

## **Owner Occupied Property Loans Subordination Policy**

- DND will not subordinate loans made by the Boston Home Center for:
- Down payment and closing cost assistance which originated after February 2018
- Loans originated by the Boston Home Center provided to the Borrower under the following programs:
  - Home Equity Loan Program,
  - “3D Program”,
  - Home Equity Loan Program, or
  - the Senior Home Repair Loan Program.
- Requests for exceptions may be considered by DND if:
  1. The subordination will allow the borrower to reduce the interest rate of the first mortgage, and/or
  2. it will enable the borrower to obtain a home improvement loan that will be used to pay for improvements to the property.

DND may consider requests to subordinate other DND mortgages on a case-by-case basis. Request must be in writing and consideration will be based on the following:

- The total proposed mortgage debt, including the City's mortgage, does not exceed 85% of the appraised value of the property, or if the property is subject to an Affordable Housing Covenant, 95% of the Maximum Resale Price as determined in accordance with the covenant at the time the request is made.
- Lenders must show a reasonable belief that the borrower has the ability to repay the loan, which generally means that the borrower's scheduled monthly payments, including principal, interest, taxes, insurance and assessments, plus all other scheduled payments of all other debt, does not exceed 50% of the borrower's monthly gross income.
- Lenders may not include financing of excessive points and fees.