

Community Septic System Loan Program (CSSLP)

Background:

Rhode Island Infrastructure Bank in cooperation with the **Rhode Island Department of Environmental Management (DEM)** and **RIHousing**, launched the **Community Septic System Loan Program (CSSLP)** in the spring of 1999 in accordance with Title VI of the Federal Clean Water Act and Chapter 46-12.2 of the General Laws of Rhode Island. **Rhode Island Infrastructure Bank** uses federal dollars recycled from previous **Clean Water State Revolving Fund** loans to provide the source of funds for the CSSLP. This program allows residents without access to sewers to access low-interest loans to repair or replace failing or substandard septic systems, or to replace a cesspool with a septic system.

To access these funds, communities must first complete a **DEM-approved On-Site Wastewater Management Plan**. The community then negotiates a loan with the Infrastructure Bank. Once the loan is negotiated, the community may then allow residents to access the funds. Residents of participating communities can access a CSSLP application through their municipality. RIHousing then underwrites and administers the loan. When a community has depleted their funding, they apply to the Infrastructure Bank for additional funds. Homeowners who apply for funding before additional funds are provided are placed on a wait list.

Current Participating Communities:

Bristol	Glocester	Johnston	No. Kingstown	Scituate	Warren
Charlestown	Hopkins	Narragansett	Portsmouth	So. Kingstown	Westerly
Coventry	Jamestown	New Shoreham	Richmond	Tiverton	

Loan Terms:

- No income limits for program participants
- Can be used for residential properties with up to 4 units
- One-time \$300 origination fee to RIHousing and a 1% service fee on the outstanding loan balance that is split between RIHousing and the Rhode Island Infrastructure Bank for servicing the loan
- Other program criteria vary by community, but most cap loans at \$25,000 for the Community Septic System Loan Program and \$10,000 for the Sewer Tie-In Loan Fund; require a debt-to-income ratio for borrowers of no more than 45%; allow non-owner occupants, as well as homeowners whose primary residence can benefit from the program to participate
- Funding can generally cover engineering costs, as well as system replacement costs
- Funding is released to the homeowner when RIHousing receives a certificate of conformance after the work is completed. Work must be completed by a licensed installer

Loan Activity:

- Since 1999, **729 loans** closed totaling **\$11.3 million**
- Average loan amount: **\$15,558**
- Monthly payment for a **\$15,000 loan** with a **10-year term** would be **\$131**

Sewer Tie-In Loan Fund (STILF)

Background:

In addition to the Community Septic System Loan Program, the **Clean Water Finance Agency** (now known as the **Rhode Island Infrastructure Bank**) has implemented the **Sewer Tie-In Loan Fund (STILF)** to provide low-interest loans to homeowners so they can tie into the local sewer system and abandon their individual septic systems.

The Infrastructure Bank makes loans of up to \$150,000 to the sewer system owner. The system owner then directs the STILF funds to individual homeowners through RIHousing. Upon notification by the sewer system owner that the individual property owner qualifies for the local tie-in program, RIHousing will process the loan applications, cut the checks to the vendors and process loan repayments.

Current Participating Communities:

Coventry

East Providence

North Smithfield

Tiverton

Warwick

Loan Terms:

- Maximum loan amount is \$10,000, with a term of up to five years
- Most other loan terms are the same as the CSSLP
- Funding is released to the homeowner when RIHousing receives a certificate of compliance after the work is completed
- The cost to properly abandon the existing septic system (pumping out its contents and filling it with sand) is also STILF-eligible

Loan Activity:

- **43 loans** closed for a total of **\$153,052**
- Average loan amount: **\$3,559**
- Monthly payment for a **\$4,000 loan** with a **5-year term** would be **\$68**