

POLICIES & PROCEDURES FOR SUBORDINATIONS AND OTHER SPECIAL REQUESTS

The CDBG Loan Committees will on a case-by-case basis, review, approve or deny requests from loan recipients for mortgage subordination agreements or other special requests such as parcel releases. A subordination request by you and your bank means the municipality will let the bank's loan go ahead of its loan on the list of debts attached to your property. If you would ever default on a loan (quit paying your loan payments) and the lender foreclosed (took control of your property) then the bank would be paid for its debt first, and if there were any money left over, the municipality would be paid after that.

Before the municipality decides if it will let the bank go ahead of it or that they will approve any other special request, the loan committee will need information to help it make its decision. Subordinations will be approved only under special circumstances that will enhance the security of the municipality's mortgage. Generally, the following circumstances are acceptable:

- A. Facilitating consolidation of payment that will enable the homeowner to maintain title to the property. This does **NOT** include consolidation of non-housing debts such as credit cards or vehicle loans.
- B. Facilitating a loan that will enable the homeowner to perform repairs to the property that will restore or maintain the structure in safe, decent, and sanitary living conditions, or maintain the fair market value.
- C. Facilitating the sale of a property where there is foreclosure, bankruptcy, or other circumstances and the municipality has reason to believe they will hold an unsecured mortgage.
- D. Facilitating a new owner who is low to moderate-income to purchase the property under continued or revised loan terms, when the current owner is unable to repay the mortgage due to circumstances as spelled out in the Policy and Procedures Manual or is being forced to sell.
- E. Facilitating a sale of the property if the owner is allowed to continue residence as in a life estate, or rental option. The terms of the loan will be reviewed and may be altered, especially if a rental option is being used.

There is a \$200, non-refundable application fee. If the request meets the following three criteria it can be approved by staff. If not, the subordination must be approved by the review committee. The loan committee will consider the application at the next regularly scheduled meeting. Meetings dates and time vary by community.

1. The request is to finance the existing balance of the mortgage; and
2. Closing costs, if included in the refinancing do not exceed \$2,000.00; and
3. The interest rate and years of amortization will remain the same or be lower.

Please call the Housing Authority to discuss the subordination. For homeowners in Chippewa or Clark Counties contact Lori Artz at 715.738.2596. All other Counties please contact Valerie Prueher at 715.726.4580. For your appointment you will need to bring: a completed application along with the application fee, a copy of your "Good Faith Estimate", "Truth in Lending" and a "Loan Summary Worksheet" from your lender describing the terms of the proposed loan.

APPLICATION FOR SUBORDINATION OR OTHER SPECIAL REQUEST

Name of Property Owner: _____

Address of Property Owner: _____

Telephone: _____ Number of Household Members: _____ Household Income: _____

Name of Financial Institution Requesting Subordination: _____

Address: _____

Contact Person: _____ Telephone: _____

Amount of Proposed New Loan: \$ _____ # of years: _____ interest rate: _____

Type of loan: _____ Closing costs: \$ _____ (this figure should be included in proposed loan amount)
(adjustable, fixed, etc.)

Purpose of Loan: _____

Is this a refinancing of a current mortgage? _____ Current Mtg. pmt.: _____

Current market value: _____ taxes appraisal _____
date

Current Mortgage Holders:

Name	Amount owing	Interest rate	Term/years remaining
	\$		
	\$		
	\$		

List any liens or judgments: _____

Return to: Chippewa County Housing Authority
711 N. Bridge Street, Room 14
Chippewa Falls, WI 54729
Phone: (715) 726-7933 fax: (715) 726-7936

Date: _____