

Rebuilding Together of Greater Charlotte

Forgivable Loan Policy

Rebuilding Together of Greater Charlotte is dedicated to helping our neighbors stay safe and healthy in their homes and communities. To ensure our program funding contributes to the long-term preservation of affordable housing and assists homeowners who plan to continue living in their homes, RTGC has implemented the following policy:

For critical repair or accessibility projects with a total investment of less than \$10,000, the homeowner agrees that they plan to remain in the home for at least five years following the completion of the project. There is no filed lien or forgivable loan placed on the home, and the repairs are provided at no cost to the homeowner.

For critical repair or accessibility projects with a total investment of \$10,000 or more, the homeowner agrees to a five-year forgivable loan in the amount of the cost of repairs to be forgiven at a rate of 20% per year after repairs are completed. If the homeowner is unable to remain in the home for the whole five-year period, the remaining balance of the loan will be paid through the sale of the home. The homeowner may choose to transfer the property to an heir, and the forgiveness period will continue until the five years are completed or until the home is sold.

Example 1:

RTGC invests \$35,000 in a critical home repair project. The homeowner decides to sell the home three years later due to health reasons. Upon the closing of the sale of the home, RTGC will be paid back \$14,000 for the two years not yet forgiven.

$\$35,000 \text{ divided by five years} = \$7,000 \text{ forgiven per year.}$

Example 2:

RTGC invests \$40,000 into a critical home repair project. The homeowner continues to live in the home for the next five years, and the forgivable loan is satisfied. No funds are paid to RTGC for the repairs.

Depending on the source of funding used to support the project, other funder policies may apply and will be shared with the homeowner during the pre-construction phase before the homeowner agreement is signed. Currently, all government funding sources that support RTGC projects have varying policies, but all require the placement of a forgivable loan for a period of time after repairs are completed.

Forgivable Loan FAQs

1. What kind of loan is this? Do I have to pay anything back?

This is a live-in forgivable loan. You do not have to pay anything back as long as you continue to live in your home. Twenty percent of the loan is automatically forgiven each year you live there.

2. I want to pass down this home to my children. What happens if I transition during the lifespan of the lien and leave it to them?

This forgivable loan is intended to keep families within their homes. As long as a family member lives within the home, the lien is forgiven at the same rate. They will not have to worry about paying anything back.

3. What if I want to sell my home in the middle of the lien? What if my children sell my house after I transition?

If the home is sold during the loan period, the remaining balance is paid back to RTGC out of the sale proceeds during closing. Funds are reinvested into repairs for more families in need.

4. How much is forgiven, and how long is the lien?

The lien is a five-year forgivable loan in the amount of the cost of repairs. Liens are forgiven at a rate of 20% per year

5. What happens if I do not agree to the lien? Can I still receive repairs?

Only if the repairs cost less than \$10,000 and private funding (non-governmental) is available to cover the costs.