

**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:

- Completed subordination request form (attached). *This form must be **completely** filled out for the subordination request to be processed.*
- Uniform Residential Loan Application (FNMA Form 1003)
- A commitment letter from the appropriate lending institution detailing the amount, rate, term.
- Underwriting and Transmittal Summary (FNMA Form 1008).
- A copy of the most recent 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.)

**\*\* Requests WILL NOT be processed if any of the above information is missing from the request\*\***

*Please forward completed documentation to:*

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

**Fax: (617) 635-0262**

**Email: [Loans.dnd@cityofboston.gov](mailto:Loans.dnd@cityofboston.gov)**

Please include on Subject Line: Subordination Request

Questions may be directed to 617-635- LOAN (5626)  
**SUBORDINATION APPLICATION**

**APPLICATION FOR SUBORDINATION**

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 # \_\_\_\_\_

***Please provide the following information:***

1<sup>st</sup> Mortgage Amount: \_\_\_\_\_ Outstanding Balance: \_\_\_\_\_ Interest Rate: \_\_\_\_\_  
2<sup>nd</sup> Mortgage Amount: \_\_\_\_\_ Outstanding Balance: \_\_\_\_\_ Interest Rate: \_\_\_\_\_  
3<sup>rd</sup> Mortgage Amount: \_\_\_\_\_ Outstanding Balance: \_\_\_\_\_ Interest Rate: \_\_\_\_\_  
Fees (\$ amt. and type) ex. Pre-payment penalties \_\_\_\_\_

**New Loan Information**

New Loan Amount: \_\_\_\_\_ Rate Expiration Date \_\_\_/\_\_\_/\_\_\_ Estimated Closing Date: \_\_\_/\_\_\_/\_\_\_  
Terms: \_\_\_\_\_ Interest Rate: \_\_\_\_\_  
Appraised Value of Property: \$ \_\_\_\_\_ Appraisal supplied by: \_\_\_\_\_

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

Amount applied for: \_\_\_\_\_ Interest rate, terms, cap.: \_\_\_\_\_

**DESCRIPTION OF HOW MONEY WILL BE USED:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

Exact Name of Lender (Mortgagee): \_\_\_\_\_  
New Lender Contact Name: \_\_\_\_\_ Phone #: \_\_\_\_\_  
Closing Attorney and/ or Paralegal for Lender: \_\_\_\_\_ Phone #: \_\_\_\_\_  
Fax #: \_\_\_\_\_

Borrower Signature: \_\_\_\_\_ Borrower Printed Name \_\_\_\_\_ \_\_\_/\_\_\_/\_\_\_

Co-Borrower Signature: \_\_\_\_\_ Co-Borrower Printed Name \_\_\_\_\_ \_\_\_/\_\_\_/\_\_\_

*The Department reviews requests for subordination on an individual basis. There is no guarantee that requests for subordination will be granted—please check the Terms and Conditions of your loan. (NOTE: Additional documents may be required.)*

**DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT**  
**SUBORDINATION POLICIES & PROCEDURES**

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**\*\*\*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.

### **Policy**

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

For those City mortgages without subordination clauses, the policy to grant subordinations is based on the following criteria:

1. Receipt of a completed Application for Subordination.
2. The total mortgage debt, including the City's mortgage, 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 loan before the lender can make it. 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, do not exceed 50% of the borrower's monthly gross income.
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.

The City of Boston will review Subordination requests only once in a two year time period, unless it will substantially lower the borrower's rate.

## 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%