honorable Joseph H. Rodriguez had an opportunity to make a decision, Regency Housing Partners, L.P. filed a voluntary petition under Chapter 7.

On July 31, 2007, this Court issued a temporary Operating Order to the Chapter 7 Trustee Bunce Atkinson to hire Related Management to operate Regency Park Apartments for the month of August. On August 27, 2007, this Court granted the Chapter 7 Trustee's motion to extend the contract with Related Management to continue managing Regency Park Apartments.

III. STATEMENT OF FACTS

Plaintiffs shall rely upon the Certifications of Karen Robbins and the undersigned counsel to establish the relevant facts in support of Plaintiffs' application for a temporary restraining order.

Regency Park Resident Association (herein "RPRA") consists of approximately 40 members currently living at Regency Park Apartments, a 6-floor mid-rise building located at 64 Regency Drive, in Mount Holly, New Jersey, and in about forty (40) townhomes for families across the street on Regency Drive and Victoria Court. Not all resident association members are individual plaintiffs. Residents are a diverse community of Caucasian,

African-American, and Asian persons. All of the residents in the mid-rise are either senior citizens or disabled, or both, and most of them have very limited incomes from Social Security Disability or Retirement or Supplemental Security Income (SSI), state General Assistance, or pension benefits. Nine (9) plaintiffs have Section 8 housing rental assistance vouchers from the Burlington County Rental Assistance Program (BRAP): Nam Chan Cho, Ruth Davern, Stephen Drexler, Chaney Hallet, Ren Qiao Huo, Jacqueline Jeter, Sam Kim, Mildred McDowell, and Evangela Young. The remaining six resident plaintiff households pay approximately \$638 a month rent: Lisa Marie Morris (who is the elected president of the resident association), Luvenia Callum, Pierrette Chang, Richard and Annette Halsey, Anne Luyster, and Muriel Street.

Defendant, Alphonso Jackson, is Secretary of the United States Department of Housing and Urban Development (HUD). HUD, under Secretary Jackson's directorship, operates and administers housing programs for low-income people. Defendant Jackson is sued in his official capacity. The United States Department of Housing and Urban Development (HUD) is also named as a defendant.

Financing for the construction and operation on Regency Park was completed almost 19-years ago in October of 1988. There are 4 mortgages

on the property — HUD holds the senior mortgage of about \$5.5 million, HMFA and Mt. Holly hold 2 junior mortgages both about \$4.25 million each, and HMFA also holds a small 4th mortgage of about \$123,500.

HUD, HMFA, and Mount Holly Township each have executed regulatory agreements with the owner requiring the owner to maintain the property as viable affordable housing for lower income elderly and disabled tenants. The HUD regulatory agreement covers 60 apartments, the HMFA regulatory agreement applies to 53 apartments, and Mount Holly Township’s restrictive covenants apply to about 47 apartments.

The HUD-held mortgage was originally financed as a loan management set aside project (LMSA) under § 221(d)(4) of the National Housing Act, 12 U.S.C. § 1715l(d)(4).¹ HUD provided a low interest federally-insured mortgage to the private owner. In exchange, the owner agreed to set aside 60 apartments for low-income residents. HUD then entered into a Housing Assistance Payments (“HAP”) contract with the

¹ The purpose of the National Housing Act, 12 U.S.C. § 1701 et seq., is to assist private industry in providing housing for low and moderate income families and displaced families. 12 U.S.C. § 1715l(a). Section 221(d)(4) of the National Housing Act, 12 U.S.C. § 1715l(d)(4), provides for one of several types of project-based assistance under Section 8 of the United States Housing Act, 42 U.S.C. § 1437f, and the National Housing Act, 12 U.S.C. § 1701 et seq. Project-based assistance is rental assistance that is attached to the structure. 42 U.S.C. § 1437f(f)(6).

owner, which obligated HUD to pay the difference between the amount that the tenant can afford to pay toward rent and the HUD-approved market rent or contract rent for each subsidized apartment. Tenants then paid about 30 percent of their income directly to the owner for their share of the rent. The owner also entered into a Regulatory Agreement with HUD, which compelled the owner to maintain the project as affordable housing and operate the apartment complex in compliance with federal law. HMFA was the contract administrator for HUD for HUD's HAP contract with the owner.

After a number of renewals of the HAP contract between the owner and HUD, just over a year and a half ago in February of 2006, the owner and HUD did not renew the HAP contract on the 60 units over a number of issues, including the amount of the HUD-approved market or contract rent for the 60 units with rents subsidized by HUD. HUD claims that the owner never gave the 1-year notice to HUD and tenants required by 42 U.S.C. § 1437f(c)(8) that it was opting out. HUD through HMFA gave regular tenant-based vouchers² through the Burlington County Rental Assistance Program (BRAP) to about 60 residents.

² Congress created the Section 8 housing assistance program under the Housing and Community Development Act of 1974. The Program, enacted as Section 8 of the United States Housing Act of 1937, is codified at 42 U.S.C. § 1437f. The United States Department of Housing and Urban

As a direct result of HUD's actions, a large number of residents moved out, taking their Section 8 rental assistance vouchers to other private landlords. Only nine residents with tenant-based Section 8 vouchers remain in the building.

Since March of 2007, one crisis after another has jeopardized the ability of the fragile senior citizens and disabled residents to continue living in Regency Park Apartments. On March 7, a fire broke out in one apartment. Although it was contained to the individual apartment, Mount

Development (HUD) has promulgated regulations implementing the program at 24 C.F.R. Part 982. The Section 8 Tenant-Based Housing Choice Voucher Program is one of several rent subsidy programs aiding lower income families commonly known as "Section 8."

Pursuant to 42 U.S.C. § 1437f(a), the purpose of all of the Section 8 programs, including the Section 8 Housing Voucher Program, is to aid "lower income families in obtaining a decent place to live and of promoting economically mixed housing..." 42 U.S.C. § 1437f(a). The voucher program is designed to aid low-income families by providing rent subsidies to enable them to rent units existing in the private rental housing market.

The federal government, through the United States Department of Housing and Urban Development (HUD), allocates funds to local public housing agencies (PHAs) throughout the nation to administer the Section 8 Housing Voucher Program. Under the regulations, the local PHA enters into a Housing Assistance Payments (HAP) contract with a property owner on behalf of an eligible family and agrees to subsidize the rental payment in an amount calculated based on the family's income. See, e.g., Baldwin v. Housing Authority of the City of Camden, New Jersey, 278 F. Supp.2d 365, 369 (D. N.J. 2003) and Franklin Tower One, L.L.C. v. N.M., 157 N.J. 602, 608-610, 725 A.2d 1104, 1107-1109 (N.J. 1999)(describing the Section 8 Voucher Program).

Holly Township evacuated all of the residents for their safety and would not allow them to return home for two weeks. PSE&G's threat to shut off electricity to the mid-rise in May of 2007 precipitated Plaintiffs' filing of a receivership action in state chancery court with an application for an order to show cause with temporary restraints. Another threat of a shut off of electricity prompted Plaintiffs to file a motion for a temporary restraining order and preliminary injunction after Defendant HUD removed the receivership action to federal district court.

On August 30, 2007, Plaintiffs' counsel learned from Karen Robbins that Defendant HUD was planning to sell the mortgage on Regency Park Apartments at a non-public sale on September 19, 2007, as part of its Multifamily & Healthcare Loan Sale (MHLS 2007-1). On September 12, 2007, Plaintiffs, following up on informal communications with the Assistant United States Attorney representing HUD, sent a demand letter asking HUD to withdraw Regency's mortgage from the upcoming sale. Plaintiffs stated in that letter that Regency's mortgage was not eligible for a note sale under 24 C.F.R. § 290.35 because foreclosure is unavoidable, as evidenced by the owner's chapter 7 bankruptcy, and the note sale will negatively impact low-income tenants in the building, who would pay more than 30 % of the income toward rent if the mortgage is sold.

On September 14, 2007, Defendant HUD for the first time published a notice in the Federal Register about the non-public Multifamily & Healthcare Loan Sale (MHLS 2007-1) on September 19, 2007. 72 FR 52571 (September 14, 2007). Defendant HUD's Federal Register notice on September 14, 2007, omitted language contained in eleven (11) previous notices of a note sale in the Federal Register that if a mortgage was not eligible for sale under 24 C.F.R. § 290.35(b), the mortgage will be removed from the sale. See 65 FR 78181 (December 14, 2000); 67 FR 46996 (July 17, 2002); 67 FR 70615 (November 25, 2002); 68 FR 51298 (August 26, 2003); 69 FR 7787 (February 19, 2004); 69 FR 52301 (August 25, 2004); 70 FR 11257 (March 8, 2005); 70 FR 53805 (September 12, 2005); 70 FR 73787 (December 13, 2005); 71 FR 32369 (June 5, 2006); 71 FR 67625 (November 22, 2006).

IV. LEGAL ARGUMENT

Before a District Court may grant preliminary injunctive relief in the Third Circuit, a court must weigh four factors: (1) the likelihood of the movant's success on the merits; (2) whether the movant will be irreparably injured if relief is not granted; (3) whether the party to be enjoined will suffer irreparable injury if the preliminary relief is granted; and (4) whether the public interest will be served by the preliminary injunctive relief. Dam

Things from Denmark v. Russ Berrie & Co., 290 F.3d 548, 556 (3rd Cir. 2002); Doe v. Nat'l Bd. of Medical Examiners, 199 F.3d 146, 154 (3rd Cir. 1999); American Civil Liberties Union of New Jersey v. Black Horse Pike Regional Bd. of Educ., 8 F.3d 1471, 1477 n. 2 (3rd Cir. 1996) (en banc); In Re Arthur Treacher's Franchisee Litigation, 689 F.2d 1137, 1143 (3rd Cir. 1982). As discussed below, a consideration of all four factors tilts decisively in favor of granting Plaintiffs a Temporary Restraining Order and Preliminary Injunction.

A. PLAINTIFFS HAVE A HIGH LIKELIHOOD OF SUCCESS ON THE MERITS OF THEIR CLAIMS.

Regency's mortgage is not eligible for a note sale under HUD's regulations at 24 C.F.R. § 290.35(b). HUD's disposition of multifamily projects and sale of HUD-held multifamily mortgages must comply with the Multifamily Mortgage Foreclosure Act of 1981, 12 U.S.C. § 3701 *et seq.*, the regulations promulgated thereunder at 24 C.F.R. Part 27; the Multifamily Housing Property Disposition Reform Act of 1994, 12 U.S.C. § 1701z-11, the regulations promulgated thereunder at 24 C.F.R. Part 290; and the Flexible Authority of 12 U.S.C. § 1701z-11a(a).

Most recently on December 27, 1999, HUD promulgated and reissued regulations for selling HUD-held mortgages securing unsubsidized projects

in accordance with all of its statutory mandates. 24 C.F.R. § 290.35 provides that:

HUD's policy for selling HUD-held mortgages securing unsubsidized projects is as follows:

(a) Current mortgages may be sold with or without FHA mortgage insurance.

(b) Delinquent mortgages may be sold without FHA mortgage insurance. However, delinquent mortgages will not be sold if:

(1) HUD believes that foreclosure is unavoidable; and

(2) The project securing the mortgage is occupied by very low-income tenants who are not receiving housing assistance and would be likely to pay rent in excess of 30 percent of their adjusted monthly income if HUD sold the mortgage.

Since 2001, HUD conducted eleven (11) non-public sales of HUD-held mortgages securing unsubsidized projects. In eleven (11) notices in the Federal Register just before each sale, HUD reiterated that if a mortgage was not eligible for sale under 24 C.F.R. § 290.35(b), the mortgage will be removed from the sale:

This is a sale of unsubsidized mortgage loans. Pursuant to the Multifamily Mortgage Sale Regulations, 24 CFR 290.30 et seq., the Mortgage Loans will be sold without FHA insurance. Consistent with HUD's policy as set forth in 24 CFR 290.35, HUD is unaware of any Mortgage Loan that is delinquent and secures a project (1) for which foreclosure appears unavoidable, and (2) in which very-low income tenants reside who are not receiving housing assistance and who would be likely to pay rent in excess of 30 percent of their adjusted monthly income if HUD sold the Mortgage Loan. If HUD determines that any

Mortgage Loans meet these criteria, they will be removed from the sale.

65 FR 78181 (December 14, 2000); 67 FR 46996 (July 17, 2002); 67 FR 70615 (November 25, 2002); 68 FR 51298 (August 26, 2003); 69 FR 7787 (February 19, 2004); 69 FR 52301 (August 25, 2004); 70 FR 11257 (March 8, 2005); 70 FR 53805 (September 12, 2005); 70 FR 73787 (December 13, 2005); 71 FR 32369 (June 5, 2006); 71 FR 67625 (November 22, 2006).

On September 14, 2007, Defendant HUD for the first time published a notice in the Federal Register about the non-public Multifamily & Healthcare Loan Sale (MHLS 2007-1) on September 19, 2007. 72 FR 52571 (September 14, 2007). Defendant HUD's Federal Register notice on September 14, 2007, omitted language contained in eleven (11) previous notices of a note sale in the Federal Register that if a mortgage was not eligible for sale under 24 C.F.R. § 290.35(b), the mortgage will be removed from the sale.

HUD violated the Plaintiffs' statutory rights under the National Housing Act, 12 U.S.C. § 1701, et seq., the Multifamily Housing Property Disposition Reform Act of 1994, 12 U.S.C. § 1701z-11, and regulations promulgated thereunder at 24 C.F.R. § 290.35(b), by deciding to sell the mortgage on Regency Park Apartments in violation of 24 C.F.R. § 290.35(b).

The mortgage on Regency Park Apartments is not eligible for a note sale under 24 C.F.R. § 290.35 because foreclosure is unavoidable, as evidenced by the owner's chapter 7 bankruptcy, and the note sale will negatively impact low-income tenants in the building, who would pay more than 30 % of the income toward rent if the mortgage is sold.

Defendant HUD's actions, therefore, are arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law, in violation of the Administrative Procedure Act, 5 U.S.C. § 701 et seq.

B. PLAINTIFFS WILL SUFFER IMMEDIATE AND IRREPARABLE HARM.

Harm is generally considered irreparable in equity if it cannot be redressed adequately by monetary damages. Crowe v. De Gioia, 90 N.J. 126, 132-34 (1982). Actions that negatively impact upon a party's housing condition, especially if it leads to loss of housing, have frequently been found to cause irreparable harm. "Neither an unwarranted eviction nor reduction to poverty can be compensated adequately by monetary damages awarded after a distant hearing." Crowe, supra, at 133. Such harm, especially when resulting in homelessness, is "obvious, imminent and severe." St. John's Evangelical Lutheran Church v. City of Hoboken, 195 N.J. Super. 414, 420-421 (Law Div. 1983) (preliminary injunction appropriate to stop municipality from closing church's operation of a

homeless shelter). Indeed, “monetary damages are not the substitute for meeting a long and firmly established public policy of achieving safe, sanitary, decent housing for the most needy.” Samaritan Center, Inc. v. Borough of Englishtown, 294 N.J. Super. 437, 446 (Law Div. 1996).

HUD’s proposed sale of the mortgage on Regency Park Apartments without FHA mortgage insurance will terminate the regulatory agreement or restrictive covenants on the property that accompany the HUD-held mortgage and will make Regency Park Apartments ineligible for restoring project-based Section 8 subsidies as part of a future sale or mortgage restructuring. Twenty years ago in Walker v. Pierce, 665 F. Supp. 831 (N.D. Cal. 1987), a federal district court in a nationwide class action issued a preliminary injunction against Defendant HUD to halt 311 note sales based on the same alleged harm. In the case at hand, only about 30 notes are planned, and HUD could drop Regency’s note from the sale and continue with the other sales.

In the present matter, there can be no serious dispute that Plaintiffs will suffer immediate and irreparable harm.

C. DEFENDANTS WILL NOT SUFFER IRREPARABLE HARM.

Defendant HUD, on the other hand, will not suffer any irreparable harm. Regency Park Apartments will be sold by the Chapter 7 Trustee as

part of the owner's chapter 7 bankruptcy. The buyer will have to pay off HUD's mortgage or bring it current in order to assume the mortgage.

The harm to Plaintiffs therefore greatly outweighs any potential hardship that may be claimed by Defendant owners and Defendant Burlington County. See Johnson v. United States Dept. of Agriculture, 734 F.2d 774, 788-89 (11th Cir. 1984); Cole v. Lynn, 389 F. Supp. 99, 105 (D.D.C. 1975) (granting injunctive relief when faced with balancing hardships of tenants facing eviction versus any alleged harm to the Public Housing Authority); See also Bloodworth v. Oxford Village Townhouses, Inc., 377 F. Supp. 709 (N.D. Ga. 1974) (finding that a federally subsidized tenant would suffer irreparable harm if a 50% rent increase was not preliminarily enjoined).

The balance of hardships unquestionably weighs heavily in favor of plaintiffs.

D. GRANTING AN INJUNCTION IS IN THE PUBLIC INTEREST.

Granting a Temporary Restraining Order and Preliminary Injunction in this case is clearly in the public interest. For the past four (4) months, plaintiffs have been seeking to preserve 163 units of publicly-assisted housing from the gross mismanagement of the Debtor and, at the same time, prevent their own homelessness. The legal precedents are legion. See, e.g.,

Community Realty Management, Inc. v. Harris, 155 N.J. 212, 714 A.2d 282 (1998), and Housing Authority of the Town of Morristown v. Little, 135 N.J. 274, 639 A.2d 286 (N.J. 1994) (in which the New Jersey Supreme Court recognized the New Jersey legislature's strong public policy against homelessness and, as a result, prevented the unlawful eviction of low-income tenants living in federally subsidized housing, just like Plaintiffs.) Granting a Temporary Restraining Order and Preliminary Injunction in this case is clearly in the public interest.

E. PLAINTIFFS REQUEST THAT SECURITY BE WAIVED.

District Courts have discretion whether to order posting of a bond when granting an injunction. Temple University v. White, 941 F.2d 201 (3rd Cir. 1991), cert. den. sub. nom. Snider v. Temple University, 501 U.S. 1032 (1992). In Temple University, the Third Circuit adopted a test for waiver of bond requirements that requires the court to first consider the possible loss to the enjoined party together with the hardship that a bond requirement would impose on the applicant. Special consideration must be given to suits to enforce important federal rights or public interests, and the court must consider the impact that a bond requirement would have on enforcement of such a right, in order to prevent undue restriction of it. In Temple University, the bond requirement was waived because the insolvent

applicant would not have been able to post a bond, no risk existed for the defendant, and the applicant was acting clearly in the public interest, preserving its role as a provider of medical services to low-income patients. See also McCormack v. Township of Clinton, 872 F. Supp. 1320 (D. N.J. 1994) (bond requirement waived in case challenging township ordinance restricting political signs because township is unlikely to suffer any loss, imposition of more than a nominal bond would constitute a severe hardship to plaintiff, and vindication of a constitutional right is both a significant right and matter of tremendous public significance).

In the case at hand, the Defendant HUD would incur no financial harm by the grant of the injunction. On the other hand, Plaintiffs are very low-income persons, eligible for free legal services, federally-subsidized housing, and other government benefits. Requirement of anything other than nominal security would render it impossible for Plaintiffs to obtain relief. Plaintiffs are seeking to vindicate important rights. Pursuant to the standards set forth by the Third Circuit in Temple University, security should be waived.

CONCLUSION

For all of the foregoing reasons, Plaintiffs seek a temporary restraining order and a preliminary injunction to stop HUD from selling the

HUD-held mortgage on Regency Park Apartments, as part of its non-public
Multifamily and Healthcare Loan Sale 2007-1 on Sept 19, 2007.

Respectfully submitted,
SOUTH JERSEY LEGAL SERVICES, INC.
Attorneys for Plaintiffs

Dated: Sept. 17, 2007 By: /s/ David M. Podell
DAVID M. PODELL, ESQUIRE