

## **SUMMARY DESCRIPTION OF RENT RECOVERY LOAN PROGRAM**

**EXECUTIVE SUMMARY:** Tenants throughout Concord may have experienced difficulty in paying their rent on time due to economic disruptions resulting from the COVID-19 pandemic. The City of Concord (the City) and Diablo Valley Federal Credit Union (the Credit Union) have partnered to provide the Rent Recovery Loan Program. The Rent Recovery Loan Program (the Program) is designed to help tenants and landlords eliminate or reduce back rent owed by providing a low-cost loan to the tenant(s) who owe back rent. To qualify for the loan, tenants must demonstrate an ability to repay the loan in monthly installments over five years, and execute the loan agreement. The loan proceeds are made payable directly to the landlord to cover back rent. The landlords in turn agree not to evict the tenants due to back rent. If the borrowers default on the loan payments to the credit union, the credit union will assign the unpaid balance to the City for collection.

### **Benefits for Landlords:**

- \* Receive up to \$6,000 in back rent owed
- \* Tenants who do not qualify for federal aid may qualify for this program
- \* No payment plans to keep track of—everything handled by the credit union

### **Landlords who participate in the program must:**

- \* Agree not to evict tenants for back due rent covered by the loan
- \* Cooperate by providing the amount back due in a timely manner

### **Benefits to tenants:**

- \* Start with a clean slate by consolidating all back rent in to an easy to manage payment
- \* Build positive credit
- \* Access other cost effective benefits of the credit union

### **Tenants who participate in the program:**

- \* Must be able to demonstrate they can make the payments (loan approval underwriting)
- \* Must make payments on time to the credit union (up to 60 months at 1% interest)
- \* Make subsequent rent payments on-time when due