

Down Payment & Closing Cost Assistance Program

In partnership with the City of Providence, the Housing Network of Rhode Island is providing Down Payment and Closing Cost Assistance to income eligible homebuyers in the City of Providence.

Program Requirements:

Applicants to this program must:

- have a signed Purchase and Sales agreement;
- have a household income at or below 80 percent of Area Median Income (AMI) based on household size;
- be purchasing a single, two or three family home in the City of Providence;
- use the home as their primary residence;
- complete eight (8) hours of HUD approved Homebuyer Education prior to closing;
- if purchasing a multi-family, complete a three (3) hour Landlord class and a three (3) hour Lead Hazard Awareness Seminar;
- contribute \$1,500 of their own funds to the transaction;

Assistance Details:

- Assistance **up to a maximum of \$20,000**, based on demonstrated need, for applicants with household income at or below 70% of AMI (income limits can be found on Housing Network's website);
- Assistance **up to maximum of \$10,000**, based on demonstrated need, for applicants with household income above 70% of AMI but below 80% of AMI (income limits can be found on the Housing Network's website);
- Requests for assistance below \$2,500 will not be considered;
- Assistance is given as a 0% interest, forgivable loan if the property is held for the duration of the compliance period.

Underwriting Guidelines:

Applicants receiving Down Payment and Closing Cost Assistance must satisfy HUD's current underwriting requirements for front (38%) – and back- end (45%) ratios. The *Underwriting Template Form*, which can be found on the Housing Network's website, should be completed by the Lender and submitted as part of the application package.

Term of Compliance:

During the compliance period, the unit must remain owner occupied. Each year the applicant will be required to submit proof of residency to the Housing Network of Rhode Island.

- 5 year compliance period if assistance is less than \$15,000.
- 10 year compliance period if assistance is \$15,000 or more.

Repayment of Assistance:

If the property is sold or refinanced prior to the expiration of the restriction period, the full amount of assistance is required to be repaid.

Allowable Property Types:

- Single family housing;
- Two and three family housing unit;
- Condominiums

HOME Purchase Price Limit:

Property purchase price as stated in the Purchase and Sales agreement cannot exceed the following limits:

Unit #	Existing Homes:	New Construction:
1 Unit	\$254,000	\$315,000
2 Units	\$325,000	\$404,000
3 Units	\$394,000	\$489,000

Allowable Ownership Structure:

- Ninety- nine year lease
- Fee simple

Property Standards:

- Selected housing unit(s) must pass a required City home inspection with a score of 80 or above;
- Housing must meet and comply with state and local building codes;
- Must submit Smoke Alarm Certificate;
- Property must pass a visual inspection for lead-based paint hazards. Properties will be evaluated in accordance with UPCS standards and will be ineligible for assistance if chipping and peeling paint exceeds “de minimus” levels (over 20 square feet)

Application Fee:

The application fee check made out to the City of Providence for \$200.00 is due at the time of application. The fee is only refundable if:

- The applicant successfully closes on the property identified within the application.
- The home does not pass the City of Providence inspection and the seller is unwilling to make necessary repairs to successfully pass inspection.

Right to Withdraw Form:

Must be completed by applicant, signed by seller, and submitted as part of the application. A sample is provided on the Housing Network’s website.

APPLICATION PROCESS OVERVIEW:

The entire application process may take between **45 to 60 days** to complete. Once the application, including all the required documentation is deemed complete, the Housing Network of Rhode Island will review the application. Client will be notified by mail as to the outcome of their application. The applicant must allow at least (30) days' from receipt of the approval letter when scheduling their closing. This timeframe allows for adequate time to process the Down Payment & Closing Cost Assistance loan documents and release of funds.

- Application packets can be downloaded from www.housingnetworkri.org or picked up at: Housing Network of Rhode Island, 1070 Main Street Suite 304, Pawtucket, RI 02860
- Applications must be completed in their entirety and submitted (via mail or in person to Housing Network of RI, 1070 Main Street, Pawtucket RI 02860) with all required documents to the Housing Programs Coordinator. EMAIL SUBMISSIONS ARE NOT ACCEPTED.
- The last page of the application includes a checklist of all required documents. The application fee must accompany application. The application will be reviewed for completeness before advancing application for income verification.
- In the event of an incomplete application, the applicant will be notified by mail of missing documents and the application will be placed on hold for 30 days pending receipt of the requested information. Applications that remain incomplete after 30 days will be closed out.
- Complete applications will be advanced for income verification.
- A decision letter will be mailed to the applicant regarding their eligibility for the program and a tentative award amount.
- If additional information is needed to make an accurate determination regarding income eligibility, the applicant will be notified via mail, and the application will be placed on hold pending receipt of the requested information.
- Applications that are not closed out within 6 months will be required to submit all new documents.
- Once an applicant is notified of the eligibility for the program, an inspection of the property will be scheduled with the City of Providence. This inspection is in addition to a standard inspection a homebuyer may do prior to purchasing a home.
- Upon completion of the City of Providence inspection, the Housing Programs Coordinator will notify the applicant if the unit passed or failed the City inspection, and if any additional actions were recommended by the City of Providence.
- If the unit passes inspection, the Housing Programs Coordinator will requisition the down payment assistance check from the City of Providence and begin drafting the closing documents.
(Prior to requisitioning the down payment assistance check, the applicant must have submitted Certificates of Completion for a HUD approved Homebuyer Education class, and if purchasing a multifamily unit, the 3 hour Landlord class and the 3 hour Lead Hazard Awareness class. All other required supporting documents must also be received prior to requisition of assistance.)
- The Housing Programs Coordinator will schedule a one on one session with the applicant to review all of the closing documents, program restrictions and compliance requirements.
- At the time of closing, recorded documents will include: a mortgage, loan agreement and a promissory note outlining the terms of repayment of the assistance. (template versions of these documents are available on HNRI's website for review) The Housing Network of Rhode Island must review and approve the final Closing

Disclosure, which shall include a \$75 recording fee for recording the City of Providence mortgage and reference the assistance received as “Loan from City of Providence DPA”

- The required \$1,500 contribution by the buyer can be met by the combination of any of the following: earnest money deposit funds, the upfront cost of any required education classes, upfront appraisal fees, upfront inspection fees, or cash required to close requirements.
- **This program prohibits cash out/back to the buyer/borrower at the closing.**

Down Payment & Closing Cost Assistance Application

**** Please complete all sections. Mark sections that do not apply as N/A. ****
Please make sure that all of the required documents are attached.
Incomplete applications will not be reviewed for program eligibility

APPLICANT

Name: _____

Address: _____

City _____ Zip _____

Phone _____

Email _____

Social Security #: ____/____/____

Date of Birth: ____/____/____

MARITAL STATUS: Married Single Separated

SEX: Male Female

RACE OF APPLICANT:

- American Indian/Alaska Native
- White/Caucasian
- Black/African American
- Native Hawaiian or Other Pacific Islander
- Asian
- Some other race
- Two or more races
- I do not wish to disclose this information

Do you identify yourself as Hispanic?

- Yes
- No

CO-APPLICANT

Name: _____

Address: _____

City _____ Zip _____

Phone _____

Email _____

Social Security #: ____/____/____

Date of Birth: ____/____/____

MARITAL STATUS: Married Single Separated

SEX: Male Female

RACE OF CO-APPLICANT:

- American Indian/Alaska Native
- White/Caucasian
- Black/African American
- Native Hawaiian or Other Pacific Islander
- Asian
- Some other race
- Two or more races
- I do not wish to disclose this information

Do you identify yourself as Hispanic?

- Yes
- No

PLEASE LIST ALL PERSONS IN YOUR HOUSEHOLD THAT WILL BE RESIDING IN HOME BEING PURCHASED:

(If 18 years or older please provide income documentation listed on the last page of this application)

Name	Relationship	Age
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

TOTAL HOUSEHOLD SIZE: _____

CURRENT EMPLOYMENT:

Applicant
Company: _____
Address: _____
City _____ Zip _____
of years _____ Phone # _____
Position: _____
Gross Monthly Income \$ _____

Co-Applicant
Company: _____
Address: _____
City _____ Zip _____
of years _____ Phone # _____
Position: _____
Gross Monthly Income \$ _____

ADDITIONAL MONTHLY INCOME:

Applicant
Average overtime earning \$ _____
Part Time/Seasonal Employ \$ _____
Retirement/Pension income \$ _____
Social Security SSI \$ _____
Child Support/ Alimony \$ _____
FIP Benefits \$ _____
Other Income \$ _____
Explain Other: _____

Co-Applicant
Average overtime earning \$ _____
Part Time/Seasonal Employ \$ _____
Retirement/Pension income \$ _____
Social Security SSI \$ _____
Child Support/ Alimony \$ _____
FIP Benefits \$ _____
Other Income \$ _____
Explain Other: _____

ASSET INCOME:

Checking Acct (current balance) \$ _____

Savings Acct (current balance) \$ _____

401(k) \$ _____

IRAs \$ _____

CDs \$ _____

Other Assets \$ _____

Explain Other

HOUSEHOLD CERTIFICATION

The definition of annual income is the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period. I/We certify that the statements contained in this application and certification are true and correct to the best of my/our knowledge and belief. I/We understand that if any statement contained in this application and certification is not true or correct, I/We may be subject to criminal prosecution or, as applicable, my/our loan application may be denied or the property acquired may be foreclosed upon. I /We give consent to the Housing Network of Rhode Island to exchange information with my mortgage lender and my real estate representative.

I/We certify that I/we are a household of _____

Applicant

Date

Co-Applicant

Date

Down Payment & Closing Cost Assistance Checklist

Please provide copies of the following documents: (as it pertains to your household)

- _____ \$200 check made payable to City of Providence with property being purchased noted on the subject line;
 - _____ 1 (one) year personal TAX RETURNS with all schedules (2 years, if SELF-EMPLOYED);
 - _____ Current Profit and Loss Business Statement and balance sheet (IF SELF-EMPLOYED);
(The Profit and Loss Statement will only be considered once; make sure there are no errors at the time you submit it)
 - _____ 2 (two) month's most recent pay check stubs for all employed adults (18+);
 - _____ For students over age 18, documentation of full or part time status;
 - _____ Documentation of other sources of income, (e.g., SSA/SSI benefit letters, child support, etc.);
 - _____ 6 (six) month's most recent checking account statements for all adults (18+);
 - _____ 6 (six) month's most recent savings account statement all adults (18+);
 - _____ Retirement statements (e.g., 401(k), IRAs, etc.);
 - _____ Documentation of other asset sources;
 - _____ Proof of legal separation or divorce;
 - _____ Certificate of Completion of 8 Hr. HUD approved Homebuyer Education;
 - _____ Certificate of Completeness of 3 hr. Landlord Class (if purchasing a multi-family home);
 - _____ Certificate of Completion of 3 hr. Lead Hazard Awareness Class (if purchasing a multi-family home)
 - _____ Uniform Residential Loan Application;
 - _____ Down Payment Assistance Underwriting Template (completed by lender)
 - _____ Executed Purchase and Sales;
 - _____ Copy of independent property appraisal;
 - _____ Right to Withdraw form (**Sign and dated by Seller**)
 - _____ Verification of Employment form for all employed adults (18+) (**Sign and date ONLY**);
-

VERIFICATION OF EMPLOYMENT FORM

TO BE COMPLETED BY EMPLOYER (APPLICANT: SUBMIT WITH APPLICATION ONE FORM FOR EACH EMPLOYED ADULT **SIGNED AND DATED ONLY**. DO NOT SUBMIT TO YOUR EMPLOYER!)

Employee Name: _____ Date of hire: _____

Occupation: _____ Annual Salary: _____ Date of last increase: _____

Base pay rate: \$_____/Hour; or \$_____/Week; or \$_____/Month Overtime pay rate: \$_____/Hour

Average hours/week at base pay rate: _____ Hours No. weeks _____, or No. weeks _____ worked/Year

Expected average number of hours overtime worked per week during next 12 months _____

Any other compensation not included above (specify for commissions, bonuses, tips, etc.):

For: _____ \$_____ per _____

Is pay received for vacation? Yes _____ No _____

If Yes, no. of days per year _____

Total base pay earnings for past 12 mos. \$_____

Total overtime earnings for past 12 mos. \$_____

Probability and expected date of any pay increase: _____

Does the employee have access to a retirement account? Yes _____ No _____

If Yes, what amount can they get access to: \$_____

Signature of Authorized Representative: _____

Title: _____

Date: _____

TELEPHONE: _____

Please return the form to:

Housing Network of Rhode Island, 1070 Main Street, Pawtucket, RI 02860

or email ygarcia@housingnetworkri.org

RELEASE: I HEREBY AUTHORIZE THE RELEASE OF THE REQUESTED INFORMATION.

SIGNATURE OF APPLICANT _____

Date: _____

WARNING: TITLE 18, SECTION 1001 OF THE U.S. CODE STATES THAT A PERSON IS GUILTY OF A FELONY FOR KNOWINGLY AND WILLINGLY MAKING FALSE OR FRAUDULENT STATEMENTS TO ANY DEPARTMENT OF THE UNITED STATES GOVERNMENT
