

Tab 36 Assumed Debt

For Preservation Developments with Assumed Debt, the following items must be provided:

1. Evidence of a Lien Position

Applicants must provide a statement from any existing lien holder(s) that if the PennHOMES funding request is approved, a subordinate lien position will be granted for the PennHOMES mortgage.

2. Verification of the Mortgage Servicing Agent(s), Mortgage Holder(s)

Submit the name and contact information for any mortgage service agent(s) and mortgage holder(s) along with copies of all amortizing and non-amortizing mortgage(s) and note(s).

3. Amortization Schedule(s)

Submit a copy of all existing loan amortization schedules.

4. Assumed PennHOMES loan(s)

The Agency will permit the assumption of existing PennHOMES loans for preservation developments subject to the following conditions:

- a. All project reserves currently held by the Agency will transfer to the new owner which may include but are not limited to, tax and insurance, operating reserves, supportive service reserves, rental subsidy funds and reserve for replacements. The Agency may, in its discretion, approve the release of the reserve for replacement funds if the proposed scope of work is sufficient to cover projected improvements. In the event, the Agency approves the release of reserve for replacement funds, the beginning balance in the replacement reserve must equal, at a minimum, \$1,000 per unit.
- b. All project reserves will continue to be held by the Agency except if the new financing plan includes financing provided or insured by HUD or RD.