

Item Title: Assumption of a Housing Rehabilitation Loan for 4418 Wilmington Road Garner, NC

Specific Action Requested:

That the Board of Commissioners:

- 1. Approves either the execution of a new Deed of Trust and Promissory Note or a modification of an existing loan with the current loan balance to allow heirs Linda Bass, Deborah Bass and Melvin Johnson, Jr., to assume the loan for the property located at 4418 Wilmington Road Garner, NC subject to terms and conditions acceptable to the County Attorney; and**
- 2. Approves the cancellation of the previous Deed of Trust and Promissory Note on this property to which Wake County is a beneficiary, if applicable.**

Item Summary:

Purpose: The Board of Commissioners approves all real estate transactions.

Background: In 2006, Sondra B. Wood-Hamlin applied for and received a loan in the amount of \$103,095.77, funded through the Community Development Block Grant Program (CDBG) program, to replace her home located at 4418 Wilmington Road in Garner, NC (REID #0173709). The loan was made at 0% interest and deferred until a change in residential status, defined as the owner selling the property, no longer residing at the property as their primary residence, or passing away. Ms. Wood-Hamlin passed away in April 2019 and three of her heirs want to assume the loan. Two heirs (Linda and Deborah Bass) will reside at the home and earn less than 80% of the Area Median Income (AMI), which meets program policy requirements for loan assumption. The current loan balance is approximately \$86,399, including attorney fees.

Staff recommend that the Board of Commissioners authorize the assumption of the current loan balance by either cancelling the prior legal commitments and setting up a new Deed of Trust and Promissory Note with the three heirs or modifying the existing loan with the current loan balance. The assumed loan will be 0% interest with minimum monthly payments of \$400 with a 20-year term.

Strategic Plan: This action supports Community Health and Wellbeing Goal 1: Create and preserve 2,500 affordable housing units by 2029.

Fiscal Impact: Revenue from this loan is already appropriated in the FY 2025-2026 Wake County Housing Affordability and Community Revitalization Special Revenue Fund budget. The County will not be contributing

additional funding. No new County debt will be issued, and annual debt service payments will remain consistent.

Additional Information:

Since 1992, Wake County Housing Affordability and Community Revitalization (HACR) has managed a homeowner rehabilitation program. This program provides loans and grants to low-income families needing repairs to their homes. The program is funded through the Federal Community Development Block Grant (CDBG) that is received annually through the U.S. Department of Housing and Urban Development (HUD). Until 2012, loan payments were amortized or deferred for elderly or very low-income families. The current program provides grants to elderly and disabled and low-income individuals for rehabilitation and emergency repairs. The intent of the rehabilitation program is to keep individuals in the home and preserve affordability.

Historic loans were made with terms that expired upon a change in residential status, defined as the death of the borrower, sale of the property by the borrower, or the borrower otherwise no longer occupying the property as a primary residence. Upon change in residential status, the borrower, borrower's family, or borrower's heirs must pay the loan in full. Alternatively, a qualified heir or heirs, defined as having a household income at or below 80% of the AMI (\$104,200 for a family of four) may assume the outstanding debt if they reside in the property as their primary residence and make nominal monthly payments.

Ms. Wood-Hamlin's heirs are currently working with an attorney to finalize the updated ownership structure. Linda and Deborah Bass will assume their mother's debt while continuing to reside at the property. Ms. Wood-Hamlin's son, Melvin Johnson Jr., will also assume the debt but will not live at the property. The three heirs will make \$400 monthly payments and Housing staff will monitor the property for continued compliance with residential requirements.

Attachments:

None.