



NSP-1 Subordination Guidelines

Effective December 17, 2012

Currently, NSP-1 Financing Mechanism (Activity A) loans/grants are required to be paid off when the residential unit is refinanced or sold. However, given today's lower interest rates, Oregon Housing and Community Services as the NSP grantee, has made a determination to allow the subordination of NSP-1 Activity A loans/grants, allowing eligible homeowners to secure more affordable loans.

Subordination of NSP-1 Activity A loans/grants can ONLY be approved for Streamlined or Traditional no cash out refinances. Standard closing costs are allowed to be included in the new first mortgage.

All NSP-1 Sub Recipients and Sub Grantees can, at their discretion, make the determination if they will allow Activity A loan/grant Subordinations. Subordination documents are to be prepared by the Sub Recipient, Sub Grantee or a Title Company, and once recorded; a copy is to be provided to OHCS

Subordination still allows the funds to be returned to the Sub Recipient or Sub Grantee at a later date when the homeowner sells the property. When the homeowner sells the property, the returned funds will be considered NSP-1 Program Income, and Sub Recipient and Sub Grantee must follow NSP program rules and guidelines when reallocating funds.