

RHODE ISLAND HOUSING AMERICAN DREAM DOWNPAYMENT INITIATIVE

The primary purpose of the American Dream Downpayment Initiative (ADDI) is to make homeownership affordable to low and moderate income Rhode Islanders by providing closing cost, downpayment assistance, and home repair funds to income qualified homebuyers.

GENERAL PROGRAM GUIDELINES

To qualify, applicants must be first-time homebuyers earning up to 115% of the Median Family Income (MFI). First-time homebuyers include individuals who have not owned a home during the three-year period prior to purchase of a home with ADDI assistance. Program participants must complete homebuyer counseling training through a HUD certified first-time homebuyer counseling program.

ADDI assistance may be used to assist in the purchase of a one- to four-family residence, condominium unit, cooperative unit, or manufactured housing that is being constructed or rehabilitated by a nonprofit affordable housing developer approved by Rhode Island Housing. The price of the home must fall within Rhode Island Housing's purchase price limits or HUD guidelines, and the first mortgage must be from Rhode Island Housing's First Homes program or other equivalent financing approved by the Corporation.

The program will provide a deferred loan, payable upon sale or transfer of the property, that may be used for: 1) Downpayment assistance for the purchase of a qualifying home and; 2) costs of home repairs or rehabilitation to address issues identified in an appraisal or home inspection, and that are completed within one year of the purchase of the home that are necessary to bring the house into compliance with health and safety housing codes including the reduction of lead paint hazards and the remediation of other home health hazards.

The minimum amount of ADDI funds used in combination with HOME funds is \$1,000. The maximum amount of ADDI assistance provided to any family may not exceed the greater of six percent of the purchase price of the home or \$10,000.

APPLICATION PROCESS

Homebuyers who are purchasing a home through a nonprofit housing developer should contact the nonprofit to determine eligibility. Rhode Island Housing will conduct the underwriting and determine the amount of downpayment assistance necessary to complete the sale.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
RULES AND REGULATIONS OF THE CORPORATION APPLICABLE TO
THE AMERICAN DREAM DOWNPAYMENT INITIATIVE PROGRAM

Section 1. PROGRAM PURPOSES

Rhode Island Housing and Mortgage Finance Corporation (the “Corporation”) hereby promulgates rules and regulations (the “Regulations”) governing the American Dream Downpayment Initiative (ADDI) program. The primary purpose of the program is to make homeownership affordable to low and moderate income Rhode Islanders by providing closing cost and downpayment assistance, and home repair funds to income qualified homebuyers. Under the program, eligible first-time homebuyers may receive a deferred loan for the purchase and/or repair of a home developed by a nonprofit affordable housing developer.

Section 2. DEFINITIONS

As used in these Rules and Regulations:

- 2.1 “Corporation” means the Rhode Island Housing and Mortgage Finance Corporation, a public corporation organized and existing under the Act.
- 2.2 “Eligible Applicant” means a program applicant that meets the requirements set forth in Section 3 of these regulations.
- 2.3 “First-time Homebuyer” shall be consistent with the definition for “first-time homebuyer” set forth in USC §92.2.
- 2.4 “Lead Safe” means meets the requirements for the Lead-Safe Standard as established by the Rhode Island Department of Health in its Rules and Regulations for Lead Poisoning Prevention (R23-24.6-PB).
- 2.5 “Median Family Income” means area median income adjusted for family size as published from time to time by HUD.
- 2.6 “Single Family Housing” means a one- to four-family residence, condominium unit, cooperative unit, or a manufactured housing unit.

Section 3. ELIGIBLE APPLICANT

To be eligible to participate in the ADDI program, the applicant must;

- 3.1 be a first-time homebuyer;
- 3.2 earn no more than 115% of the Median Family Income;
- 3.3 complete a HUD certified first-time homebuyer counseling program; and

- 3.4 secure a first mortgage under the Corporation's First Homes Program or other equivalent financing approved by the Corporation.

Section 4. ELIGIBLE PROPERTY

Eligible Applicants may apply for assistance through the ADDI program to purchase and/or repair a Single Family Housing unit that meets the following conditions.

- 4.1 The property has been acquired, newly constructed and/or rehabilitated by a nonprofit affordable housing provider;
- 4.2 For Eligible Applicants earning up to 80% of the Median Family Income, the purchase price must fall within HUD guidelines.
- 4.3 For Eligible Applicants earning between 80% and 115% of the Median Family Income, the purchase price must fall within the purchase price limits of the Corporation's first-time homebuyer programs.
- 4.4 The property is Lead Safe.

Section 5. PROGRAM ASSISTANCE

5.1 Terms of assistance.

- 5.1.1 Assistance provided through the ADDI program shall be in the form of a deferred payment loan, payable in full upon sale of the property or refinancing of the first mortgage.
- 5.1.2 The minimum amount of ADDI funds in combination with HOME funds that must be invested in a project is \$1,000. The amount of ADDI assistance provided to any family may not exceed the greater of six percent (6%) of the purchase price of the home or \$10,000.
- 5.1.3 ADDI funds will be utilized to assist first-time homebuyers earning up to 80% of the Median Family Income.
- 5.1.4 Corporation funds will be utilized to assist families earning between 80% and 115% of the Median Family Income who have been approved for First Homes financing.

5.2 Eligible activities

An Eligible Applicant, as set forth in Section 3, purchasing an Eligible Property as set forth in Section 4, may utilize ADDI funds for:

- 5.2.1 downpayment assistance for the purchase of a Single Family Housing unit that has been acquired, newly constructed and/or rehabilitated by a nonprofit affordable housing developer;
- 5.2.2 rehabilitation of a Single Family Housing unit. Eligible rehabilitation includes items identified in an appraisal or home inspection, and that are completed within one year of the purchase of the Single Family Housing unit and are necessary to bring the Single Family Housing unit into compliance with health and safety codes, including the reduction of lead paint hazards and the remediation of other home health hazards.

5.3 Eligible costs

ADDI funds may be used for eligible project costs including:

- 5.3.1 the costs of acquiring a Single Family Housing unit;
- 5.3.2 the eligible development hard costs for rehabilitation projects described in §92.206(a) of the HOME Program regulations;
- 5.3.3 the costs for reduction of lead paint hazards and the remediation of other home health hazards and;
- 5.3.4 specific related “soft costs” including reasonable and necessary costs incurred by the Eligible Applicant associated with the financing of a Single Family Housing unit.
- 5.3.5 ADDI funds may not be used for any costs related to the new construction of housing or for rental assistance.
- 5.3.6 no more than 20% of program funds may be used for the activities described in Section 5.3.2 and 5.3.3.