



SUBORDINATION POLICY AND CERTIFICATION OWNER-OCCUPIED REHABILITATION PROGRAM (ORP) and HOME OPPORTUNITY PROGRAM (HOP)

Subordination Policy

General Policy

The Subordination of a loan made by AHFC under the ORP and HOP programs is granted at the discretion of AHFC and in accordance with the ORP and HOP Policy and Procedures Manuals, and only after consideration of a recommendation made by the AHFC Loan Servicing Department and HOME Program Manager. Factors considered for subordination include the homeowner's current primary residence, the appraised value of the property for which the mortgage will be subordinated, the outstanding balance of all mortgages, the proposed use of the proceeds of the new mortgage, impact on the ORP and HOP programs, the needs of the applicant, and other pertinent facts.

A request for subordination of an ORP or HOP loan must be in writing and show the new mortgage to which ORP or HOP will subordinate is for one or more of the following purposes:

- a. Refinance an existing mortgage to obtain a reduced (fixed) interest rate resulting in a lower monthly payment for the borrower. (No cash out.)
- b. Refinance an existing mortgage to obtain a comparable (fixed) interest rate and extended payment terms resulting in a lower monthly payment for the borrower. (No cash out.)
- c. Obtain a home equity loan for the sole purpose of improving the premises for which AHFC had made the original ORP or HOP loan.
- d. Refinance an existing mortgage to halt foreclosure proceedings by a lender or halt tax deed foreclosure proceedings.
- e. Obtain a loan to pay for medical emergencies not covered by insurance.

For any of the above circumstances, actual customary and reasonable costs required to close the new loan may be included in the new principal mortgage.

Important Subordination Limitations

It is the duty of Alaska Housing Finance Corporation to manage its ORP and HOP loan portfolio in a responsible manner, not subject tax dollars to unnecessary risk, and maintain the integrity of the ORP and HOP program's intent to assist low income homeowners in housing.

As such, AHFC will not consider requests to subordinate for cash out for the consolidation of consumer debt, such as credit cards, vehicles, or other “cash to homeowner” transactions including reverse mortgages. In no case will AHFC agree to subordinate in a transaction where the Loan to Value ratio (including outstanding ORP/HOP dollars) exceeds 100% of the appraised property value.

At the time of the subordination request, the premises for which Alaska Housing Finance Corporation made the original ORP/HOP loan must also be and remain the household’s primary residence.

Subordination Request Instructions

All requests for subordination must include the following documents. Requests will not be processed or considered complete until all required documents are received.

- a. A complete “Request for Subordination” form, signed by the homeowner(s).
- b. If required by the provider of the refinanced mortgage, a complete copy of the appraisal performed on the subject property by a qualified appraiser. Otherwise, the property’s most recent tax assessment.
- c. Copy of the borrower’s completed and signed loan application.
- d. Copy of the good faith estimate of closing costs, signed by the borrower.
- e. If applying for subordination to perform property improvements, copies of estimates for all work to be completed with the loan proceeds.
- f. If applying for subordination to pay for medical emergencies, copies of medical bills and/or estimates to be paid with loan proceeds, and evidence that expenses are not covered by insurance, such as private insurance, Medicaid, Medicare etc.
- g. If applying for subordination to halt foreclosure proceedings, evidence from the lender or other lien-holder that foreclosure proceedings are threatened or underway.

Request for Subordination forms may be obtained from, and completed subordination applications may be submitted to, the following address:

Alaska Housing Finance Corporation
PO Box 101020
Anchorage, AK 99510-1020
Attn: Loan Servicing

Tel: (907) 330-8202 or (907) 330-8222 (In Anchorage)
(800) 478-2432 (Outside Anchorage, but within Alaska)
Fax: (907) 338-6162

Initial subordination requests will be processed within 7-10 working days. Upon approval, AHFC will draft and forward an executed subordination agreement to the borrower, or their agent. All filing costs associated with this document shall be the responsibility of the borrower.

Subordination Appeals

If the Homebuyer is unsatisfied with the Serving Departments recommendation, they may request an appeal by writing a letter of justification to the HOME Program Manager that includes a copy of the Mortgage Operations determination letter.

Alaska Housing Finance Corporation
PO Box 101020
Anchorage, AK 99510-1020
Attn: HOME Program Manager

Tel: (907) 330-8275 (In Anchorage)
(800) 478-2432 (Outside Anchorage)
Fax: (907) 338-2585

Homeowner Certification

As a borrower participating in the Owner Occupied Rehabilitation Program or the HOME Opportunity Program, I certify that I have received, read and understand the above Subordination Policy.

Borrower

Date

Co-Borrower

Date