

**APPLICATION FOR SUBORDINATION OF MORTGAGE
DOCUMENTATION CHECKLIST**

In order to begin processing a subordination request, the City of Boston requires that **ALL** of the following documentation be received. You can expect a decision within **5-7 business** days following receipt of **ALL** these items listed below (*NOTE: Any missing information may delay processing of this request*):

- Completed subordination request form (attached). *This form must be **completely** filled out for the subordination request to be processed.*
 - A letter of consent from the owner of record with a City Mortgage, authorizing this request.
 - A commitment letter from the appropriate lending institution detailing the amount, rate, term.
 - Underwriting and Transmittal Summary (shows debt to income ratio, housing cost to income ratio).
 - A copy of the Loan Estimate and Closing Disclosure worksheets & title report
 - A copy of the appraisal instrument used by the lender in making their decision.
 - Evidence of the outstanding balances of all liens on the property with the exception of the City of Boston's lien, and evidence of the interest rates associated with those liens (include payoff statements).
- (Cash Out Requests Only)
- (Home Improvements) Copy of Contractor Estimate
 - (Home Improvements) Notarized ISD Certification Letter
 - (Debt Consolidation) Proof of indebtedness (credit card statements, trade line reports from credit bureau, etc)

Please forward completed documentation to:

DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT
Office of Loan Management
26 Court Street, 11th floor
Boston, MA 02108

Phone: (617) 635-LOAN (5626)

Fax: (617) 635-0262

Email: Loans.dnd@cityofboston.gov

Please include on Subject Line: Subordination Request

SUBORDINATION APPLICATION

The Department reviews requests for subordination on an individual basis. There is no guarantee that requests for subordination will be granted. Please review your Terms and Conditions and the accompanying Policy for additional details. (NOTE: Additional documents may be required.)

Homeowner(s) Name(s): _____ Date Requested _____

Property Address: _____

Day Phone: _____ Evening Phone: _____

City's Mortgage Amount: _____ Date Executed: _____

Date Recorded: _____ Recorded in Book _____ at Page _____

If Registered Land, Document # _____ and Certificate of Title # _____

If you are seeking to refinance an existing mortgage, please provide the following information:

1st Mortgage Amount: _____ Outstanding Balance: _____ Interest Rate: _____

2nd Mortgage Amount: _____ Outstanding Balance: _____ Interest Rate: _____

3rd Mortgage Amount: _____ Outstanding Balance: _____ Interest Rate: _____

*New Interest Rate and Terms: _____

Fees (\$ amt. and type) ex. Pre-payment penalties _____

New Loan Amount: _____ Rate Expiration Date _____

If you are applying for a home equity/improvement loan, please provide the following information:

Amount applied for: _____ Interest rate, terms, cap.: _____

CASH OUT REFINANCE: HOW WILL LOAN PROCEEDS BE USED? _____

The following mortgage(s) will be superior to the City's mortgage after subordination:

Exact Name of Lender (Mortgagee): _____

Loan Amount: _____ Terms: _____

Present Appraised Value of Property: _____ Appraisal supplied by: _____

New Lender Contact Name: _____ Phone #: _____

Closing Attorney and/ or Paralegal for Lender: _____ Phone #: _____

Fax #: _____

By signing below, you acknowledge you have read the enclosed Subordination Policy and Procedures. You further authorize us to contact any lender or third party associated with this application on your behalf; provide and request pertinent details about you or your financial health as we review your application for processing.

Borrower Signature: _____ Borrower Printed Name _____

DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT
SUBORDINATION POLICIES & PROCEDURES

*****IN ORDER TO AVOID EXTENSION FEES AND OTHER CHARGES, OR LOSE YOUR RATE, IT IS RECOMMENDED THAT NO LOAN CLOSINGS BE SCHEDULED UNTIL YOU RECEIVE YOUR SUBORDINATION AGREEMENT*****

Please be advised that under the terms and conditions of the City of Boston, Subordinations may be allowed in very limited situations.

SUBORDINATION POLICY

Policy Statement

The City of Boston is not legally required to agree to subordinate its mortgage to any new financing proposals. However, upon written request, the City may consider the subordination of its mortgage(s) for refinancing proposals that will not seriously impact the affordability of the property or security of the public investment. Reverse Mortgages are not eligible for Subordination.

Policy

Single Family Properties (1-4 family, owner occupied)

For those City mortgages without subordination clauses, the policy to review Applications for Subordination is based on the following criteria:

1. Receipt of a completed Application for Subordination
2. The total mortgage debt, including the City's mortgage (known as Loan To Value or LTV) does not exceed 85% of the appraised value of the property.
3. Lenders must show a reasonable belief that the borrower has the ability to repay the new loan. The ability to pay back the loan is defined as: the borrower's scheduled monthly payments, including principal, interest, taxes, insurance and assessments, combined with the scheduled payments for all other debt, does not exceed 50% of the borrower's monthly gross income (known as the Debt to Income ratio or DTI).
4. Lenders may not include financing of excessive points and fees.
5. It is the general policy of the City of Boston to not subordinate our loans or liens for the purposes of Cash Out unless there are extenuating circumstances. For example emergency home repairs, medical expenses or other unexpected expenses. If your Application for Subordination includes a Cash Out mortgage the processing time for your application falls under exception processing and may take up to 21 business days to complete.
6. Loan must be a Fixed Rate Mortgage (FRM); Adjustable Rate Mortgages (ARM) are not eligible for Subordination.
7. The borrower has not requested more than one (1) subordination from us in a two (2) year timeframe.

Investor Owned, Large Residential Real Estate Loan Subordination and Restructure policy
No cash proceeds restructures, primarily rate reductions

For requests that simply reduce the interest rate and does not negatively affect the potential cash flow to DND the following procedure is in effect.

1. The borrower and all related entities shall be current on their loans, taxes and financial reporting prior to considering the request.
2. DND may require that the units be inspected to ensure compliance with HQS or physical standards as may be required in the loan documents, any expenses incurred shall be the responsibility of the owner.
3. DND may allow reasonable increases to reserves made from increased cash flow resulting from interest rate reductions.
4. The borrower shall pay all costs of the subordination, including a full review and modification of existing DND documentation by DND's outside attorney. An estimate of the cost shall be provided when the request is submitted. A deposit against this estimate may be required with the balance due at closing.

Restructures that generate cash to the project

For requests that refinance the first mortgage or other debt senior to DND and involve an increase in the amount of debt that is senior to DND the following procedure is in effect:

1. **All proceeds from the transaction must be used to make capital improvements to the subject asset.**
2. The borrower and all related entities shall be current on their loans, taxes and financial reporting prior to considering the request.
3. DND may require that the units be inspected to ensure compliance with HQS or physical standards as may be required in the loan documents, any expenses incurred shall be the responsibility of the owner.
4. The borrower shall pay all costs of the transaction, including a full review and modification of existing DND documentation by DND's outside attorney. An estimate of the cost shall be provided when the request is submitted to DND. A deposit against this estimate may be required with the balance due at closing.
5. A full review of the effect of the proposal will be done in conjunction with the housing division.
6. An attempt will be made to generate additional years of affordability for the project.
7. DND may require that the repayment terms on its loan be modified or that cash flow definitions be modified.
8. Loan to value after the refinance (for the first mortgage) should not exceed 85%

For questions related to your Application for Subordination please contact your application processor or you may call (617) 635-LOAN