



City of East Providence Community Development Office

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HOME IMPROVEMENT PROGRAM

The Home Improvement Program offers grants, no-interest deferred payment loans, and low interest loans to owner-occupied and qualifying rental properties in East Providence. Eligibility is based on income and other factors.

WHAT KIND OF WORK CAN BE DONE THROUGH THIS PROGRAM?

The Home Improvement Program will provide assistance to homeowners in need of emergency repairs, building/health code violation repairs, and/or other repairs in order to improve the safety, accessibility, and energy-efficiency of their home.

WHO IS ELIGIBLE?

You may qualify for the Home Improvement Program if you are a homeowner:

- ▶ WHO owns a single or multi-family rental property in East Providence
- ▶ WHOSE household income is less than 80% of the area median income, adjusted by household size, or
- ▶ WHOSE tenant's household income is less than 80% of the area median income, adjusted by household size (see Program Terms & Conditions for more Rental Property requirements)

HOW IS HOUSEHOLD INCOME DEFINED?

1. Household income consists of current gross income from all sources including Social Security, pension, salaries, wages, interest income, rent, etc.
2. A household is defined as all persons who occupy a housing unit. Occupants may be a single family, one person living alone, or any other group of related and/or unrelated persons who live in the same house or apartment.

DETERMINING HOUSEHOLD INCOME								
Persons in Household	1	2	3	4	5	6	7	8
80% Median Area Income	\$45,000	\$51,400	\$57,850	\$64,250	\$69,400	\$74,550	\$79,700	\$84,850
60% Median Area Income	\$33,780	\$38,580	\$43,380	\$48,180	\$52,080	\$55,920	\$59,760	\$63,600

FOR MORE INFORMATION OR TO APPLY

1. Call the Community Development Office at (401)435-7536, or email efox@cityofeastprov.com or dbachrach@cityofeastprov.com
2. Visit us on-line at www.eastprovidenceri.net under City Departments and Community Development.

Home Improvement Program Financing Products

1. For Homeowners over 60% of area median income (or you can choose #2 below)
 - **3% Interest Loan**- 60% of the total amount borrowed will be paid back over monthly installments over a 10-year term.
 - **0% Interest Deferred Payment 10-Year Loan** - The balance of the total amount borrowed may convert to a grant after the 10-yr term.
2. Homeowners under 60% area median income (and homeowners over 60% of area median income)
 - **0% Interest Nonrecourse Deferred Payment Loan** - The total amount borrowed will remain as a lien on your property as long as you own the house and it remains your primary residence. No monthly payments are due and the original amount borrowed remains the same.
3. For Investor Owner Landlords (You are the owner but do not live in the property that you rent)
 - **3% Interest Loan** - the total amount borrowed is paid back in monthly installments over a 10-yr. term.
4. For Owner Occupied Landlords (You are the owner and live in the property and you rent to others.)
 - **3% Interest Loan** - 60% of the total amount borrowed will be paid back in monthly installments over a 10-year term.
 - **0% Interest Deferred Payment 10-Year Loan** - The balance of the total amount borrowed may convert to a grant after the 10-yr term.

The following would cause you to default on your loan depending on what financing product you have chosen:

- **3% loan over a 10-Year Term**

1. The borrower fails to pay the monthly loan payments due including late fees
2. Title or ownership interests is no longer that of the borrower, i.e. foreclosure, bankruptcy, etc.
3. The borrower passes away
4. The borrower has knowingly provided fraudulent information to the Community Development Office

- **0% Interest Deferred Payment 10-Year Loan**

1. The home is no longer the primary residence of the borrower
2. Title or ownership interests is no longer that of the borrower including foreclosure, bankruptcy, and similar proceedings
3. The borrower passes away
4. The borrower has knowingly provided fraudulent information to the Community Development Office
5. The borrower has defaulted on or has not paid in full the 3% loan.

- **0% Interest Nonrecourse Deferred Payment Loan**

1. The home is no longer the primary residence of the borrower
2. Title or ownership interests is no longer that of the borrower, i.e. foreclosure, bankruptcy, etc.
3. The borrower passes away
4. The borrower has knowingly provided fraudulent information to the Community Development Office

PROGRAM TERMS & CONDITIONS

1. Qualified applicants will receive financing for the home improvements.
2. Applicants must have paid all property taxes, water bills or other assessments due to the City before they are qualified for the program.
3. The homeowner must have homeowner’s insurance on the property to be assisted, and must maintain coverage throughout the period of the loan. Evidence of flood insurance coverage will be required if the property is determined to be located in the FEMA-designated Floodplain.
4. Rental Property: For 2-family homes, at least 1 unit must be income eligible. For 3-or-4-family homes, at least 51% of all units must be income eligible. All units must submit a Tenant Information Form. The program only covers the costs of general improvements for eligible units and all common areas including roofs and siding. Lead paint hazards will be addressed for all units and be covered by the program. The owner must enter into a Rent Regulatory Agreement, limiting rents of assisted income eligible tenants not to exceed Fair Market Rent Limits, for a period of 1 year from the time the improvements have been completed. This requirement ceases to apply after the 1 year period is over as does the income eligibility of the tenant.

Fair Market Rent Limits						
Efficiency	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR
\$748	\$849	\$1,014	\$1,271	\$1,508	\$1,734	\$1,960

5. Funding caps and financing terms may be adjusted on a case by case basis only when one of the following consequences of not making the adjustment can be documented: Loss of property, imminent homelessness or significant safety or health threat.

Funding Caps		
Single-Family Home	2-Family Multi-Unit Home	3+Family Multi-Unit Home
Up to \$35,000	Up to \$40,000	Up to \$50,000

6. A comprehensive lead inspection is required for all homes built prior to 1978. All the lead hazards sighted in the lead report will need to be addressed by the program, for all projects requiring rehab assistance of \$5,000 or more. Upon completion of the project, a final lead clearance inspection is conducted, as to achieve Lead-Safe status. The cost of the lead inspections are rolled into the HIP loan.
7. In some cases, lead hazard reduction activities require the household to temporarily relocate while the work is being completed. Occupants are encouraged to seek out free temporary relocation options. The costs of relocation of single-family and owner-occupied multi-unit homes is not charged to the home owner. For non-occupied multi-unit homes, relocation costs are rolled into the HIP loan.
8. A mortgage will be recorded on the property for all financing provided.
9. Technical Assistance, such as determining issues that may need to be addressed, writing work specifications, bidding and contractor selection assistance, and construction management, is provided at no cost to the homeowner.
10. Required permits will be obtained by the contractor before work is started.

PROGRAM PROCEDURES

1. Interested homeowners are to fill out the application and submit the necessary paperwork mentioned in the Application Checklist. If the funds will be used on a rental property, tenant income verification is needed for all the units that will undergo any improvements. (The Community Development staff are available to help landlords in obtaining this type of personal information.)
2. If a homeowner is eligible, the City Rehabilitation Specialist will make an appointment to visit your home and determine all eligible improvements to prepare the scope of work. Any "Lead Hazard" work will also be identified. If required, a lead inspection is ordered. The homeowner will be contacted by an independent lead inspector, contracted by the city, to schedule the inspection.
3. Once the scope of work is completed, the rehab specialist and homeowner meet to go over the work specifications. At this time, changes can be made accordingly.
4. Once the scope of work is finalized, a walk-through of your property is scheduled by the Rehab specialist for pre-qualified contractors to review the work specifications.
5. The contractors are allowed one week to return bids. The Rehab Specialist presents the homeowner with the bid results. The homeowner then selects a contractor to move forward with the project. The Program will finance the lowest bidder. If the homeowner decides to choose a different contractor other than the lowest bidder, it's the homeowner's responsibility to pay the difference.
6. The Community Development Office creates a Work Contract for rehabilitation work, to be reviewed and signed by the homeowner and the contractor.
7. A Loan Closing for the cost of the home improvements is scheduled with the homeowner, by the Community Development Coordinator. A Loan Agreement with the City, Promissory Note and Mortgage Deed are issued and signed by the homeowner. If there is rental property involved, the homeowner will also sign a Rent Regulatory Agreement, in which the homeowner agrees to limit rents to below fair market rent limits published by HUD.
8. If the home improvements require the household to temporarily relocate, the Community Development staff will help arrange temporary housing, if there aren't any family or friends they can stay with for that period of time.
9. While the work is in progress, the Rehabilitation Specialist will inspect to insure the work is being done properly and accordingly to the Work Contract.
10. Partial payments are made to contractor for portions of the work completed, following the Rehabilitation Specialist's inspections and homeowner's approval.
11. If any lead hazard reduction work was required, the contractor schedules a final lead clearance inspection. Upon successful passage, the lead inspector issues a Lead-Safe Certificate to the property. Should the property fail the Clearance Test, the Contractor must address the lead paint issues still existing at his/her own expense until it passes.
12. After the rehab work is completed, the Rehabilitation Specialist inspects the property to verify that the contractors completed all the work listed on the Work Specifications and that the homeowner is satisfied with the workmanship performed. Any additional required City inspections are scheduled by the contractor and confirmed by the Rehab Specialist.
13. The contractor submits a final invoice and a final payment is processed.