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February 23, 2005

Mr. Cal Horton
Town Manager
Town of Chapel Hill
306 N. Columbia Street
Chapel Hill, NC 27516



Re: \$20,000 of CDBG funds for Vineyard Square

Board of Directors

Christopher Moses
Chair

Barbara Kaminski
Vice-Chair

Eleanor Howe
Secretary

Susan Levy
Treasurer

Marceia Blake

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Laurie Charest

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Wayne Kuncel

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Amy Newton

Jeff Oberhaus

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Garry Sronce

Edith Wiggins

Alex Zaffron

Robert Dowling
Executive Director

Funding provided by

Town of Chapel Hill

Orange County

Town of Carrboro

Town of Hillsborough

Dear Cal:

An alternative way to structure the use of the CDBG funds at Vineyard Square would be for the Town to allow us to use those funds on an as-needed basis to families earning less than 70% of the area median income. Further, those funds would be provided as a second mortgage to the homebuyer, to be repaid to the Town upon re-sale, unless the property was sold to another family below 70% of median income.

In this instance, we would continue to market these 3BR units for \$105,000. If the ultimate buyers can qualify for a loan of \$105,000 then we would not use the additional CD funds. However, in the event the buyer cannot qualify for \$105,000, we could use the \$20,000 (or some portion of it) as a second mortgage, thus enabling a lower income buyer to purchase the property.

At this date, we have just three units available, but two of those three received their certificates of occupancy last summer. I believe this additional funding would provide us with the flexibility to sell those units in a timely manner.

Thank you for your assistance. Please call me at 967-1545 if you have any questions.

Sincerely,

Robert Dowling
Robert Dowling
Executive Director



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