

# Land Bank

The Rhode Island Housing Land Bank program provides financing for eligible applicants to acquire undeveloped real estate, vacant lots, developed properties, or a combination thereof which are intended for the production of affordable housing. This Program Bulletin serves as notice to changes to Rhode Island Housing's Land Bank program.

- The Land Bank Program has traditionally offered two methods for acquisition: the first involving Rhode Island Housing's acquisition and ownership of a subject property for up to twelve (12) months ("Land Bank acquisition"), and the second involving the applicant agency taking title to a subject property by means of bridge loan financing, with RIHousing holding the Note and Mortgage ("Bridge Loan financing"). Bridge Loan financing will be the primary method available to applicants for acquisition. Land Bank acquisition may be made available on a case-by-case basis at Rhode Island Housing's sole discretion.
- The decision to provide Bridge Loan financing will be primarily determined by value. When evaluating property for acquisition, the following characteristics will be considered: appraised value, purchase price and location. At application, an appraisal will be required and must be conducted by a Rhode Island Housing approved appraiser. Appraisals older than 6 months will not be accepted.
- Land Bank Loans will be limited to 97% of appraised value or purchase price, whichever is lower.
- The interest rate for all Land Bank program loans will be set at closing in the amount of 3 month U.S. LIBOR plus 3%, but in no event shall the rate be less than 4% or greater than 7%. Interest shall be calculated on the basis of a year of 365 days (or 366 days in a leap year) and shall be paid for the actual number of days elapsed (including the first day but excluding the last day of any applicable period) during the period commencing on the date of such Loan and ending on the date on which the unpaid principal amount of such Loan is irrevocably paid in full. Interest will be paid monthly with no accrual and no waiver on interest.
- Rhode Island Housing resources cannot be used to pay the difference between the loan amount and purchase price or monthly interest payments.
- Loans will be for a 12 month term. Information on planned redevelopment will be required and reviewed, with benchmarks related to the redevelopment plan established in the loan documents. The term of Bridge Loan financing may be extended at Rhode Island Housing's sole discretion based upon progress against benchmarks.
- Rhode Island Housing will not consider contaminated sites without an approved EPA remediation plan in place.
- Area Medium Income ("AMI") targeting will be a requirement of financing.
- Applicants will be required to pay all necessary and reasonable closing costs incurred by Rhode Island Housing at the time of closing.

Applications for the Land Bank program are available on the RIHousing website and are accepted on a rolling basis. Rhode Island Housing will normally review completed applications within 90 days of receipt of all required documentation.

## **About Rhode Island Housing**

Together with its partners, Rhode Island Housing works to ensure that all people who live and work in Rhode Island can afford a healthy, attractive home that meets their needs. Rhode Island Housing uses all of its resources to provide low-interest loans, grants, education and assistance to help Rhode Islanders find, rent, buy, build and keep a good home. Created by the General Assembly in 1973, Rhode Island Housing is a privately funded public purpose corporation.

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