



**Nehemiah**  
**Corporation**  
OF AMERICA

May 5, 2006

Dear Friends and Business Partners,

The Nehemiah Corporation of America (Nehemiah) is the nation's leading private homeownership downpayment assistance provider and one of the most influential non-profit affordable housing organizations in the United States.

I am writing to you as President and CEO of Nehemiah to offer perspective and clarification on the IRS Revenue Ruling 2006-27. Nehemiah is currently studying and evaluating this IRS ruling issued yesterday. We are disappointed that a program that has been granted tax-exempt status for more than nine years and has served hundreds of thousands of Americans would have this tax exemption arbitrarily threatened in this fashion. We intend to contest the IRS opinion.

It is important to note that Nehemiah has not been sanctioned by any regulatory agency and that Nehemiah continues to serve homebuyers by delivering world-class downpayment assistance through the reputable Nehemiah Program.

The IRS's press release in announcing its administrative ruling, incorrectly gives the impression that by the mere proclamation of the ruling, the tax-exemption held by a charitable organization that operates a downpayment assistance program is thereby immediately revoked.

This is wholly inaccurate. The administrative ruling does not have an instantaneous impact on the tax-exempt status of an entity. An administrative ruling sets forth that agency's conclusions as to the issue at hand – the ruling is the beginning, not the end of the discussion.

The Nehemiah Program® is operated by the Nehemiah Corporation of America. In January 1998, by written determination, the IRS recognized Nehemiah as a tax-exempt organization as it satisfactorily met the provisions of section 501(c)(3) of the Internal Revenue Code. Nehemiah's ability to operate The Nehemiah Program® is not changed in any way by the ruling other than Nehemiah may have to pay appropriate business taxes on the revenues generated by its downpayment assistance program. Furthermore, today HUD and FHA have confirmed that any downpayment assistance provider whose tax exempt status is in good standing may continue to provide downpayment assistance and that those loans will remain insurable under the Federal Housing Administration loan program.

Nehemiah Corporation of America has achieved a great deal in our short history and we remain committed to staying true to our charitable mission through the success of all of Nehemiah's programs: These include:

**The Nehemiah Program** has provided in excess of \$825 million in gift funds to more than 212,000 families in 8,500 cities, in 50 states.

Through its **tax credit programs**, Nehemiah Corporation has provided affordable housing for thousands of individuals and families.

The **Nehemiah Community Reinvestment Fund (NCRF)** has generated over \$57 million in investment and lending capital (including nearly \$30 million of Nehemiah's capital) resulting in the creation of more than 2.6 million square feet of commercial space, nearly 3,000 housing units and almost 10,000 jobs to help revitalize low-income and underserved communities. NCRF-funded projects have a total development cost of over \$550 million.

Since it was launched in 2000, **Nehemiah Community Foundation (NCF)** has contributed more than \$5 million to an annual average of more than 100 charities across the United States. In Sacramento County, NCF has provided \$246,000 in college scholarships to help 66 academically superior, low-income local high school graduates since 2001.

Since 1999, **Nehemiah Urban Ministry Initiatives** has provided over \$300,000 in college scholarships and funding to send 66 college students to work as volunteer interns with faith-based community service organizations in cities across the nation.

On behalf of Nehemiah Corporation, I thank you for your continued support and the opportunity to work alongside of you in assisting more people to become homeowners. Should new information become available, Nehemiah will continue to keep you and the public informed.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Syphax", is written over a horizontal line. The signature is stylized and cursive.

Scott C. Syphax  
President & CEO  
Nehemiah Corporation of America