

WINNEBAGO COUNTY HOUSING AUTHORITY
HOMEBUYER PROGRAM

600 Merritt Avenue, PO Box 397, Oshkosh, WI 54903
Oshkosh: (920) 424-1450 • Fax: (920) 424-1474
www.ohawcha.org

MORTGAGE SUBORDINATION POLICY

A. SUBORDINATION POLICY

1. Winnebago County Housing Authority (WCHA) will review, and on a case by case basis, will approve or deny requests from loan recipients for mortgage subordination agreements.
2. WCHA will consider subordination request for homeowners wishing to:
 - a. Refinance an existing mortgage to obtain a reduced interest rate.
 - b. Refinance an existing mortgage to obtain a comparable interest rate and extended payment terms.
 - c. Obtain a home equity loan for the sole purpose of rehabilitating their primary residence. (An escrow account must be established with the lender to monitor rehab / construction payouts).
 - d. Refinance an existing mortgage as necessary to halt foreclosure proceedings by a bank or to halt tax deed proceedings by the county.
 - e. Obtain a home equity loan to pay for medical emergencies.
3. WCHA will not consider subordinating for consolidation of consumer debt, such as credit cards, automobiles or other “cash to homeowner” transactions or for any home equity loans other than for the sole purpose of reasonable rehabilitation of one’s primary residence. WCHA will not consider any request that places WCHA security interest in jeopardy, as determined by standard underwriting practices, unless requested to halt foreclosure or tax deed proceedings or to assist with medical emergencies.
4. Homeowners with 50% of the home value in equity or \$50,000 in home equity, whichever is less, will be expected to pay off their mortgage with the WCHA homebuyer program if requesting subordination. Lenders are strongly encouraged to build this into the refinance loan.

B. SUBORDINATION REQUIREMENTS

1. Homeowners will be required to meet the following guidelines for subordination:
 - a. Lender must be a well-established federal and WI-state regulated financial institution.
 - b. Closing costs are not to exceed \$1500.00 (excluding appraisal)
 - c. Loan terms must be a fixed-rate mortgage for a minimum period of 15 years.
 - d. Escrows cannot be used as payout and must be continued as part of the new loan.

2. Homeowners who do not meet these subordination requirement guidelines may be considered for subordination upon successful completion of a budget counseling program and third party assessment of the homeowner's financial situation and subsequent verification of the homeowner's ability to maintain safe, decent, and affordable housing. Contact WCHA for an approved and certified consumer counseling provider in your area.
3. Homeowners will be required to pay a nonrefundable \$50.00 processing fee payable to WCHA Homebuyer Program at time of subordination request. Payments must be certified.

C. REQUESTS FOR SUBORDINATION

1. Homeowners who anticipate refinancing an existing loan and requesting that WCHA subordinate its mortgage position must submit in writing the following information to WCHA:
 - a. The reason for the subordination request.
 - b. The name, address, and contact person(s) at the cooperating financial institution.
 - c. The new mortgage amount that would take precedence over the WCHA mortgage.
 - d. The terms of the loan and all associated closing costs.
 - e. Copies of estimates for any rehab/construction work being completed
 - f. Nonrefundable \$50.00 certified check or money order.
2. Written requests for subordination agreements must be submitted to the WCHA Homebuyer Program Coordinator and approved as appropriate by the WCHA Executive Director.
3. The subordination document must be drafted at the homeowner's expense by the cooperating financial institution and/or homeowner's legal counsel. All fees, including the recording fees must be paid by the homeowner. WCHA will not be responsible for costs associated with this subordination request. Please enclose a self-addressed stamped return envelope along with the subordination document that is to be signed.
4. Please allow 7 – 10 business days for WCHA review and processing. Additional time will be required if requested information is delayed and if subordination requirements are not met.
5. Mail documents to: WCHA Homebuyer Program Administrator,

PO Box 0397

Oshkosh, WI 54903