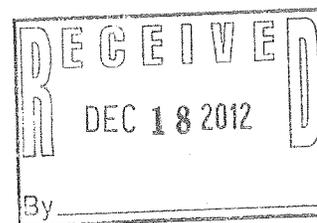


December 18, 2012



Chair Barry Jacobs and the Board of County Commissioners
Orange County
Hillsborough, NC 27278

Dear Chair Jacobs and Board Members:

Community Home Trust was approved for \$200,000 of County bond funds way back in 2005 (I believe). We asked that those funds be available to reduce the prices of Home Trust homes. I have purposely not tapped into those funds because as local funds, they are more flexible than federal funds. However, we expect to access \$13,000 of bond funds in the next 30 days to reduce the price of an existing Home Trust property.

I would like to ask the Commissioners to re-purpose a portion of these bond funds to address a situation that just became known to us. As members of the Board know, the Home Trust implements the inclusionary housing programs in Chapel Hill and Carrboro. One of our inclusionary developments is Greenbridge, where we sold fifteen condominiums to low income households. Board members may also be aware that Greenbridge was foreclosed upon and sold to an out of state investor earlier this year.

In recent weeks, we have learned that the HVAC systems that were installed at Greenbridge have been problematic and are not under warranty. In fact, the system is no longer supported by the manufacturer and parts are not very available. As a result, the new owners of Greenbridge are installing new systems in some of the yet-to-be-sold market rate condominiums. These systems cost about \$11,000 to install. This is clearly unaffordable to our homeowners.

The Home Trust has assisted some owners with repairs of their existing systems. We are prepared to continue to assist homeowners with relatively inexpensive repairs as necessary. We are hopeful that these inexpensive repairs, which have involved replacing system sensors, will allow these systems to reach a useful life of 15 to 20 years. Of course, at that time the replacement costs will be much higher than \$11,000 – and will still represent a prohibitive financial burden for a low-income owner.

At my request, the Home Trust board approved a request to the County Commissioners that \$75,000 of bond funds already allocated to Community Home Trust be re-purposed to address this financial challenge. These funds are insufficient to replace fifteen systems, but they will provide a necessary downpayment, when those systems need to be replaced.

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February 1, 2013

Mr. Robert Dowling
 Community Home Trust
 P.O. Box 307
 Carrboro, NC 27510

Re: *Greenbridge HVAC Claims*

Dear Robert:

You asked me to look into potential remedies Community Home Trust ("CHT") might have for the failing or potentially failing HVAC systems serving individual CHT units in Greenbridge.

The first purchaser of any new residence may look to the seller on warranty claims for up to six years after the purchase depending on whether the warranty was express or implied and if express, for how long. Greenbridge Developments, LLC included an express warranty in its contract with CHT running for up to six years that the units had been constructed in "a good and workmanlike manner according to sound engineering and construction standards, free from defective materials, so as to meet the standard of workmanlike quality prevailing in Orange County, North Carolina." This obligation runs solely between Greenbridge Developments and CHT. SMA Greenbridge Owner, LLC, the foreclosure sale purchaser of the unsold units in the development, has no obligation to honor the Greenbridge Developments' warranty obligations to CHT or any of the other purchasers.

CHT's valid warranty claim against Greenbridge Developments has value only to the extent Greenbridge Developments has assets left. Greenbridge Development has not filed bankruptcy in either the Middle or Eastern Districts of North Carolina but it has filed articles of dissolution with the Secretary of State. I do not find where Greenbridge Development owns any real estate in Orange County after the foreclosure and I could not find any record that it owned non-real estate assets. This would be consistent with the practice in the real estate development community of forming single purpose entities to own and develop specific projects.

It is theoretically possible to pursue the principals of Greenbridge Development for amounts owed by the company but this remedy is available only in rare cases where there is clear evidence that the principals in the company disregarded the formalities of the corporate structure. I am not aware of any evidence that this was the case.

In summary, I do not think CHT has a warranty claim it might assert successfully against any solvent defendant. I wish I had better news for you. Please call me if you have any questions.

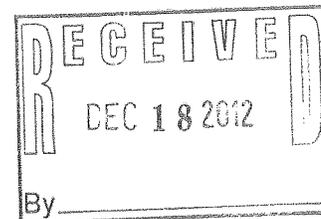
Sincerely,

Northern Blue, LLP



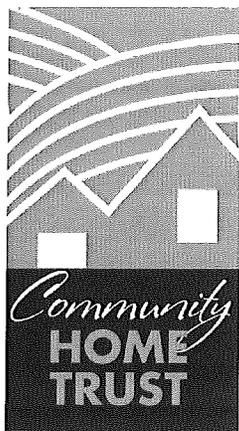
David M. Rooks

DMR/ccn



Date: December 18, 2012

To: HOME Review Committee and Chapel Hill Town Council
 From: Robert Dowling, Executive Director
 Re: Selling homes to non-first time homebuyers



The board of directors of Community Home Trust has approved this request to both the Home Review Committee and the Town Council to request relief from the first-time homebuyer requirement. Specifically, the Home Trust requests a waiver of the first time home buyer requirement after a home has been on the market for 90 days without a contract. We ask that this waiver apply to all sources of subsidy, including HOME funds, CDBG funds and local funds.

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As we are all aware, the housing market has been weak for several years. The environment for Home Trust properties has worsened as lenders have tightened borrowing requirements and prospective buyers have shown less interest in home ownership. In addition, in the past year, we lost our go-to lender when RBC was purchased by PNC Bank. PNC does not make loans to our buyers.

As a result of all these factors, selling Home Trust homes has become much more difficult. As I write this memo, we have sixteen properties for sale, only five of which are under contract. The sellers of these properties, whether developers of new properties or homeowners of existing Home Trust homes, frequently become impatient and unhappy with Home Trust staff. This situation places our staff under great pressure from unhappy sellers – which has been ongoing for many months.

Allowing us to sell homes to non-first time buyers will broaden our market of buyers only slightly. However, in this difficult environment, any broadening of the market of buyers is welcome.

Earlier this year the Town Council approved a revision to the requirement that buyers must live or work in Orange County for one year prior to purchasing a home. The Council allowed us to waive that requirement for a home that had been on the market for 120 days. I would like to ask that the live/work requirement be waived after just 90 days of marketing a home. That allows consistency for our staff for both the live/work requirement and the first time homebuyer requirement.

Lastly, I would like to ask the HOME Review committee to approve this same waiver – that after 90 days without a contract, the live/work requirement is waived. Again, this change will not make a big difference to our sales efforts, but it will be helpful in some instances.

Thank you all for your consideration of these requests. I am happy to answer questions and address your concerns

Orange County Affordable Housing Clearinghouse

Vision:

To be a network of community groups and public agencies that connects Orange County citizens to all available affordable housing services.

Implementation:

The project will not initially have the funding to begin offering all the functions listed below, or the staffing and information to immediately begin receiving all individuals seeking services related to affordable housing in our county. We hope to slowly gain that capacity but begin as a referral service for all local housing groups, to begin collecting data, and to be a central location offering pre- and post-purchase counseling and classes, and rental listings.

Goals and Functions:

1. To be a one stop information and referral center for citizens of Orange County for all affordable housing needs. Will offer few actual services itself but have counselors who know all County housing organizations and their available services.
2. To be a central repository for statistics and data pertinent to Orange County housing that can be accessed by nonprofits working in afford able housing, housing counseling agencies and developers interested in creating housing and affordable housing in Orange County.
3. A central location offering pre-purchase and post-purchase housing counseling available to clients of all Orange County housing servicers, and nonprofits.
4. A central place for individuals or organizations to list affordable housing rental, leasing, buying and selling opportunities and property, including an up to date list of all available affordable and subsidized rental properties.
5. To create a ready-made space for discussion between all organizations involved in providing or facilitating affordable housing in Orange County, and to foster greater communication and cooperation between those organizations, advertizing programs and events related to affordable housing

We are hoping to create a planning committee with representatives of local housing groups interested in a clearinghouse. If you are interested please leave us your contact information and thoughts and comments about what you would like to see in an Orange County Housing Clearinghouse:
