



## CRITICAL HOME REPAIR PROGRAM ELIGIBILITY REQUIREMENTS AND TERMS

### PROGRAM ELIGIBILITY:

To be eligible for the Critical Home Repair Program you must meet the following eligibility criteria:

1. You must have a household income that is no greater than 80% of the Area Median Income (AMI) for New York City. The AMIs for New York City are listed below by family size.
  - Single Person Household: \$59,760
  - Two Person Household: \$68,320
  - Three Person Household: \$76,880
  - Four Person Household: \$85,360
  - Five Person Household: \$92,240
  - Six Person Household: \$99,040
  - Seven Person Household: \$105,920
  - Eight Person Household: \$112,720
2. You must own and live in your home
3. The home you own must not be more than 4 units. (Co-ops or Condos are eligible)
4. You must not own a second home
5. You must live in the five boroughs of New York City
6. You must not be at risk of foreclosure
7. The net value of your assets (less any debt) must not exceed \$15,000
8. You must have homeowner's insurance

### PROGRAM TERMS:

The purpose of the program is to allow lower income New Yorkers to maintain their homes in good repair so that they have a safe and affordable place to live. To ensure that program funds are being used to help homeowners to remain in their homes, our funders require that we place a forgivable lien on the property; that lien will diminish over time and will be forgiven entirely at its maturation. The length of the lien varies by funder and the cost of the repairs, but under no circumstances will it be longer than 10 years. The purpose of the lien is to recapture the investment if the homeowner sells their home before the lien terminates.

### What Does It Mean That We Are Placing A Lien Against Your Home?

The type of lien put on people's homes by Rebuilding Together NYC (RT NYC) is a forgivable lien. This means that after a certain period, which is determined by the amount of money put into the home and the source of the funding, the lien will disappear. The lien will be subordinate to any existing liens on the home at the time it is filed. This means that if obligations such as, paying off taxes or other mortgages etc. leave no money for the lien during the time of sale, the debt will be forgiven. Further, the homeowner will never be required to pay for the lien out of pocket. Instead, if the home is sold before the lien terminates, the remaining amount owed on the lien will be paid from the proceeds from the sale of the home. Often times, the amount owed on the lien is also made up for by the value our work has added to the home.



## **Why Is There A Lien At All?**

RT NYC's funders place liens on homes to ensure homeowners stay in their houses after the work is complete. In other words, the lien exists to discourage homeowners from using RT NYC's services to increase the value of the home in order to sell it at a higher price.

## **What Is The Lien Term And How Does It Work?**

10 year liens are given for projects funded by the Affordable Housing Corporation projects totaling more than \$10,000.00. At the close of the project, you will sign a lien called a "Note and Mortgage" that gets filed with the county and serves as documentation of the aforementioned lien. Should the homeowner decide to sell the home during the first five years of the lien period, the full amount of the lien is due back to the State of New York. After the first five years, the lien will diminish by 20% a year meaning that should a homeowner sell their house in the 6th year of the lien period they will owe 80% of the lien value and so on and so forth until after the 10th year when the lien disappears entirely.

There are two forms of five year liens. The first is imposed by the Affordable Housing Corporation for projects totaling an amount less than \$10,000.00 but greater than \$5000.00. This lien does not diminish during the lien period. Therefore, if one were to sell during the five years during which the lien is imposed, the full amount invested into the home would be due back to the State of New York.

The second type of five-year lien is imposed by the Federal Home Loans Bank (FHLB). The lien associated with this funder is called the "Subordinate Mortgage" and like the Note and Mortgage gets filed with the county clerk. All FHLB liens are five-years no matter how much was invested in the home. These liens diminish by 1.67% a month or 20% a year until it disappears entirely after the fifth year.

Two year liens are granted for projects funded by the Affordable Housing Corporation projects totaling \$5,000.00 or less. Should a homeowner sell anytime in the two year period, 100% of the lien total is owed. Thereafter, there is nothing owed should the homeowner decide to sell.