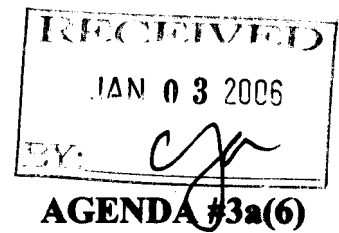


Pines Community Center, Inc.
107 Johnson St.
Chapel Hill, NC 27516



December 15, 2005

Mr. Calvin Horton, Town Manager
Chapel Hill Town Hall
405 Martin Luther King, Jr. Blvd.
Chapel Hill, NC 27514-5705

Dear Mr. Manager:

One purpose for this letter is to ask the Town to forgive \$54,250 in HLTF money that you state the Center owes. We appreciate the Town's recognition of \$60,750 in payments that reduced the original \$115,000 Center debt (your June 6, 2005 letter) to the \$54,250. We also appreciate your suggestion that the Center might wish to request a change in the terms of the 1995 HLTF Performance Agreement.

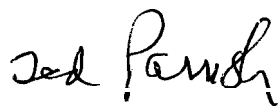
As you know, the Housing Coordinator (HC) does not agree that the Center owes the Town any money, because another non-profit group received six acres of the land for which the original loan was made. The HC believes that the Center should not be obligated to repay the two thirds of the loan that benefited the other non-profit. However, you seem to disagree and feel the Center is liable for any balance still owed on the original loan of \$115,000. As in many instances in life, reasonable people can disagree.

In the interest of moving forward, our newly elected president, Mrs. Damita Hicks, wants to wipe the slate clean. At our last board meeting, she asked the board to simply request the Town's forgiveness of the \$54,250, so that we can move on to develop more houses.

Therefore, a second purpose of this letter is to alert you to the fact that the Center will partner with Empowerment, Inc. to build 10 affordable housing units on the three acres of land that the Center owns on Park and Merritt Mill Rd. The Center envisions a relationship in which it will deed to Empowerment, Inc. certain lots in return for that organization overseeing lot development and building turn-key units for the organization. We have not settled on the details, but will do so during January. To move forward, we will make a joint request for development support from the Community Development Block Grant and such other funds as may be available through the Town and county. We will of course appreciate the support of your office.

Sincerely,


Damita Hicks, President

Ted Parrish, Housing Coordinator 
Cc. Delores Bailey, Loryn Clark
Pines Community Center, Inc. Board Members