Dear Friends,

2008 was an exciting year for Homestead, and 2009 is shaping up to be even better!

The most exciting news is that Homestead is adding homes to the land trust at a rapid pace. We added 17 homes in 2008, increasing our portfolio that year by over 80%. Projections for 2009 show Homestead adding 20 homes this year. This means 20 families gain stable, affordable homes, and collectively build $160,000 in household wealth through tax credits. 2009 will be our most productive year ever!

This growth is built on the strategic planning that Homestead’s board began in 2005. During 2008, Homestead’s board and other supporters took that planning to the next level by completing a business plan to create a strong foundation to support Homestead’s ambitious future growth plan.

While we were planning, we were also acting. In December 2008 the City Council passed Incentive Zoning, a regulation that will give developers increased development capacity if they build long-term affordable housing. The passage of this legislation was a key strategic objective for Homestead and the culmination of two years of hard work. More recently, Homestead board, staff and members worked to pass the Seattle Housing Levy, which voters overwhelmingly supported at the polls this November. While there is certainly more work to do, this pair of victories sets the stage for hundreds of new affordable homes to come into the land trust over time.

Homestead aggressively pursued partnerships with other nonprofit and for-profit developers, another of its key strategies to drive growth. Construction on our Nova Townhome partnership with the Low Income Housing Institute is now complete and we will bring the 1st of its 15 homes into the land trust this year. In 2009 we also jumped on the opportunity to land trust 20 Valtera townhomes in a partnership with Blue Heron JS, LLC. These homes are complete and will be sold to low- and moderate-income buyers this year and next.

continued on page 2
“I am grateful for this opportunity to own my home in an economy that wouldn’t allow me to do so otherwise, and to be able to support Homestead. I really believe in the program! It’s a way of taking care of a basic human need, which is a warm place to live.”

- Susan Moore, Homeowner

When the Shaughnessy family purchased their home, 12 year old Mia got her own bedroom for the first time!

Homestead partnered with Habitat for Humanity to help the Tran family purchase their first home.

continued from front page

We look forward to celebrating the milestones of our growth – the 50 home mark we recently surpassed, and the 100 home mark we’re shooting for by the end of next year – with you, our members.

These achievements rest on the foundation that you have helped build, with your time, talents and financial support. They flow from your support of the inclusive vision that underscores our work – that diversity enriches our communities and that permanently affordable homes close to family, friends and work, strengthen both individual families and the community as a whole. Thank you all so much!

It remains a great honor to lead this organization as we work to leverage our recent successes and dramatically expand our impact in the years to come.

Best regards,

Martina Guilfoil
President, Board of Delegates

Sheldon Cooper
Executive Director

Meet our homeowners...
On the cover: Zimmerly Family
Front page, from top to bottom:
Gus, of the Stoltey - Engelhardt Family
Thun - Saely Family
Katharine Grubb
Omer - Gesese Family
“Every time I pull into my driveway or walk up my front steps, I feel an intense sense of gratitude for the sense of security this home provides. We feel like stewards of this beautiful home - knowing it will be affordable for all our lives and beyond.”

- Siobhan Ring and Erin Katz, Homeowners

Affordable Housing
Today, and for the Future

Each time Homestead adds a home to its portfolio, we are excited for the new homebuyer. The impact for that buyer is immediate - they have gained access to the safety and stability of homeownership for the first time, an accomplishment worthy of celebration. But with each sale, we also celebrate the future. Each home that enters the land trust represents a community resource that will serve many individuals and families over time. We anticipate celebrating our 100th home in 2010 - at that time, our stock of homes will hold the capacity to benefit nearly 2,500 individuals over the course of the useful lives of the homes.

Number of Homes in the Land Trust

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
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<tbody>
<tr>
<td>2004</td>
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<tr>
<td>2005</td>
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<td>2008</td>
<td>38</td>
</tr>
<tr>
<td>2009</td>
<td>58</td>
</tr>
<tr>
<td>2010</td>
<td>100</td>
</tr>
</tbody>
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Number of People Homestead’s Portfolio of Homes Will Serve

Purchased in 2002, this house - Homestead’s first property - has been called home by its owner for eight years. Community land trust homes not only provide stability for owners, they also provide resources for the future. Each Homestead home will serve approximately 10 families over the course of its useful life.
“We’re part of something we deeply believe in. Homestead has helped our family purchase a beautiful home, and our son is growing up with a sense of security that we didn’t have before. Now we’re part of a community of homeowners in a socially responsible way.”
- Shelley Stoltey and Joshua Engelhardt, Homeowners

Thank you to our Donors and Supporters!

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“Homestead provided me with a pathway to achieve my dream of homeownership. Our home is small but sweet, and best of all it’s ours!”
- Mayra Laura Castaños, Homeowner

Parrish and Gavin Ropke • Drew Paxton • Eric Pettigrew • David Picarello • Valerie Pickens • Laura Pierce • Jade Pina • Meg Pitman • Ariel Rathbun and Craig Thompson • Kristin Relyea • Norm Rice • Richard Ring • Frances

Riordan • Randy Robinson • James Rooney • Lynette Rose • Donna Roseveare • Irene Basloe Saraf • Susie Saunders • Katy Saunders • Will Savage • Ann Scheussler • Connie Schmidt • Jo Scozzafava • Bryce Seibel • Jack Seifert • Larry Severance • Callie Shanafelt • John Shifley • Sarah Shifley • Julia Shnackenberg • Jill Simmons • Edward Sloan • Darryl Smith • Jenna Smith • Randi Solinsky • Larry Soll • Pete Spalding • Jeff Stedman • Lisa Strandin • Laura Swann • Erin Sweiter • Jacinta Talamaivao • Seongin Tan • Quinnie Tan and Max Wagner • Mary Tatta • Brook Taylor • Dante Taylor • Gidey Tesfai • Devin Theriot-Orr • Michele Thomas • Caroline Tillier • Annalisa Torres • Lee Van Divort • Frank Video • Janna Wachtler • Elizabeth Walker • Vaughn Washington • Dianne Wasson • Tahmina Watson • Janet Welt • Brian Wentworth • Selena Whitaker-Paquet • Brent White • Adam Wiener • Trina Willard • Kathryn Williams • Lillian Barbara Williams • Lindsey Williams • Dan Winn • Karen Winterscheid • Jassy Withgitt • Robert Wold • Barkme Wolf • John Wolfe • Josephine Wong • Jeffrey Wood • Katherina Yasi • Mariah Ybarra • Tracy Yorker • Michelle Ziehman • Elizabeth and Mark Zimmerly

* Bold name denotes Homestead CLT homeowner

Gifts in Memoriam

Jane and Peter Clough, in memory of Gail Cooper.

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"I was excited to become a part of Homestead, and I still am five years later. The peace of mind I get from owning my own home is priceless, as is being able to put my money where my mouth is by supporting affordable housing for the next generation who’ll own my home."
- Brian Allen, Homeowner

Economic Activity

Sources of Funds - 2008
total funds: $5,254,618

- contributions, grants & membership - 3%
- earned income & fees - 2%
- interest & misc - less than 1%
- community investment - 36%
- homebuyer 1st mortgages and downpayments - 59%

Uses of Funds - 2008
total funds: $5,254,618

- home acquisitions - 95%
- homeowner education & services - 2%
- fundraising - less than 1%
- reserve fund investment - 1%
- management & administration - 2%

2008 Abbreviated Statement of Financial Condition

ASSETS

Current Assets
- Cash and receivables $ 146,300
- Other current assets $ 2,322

Long-Term Assets
- Homestead CLT affordable land and covenants $ 2,369,300
- Other long-term assets $ 8,174

TOTAL ASSETS $ 2,526,096

LIABILITIES AND NET ASSETS

Current Liabilities $2,491
Long-Term Liabilities $ 1,037,500
Net Assets
- Unrestricted $1,486,105
- Temporarily restricted $ -

TOTAL LIABILITIES AND NET ASSETS $2,526,096

Homestead’s full financial audit, completed by Your Financial Solutions, is on file at our office and available by request.
New Partnerships Provide More Homes, More Options

Nova Townhomes

Homestead is excited to announce a partnership with the Low Income Housing Alliance (LIHI) to sell 15 stunning new construction, two bedroom and two bathroom townhomes to Homestead homeowners. This beautiful community is in the growing Dearborn neighborhood, and features a community pea patch and playground. Close to downtown, walking distance to the International District, and on two major bus lines, Nova Townhomes are the best of all worlds - an urbane home in a delightfully urban neighborhood. Each new home sells for $227,800. Buyers may be eligible for the $8,000 first-time home buyer tax credit if they close between now and April 30th, 2010.

Valtera Townhomes

In July, 2009, Stephan Boyd and Judy Pigott of Blue Heron JS, LLC, approached Homestead to partner on the sale of the Valtera townhome development in West Seattle. This partnership assures that Valtera will become and remain a truly mixed-income community. A third of the homes will sell at market rate for $330,000, a third will sell for $250,000 to Homestead buyers making up to the median income, and a third will be reserved for lower income Homestead buyers who qualify for additional public subsidy to bring the purchase price down to $205,000 or lower. Homestead is working on a partnership with Habitat for Humanity to make two of the homes available to their buyers as well.

“Some of my friends were concerned I wouldn’t reap enough profit whenever I sold my Homestead property. Today, several of those friends are concerned about their own home depreciation and mortgage payments. I couldn’t feel better about having chosen long-term stability over unreliable short-term gain when buying my first home.”
- Frank Video, Homeowner
Homestead Community Land Trust, a membership-based 501(c)(3) non-profit, creates permanently affordable home ownership opportunities in Seattle.

Homestead Contact Information
2524 16th Avenue South, Suite 300
Seattle, WA 98144
206.323.1227
fax: 206.588.0253
www.homesteadclt.org

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Annual Report
2008 to 2009