



SUBORDINATION SUBMISSION INSTRUCTIONS
AND CHECKLIST

The San Diego Housing Commission (SDHC) reviews requests for subordination on a case by case basis. **There is no guarantee that requests for subordination will be granted. SDHC reserves the right to deny a subordination request.** (NOTE: additional documents may be requested as necessary).

BORROWER INFORMATION:

Borrower Name: _____

Borrower's Social Security Number: _____ - _____ - _____

Co-borrower Name: _____

Co-borrower's Social Security Number: _____ - _____ - _____

Property Address: _____

Street

City CA Zip

Total Amount of Household Income: \$ _____

SDHC Loan No(s): _____

Home/Cell Phone No.: _____

Email Address: _____

Reason for Refinance:

CURRENT LENDER INFORMATION:

Name of Existing 1st Trust Deed Lender: _____

Current Principal Balance: \$ _____

Current Monthly Payment Amount: \$ _____

Current Interest Rate: _____ % Type (check one): Fixed Variable

Prepayment Penalty: (check one): Yes No If no, amount due: \$ _____

1st Deed of Trust is current: (check one): Yes No If no, amount due: \$ _____

Property Taxes are current: (check one): Yes No If no, amount due: \$ _____

PROPOSED LENDER INFORMATION:

Proposed New Lender: _____
New Lender's Mailing Address: _____
Street
City State Zip
New Lender's Phone No.: _____
New Lender's Fax No.: _____
New Lender's Contact Person: _____
Contact Person's Email: _____

NEW LOAN TERMS:

Proposed New 1st Trust Deed Amount:		\$	_____		
Proposed Monthly Payment Amount:		\$	_____		
Proposed Interest Rate:	_____ %	Type (check one):	Fixed	Variable	
Proposed Term		(check one):	15/15	30/30	
Prepayment Penalty:		(check one):	Yes	No	
Proposed CLTV	_____ %				
Cash out at closing	(check one):	*Yes	No	If yes, amount:	\$ _____
*If yes, reason for Cash Out:	_____				

ESCROW INSTRUCTIONS:

Escrow Company Name: _____
Escrow Mailing Address: _____
Street
City State Zip
Escrow Phone No.: _____
Escrow Fax No.: _____
Escrow Contact Person: _____
Escrow Contact Email: _____

The San Diego Housing Commission considers requests to subordinate its lien for refinancing with **no cash-out** if the following conditions are met:

1. Senior lien is being refinanced to lower the interest rate, which will result in a decrease to the borrower's debt service. An exception may be a lower interest rate with a shorter loan term.
2. Senior lien has become all due and payable.
3. Senior mortgage loan is seasoned for at least 12 months.

4. Borrowers must be the same as on the original senior loan and SDHC loan.
5. The first mortgage loan must be a fixed rate mortgage, and the payment must be fully amortizing.
6. Loan-To-Value (LTV) does not exceed 90% (unless due to a value decline below original purchase price).
7. The lender is required to determine that there is a net tangible benefit on all applicable rate and term refinance transactions. Net tangible benefit is defined as either: a) A reduction of at least 5% in the mortgage payment and recapture of closing costs within 48 months (except prepaid and escrow account deposits for taxes and insurance); or b) A reduction in the term of the mortgage provided the payment increase is no more than 15%.
8. The subordination satisfies the purposes of the City Programs outlined above.
9. The City's security interest in the property is not adversely affected.

✓ **CHECKLIST – Please send the following items with this form to San Diego Housing Commission – Loan Servicing or email to loanservicing@sdhc.org:**

- A written request from your company for a rate and term refinance with the borrower's authorization to release information form.
- Letter signed by the borrower explaining the purpose of the refinance.
- Copy of all pages of the loan application (1003) signed by the borrower.
- Copy of the Preliminary Title Report.
- Certified copy of the escrow instructions referencing the new lender, showing vesting, and the new loan amount. If no escrow is involved in the transaction, a statement from the new lender is required listing the new loan amount, exact vesting for borrower, and name of the lender **exactly** as it will appear on the loan documents.
- Copy of the Estimated Closing Statement (most recent Loan Estimate/Closing Disclosure).
- Pay-off statement from the existing first trust deed lien holder.
- Copy of the lender's Underwriting Transmittal Summary (1008), clearly showing the loan has been approved, the loan amount, interest rate, term of the loan, and the principal and interest payments. The new first trust deed loan must be a fixed rate loan, fully amortized over the life of the loan.
- Copy of AUS findings/Loan Approval
- Signed Notice Regarding Lien Verification and Request to Furnish Information from borrower.
- If applicable, signed Acknowledgement Regarding Loss of Mortgage Credit Certificate.

A non-refundable subordination fee will be charged by the Housing Commission based on the number of liens the borrower has with the Housing Commission. Please include a check made payable to the San Diego Housing Commission for \$250 for the subordination of one lien, plus \$50 for each additional lien to be subordinated or reconveyed. **Payment of the fee must be included with the submission of the subordination package.**

NOTE: SDHC processes all requests in the order in which they are received. Requests will NOT be rushed. Subordination requests will not be considered unless all documents are received. Upon receipt of a complete package, staff will present the request for subordination to Management for consideration. The review process can take up to 10 business days. If approved, you will be notified of any contingencies. SDHC will draft the subordination agreement(s) based on the above information provided by the lender or escrow company.

These policies may change subject to the SDHC's sole discretion. SDHC reserves the right to grant or deny the subordination request that does not represent the best interest of the City and the Borrower AND satisfy the purposes of its programs.

All terms, conditions and fees are subject to change.

SAN DIEGO HOUSING COMMISSION

NET TANGIBLE BENEFIT WORKSHEET

The following worksheet is used to determine if the borrower's net tangible benefit meets the San Diego Housing Commission's (SDHC) subordination requirements on all applicable **rate and term** refinance transactions, and must be completed by the participating lending officer providing the loan.

Borrower(s) Name: _____

Property Address: _____

Reduction in Rate (no change on term)

Provided that the term of the loan is the same on the new loan as the existing loan, SDHC requires that the new loan provides savings in the combined mortgage payment (principal, interest and mortgage insurance premium if applicable) of at least five (5) percent. Additionally, borrower must recoup the costs of new loan within forty-eight (48) months. If the new loan does not meet this minimum savings **and** cost recapture requirements, SDHC will not approve the subordination request.

1. Mortgage Payment Savings (must save minimum 5%)

Fill out the table below with information from the existing and the proposed new loan.

	Existing Loan	New Loan
Term of Loan (years remaining)	Years	Years
Interest Rate	%	%
Principal and Interest (P&I)	\$	\$
Mortgage Insurance Premium (MIP)	\$	\$
Total (P&I plus MIP)	\$	\$

$$\frac{\$ \text{New Total}}{\$ \text{Existing Total}} = \boxed{} \%$$

The new payment divided by the existing payment **must be** < 95% or .95 on rate-reduction refinance loans.

2. Recapture calculation (must recoup within 48 months)

\$ _____ ÷ \$ _____ = _____	<p>Cost of New Loan All borrower-paid charges, including items paid outside of closing and all prepayment penalties incurred on the loan to be refinanced (if applicable), except prepaid interest and escrow account reserves for taxes and insurance.</p> <p>Monthly decrease in total mortgage payment Existing total mortgage payment (P&I plus MIP) minus new total mortgage payment (P&I plus MIP) from 1 – Mortgage Payment Savings.</p> <p>Number of months to recapture closing costs Divide cost of new loan by monthly decrease in total mortgage payment. Number of months must be ≤ 48 months.</p>
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Reduction in Term

Fill out the table below with information from the existing and the proposed new loan.

	Existing Loan	New Loan
Term of Loan (years remaining)	Years	Years
Interest Rate	%	%
Principal and Interest (P&I)	\$	\$
Mortgage Insurance Premium (MIP)	\$	\$
Total (P&I plus MIP)	\$	\$

$$\frac{\$ \text{New Total}}{\$ \text{Existing Total}} = \boxed{\text{\%}}$$

The new payment divided by the existing payment **must be** < 115% or 1.15 on term-reduction refinance loans.

The net tangible benefit is met if the new loan meets ALL of the following conditions:

- The loan term is reduced;
- The new interest rate does not exceed the current interest rate; and
- Mortgage payment increase no more than fifteen (15) percent

Certification

- Based on the loan information and benefits previously indicated, I certify that the proposed loan would result in a tangible benefit to the borrower(s) considering all of the circumstances reflected in the loan file, terms of the both the new and refinanced loan, the cost of the new loan, and the borrower's specific situation.

Loan Officer Signature

Date

Loan Officer Name

Lender/Mortgage Company Name