

2024 -- H 7276

LC003998

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- RHODE ISLAND HOUSING
AND MORTGAGE FINANCE CORPORATION

Introduced By: Representatives P. Morgan, and Fenton-Fung

Date Introduced: January 24, 2024

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 42-55 of the General Laws entitled "Rhode Island Housing and
2 Mortgage Finance Corporation" is hereby amended by adding thereto the following section:

3 **42-55-31. Revolving fund to assist first-time homebuyers and veterans.**

4 (a) There is created, as a separate fund within the treasury, the first-time homebuyers and
5 veterans revolving fund (the "revolving fund"). The purpose of this revolving fund is to provide
6 assistance to first-time homebuyers and veterans who are buying a home, through a revolving fund.
7 The revolving fund shall assist these homebuyers in acquiring sufficient funds for an initial down
8 payment on a home in Rhode Island, by providing grants. The revolving fund shall consist of any
9 sums that the state may from time to time appropriate, as well as money received from donations,
10 gifts, bequests, or otherwise from any public or private source, which money is intended to assist
11 with promoting home purchases for first-time homebuyers and veterans. The general assembly shall
12 authorize an appropriation of thirty million dollars (\$30,000,000) to provide initial funding to
13 establish this revolving fund.

14 (b) The treasurer shall contract with the Rhode Island housing and mortgage finance
15 corporation (hereinafter sometimes referred to as "RI housing") for the administration and
16 disbursement of funds. The Rhode Island housing and mortgage finance corporation shall adopt
17 rules and regulations in conjunction with the office of veterans affairs within the department of
18 human services as well as with appropriate community groups consistent with the purposes of this

1 section and chapter 35 of title 42 ("administrative procedures"), which provide for the orderly and
2 equitable disbursement and repayment of funds.

3 (c) Funds placed in the revolving fund shall be made available as follows:

4 (1) To make grants to a first-time homebuyer or a veteran purchasing a single-family home
5 or condominium in Rhode Island;

6 (2) The maximum price on a home purchase for which a grant may be issued from the
7 revolving fund shall be the median single-family house price on the market in Rhode Island as
8 determined by the Rhode Island Realtors Association or any successor organization;

9 (3) To be eligible for a grant from the revolving fund, a prospective purchaser shall:

10 (i) Have a minimum credit score of at least six hundred twenty (620);

11 (ii) As part of the application process, complete a homebuyer education course, available
12 in person or online through RI housing;

13 (iii) Obtain a RI housing-funded first-mortgage through a participating lender or the RI
14 housing Loan Center; and

15 (iv) Occupy the home as their primary residence during the period of the loan repayment.

16 (d) The revolving fund shall provide a dollar-for-dollar match to be used as a down-
17 payment up to forty thousand dollars (\$40,000).

18 (e) In addition, applicants who qualify for a grant from the revolving fund shall also be
19 eligible for a loan from RI housing or its affiliates at a special rate of interest which rate is one
20 percent (1%) less than any other loan RI housing is offering to buyers who are not first-time home
21 purchasers or veterans. This reduced rate shall remain on the loan until the loan is refinanced, the
22 real property is resold, or the loan is repaid in full. This reduced interest rate shall not apply to a
23 loan issued or authorized by RI housing or its affiliates which has an interest rate of four percent
24 (4%) or less.

25 (f) As used herein, the term "veteran" means a person who served on active duty with the
26 U.S. Army, Air Force, Navy, Marine Corps, or Coast Guard, for a minimum of one hundred eighty
27 (180) days and who was discharged or released under conditions other than dishonorable.
28 Reservists or members of the National Guard called to federal active duty (for other than training)
29 or disabled from a disease or injury incurred or aggravated in the line of duty or while in training
30 status also qualify as a veteran pursuant to 38 C.F.R. part 74.

31 SECTION 2. This act shall take effect on July 1, 2024.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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RELATING TO STATE AFFAIRS AND GOVERNMENT -- RHODE ISLAND HOUSING
AND MORTGAGE FINANCE CORPORATION

1 This act would establish a revolving fund to assist first-time homebuyers and veterans to
2 purchase a home in Rhode Island by issuing grants of up to forty thousand dollars (\$40,000). The
3 revolving fund would be administered by the Rhode Island housing and mortgage finance
4 corporation. This act would also authorize the Rhode Island housing and mortgage finance
5 corporation to issue low interest loans to applicants who qualify for the grants. The act would also
6 provide for an initial appropriation of thirty million dollars (\$30,000,000) to establish the revolving
7 fund.

8 This act would take effect on July 1, 2024.

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