

CITY OF POMPANO BEACH  
OFFICE OF HOUSING AND URBAN IMPROVEMENT

HOMEOWNER SUBORDINATION POLICY AND REQUEST FORM

(Revised September 21, 2021)

*(Return This Form with Required Documentation, if applicable)*

**POLICY STATEMENT**

Upon written request, the City of Pompano Beach may consider the subordination of its mortgage(s) for refinancing proposals that will not seriously affect the affordability of the property or security of the public investment.

To outline the practices and procedures, which utilized by the Office of Housing and Urban Improvement (OHUI) to determine if the City will subordinate its loan to another lending institution, the policy to grant subordination based on the following criteria:

1. The original borrower has been approved by the holder of the first mortgage for a loan refinance or modification that will reduce the borrower's monthly first mortgage payment through reduction of the principal loan amount, reduction of the loan's interest rate, extension of the loan's repayment term, or a combination of any those factors; and
2. At least (1) year has passed since work was completed, or two years have passed since the original borrower's last subordination; and
3. The original borrower continues to own and occupy the home as its primary residence; and
4. The original borrower is experiencing financial hardship which would be benefited by securing a lower interest rate on his or her first mortgage accompanied by lower payments; and
5. The new monthly payment included escrows for taxes, and insurance, and represents between 30%-45% front and back ratio of a borrower's gross monthly income; and
6. The new first mortgage interest rate is at least two percentage points below the original first mortgage, and/or as a result of the monthly savings, the borrower should be able to recoup (break-even) the loan closing costs within 3-5 years; and
7. The new loan origination fee, point, commitment fees, buy down fees and other lender charges do not exceed 2% of the loan amount; and
8. The first mortgage shall be for a term no longer than 30 years; and

9. The mortgage is fixed rate; and
10. The borrower does not receive any cash out for any purpose, including but not limited to, bill consolidation loans, lines of credit, future advances, personal loans, medical collections, other mortgages or encumbrances or liens, and;
11. Property insurance and taxes must be escrowed for annual payment for the life of the loan; and
12. The borrower has must have sufficient equity in the home so as not to displace the City beyond a 95% loan to value ratio; and
13. If the borrower has a payment type loan, the account must be current; and
14. Property taxes must not be delinquent.
15. The CITY WILL NOT subordinate if we are in 1<sup>st</sup> position.
16. Borrower must submit proof of the homeowner's insurance. Borrowers interested in seeking approval from the City's Office of Housing & Urban Improvement to subordinate a first mortgage must:
  - Write to the City of Pompano Housing & Urban Improvement Office requesting the City subordinate to their lender and authorizes the lender to receive information regarding their loan for the purposes of the refinance.
  - The Lender must provide the details of the loan being requested such as a copy of the truth in lending statement, a copy of the appraisal and a copy of the projected settlement costs.
  - Provided additional information as needed to establish that the loan is strictly for a reduction in payment/interest rate and that the lender is not charging rates or providing terms that will in some way fall under the category of predatory lending practices.
  - The City must review a copy of the CD-1 Closing Statement prior to release of the City's executed Subordination Agreement. If a title company faxes the CD-1 to the City when completed, and supplies their FedEx (or overnight carrier) account number, the City will overnight, fax, if acceptable, the executed Subordination Agreement, if in agreement with the figures on the CD-1.

- All requests for subordination will require a minimum of 15 working days and you will be notified of the final determination.

This Loan Subordination Policy may be amended from time to time. For the most up to date version please contact the City of Pompano Beach-Office of Housing & Urban Improvement at 954-786-4659.

I have read the above City of Pompano Beach.

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**Borrower** **Date**

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**Borrower** **Date**

## **REQUEST FOR SUBORDINATION OF MORTGAGE- DOCUMENTATION REQUIREMENTS**

In order to begin processing a subordination request, the City of Pompano Beach requires that **ALL** of the following documentation be received. You can expect a decision within **10-15 business** days following receipt of **ALL** these items listed below (**NOTE:** Any missing information may delay processing of this request):

- ✓ A Letter from the owner of record with a City Mortgage, authorizing this request.
- ✓ A commitment letter from the appropriate lending institution detailing the amount, rate, term reason for new financing.
- ✓ A Good Faith Estimate of Settlement Charges (Loan processing fees, Origination fees, Recording fee, etc.) or CD Statement.
- ✓ A copy of the appraisal instrument used by the lender in making their decision.
- ✓ A copy of the mortgage and any amendments with the City or recording information for the same.
- ✓ Completed subordination request form (attached). This form must be completely filled out for the subordination request to be processed.
- ✓ A copy of the title commitment
- ✓ Evidence of the outstanding balances of all liens on the property with the exception of the City of Pompano's lien, and evidence of the interest rates associated with those liens (include payoff statements)

*Note: Subordination requests will not be considered unless all documents are received. It is the responsibility of the Lender to make sure all documents are submitted accordingly. The review process can take up to Fifteen (15) business days before a subordination request is finalized.*

**Please forward this documentation to:**

**City of Pompano Beach  
Office of Housing & Urban Improvement  
100 West Atlantic Blvd, Suite 220  
Pompano Beach FL33060  
Telephone: 954-786-4659  
Fax: (954) 786-5534  
Email: [OHUI@copbfl.com](mailto:OHUI@copbfl.com)**

## SUBORDINATION REQUEST FORM

Please provide the information requested below so that your request for subordination from the OHUI may be expedited. The OHUI 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 requested as necessary).

|   |                                      |
|---|--------------------------------------|
| 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# _____ |                                      |

|   |                            |                             |
|---|----------------------------|-----------------------------|
| <b><i>If you are seeking to refinance an existing mortgage, please provide the following information:</i></b> |                            |                             |
| 1st Mortgage Amount: _____  | Outstanding Balance: _____ | Interest Rate: _____        |
| Loan Term: _____  | Loan Type: _____           |                             |
| 2nd Mortgage Amount: _____  | Outstanding Balance: _____ | Interest Rate: _____        |
| Loan Term: _____  | Loan Type: _____           |                             |
| 3rd Mortgage Amount: _____  | Outstanding Balance: _____ | Interest Rate: _____        |
| Fees ( \$ amt. and type) ex. Pre-payments penalties _____   |                            |                             |
| New loan Amount: _____  | Credit Score: _____        | Rate Expiration Date: _____ |

|   |                              |                      |
|---|------------------------------|----------------------|
| <b><i>The following mortgage (s) will be superior to the City's mortgage after subordination.</i></b> |                              |                      |
| Exact name of the Lender (Mortgagee): _____   |                              |                      |
| Loan Amount: _____  | Terms: _____                 | Interest Rate: _____ |
| Present Appraised Value of Property: _____  | Appraised supplied by: _____ |                      |
| New Lender Contact Name: _____  | Phone#: _____                |                      |
| Closing Attorney and/or Paralegal for Lender: _____   | Phone#: _____                |                      |
| Fax#: _____   | Email: _____                 | Phone#: _____        |

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

- Lower interest rate/monthly payments
- Security of a fixed rate loan
- Obtain a Reversed Mortgage
- Mortgagee to receive cash for home improvement loan
- Eliminate mortgage insurance
- Other: \_\_\_\_\_

THIS SECTION TO BE COMPLETED BY THE CITY OF POMPANO BEACH OFFICE OF HOUSING AND URBAN IMPROVEMENT

Date Received: \_\_\_\_\_

Amount of Existing City Mortgage: \$ \_\_\_\_\_

Date Recorded: \_\_\_\_\_

The following documents must be included:

- A Letter from the owner of record with a City Mortgage, authorizing this request.
- A commitment letter from the appropriate lending institution detailing the amount, rate, term reason for new financing.
- A Good Faith Estimate of Settlement Charges (Loan processing fees, Origination fees, Recording fee, etc.)
- Final CD Statement
- A copy of the appraisal instrument used by the lender in making their decision.
- A copy of the mortgage and any amendments with the City or recording information for the same.
- A copy of the title commitment
- Evidence of the outstanding balances of all liens on the property with the exception of the City of Pompano's lien, and evidence of the interest rates associated with those liens (include payoff statements)
- Title Company overnight label

Have all subordination request documents been submitted? \_\_\_ Yes \_\_\_ No

Subordination Agreement Request: \_\_\_ Approved \_\_\_ Denied

Approved:

- Prepare subordination agreement
- Director approves/signs the agreement
- Original agreement goes to Mortgage Company with reminder to have the document recorded and to return a copy to the City or our file.
- Agreement must be returned to the Office of Housing & Urban Improvement

DENIED: Reason(s) for denial:

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Review by: \_\_\_\_\_ Date: \_\_\_\_\_

Approved by: \_\_\_\_\_ Date: \_\_\_\_\_