

WHAT YOU NEED TO KNOW ABOUT LIENS



When the City of Houston helps Houstonians buy, repair, or rebuild their homes, we're making an investment in homeowners and their communities. We protect this investment with policies that encourage homeowners to stay in the home for a period of time. The City provides a no-interest, forgivable loan to homeowners when it helps them buy or repair a home. This loan is secured by a lien. The amount of the loan goes down each year the homeowner lives in the home. When the loan term is completed, the City removes the lien. Homeowners can remove the lien by staying in their homes for a specified period of time (5 to 20 years, depending on the loan amount). Or they can pay back the loan balance if they sell or move before the end of the loan term. If a homeowner passes away, their heirs can inherit the home and fulfill the rest of the loan term so the home stays in the family.

EXAMPLES:



STAY

Maria gets help from the City to fix her roof and some plumbing issues. The amount of the loan for these repairs is \$25,000. The City puts a lien on the property for five years. Maria lives in her home for many years. After five years, the loan is forgiven and the lien is removed from the title.



SELL

David's home was damaged during Harvey and needed to be rebuilt. The City reconstructed his home, placing a \$160,000 loan on it for 20 years. After 15 years, David wants to sell. When he sells the home, \$120,000 of the loan amount is forgiven and \$40,000 of the sale price goes to the City to repay the remainder of the loan so the lien is removed.



MOVE OR RENT

Joyce received \$30,000 in assistance to purchase her first home three years ago. The City placed a five-year lien on the property. Now she's able to buy a second home and wants to sell or rent out the first home. Because the first home is no longer her primary residence, she pays back 40% of the total loan amount, or \$12,000, to remove the lien.



PASS ON TO HEIRS

Fifteen years ago, the City rebuilt Jamelle's home and put a 20-year lien on the property. Jamelle passed away, leaving the home to his daughter, Celeste. Celeste inherits the home and the remaining five years of the loan. If she stays in the home for five years, the loan will be forgiven and the lien will be removed from the title. Or she can repay the remaining loan amount to remove the lien if she decides to sell or move.

| Loan Amount | Term | Annual Reduction Rate* |
|--------------------------------------|----------|------------------------|
| Less than \$20,000 | No lien | 0% |
| \$20,000 - \$40,000 | 5 years | 20% |
| \$40,001 - \$80,000 | 10 years | 10% |
| More than \$80,000 or Reconstruction | 20 years | 5% |

* The loan is forgiven at a set percentage rate of the original loan amount for each full year the buyer lives in the home. The lien will be removed after the terms of the loan are complete. See program-specific guidelines for details.

Other Considerations:

When you receive assistance to buy, repair, or reconstruct your home, you have to meet certain obligations, such as:

- Paying property taxes
- Keeping the home as your primary residence
- Maintaining certain kinds of insurance, including flood
- Performing regular maintenance

Talk to a housing counselor or a disaster recovery housing specialist about costs you should consider when budgeting for your new or repaired home.

For program-specific guidelines visit:

houstontx.gov/housing_recovery.houstontx.gov/programs or call 832-394-6200