

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

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Days on Market



Maintenance

Maintenance billings were down approximately \$50,000 in calendar year 2008 versus 2007, even though the number of units under management increased. There was also a decrease from 2006 billings.

We attribute this to our revamped maintenance procedures in the management of our clients investment properties. We are continually looking for opportunities to contain the cost of maintenance, while providing qualified, competent, and insured maintenance service.

RUCO

On November 18, 2008 the Greensboro City Council adopted the new Rental Unit Certificate of Occupancy ordinance. This adoption was the culmination of many months of meetings and work by the stakeholders. Lee Porter, one of our principals, was a representative of TREBIC (Triad Real Estate Builders Coalition) on the stakeholder committee.

Effective January 1, 2009 all RUCO's are now permanent. The ordinance calls for additional inspections in the following circumstances:

- For 2009 only, there will be systematic exterior inspections of RUCOs issued in or before 2004, with any exterior problems leading to an interior inspection
- All units for which a RUCO has been revoked
- All units which have been before the Minimum Housing Commission in the previous year
- All units which have had one or more confirmed violations on two separate occasions within the past six month period
- A random selection of 2% of all units

- Any unit for which a complaint or petition of violation or suspected violation is received

Also added into the ordinance is language that allows the inspections department the ability to extend timeframes for repair and waive fines, if warranted.

Most importantly, the new ordinance affords the inspections department the ability to absolve fines against landlords, should the tenant be deemed to be the cause of the damage resulting in a violation.

The new RUCO ordinance has addressed many of the ambiguities and inefficiencies of the previous ordinance. We are vigilantly obtaining compliance certificates, when necessary, for the units under our management.



Michelle Porter, one of our principals, was recently elected to the Board of Directors of the Greensboro Regional Realtors Association Board of Directors

Lee Porter, another one of our principals, was recently elected to the TREBIC (Triad Real Estate Builders Industry Coalition) Board of Directors.

The Market?

One question we receive a lot is, what is the market like?

The answer is not an easy one to address in concrete terms, as there is no data that pertains to single family residential rentals. However, there is abundant data that addresses apartments. According to REIS data, there was only a 2.2% rent increase nationally in 2008 vs. a 4.6% increase in 2007. Additionally, Q42008 the national average rent fell 0.4% with vacancy shooting up 1% point. This was the first time since 2003 that this has happened. The Triad market is worse than the national averages.

As for what we are seeing in our local market, here are a few trends we have seen recently:

- Residents are being more selective in choosing their homes
- Many more high quality units are appearing on the rental market, as sales continue to languish
- Rents are, at best, holding steady. We would anticipate additional softening through 1Q2009
- Properly maintained, appropriately priced homes are renting considerably faster.



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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

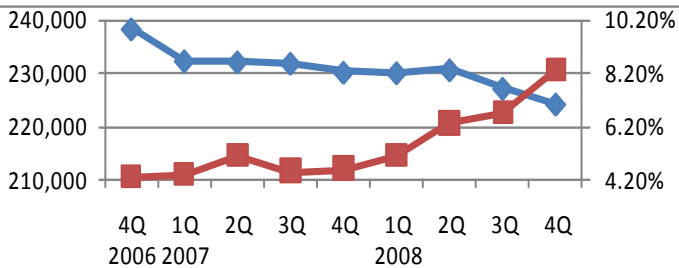
SERVICE ANNOUNCEMENTS

- **Security Update:** Periodically we get a question regarding the security of personal data. Since January 1, 2007 all personal data received in our office is immediately entered into our database, scanned, and shredded. ALL of our data since 1-1-2007 is stored in a highly secure offsite data storage facility. That facility provides the following protection: key card access, bombproof facility, 24hr onsite guard and escort, video surveillance, and locked cabinet space. All servers are physically behind a secure firewall.
- **Reporting:** Should you have specific reporting requirements, please visit our the owners section of our website, www.thebirchcompanies.com, to view a sample of all of the reports that are available. Any report listed is available on a monthly basis. Please note that these additional reports are available free of charge to any e-mail report batch that is sent out each month.
- **Website:** Finally, after several months in process (including an unexpected start from scratch) our new website is almost ready to launch. Included in the new site will be the ability for our clients to have direct access to up to the minute reports regarding their investment. Information on this service will be forthcoming when the new site is active, which should be very soon.

TRIAD REAL ESTATE MARKET INDICATORS

ECONOMIC INDICATORS

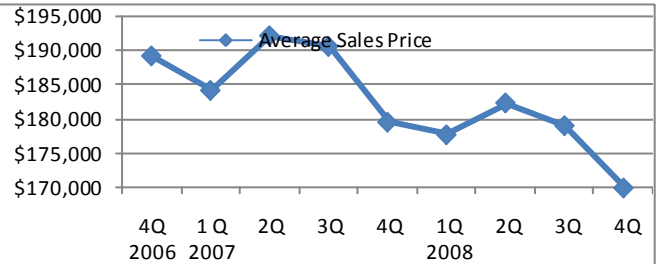
EMPLOYMENT STATISTICS



Source: NCECSC

RESIDENTIAL SALES

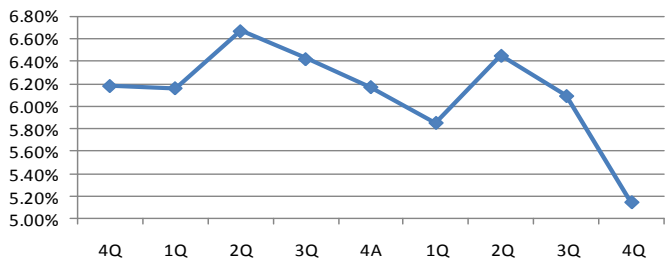
AVERAGE SALES PRICE



Source: Triad MLS

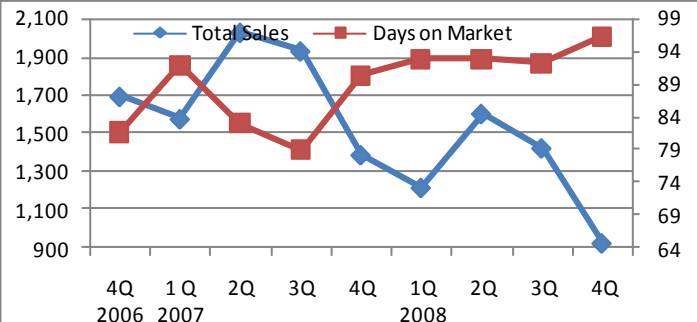
MORTGAGE RATES

30 YR National Average



Source: mortgage-x.com

TRANSACTIONS / DOM



Source: Triad MLS