



## **Burlington Lead Program Subordination Policy September 23, 2020**

The purpose of this subordination policy is to allow property owners to avail themselves of lower interest rate refinancing, or to shorten the length of the term of the primary mortgage on their property, or for home equity loans as long as these arrangements do not create a situation where the Burlington Lead Program (BLP) will not be able to recover its interest in the property. BLP will use the following criteria for considering subordination requests:

Property owner should request subordination at least three weeks prior to closing a loan with any lender, by submitting to BLP a subordination request form for staff review. **Rush requests (less than 8 business days) must be accompanied by a check for \$50 written to the City of Burlington.**

1. The Owners must present information that demonstrates:
  - a) Substantial savings due to one of the following:
    - Lower interest rate
    - Reduced monthly payment
    - Reduced debt term
  - b) “Cash Out” funds received must be used for repayment of the Lead Hazard Control funds or one of the following:
    - Request due to medical expenses
    - Request due to financing higher education for self or other family members
    - Request due to financial emergency caused by other unforeseen circumstances
    - Loss of home if subordination is not granted
    - Request for home equity loan or home equity line of credit to complete repairs and or improvements to the property that received lead hazard reduction funds
    - Other forms of debt relief deemed appropriate by BLP staff
2. Subordination will not be granted where the combined value of the BLP loan and the value of any new loan that would be in superior status exceed 95% of the appraised value of the property.
3. BLP will not agree to subordinate if the transaction causes conflicts with requirements stipulated in the original grant and loan agreement.
4. BLP reserves the right to reject any subordination request that is deemed to not further program goals, or involves excessive risk to its interest by having a loan to value exceeding 95%.