



8605 Cameron St, Suite 200 Silver Spring, MD 20910

(301) 588-5533 office

(301) 588-5272 fax

Letter from Chair of Board and President and CEO

August 13, 2008

Dear Friend of OpenDoor Housing Fund:

You are receiving the second issue of the *OpenDoor Housing Fund Quarterly Update* as part of our commitment to maintain regular communications with all of OpenDoor's stakeholders – our investors, supporters, borrowers, partners, friends, and leadership. We first want to thank you for your continued confidence and interactions with OpenDoor. Whether you work with us as a partner, support us with your investments or donations, or volunteer your time and skills, you are the ones who keep OpenDoor's doors open.

June 30 of this year marked the end of OpenDoor's fiscal year, as well as the first year of OpenDoor's operations. As most of you know, the Unitarian Universalist Affordable Housing Corporation (UUAHC) joined forces with the Washington Area Trust Fund (WAHTF) to become the OpenDoor Housing Fund in July of 2007. Strategic planning done by both organizations helped their leadership realize that their lending impact and reach would be significantly greater as a combined entity. This merger enabled the two organizations to leverage their strengths, streamline operations, and combine their support base to become a much stronger, more effective affordable housing fund. OpenDoor is now the largest locally headquartered and controlled affordable housing revolving loan fund in the Washington metropolitan area.

Over the past year, we began to service and restructure our loans, as well as collect on delinquent loans to limit our losses. We also decided to intensify our outreach in the surrounding Maryland and Virginia communities where affordable housing needs have risen to new levels. We also are working to both increase our loan capital and to generate more unrestricted funding so that we can update our infrastructure, increase our cash balance, and hire new staff as we expand our services.

Finally, the recent shifts in the housing marketplace also have been challenges for OpenDoor during our first year, as they have been for most everyone in this country – whether they work in the housing or finance industry, own a home, or are trying to find housing for their families. But, with these challenges come opportunities in affordable housing. Therefore, in addition to our legacy business of project-based finance, we plan to expand our services in order to address chronic homelessness, provide foreclosure prevention solutions, and focus on housing for people with special needs and for seniors, among other new initiatives that are in line with our mission.

We want to thank you for your support, and as you read the following report, please know that the success of our work depends on continuing a relationship with each one of you, and building new relationships with people like you. We ask that you continue to communicate with us and continue to provide us with your support, your ideas, and your feedback.

Sincerely,

A handwritten signature in black ink, appearing to read "James A. Brodsky".

James A. Brodsky
Chair, Board of Directors

A handwritten signature in black ink, appearing to read "Jerry Konohia".

Jerry Konohia
President & CEO



Quarterly Update

SECOND QUARTER 2008

Board Leadership Changes

At its FY08 year-end meeting in June, the OpenDoor Housing Fund Board of Directors welcomed new Board members due to the departure of Board members Kerry Donley, Camille Exum, Carol Schwartz, Lori Giblin, Catherine Hudgins, Carol Carter Walker, and John Wall.

We first want to thank the departing Board members for their dedication and service to OpenDoor and also to our predecessor organizations, the Unitarian Universalist Affordable Housing Association and the Washington Area Housing Trust Fund. Their leadership helped to create the largest locally based affordable housing organization in Washington metropolitan region.

Joining the OpenDoor Board of Directors are Lisa Green Hall, executive vice president and chief lending officer at the Calvert Foundation, Jay Schneider, CPA, project manager, Human Capital Advisors and member of the Cedar Lane Unitarian Universalist Church of Bethesda, MD, Marcia C. Washburn, CPA, controller of Community Preservation and Development Corporation and member of Paint Branch Unitarian Universalist Church, and Priya Jayachandran, senior vice president and senior client manager, Community Development, Bank of America.

We look forward to the energy, perspectives, and knowledge that these new board members bring to OpenDoor's leadership. For a complete list of OpenDoor Board members please visit www.opendoorhousingfund.org.

Opening Doors

Following are some highlights of OpenDoor's work during the second quarter that are helping to open doors of affordable housing.

Open Door recently approved a request for acquisition financing from the Housing Initiatives Partnership for a single family unit owned by the US Department of Housing and Urban Development. Open Door was able to review, underwrite and present this loan request within a thirty day period to assist HIP in meeting a crucial deadline based on the sales contract.

The renovations of Cameron Commons, affordable rental housing for families in Arlington, VA, have been completed, which will expand the property from 11 to 16 housing units. As result of the completion, the developers repaid their loan, and OpenDoor will now be able to invest this loan repayment in new loans to other affordable housing developers.

At the invitation of the Washington, DC Department of Housing and Community Development, OpenDoor, along with several other affordable housing organizations, was invited to explore possible enhancements to the tenant purchase process in Washington through changes to the Tenant

Opportunity to Purchase Act (TOPA). TOPA includes the first right of refusal by renters to purchase a property that is going to be placed on the housing market, which has been instrumental in allowing many renters to become homeowners and not lose their affordable housing to for-profit developers.

Financial Growth

We are excited to announce that HSBC Bank invested \$500,000 in lending capital with OpenDoor during the second quarter. We are confident that this investment will serve as the foundation to a growing relationship between the two organizations. Once this investment has been consummated, this new relationship gives OpenDoor standing to apply for a grant of operating funds, which will allow OpenDoor to continue to build its infrastructure.

The Calvert Foundation Investment Committee has recently approved a loan increase of \$200,000 to OpenDoor for a total of \$400,000. This additional loan amount is a reflection of the relationship between The Calvert Foundation and OpenDoor that has developed over the past year.

This past quarter, Open Door also received a \$50,000 award from the Sisters of St. Francis of Philadelphia and \$10,000 from PNC Bank.

These investments in OpenDoor will assist with its goal to help create or preserve 5,000 homes over the next five years. The changing market conditions and credit environment make this a challenging time to pursue this goal, but also underscore the need for mission-oriented lenders like OpenDoor, and inspire our efforts to provide flexible capital to support the creation of affordable housing.

OpenDoor Connections

OpenDoor is only a year old, but its legacy is almost 20 years old due to the founding of one of OpenDoor's predecessor organization, the Unitarian Universalist Affordable Housing Corporation (UUAHC) in 1989. In late June, OpenDoor President & CEO Jerry Konohia, and OpenDoor Board members Mary Fenelon and Carol Carter Walker, attended the annual Unitarian Universalist Association General Assembly (UUA GA) in Fort Lauderdale, FL. The three OpenDoor representatives spoke to a gathering of the members of the Joseph Priestly District, which includes UUA members of the Washington metropolitan region. Many of the UUA members had been supporters and investors of UUAHC, but were not aware that the organization had been part of a merger to create OpenDoor, and were pleased to learn they could continue to support a Unitarian Universalist (UU)-founded affordable housing organization.

In early June, OpenDoor representatives attended and staffed a booth at the Housing Association of Nonprofit Developers (HAND) Annual Meeting in Tysons Corner, VA. During the meeting, OpenDoor participated as an owner of a booth and sponsored a table at the HANDS awards luncheon which Rep. Barney Frank (D-MA), Chairman of the Financial Services Committee, was the keynote speaker. Through the booth participation, Open Door met approximately 25 service providers ranging from fellow lenders and developers to specialized professionals and government participants from various local and state jurisdictions

Please Help Us Thank You and Our Other Supporters

We recently sent a letter to all of you who have provided us with recent financial support. Unfortunately, we do not have current mailing addresses or email addresses for all of you. If you have made an investment in or a donation to OpenDoor, and did not receive a thank-you letter and an OpenDoor Supporter lapel pin from us, please send your current contact information to OpenDoor's director of

investor relations, Kathy Latulippe at invest@opendoorhousingfund.org, or mail it to Kathy at OpenDoor Housing Fund, 8605 Cameron St., Suite 200, Silver Spring, MD 20910.

Also, if you know someone who has supported OpenDoor, UUAHC, or WAHTF in the past, and you believe they are not receiving this newsletter or other information from us, please share or forward this newsletter to them, so that we can get back in touch with them.

Moving Forward With Your Help

While we are pleased with our progress over the past year and during the second quarter of 2008, we know we are only scratching the surface of the escalating need for affordable housing in our region. As you all know, the housing market and foreclosure crisis have made homelessness a reality for many of our neighbors, and many more are at risk of homelessness.

According to a recent report commissioned by the Metropolitan Washington Council of Governments and Freddie Mac, 15,613 homes went into foreclosure in the Washington region during the year ending in February 2008 – a *sixfold* increase in the foreclosure rate over the previous year. Please don't underestimate the value of your support! With your help, we are providing homes for families, building stronger neighborhoods, and creating safer, more inclusive communities for generations to come.

As always, we invite your participation, support, ideas, and feedback. All of us here at OpenDoor value our relationship with you, and look forward to hearing from you. Please call our office at 301-588-5533 or email Jerry Konohia at jerry@opendoorhousingfund.org.

For more information about OpenDoor, please visit www.opendoorhousingfund.org.