

The Birch Quarterly

B I R C H M A N A G E M E N T , I N C .

ITEMS IN THIS ISSUE

- Website
- Renovation, Repair, and Painting
- Air Conditioner regulation
- Service Announcements
- Apartment Vacancy Rates/Average Rent
- Employment Growth
- Average Sales Price
- Total Transactions/ Days on Market

Birch is #1!

Less than 1 year after the launch of our new website, we are popping up number one in the top three search engines, Google, Yahoo, and Bing in a number of categories. This has led to a significant increase in the number of visitors to our site, and thus lower vacancy for our clients. Statistics show that over 90% of tenants begin their search for a home on the internet.

All of the top criteria used by industry experts to gauge the effectiveness of a website is in the top threshold of performance. This includes unique visitors, time on site, bounce rate (the number of visitors that do not mean to get to your site), page views, and several other criteria.

We believe the availability to data has helped us maintain a vacancy rate under 6% and significantly reduced credit loss during the first quarter of this year.

RRP..What?

Effective April 22, 2010, the Environmental Protection Agency (EPA) implemented new rules regarding the Renovation, Repair, and Painting (RRP) of homes built before 1978 and child occupied facilities.

The new law applies to pre-1978 housing and child occupied facilities for RRP work that exceeds six square feet of disturbance for interior work, twenty square feet of disturbance for exterior work, any window replacement, demolition, or a number of prohibited practices.

In order to be compliant, every job must include the following items be performed:

1. Ensure overall compliance with the RRP rule
2. Ensure that all renovation personnel are Certified Renovators or have been trained on-the-job by Certified Renovators
3. Assign a Certified renovator to all jobs
4. Meet pre-renovation education requirements
5. Meet recordkeeping requirements

The general idea behind the RRP is to totally encapsulate the work area and prevent any lead dust from exiting the work area. This is done through a process of erecting plastic covering beneath and around all work areas, wearing protective clothing while within the work area and discarding of it within the work area, and sealing doors.

As you can see, this is a very labor and materials consuming process. As noted in previous issues of The Birch Quarterly, this process will add considerable time

and cost to virtually any RRP project in housing that qualifies for these new EPA rules.

In March 2010, two members of our team attended a day long training and certification session and passed the examination to become Certified Renovators. As of the writing of this newsletter, we have not received the certifications back from the State of North Carolina.

Rest assured that we will only use Certified Renovators and Certified Renovation Firms to perform work on housing that meets the criteria of the new law. However, please be aware that the increased cost will be significant to comply with these new governmental regulations.

Should you wish to view more information on the EPA's Renovation, Repair, and Painting Final Rule (40 CFR 745) there is much more information on our website in the news section. There is also some of the documentation in the forms section, as it relates to tenant notice.

EPA Part 2

In another recently enacted EPA rule has changed the way air conditioners are serviced and repaired. On January 1, 2010, manufacturing HVAC equipment that primarily utilizes Freon® (also known as R-22 and HCFC-22) was banned, and the nation will begin using products such as Puron® (also known as R-410A) as the standard refrigerant for air conditioners.

This will ultimately lead to higher costs for all as it relates to the ongoing maintenance and repair of air conditioner units. Below are several factors that

could lead to higher costs:

- R-22 parts may no longer be available
- Since R-410A parts are not always interchangeable with R-22 parts, replacement of the entire system might be necessary
- Physical changes to your system may be needed to accommodate the larger equipment required in air conditioners using R-410A refrigerant
- The supply of R-22 refrigerant will be limited, causing the price to increase
- Repairs may take longer because you may want to explore your options and wait for less expensive parts, if they are available
- New HVAC equipment may be more expensive to purchase and install

Manufacturers' warranties may not provide full coverage. Typical manufacturers' warranties only cover parts for one year, in most cases. Labor is a significant part of any repair. Each manufacturer may take a different position if an R-22 system cannot be repaired or parts are not available.

System and appliance warranties/ service contracts typically exclude coverage resulting from government-mandated changes

Most system and appliance home service contracts/warranties contain language that effectively excludes the additional costs resulting from this government-mandated change. Each home service contract may deal with this situation differently.

More can be found on our website.



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Our mission is to offer personalized and professional service to both our clients and customers by building strong relationships, utilizing the latest technology, implementing effective marketing strategies, following consistent systems all with honesty and integrity throughout every facet of our business

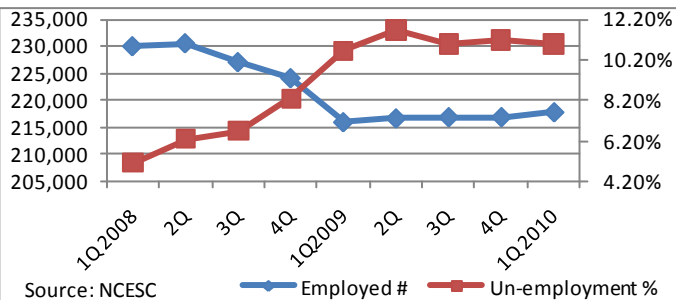
SERVICE ANNOUNCEMENTS

- **Is There a Live Person There?:** We get that question a lot, and the simple answer is that during normal business hours there is always a team working for you. Often our call volume is so high that it is impossible to answer every single call that comes into the office. Should you have a question that cannot be answered on our website, please leave a message and your call will be returned as soon as possible. Most questions that we receive can be answered on our website through our client web access.
- **Client Web Access:** Those who have taken advantage of our client web access have found it to be very helpful source of information. This is the fastest way to find out the answers to most financial questions, please contact us if you do not have your log-in ID and password.
- **New Look to Some Letters:** During a recent routine review of our communication, it was mentioned that there is opinion on both sides of the argument as to whether or not we are subject to the Fair Debt Collections reporting Act. It was the opinion of our counsel that we were not, however we made the decision to act on the side of caution and include it in certain correspondence. Should you receive a letter containing this language, do not be alarmed as we are only making sure we are in compliance with all laws.

TRIAD REAL ESTATE MARKET INDICATORS

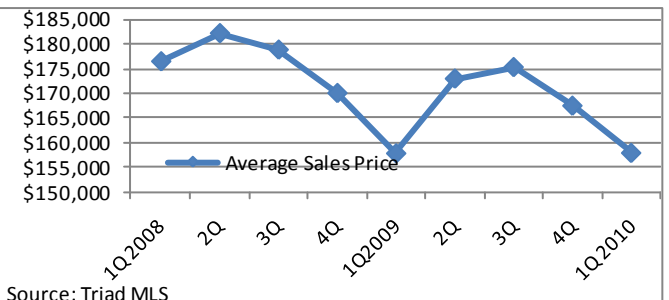
ECONOMIC INDICATORS

EMPLOYMENT STATISTICS

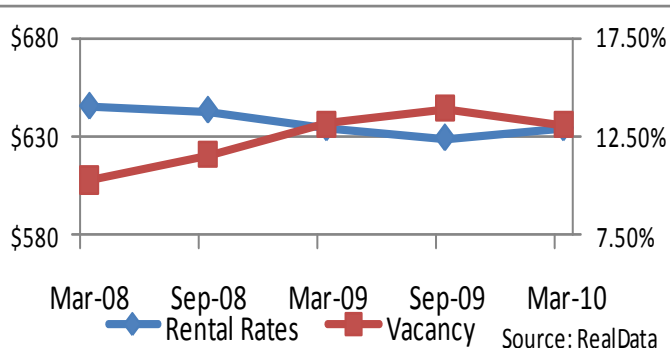


RESIDENTIAL SALES

AVERAGE SALES PRICE



APARTMENT DATA



TRANSACTIONS / DOM

