



**Affordable Housing Corporation of Lake County
Homebuyer & Home Rehabilitation Programs**

Subordination Policy & Request Form

Subordination of all liens originated through an AHC homebuyer or home rehabilitation program will be permitted in cases involving refinancing of a homeowner's first mortgage only when the following conditions are met.

- 1) The borrower takes out no cash.
- 2) The refinancing is for a lower interest rate than the existing first mortgage.
- 3) The borrower's new monthly principal and interest payment will be less than the current monthly payment by at least 10% of the current P&I payment. At AHC's discretion, exceptions may be considered for those refinancing out of an adjustable rate mortgage or into a lower-term mortgage.
- 4) The borrower's new loan amount will be less than the current loan amount.
- 5) The new first mortgage must be fixed rate loan, maximum term of 30 years, and fully amortized over the loan term. The new loan may not be adjustable or "exotic" in any way.
- 6) Any co-borrowers on the original mortgage that are not on the new mortgage must issue a quit claim deed.
- 7) AHC will not subordinate to a reverse mortgage.
- 8) AHC may choose not to subordinate if fees charged to the buyer are beyond the industry standard; this decision is at AHC's discretion.

Exceptions: AHC may consider exceptions to items #3 and #4 for loans originated between 1/1/2005 and 12/31/2007 if sufficient hardship can be considered; such exceptions are at AHC's discretion, and may be allowed for a maximum of one refinance only. Policy guidelines are set by County of Lake and the Illinois Housing Development Authority. For compliance reasons, AHC is unable to grant exceptions to this policy unless otherwise stated here.

Turnaround Time: AHC requires up to 14 business days to process subordinations. As we are unable to guarantee turnaround in less time, plan your loan closing accordingly.

Documentation to be submitted: Submit all items on AHC's Subordination Request Form (attached here).

Revised February 2009

Subordination Request Form

Your request will not be considered until complete borrower and loan information have been provided.

Date Submitted to AHC: _____ Anticipated Date of Closing: _____

Borrowers(s): _____

Property Purchase Address: _____

	Current Loan	New Loan	Dollar +/- Difference	Percent +/- Difference
P&I Payment				
Interest Rate				
Loan Amount				
Loan Closing Cost Fees**				
Title Fees				
Cash Back at Closing				
**State actual fees. Do not deduct MIP Refund or other items.				

Does the subordination request meet AHC's guidelines? ____ Yes ____ No

If not, state your reasons here for seeking an exception:

Submit the following documents through U.S.P.S. mail or an overnight service. **DO NOT FAX.**

- (01) Letter of request from party requesting subordination.
- (02) Payoff letter from current first mortgagee.
- (03) Mortgage loan commitment from new lender (signed by lender & borrower(s)).
- (04) Good faith estimate.
- (05) Appraisal report.
- (06) Statement showing existing monthly payment and interest rate.
- (07) Name and address of title company handling the closing on the refinancing.
- (08) Copy of Title (Schedule B)
- (09) Copy of IHDA Note (if applicable)
- (10) Copy of IHDA Recapture Agreement (if applicable)
- (11) Copy of Junior Mortgage (if applicable)
- (12) Truth in Lending Statement.
- (13) Mortgage application.