

Predevelopment Loan Program

Program Outline:

On a case-by-case basis, RIHousing will consider requests for predevelopment resources to Developers (as defined below) for costs associated with predevelopment loan activities. Such activities (“Eligible Uses”) include, but are not limited to:

- Architectural and engineering studies, environmental assessments or the costs associated with other Development Professionals;
- Filing fees and/or costs and expenses incurred in obtaining permits and approvals and applying for public or private grants;
- Site control costs such as deposits under real estate purchase and sale agreements or to acquire options or extensions of options or purchase and sale agreements on real estate;
- Other predevelopment loan activities approved by RIHousing.

Additionally, RIHousing will consider the use of Predevelopment Loan funds to provide an advance of project developer fee to pay development consultant fees only if the project can demonstrate that a permanent loan closing will occur within 120 days of receipt of the advance.

Developers must submit a completed Predevelopment Loan Application for consideration by the Predevelopment Loan Committee composed of RIHousing staff.

Program Terms:

Developer:

A non-profit corporation which has been approved as a Section 501(c)(3) corporation by the Internal Revenue Service, determined to be exempt from federal income taxation, and which is engaged in providing housing to Low-Income households, which corporation has not been formed principally for the purpose of obtaining a Predevelopment Loan.

Low Income Households:

Persons or families, as the case may be, having aggregate family income equal to or less than eighty percent (80%) statewide median income (whichever is higher), adjusted for family size, in accordance with standards of the United States Department of Housing and Urban Development (HUD) in effect at the time of approval of the Application.

Maximum Loan Amount:

Projects with a total development cost less than \$1,000,000, loan limit of \$100,000 for Eligible Uses defined above.

Projects with a total development cost greater than \$1,000,000, loan limit is \$250,000 for Eligible Uses defined above.

* A Developer may apply for more than one Predevelopment Loan; however, a Developer is limited to one Predevelopment project.

Loan Term: Maximum loan term is 24 months

Interest Rate: The interest rate will be set at closing equal to the 2-year Treasury plus 150bps; in no event shall the rate be less than 7%.

Loan Payment Terms: Interest shall accrue and is payable in full upon repayment of the principal balance of the loan.

Loan Repayment Terms: The earlier of the Loan Term or the closing of the financing for the development.

Disbursement Procedures: Any request for the disbursement of Predevelopment Loan proceeds shall be accompanied by invoices, in form satisfactory to RIHousing, from each Development Professional to be paid with such Loan proceeds.

Ineligible Uses: Work conducted on contaminated sites without an approved EPA remediation plan in place.
Application or origination fees required by RIHousing under any of its programs.

Closing Costs: Applicants will be required to pay all necessary and reasonable closing costs incurred by RIHousing during the course of the loan which can be included in the loan.