



TOWN OF ATHOL

OFFICE OF PLANNING & DEVELOPMENT

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SUBORDINATION AND REFINANCING POLICY

On receipt of a request for subordination or refinancing of any outstanding loans by the Town of Athol this office notifies the applicant that the following documents are required;

1. A recent appraisal, not more than 12 months old.
2. The current mortgage balance the mortgage amount proposed for subordination.
3. A current certificate of Title for the property, or equivalent, most likely available from the Lending Institution.
4. A statement regarding the purpose for which the subordination is requested.

This office uses the following guidelines for approving the request;

1. If the grant recipient is taking advantage of an improved interest rate offering, this office approves the request, provided there is adequate backup documentation from the lending institution.
2. If the grant recipient is seeking additional funds for improvements to their property, and the grant has been made within the last ten (10) years, this office will approve the subordination with the following documentation;
 - Evidence of three estimates, or attempts for same, for each phase of improvement
 - An overall budget for the work described
 - Contracts signed for the work described
 - An affidavit from the homeowner regarding the use of the funds being subordinated to.
3. If the grant applicant is seeking funds for any other purpose, or the applicant is unwilling to meet the conditions listed in this policy, this office will require that the applicant add the remaining balance of the CDBG loan to the bank application, for repayment to the Town of Athol.
4. If the bank declines to approve the increased loan, from the items listed above, this office will reconsider the request, with backup documents detailing the application to the bank.

In all cases, the approval or other recommendations by this office are forwarded to the Town Manager for final approval or denial, in the form of a subordination request. On approval of the request for subordination, this office completes a notarized subordination document that is sent to the applicant, their Attorney and/or the Lending Institution.