

SUBORDINATION REQUEST FORM

The following subordination policy is effective as of August 10, 2011

**SUBORDINATION REQUESTS MUST BE SUBMITTED WITH A
CHECK OR MONEY ORDER IN THE AMOUNT OF \$50.00 PAYABLE TO THE CITY OF PEORIA.
THE APPLICATION FEE IS NON-REFUNDABLE.**

SUBORDINATION REQUESTS MUST MEET THE FOLLOWING CRITERIA FOR APPROVAL:

1. There must be an identified reasonable need to lower monthly payments/interest rate or change the mortgage product.
2. The borrower must have sufficient equity in the home so as not to displace the City beyond a 95% loan to value ratio.
3. The new mortgage rate cannot be more than three points above the current prime rate.
4. The new refinanced first mortgage must have a fixed interest rate.
5. The new loan's origination fee, points, commitment fees, buy down fees and all other lender fees cannot exceed three points on the new mortgage.
6. The borrower must continue to occupy the home as their primary residence until the term of the City mortgage has expired.
7. Property taxes and homeowners insurance must be current.
8. Property taxes and homeowners insurance must be escrowed.
9. All City or other government liens on the property must be removed.
10. The borrower cannot receive any cash at closing.
11. In any case, the City will only subordinate once every twelve months.
12. If your request does not meet all the above listed criteria, your request will be denied.

To subordinate Downpayment Assistance Loans funded through the Illinois Housing Development Authority (IHDA), the additional provisions apply:

13. Closing costs must be excluded from the new refinanced loan amount.
14. The new refinanced first mortgage cannot exceed the loan balance of the current mortgage.

Please complete below:

Borrower Name: _____ Property Address: _____

Daytime Phone: _____ Fax #: _____

Lender: _____ Contact: _____

Address: _____ City: _____ State: _____ Zip: _____

Daytime Phone: _____ Fax: # _____

Amount of New Mortgage: _____ Fed EX Account: _____

Reason for Subordination Request (Please check all that apply):

- ☐ Lower interest rate/monthly payments
- ☐ Security of a fixed rate loan
- ☐ Eliminate mortgage insurance
- ☐ Other: _____

The Subordination Request Form must be completed and returned with the following documents and fee (check all items submitted with subordination application):

- ☐ **Loan Application**
- ☐ **Copy of 30 day payoff quote from existing mortgage**
- ☐ **Copy of Truth in Lending Statement**
- ☐ **Copy of Good Faith Estimate**
- ☐ **Copy of Appraisal**
- ☐ **A Check or Money Order in the Amount of \$50.00 Payable to the City of Peoria**
- ☐ **Date, Time and Location of Proposed Loan Closing for the Refinance.**

Note: Subordination Requests will not be considered unless all documents and fees are received. It is the responsibility of the sender to make sure all documents are submitted accordingly. The review process can take up to 10 business days before a Subordination Request is approved.

Documents can be mailed or faxed to:

City of Peoria
Community Development Division
Attn: Nicole Frederick
456 Fulton St. Ste. 402
Peoria, IL 61604
(309) 494-8606
(309) 494-8680 (fax)

THIS SECTION TO BE COMPLETED BY COMMUNITY DEVELOPMENT DIVISION

Amount of Existing City Mortgage \$ _____ Mortgage Document # _____

Name of Existing Lender	Amount of Existing Mortgage	Existing Interest Rate	Existing Term of Mortgage

Name of New Lender	Amount of New Mortgage	New Interest Rate	New Term of Mortgage

Subordination Agreement Request:

_____ Approved _____ Denied- Reason(s) for denial:

Signature: _____

Date: _____

If approved:

- ☐ Prepare subordination agreement.
- ☐ Assistant Director approves/signs the agreement.
- ☐ Send to Mortgage Company for signatures of representative and homeowner/notarized.
- ☐ Agreement is returned to Community Development Division.
- ☐ Send to Legal Department and City Manager for signatures.
- ☐ Agreement is returned to Community Development Division.
- ☐ Original agreement goes to Mortgage Company-with reminder to have the document recorded and to return a copy to the Community Development Division for our file.