

Portsmouth Septic Loan Program

Background

The Town of Portsmouth, in its efforts to provide financial assistance to homeowners required to bring their on-site wastewater treatment systems up to minimum State standards to protect public health, as well as the environment and in compliance with its locally adopted On-Site Wastewater Management Plan, has established a municipally funded Portsmouth Septic Loan Program (PSLP).

In partnership with Rhode Island Housing, The Town of Portsmouth is pleased to announce a new program to make low-interest rate mortgages available to Portsmouth residents to help fund the replacement of cesspools and failed septic systems.



Who's Eligible?

- Town-wide program for residential property owners current on all financial obligations to the Town;
- No owner-occupancy restrictions, seasonal and rental properties eligible;
- Excludes commercial and industrial properties; group and cluster systems; and condominiums or apartment buildings with 4+ units per structure.

Additional Financial Information

- Funds will be loaned out on a first-come, first served basis.
- Homeowners may borrow a maximum of \$25,000 at terms not to exceed 10 yrs with the initial interest rate expected to be 5%. Initial interest rate will vary annually tied to a common interest rate index to be determined.
- No current Federal tax liens and no current bankruptcies or bankruptcies discharged within the previous 24 months.
- \$300 loan origination fee to be paid by the borrower at closing.
- Security for the loan will be a lien on the property held by the Town to be released upon successful repayment of the loan.
- The loan obligation shall be structured to be repaid at the sale or transfer of the subject property.
- Payments will be made on a monthly basis.
- There will be no prepayment penalties.

Program Contacts

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Rhode Island Housing

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Program Requirements

- Only licensed and insured septic installers may be used on the project.
- Qualified septic systems must be subject to the 2007 Rhode Island Cesspool Phase-out Act, or, determined to be "failed" as defined by current DEM regulations and/or the Portsmouth Wastewater Management District Ordinance.
- The homeowner must have a DEM approved septic design and all State and local permits procured.
- A DEM Certificate of Conformance will be required prior to disbursement of borrowed funds which will be paid directly to the system designers and licensed installers.
- Funds are to be used for septic system repairs or replacement only, including all engineering and installation costs as well as all permitting fees.
- There are no income restrictions but homeowner debt / income ratio must not exceed 45%.
- Must have current property and liability insurance on the property as it will become security for the loan.
- On a case-by-case basis, loan applications may be approved for systems installed or repaired prior to the inception of this loan program, but in no case prior to January 1, 2013.
- Prior to closing, the homeowner must present to Rhode Island Housing and executed contract with a licensed and insured septic installer, which contract fully describes the scope of work required to repair or replace the homeowner's septic system.