

**RIHousing  
Predevelopment Loan Program  
Program Outline and Terms**

**Program Outline**

RIHousing will consider loan requests from non-profit developers for costs associated with predevelopment activities for affordable housing. Loan decisions will be made on a case-by-case basis at RIHousing's sole discretion.

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

**Program Terms**

**Eligible Applicant**

A non-profit organization that has a letter of determination from the Internal Revenue Service qualifying it as a Section 501(c)(3) public charity, or is otherwise determined to be exempt from federal income taxation, and that is engaged in providing housing to Low-Income Households, and which organization has not been formed principally for the purpose of obtaining a Predevelopment Loan.

**Eligible Uses**

Activities including, but 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;
- Advance of project developer fee to pay predevelopment consultant fees only if the project can demonstrate to RIHousing's satisfaction that a permanent loan closing will occur within a reasonable period after receipt of the advance;
- Other predevelopment activities approved by RIHousing.

**Low-Income Households**

Persons or families having aggregate family income equal to or less than eighty percent (80%) of the area or 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**

Up to \$100,000 for projects with a total development cost no greater than \$1,000,000.

Up to \$250,000 for projects with a total development cost greater than \$1,000,000.

Applicants may apply for more than one Predevelopment Loan; however, each Applicant is limited to one Predevelopment Loan per 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, subject to modification by program bulletin.

**Loan Payment Terms**

Interest will accrue and is payable in full upon repayment of the principal balance of the loan.

**Disbursement Procedures**

Any request for the disbursement of Predevelopment Loan proceeds must be accompanied by invoices documented to have been paid, in form satisfactory to RIHousing, from each development professional.

**Ineligible Uses**

Work conducted on sites known to be contaminated 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 closing, which can be included in the Predevelopment Loan.