



TOWN OF UNION SUBORDINATION AGREEMENT POLICY

The subordination of loans made by the Town of Union Department of Planning are granted solely at the discretion of the Director/Assistant Director upon the recommendation of administrative staff involved in the processing of loans within the department. Such recommendations shall be based upon a thorough review and analysis by the administrative staff involved. Such factors as the appraised value of the property for which the mortgage will be subordinated, the outstanding balance of the department's mortgage, the proposed use of the proceeds of the new mortgage, and the needs of the applicant will be reviewed prior to a recommendation being made to the Director or the Assistant Director.

The request for subordination of a mortgage made to the Department must be in writing and shown to meet at least one of the following conditions:

- 1) The subordination is requested due to economic hardship of the applicant (i.e. medical bills, foreclosure, bankruptcy).
- 2) The subordination is requested by the applicant in order to increase the cash flow of the applicant for the expressed sole purpose of the applicant participating as a landlord in other programs of the Town of Union where additional housing for people of low to moderate income will be created. A binding agreement shall be signed by the applicant pledging the use of the new financing for such purpose.
- 3) The subordination is requested to consolidate housing related debt where the mortgage position of the Town of Union is strengthened and any increase in the amount between the previous mortgage to be paid off by the consolidation and the new mortgage is used solely for the payment of the existing housing related debt. The term housing related debt does not include consumer debt such as student loans, car loans, boat loans, credit card debt, installment loans, or any other form of revolving line of credit debt. No cash out at closing.
- 4) To make necessary or additional capital improvements to the premises for which the Town of Union had made the original mortgage. These improvements must be needed to remove code violations; repair deteriorated conditions of the structure, or to increase the value of the premises. Applicants must submit written cost estimates for the proposed work and sign a Use Of Proceeds Certification authorizing the Town to inspect the work once it is completed.

Each condition of subordination must be substantiated by the applicant to the satisfaction of the Director or Assistant Director who will then make a final determination of whether a subordination will be granted. A recent appraisal, proof of debt through copies of outstanding bills and bank correspondence showing remortgaging formulas are vital pieces of information for proving the existence of a condition listed above.

Should the Town of Union grant an applicant's request, a standard subordination agreement shall be prepared by the lending institution or attorney of record for execution by the Town Supervisor.

Upon receipt of the executed subordination agreement, it will be forwarded to the applicant, lending institution, or attorney of record for recording with the Broome County Clerk.

I hereby acknowledge receipt of a copy of the Town of Union's Subordination Agreement Policy.

Signature

Date

Signature

Date