



MARLBOROUGH COMMUNITY DEVELOPMENT AUTHORITY

250 MAIN STREET, MARLBOROUGH, MA 01752 ♦

V: 508.624.6908 ♦ F: 508.460.3749 ♦

I. Subordination Policy

The Marlborough Community Development Authority (MCDA) will consider a request for subordination of one of its issued loans on a case-by-case basis only under the following conditions:

- A. Adequate security to protect the MCDA mortgage;
- B. Owner(s) is in compliance with loan terms, including any rental agreement,
- C. Where the sole purpose of the subordination is to refinance an existing senior mortgage to obtain a lower monthly payment.
- D. The MCDA will not subordinate its mortgage to new debt, or to consolidate debt, or where the owner receives cash out of the transaction.
- E. Only one-subordination request will be considered per borrower. If a second subordination request is made at least ten (10%) percent of the underlying MCDA loan must be paid and a new mortgage and loan issued.
- F. Requests will not be granted to subordinate for reverse mortgages

The MCDA may establish reasonable protections and charges for reviewing requests for subordination, and may require partial repayment of the loan or establish other conditions to protect its investment.

II. Adequate Security

Adequate security is defined for purposes of this policy to mean that the proposed combined loan-to-value (CLTV) is eighty (80%) percent or less, including the program mortgage and the proposed new mortgage, based on the current appraisal of the property.

III. Administration

The following is the process for requesting a subordination:

- A. The property owner must complete and submit the "*Request for subordination of MCDA Loan/Mortgage.*"
- B. The owner's bank or mortgage company must submit a letter certifying under the pains of perjury what the term, the interest rate and the monthly payment of the existing mortgage and the proposed mortgage are; that the proceeds will not be used to consolidate debt; and the owner will receive no cash out.

- C. The bank or mortgage company must submit a copy of the mortgage settlement statement.
- D. Owner must submit prior year Federal Income Tax filing and most recent paystubs if so applicable.
- E. The owner, or their bank or mortgage company, must submit a copy of the current appraisal being used for the mortgage transaction.
- F. All requests must be reviewed by the MCDA's legal counsel for final approval.
- G. After a request, has been submitted and if reviewed by legal counsel and staff for approval it is then submitted to the Mayor of the City of Marlborough who is the chair of the MCDA for final approval. The Mayor has sole-discretion to deny any such subordination requests and such denial cannot be appealed to the MCDA.

MCDA program staff may visit the property or request further information to verify the documentation provided or to verify owner compliance with their loan terms.

IV. No Right to Subordinate at Sole Discretion of MCDA

MCDA loans carry no general right to subordinate absent the subordination policy.

V. Fees, Costs & Timeline

- A. There is a non-refundable fee of two-hundred and fifty (\$250.00) for this service, payable to the MCDA, at the time the request is submitted. In addition, legal fees incurred by the MCDA for reviewing the subordination request must be paid by the application.
- B. The MCDA requires fourteen to twenty-eight calendar days to process a subordination request. This may be extended by the MCDA at its sole-discretion.

VI. Changes in Subordination Policy

The MCDA reserves to change and/or modify its subordination policy at any time. This policy supersedes prior subordination policies.

VII. Adoption

The MCDA an urban renewal agency within the meaning of M.G.L. c.121B, an Economic Development and Industrial Corporation within the meaning of M.G.L. c.121C and a Community Development Authority created by Special Act in 1979 (Chapter 327 thereof) and as amended by Chapter 380 of the Special Acts of 2004 and Chapter 395 of the Special Acts of 2008.

DB Bushman

The MCDA governing board formally adopted this Subordination Policy on NOV - 30 -, 2017

Ver. SEPT/2017

Genev. Penuca *Paul Herney* *Stavie Penuca*

Request for Subordination of MCDA Mortgage Form

TYPE OR PRINT IN INK:

Owner name: _____

Co-owner name: _____

Property address: _____

Telephone: _____

Email: _____

Name of bank or mortgage company: _____

City/state: _____

Contact name: _____

Contact telephone: _____

I/we, the owners of the above-named property, request that the Marlborough Community Development Authority (MCDA) subordinate its existing mortgage on the referenced property to allow me/us to refinance my/our existing senior mortgage.

Under the pains and penalties of perjury, I/we certify that we are in compliance with the terms of my/our loan agreement with the town; that the sole purpose of this subordination is to obtain a lower monthly mortgage payment; and that I/we are not consolidating debt or receiving cash out of this transaction.

Signed: _____ Date: _____

Signed: _____ Date: _____

Submit this form to the MCDA together with:

- Letter from bank or mortgage company
- Settlement statement
- Prior year Federal Income Tax filing along with recent paystub.
- Current property appraisal
- Fee of \$250.00. Make check payable to "MCDA."

Mail or deliver to: Marlborough Community Development Authority, 250 Main Street, Marlborough, MA 01752. Telephone (508) 624-6908.