



## **Town of Hubbardston**

### **SUBORDINATION POLICY**

The Town of Hubbardston obtained a grant through the Massachusetts Small Cities Program for Housing and Community Development in which town property owners were eligible to obtain funds for the purposes of rehabilitating property.

Owners had to have been determined income eligible under the regulations of the program to participate. Each owner that participated in the program signed an agreement, which set out in detail the obligations of the loan.

During the term of the deferred payment loan, an owner may seek additional loans or need to refinance their property. A Request for Subordination will be issued by the bank providing the new mortgage, which causes the Town's loan to come behind the later bank loan, a less secure position for the Town's interest.

It is the Town's responsibility to determine whether the funding continues to benefit income eligible families, or there is a requirement for immediate repayment of the loan. The program must benefit lower income residents, which are defined as those households making incomes less than 80 percent of area median income.

Therefore, the following information and documentation must be provided within fourteen days of request to allow the Board of Selectmen to make a fair determination. If no response is received, a request for subordination shall be deemed withdrawn.

Application for subordination must include continued proof of income eligibility. Three copies of the applicants most recent payroll stubs for all parties involved must be submitted with the Request for Subordination.

A Request for Subordination Application must also include, in writing, reasoning for the application, providing evidence of financial hardship claimed, as necessary. The explanation must include any request for cash payout in the mortgage application and how these funds will be used.

A copy of an appraisal provided within the past three years for the property to allow the Town to determine if the total indebtedness would appear to exceed the property's value on the market.

The Board of Selectman will review applications and render a decision within 14 days of receipt, or until such time as the Board is able to obtain a quorum, whichever comes first. An application will not be deemed complete or ready for review until all documentation is provided.

NAME:

PROPERTY:

APPLICATION DATE:

DECISION DATE: