

City of Shasta Lake SUBORDINATION REQUEST CHECKLIST

When a Borrower wishes to refinance the property, they must request a subordination request to the Lender. The Lender will subordinate their loan only when there is no “cash out” as part of the refinance. No cash out means that there are no additional charges on the transaction above loan and escrow closing fees. There can be no third party debt payoffs or additional encumbrance on the property above traditional refinance transaction costs. Furthermore, the refinance should lower the housing cost of the household with a lower interest rate.

Primary Loans must adhere to the following guidelines in order to approve any subordination requests:

1. The loan must be fully amortized and have a fixed interest rate that does not exceed the current market rate, as established by the 90-day “posted yield” for thirty-year fixed rate loans, as established by Fannie Mae at:
<http://efanniemae.com/syndicated/documents/mbs/apeprices/archives/cur30.html>, plus 100 basis points. No temporary interest rate buy-downs are permitted.
2. Have loan term “all due and payable” in no fewer than 30 years; and;
3. Not have a balloon payment due before the maturity date of the Program loan.
4. Impound accounts for payment of taxes and insurance are required.
5. The subject property must remain owner occupied. If the subject property is no longer occupied as the borrower’s primary residence the request will be denied and our loan will be due and payable in full.

The following documentation must be provided for our review in order to approve a subordination request:

1. Type of 1003 loan application with current information
2. Property appraisal/current value determination
3. Current mortgage statement
4. Underwriting and Transmittal Summary (1008)
5. Preliminary title report
6. A letter from the lender, on lender letterhead, with the following information requesting the subordination agreement
 - Current primary loan information
 - Loan amount
 - Payoff amount
 - Interest rate (must be fixed)
 - Monthly P&I
 - Term of loan
 - Proposed loan information
 - Loan amount
 - Interest rate (must be fixed) and date LOCKED in.
 - Monthly P&I
 - Term of loan
 - *A statement that there will be no cash out to borrower*

Mail or Email Requested Documents To:

City of Shasta Lake Housing Authority
4477 Main Street
PO BOX 777
Shasta Lake, CA 96019
Email: kreid@cityofshastalake.org
Fax# (530) 275-7414 Ph# (530) 275-7487

Upon receiving the proper documentation from the refinance lender, the request will be considered by the loan committee for review and approval. Upon approval, the escrow company will provide the proper subordination document for execution and recordation by the Lender. Please allow at least five (5) business days to process the Subordination Agreement. The original will be mailed to the requesting party via U.S. Postal Service. If you require special mailing please enclose a prepaid, self addressed envelope.

Please contact the following if you have additional questions: Kathie Reid (530) 275-7487 email: kreid@cityofshastalake.org