



# City of Taylor

## SUBORDINATION REQUIREMENTS

### SD-01

Community Development Dept.  
CDBG / NSP / HOME Programs  
23555 Goddard Road  
Taylor, MI 48180  
734-374-1459

Name:

Fax Number:

Address:

City, State, Zip:

SUBJECT: Subordination Requirements

Mortgagor:

Property Address:

In order to facilitate the processing of a subordination request, we request that you provide the Community Development Department (CDD), with the information identified in the enclosed instructions. Submission of a complete package will assure timely processing of this request.

Upon receipt of the Subordination Packet, CDD's staff will review the documentation and advise you of a decision. If the request meets all the required conditions of acceptance listed in the enclosed information sheet and the participant is in complete compliance with the program regulations, CDD's staff will execute the subordination agreement and return it to you for recording. In the event the request is denied, you will be provided with a written explanation for the denial. Please assure that all information requested in the attached checklist is included in the original submission.

Please be advised that once the subordination agreement has been executed, none of the documents submitted shall be changed without approval. Moreover, the closing agent or Mortgagee CANNOT alter the subordination agreement in any fashion. Only a CDD official may make changes to the subordination agreement. If you or your agents make any change to an executed CDD subordination agreement, you will be subject to criminal, civil, or administrative sanctions, as well as required to pay any penalties or loss to the government.

Thank you for your help and cooperation. Should you have any questions, reference Item #10 of the attached Subordination Request Instructions, for the appropriate person to contact.

Attachment; CDBG Subordination Request Instructions

\* The communication and requirement process was established to closely match the process employed by HUD.

## **SUBORDINATION REQUEST INSTRUCTIONS**

**NOTE: If the subordination request does not meet the below CDD Guidelines, the subordination will be denied.**

### **CONDITIONS FOR ACCEPTANCE**

1. Participant **MUST** be in compliance with all requirements of the CDBG Program (such as not being investigated for any violation(s) of the CDBG Program).
2. Participant is obtaining a rehabilitation loan (where funds will be escrowed for property improvements).
3. Participant is refinancing their loan in order to lower the current note interest rate and/or change the note term, either of which would make economic sense to the borrower (i.e., a reasonable payback period).
4. Participant will not receive funds / cash as a result of the transaction.

### **DOCUMENTATION CHECKLIST**

The following information must be submitted for consideration of your request. All information must be easily located and complete (missing information delays processing the request):

1. Provide a cover letter on your company letterhead to include: Mortgagor(s) information (Name(s), property address, purchase date, and loan comparison chart.)
2. Existing – 1st mortgage information (type of loan (FHA, Conventional, etc.), original amount, rate, term, monthly principal and interest payment, other terms (balloon, etc.)
3. Payoff statement from existing lender.
4. Copy of recorded CDBG 2nd mortgage.
5. New 1st mortgage information, to include (type of loan (FHA, Conventional, etc.), original amount, rate, term, monthly principal and interest payment, other terms (balloon, etc.). (Ensure the new loan amount accounts for any MIP.)
6. Accounting of loan proceeds (CDD-1 Settlement Statement)
  - a. The only amounts allowable in the refinance transaction are the unpaid principal balance, current and delinquent interest due, reasonable closing costs and refinancing charges, unless CDD grants approval for additional amounts.
7. If delinquent taxes are included in the new loan amount, the following documentation must be included in the subordination request submission.
  - a. A letter from the homeowner stating reason(s) taxes are delinquent.
  - b. A copy of the tax bill from the County showing amount of taxes, delinquent, and
  - c. A letter from the new mortgage company stating the taxes and hazard insurance will be escrowed.

8. **Draw up subordination document** and submit. The subordination document must indicate the amount of the loan to which CDD is subordinating, the amount of the CDBG mortgage, legal property description and Wayne County recording information. On the top right hand side of each page of the subordination is to be numbered and indicate the homeowner's full name.
  - a. Neither CDD nor their staff will prepare the subordination document.
  - b. Neither CDD nor their staff maintain blank subordination document forms for your completion; however, we will add our own notary signature page to your documents.
9. CDD's staff will accept emailed, faxed or mailed subordination requests.
10. Send Request Packets to CDD's staff in one of the following manners:
  - a. Email: [CDD@ci.taylor.mi.us](mailto:CDD@ci.taylor.mi.us)
  - b. Fax: (734) 374-1344
  - c. Mail: City of Taylor  
Attn: Community Development Department  
23555 Goddard Road  
Taylor, MI 48180
11. Questions can be directed to CDD's Customer Service, at (734) 287-6550.
12. Turnaround Times- Subordination requests are processed on a first come, first served basis. Upon receipt of the Subordination packet, CDD's staff will fax to you acknowledging receipt of your packet and provide the estimated date of completion. If the subordination packet is complete and meets all guidelines outlined above, it will be processed within approximately 15 working days from the date the subordination packet is received. Signed subordination documents are returned by standard U.S. Mail ground delivery. The documents may be picked up at City Hall as well. CDD's staff is not able to fax signed subordination documents. If the original approved subordination is altered in any way the matter will be referred to the Office of Inspector General for possible sanctions. If the subordination packet is incomplete/denied, it can be resubmitted. (Re-submittals are treated as new requests and the 15 working day turnaround time starts from the date the new subordination packet is received)