



Two new loan programs target distressed homes

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By Christine Dunn Journal Staff Writer

PROVIDENCE - Rhode Island Housing on Friday announced two new loan programs, one that offers up to \$7,500 in downpayment assistance for first-time home buyers in six communities, and a statewide program that offers refinance loans with up to \$75,000 in principal forgiveness to homeowners who still have "underwater" mortgages.

"Underwater" home owners owe more than the current market value of their property, a situation that often makes refinancing to take advantage of lower interest rates impossible.

Called RI Refi, this new home-loan program is statewide and is for borrowers who owe more than 110 percent of their home's current value. Up to \$75,000 in principal reduction is available, and the reduction is a loan that is completely forgiven if the owner remains in the home for three years.

The loans are for primary residences only, and borrowers must have been current on their mortgages for the last 12 months and have a credit score of at least 640. The loan limit is \$424,100 for a one- to four-family home or eligible condominium.

To be eligible, annual household income must be less than \$87,360 (for one or two people) or \$101,920 (for three or more people). For more information, see <http://ri-refi.org/>

Also announced Friday was the "First Down" program, which provides \$7,500 in down payment assistance to eligible first-time home buyers purchasing a home in one of six Rhode Island communities hardest hit by the foreclosure crisis: Providence, Pawtucket, Woonsocket, Warwick, Cranston and East Providence.

To determine the areas that would be eligible for First Down, Rhode Island Housing evaluated communities in the state at a ZIP code level to identify which areas had higher than-average indicators of seriously delinquent mortgage loans, negative equity, distressed sales, short sales, foreclosure rates and vacant homes.

"For many prospective home buyers, the biggest challenge is saving for a down payment. This forgivable loan eliminates yet another barrier to home ownership," said Barbara Fields, executive director of Rhode Island Housing.

Rhode Island Housing estimates that more than 530 homeowners will be served through First Down, which is funded by the U.S. Department of the Treasury's Hardest Hit Fund program. If the buyer sells, refinances, or transfers the home within five years of closing the loan, a portion of First Down loan would need to be repaid.

Providence Mayor Jorge O. Elorza, Pawtucket Mayor Donald R. Grebien and Warwick Mayor Scott Avedisian joined Fields on Friday morning to announce the First Down program. For more information on the First Down program, contact Rhode Island Housing at (401) 457-1157 or visit FirstDownRI.org.