

**Ogden City
Community & Economic Development
Loan Subordination Policy**

POLICY STATEMENT

Upon written request, Ogden City may consider the subordination of a loan for refinancing proposals that will not seriously impact the affordability of the property or security of the public investment. The following criteria are utilized to determine if the City will subordinate its loan to another lending institution. The policy to grant subordination is based on the following criteria:

1. There must be an identified reasonable need to lower monthly payments/interest rate or terms.
2. The subordination is subject to a review of borrower's expense to income ratio to ensure the new mortgage is sustainable and affordable. An expense to income ratio (after the new loan) that exceeds 50% is determined to be unsustainable and is not eligible for subordination.
3. Adjustable-rate mortgages, balloon payment mortgages and interest only mortgages are not allowed.
4. The borrower must continue to occupy the home as their primary residence, if required by the city's loan terms.
5. Property taxes must not be delinquent.
6. The borrower can only receive "cash out" for home improvement loans or emergency non-insured property damage. Funds disbursed to the borrower during a refinance may be allowed for home repairs of a nature that will help protect the health, safety, and longevity of the structure. Funds for home repairs are required to be held in escrow by the Lender or Title Company to ensure repairs are performed by a licensed contractor.
7. There must be sufficient equity in the property to cover all proposed and existing loans.
8. Any other "cash out" requests, including but not limited to, bill consolidation loans, line of credit, future advance, personal loans, medical collections, other mortgages or encumbrances or liens will not be considered.

ITEMS TO BE SUBMITTED FOR A SUBORDINATION REQUEST

1. From the Borrower:
 - A letter signed by the borrower requesting a subordination of their Ogden City loan and why they are requesting the loan subordination.
 - Signed statement from the borrower allowing Ogden City to communicate to the Lender.
 - The principal balance, interest rate and monthly payment amount for the current loan.
 - The principal balance, interest rate and monthly payment amount for the new proposed loan.
2. Title Work
3. Type 1003 Loan application
4. A Good Faith Estimate or HUD-1 Settlement Statement (to include loan processing fees, origination fees, recording fees, etc.)
5. Current mortgage statement
6. Underwriting and Transmittal Summary (1008).
7. Current Property Appraisal (if required for the new mortgage loan)
8. Evidence that the 1st mortgage will be paid off and Ogden City will remain in 2nd position.
9. Written estimates of rehabilitation work, if applicable.
10. A Subordination Agreement ready for the city to execute.
11. Request for Notice of Default specific to the newly recorded Trust Deed ready for the city to execute.

DOCUMENTATION REQUIRED AFTER SUBORDINATION HAS BEEN EXECUTED

1. Copy of the recorded subordination agreement.
2. Copy of the Request for Notice of Default

Please submit subordination requests to: Cathy Fuentes / Grants Administrator
(Please allow 10 business days for processing) Community Development Division
and 2549 Washington Boulevard Suite 120
Please submit the recorded Ogden, Utah 84401
Subordination Agreement to: Phone: 801-629-8903 Fax: 801-629-8996
cathyf@ogdencity.com