



HOUSING AUTHORITY  
OF  
THURSTON COUNTY

503 West 4th Avenue • Olympia, Washington 98501 • Phone (360) 753-8292 • Fax (360) 586-0038

## Loan Subordination Policy

Subordination of a Housing Rehabilitation Program loan (Program Loan) for the purpose of refinancing an existing debt that is in a superior lien position to the Program Loan may be allowed provided that all of the following conditions are met:

1. Total indebtedness on the subject property (including the Program Loan) cannot exceed ninety percent (90%) of the appraised value of the subject property. Debtor shall be responsible for obtaining and paying for a professional appraisal of the subject property.
2. Any cash back to the Debtor as a result of the proposed refinancing shall not exceed five percent (5%) of the debt that is being refinanced OR \$2,000.00, whichever is LESS.
3. The proposed refinancing shall not result in an increase in debt in a superior position to the Program Loan of more than ten percent (10%) of said superior debt, including any cash back to the Debtor.

Subordination of the Program Loan will NOT be approved for any purpose other than to refinance debt that was secured by the subject property prior to the origination date of the Program Loan.

Recipients of a Program Loan requesting a loan subordination shall submit the following information to the Housing Authority:

1. A letter from the Debtor stating the purpose of the proposed refinancing, the balance of the existing debt to be paid off at the time of the refinance, and the maximum amount of the new loan.
2. Documentation of the balance of any other debt that is in a superior position to the Program Loan.
3. Copy of a professional appraisal of the subject property that has been completed within the last six (6) months.
4. Draft copy of the Settlement Statement (HUD-1) for the proposed refinance. Final approval of the subordination will be subject to approval of the final Settlement Statement.

Allow five business days for the review of all requests for subordination.