



Date: August 23, 2012

To: Mayor Kleinschmidt and the Chapel Hill Town Council
From: Robert Dowling, Executive Director
Re: Quarterly status report for quarter ended June 30, 2012

The fourth quarter of the 2011-2012 fiscal year included the following highlights:

1. We sold five homes, two of which were new to the Home Trust inventory
2. We purchased a townhome that was in jeopardy of foreclosure
3. We are experiencing extraordinarily high resale activity
4. Our roster of willing lenders is declining
5. We had a staff member become a certified financial counselor

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Five homes sold – We sold newly built homes in the Claremont and Ballentine neighborhoods. These two homes brought our total inventory to 196 affordable homes. The existing Home Trust homes were in Vineyard Square and Legion Road, including the home that we purchased in the first quarter. Three of these five transactions required subsidy, which totaled \$64,000.

Townhome purchased – We purchased a 3BR Vineyard Square townhome in order to prevent a foreclosure. The owner had lived in the home for more than five years, but was unable to meet her financial obligations. Since purchasing the property, we have made repairs necessary to resell the home, which we expect will close next month. This is the sixth homeowner we have saved from foreclosure.

Resale activity – As I write this report there are 13 existing Home Trust properties in the resale process. Of these thirteen, six are condominiums, five are townhomes and two are single-family homes. Some of the re-sales are the result of financial hardship, some are due to growing family sizes and others to life/career changes. This level of sales activity puts a great deal of pressure on our staff, particularly at a time when mortgage financing is difficult to obtain.

Decline of willing lenders – It is far more difficult for our prospective homebuyers to obtain mortgage financing today than it has ever been in the past. Lenders have tightened their standards, making it more difficult to obtain financing. In addition, fewer banks are willing to provide loans to Home Trust buyers. Since their purchase by PNC, RBC has discontinued lending to our buyers. This follows a pattern established by Suntrust several years ago. It should be noted that not one Home Trust homeowner has been foreclosed upon.

Certified Financial Counselor – Lori Woolworth, our staff accountant, is now an accredited financial counselor. Lori is meeting with both prospective buyers and existing homeowners who need assistance establishing a budget and paying down debt.