



# CITY OF PERRIS

HOUSING AUTHORITY  
24 SOUTH D STREET SUITE 102, PERRIS, CA 92570  
TEL: (951) 435-7220

## HOMEBUYER ASSISTANCE PROGRAM (HAP) SUBORDINATION POLICY

### A. Subordination

City of Perris Housing Authority HAP loan recipients requesting to subordinate a home purchased using City down payment assistance must submit a Subordination Agreement Request Form & the required supporting documentation. Forms are available at the Housing Authority or by calling 951-435-7220.

**Incomplete packages will NOT be processed and will be returned.**

### B. Required Documents to Submit

1. City of Perris Fillable Subordination Checklist Form
2. City of Perris Subordination Agreement Request Form
3. City of Perris Occupancy Standards for Subordination Form
4. Two (2) fully executed **original** Subordination Agreements with borrower's and other parties' wet stamped signature(s). All pages must be fully completed, legible, and signatures notarized – **Lender's notarized signature is required.**
5. Authorization to Release
6. A typed letter on company letterhead dated and signed by the mortgagor, stating the reason for the requested subordination **AND** that there will be no cash out. Letter must include:
  - ❖ The amount of the proposed loan
  - ❖ The interest rate
  - ❖ The term
  - ❖ The type of loan (adjustable, fixed)
  - ❖ The current balance of all loans secured by the property
7. A Preliminary Title Report completed within the last thirty (30) days.
8. Most Current Mortgage Statement **OR** document showing current loan details and payment.
9. An Estimated Closing Statement/Settlement **with subordination fees referenced (see fees below).**
10. Loan Approval from the 1<sup>st</sup> trustee lender **OR** Letter approving Loan Modification.
11. Copy of Mortgagor's loan application.
12. Appraisal or documentation of acceptable method used to determine property value along with comparables (e.g. Capitalization Worksheet).

### C. Conditions of Subordination

1. No cash out, however, homeowners can include the costs of the refinance.
2. Payment terms of the refinance are within the financial means of the borrower.
3. New loan must have a fixed interest rate, be amortized over at least 15-30 years, with no balloon payments, and substantially reduce the borrower's monthly payments. The Monthly Housing Costs must not be greater than the Affordable Housing Cost as determined by City Housing staff.
4. Closing costs must be reasonable. Generally this means that the sum of all discount points, origination fees, and lender ancillary fees do not exceed 3% of the first mortgage amount.
5. The new loan may be slightly greater than the previous loan to provide for "reasonable costs" necessary to refinance.
6. The new loan must not include or allow for "pre-payment penalties."

7. Property Taxes, if not escrowed by the superior mortgage holder, must be current.
8. Housing Authority will not subordinate to lower than 2<sup>nd</sup> position.
9. Housing Authority will not subordinate to reverse mortgages.
10. Homeowners are strongly recommended to meet with a HUD approved Housing Counselor, such as the Fair Housing Council of Riverside County at 1-800-655-1812, to receive financial counseling before submitting subordination. While many courses are available at no charge, the Borrower is responsible for any costs associated with the counseling.

**D. Processing**

1. Requests for subordination should be submitted 30 days prior to the date the agreement to subordinate is needed. Subordination requests will be processed by Housing Staff. This process should take no more than 7-10 business days. Once review has been completed, Housing Staff will submit the request with a recommendation to the Deputy City Manager who will evaluate the request. Typically, this evaluation should take no more than five (5) business days.
2. If the subordination request is approved, Housing Staff will notify lender to arrange for pick up of the executed subordination agreement from our office. If you prefer to have the original agreement sent via FedEx or UPS, please provide an account number to be charged. Housing Staff will keep one complete copy of the subordination package for homeowners file.
3. If the subordination request is denied, Housing Staff will notify the lender and homeowner via mail.

**E. Fees**

There is a \$650 fee for all subordination requests. Should a file be returned unprocessed and need to be resubmitted at a later date, there will be an additional resubmittal fee of \$400 assessed.

**F. Appeal Process**

If a request is denied, the applicant may request an appeal in writing.

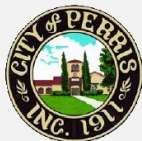
**G. Satisfactions**

When the HAP loan is paid in full, a document satisfying the lien will be prepared by Housing Staff and delivered to the borrower for recording. The borrower is responsible for the cost of recording the satisfaction.

**Subordination Requests and all supporting documentation should be sent to:**

City of Perris Housing Authority  
ATTN: HAP Program Coordinator  
24 South D Street Suite 102  
Perris, CA 92570

**Complete package needs to be either hand delivered or mailed. Emailed requests are not acceptable.**



# CITY OF PERRIS

HOUSING AUTHORITY  
24 SOUTH D STREET SUITE 102, PERRIS, CA 92570  
TEL: (951) 435-7220 FAX: (951) 956-2179

## HOMEBUYER ASSISTANCE PROGRAM (HAP) SUBORDINATION AGREEMENT REQUEST FORM

### INSTRUCTIONS

Review Subordination Policy  
Complete "Subordination Agreement Request Form"  
Collect all supporting documentation in Section B of Subordination Policy

#### Submit request and supporting documents to Housing Staff:

City of Perris Housing Authority  
24 South D Street Suite 102  
Perris, CA 92571

### APPLICANT INFORMATION

Property Owner(s): \_\_\_\_\_

Property Address: \_\_\_\_\_

### PROCESSING INFORMATION

Reason for Subordination: \_\_\_\_\_

Closing Date: \_\_\_\_\_

Full legal name of lending institution as it will appear on subordination:  
\_\_\_\_\_

### PROPOSED LOAN INFORMATION

Amount of new mortgage \$ \_\_\_\_\_ Loan type FHA Conv VA Other \_\_\_\_\_

New mortgage rate \_\_\_\_\_ Rate type Fixed Adjustable Other \_\_\_\_\_

New mortgage term \_\_\_\_\_

Equity being removed \_\_\_\_\_ Pre Payment Penalty Yes No

If equity is being removed, what will it be used for? \_\_\_\_\_

### PROPERTY VALUE

Current Property Value \$ \_\_\_\_\_

Appraisal conducted? Yes No

If appraisal wasn't conducted, how was value determined?  
\_\_\_\_\_

### CURRENT LOAN INFORMATION

Balance of current mortgage \$ \_\_\_\_\_

Current mortgage rate \_\_\_\_\_

Years remaining on mortgage \_\_\_\_\_

### UPON COMPLETION, CITY IS TO SEND SUBORDINATION AGREEMENT TO:

Broker or Direct Lender  Title Company  Pick up at Housing Division

Company Name: \_\_\_\_\_

Attn: \_\_\_\_\_

Address: \_\_\_\_\_

Phone Number \_\_\_\_\_ Fax Number: \_\_\_\_\_

E-mail: \_\_\_\_\_

**HOMEBUYER ASSISTANCE PROGRAM (HAP)  
OCCUPANCY STANDARDS FOR SUBORDINATION FORM**

I/We \_\_\_\_\_ attest that the property located at  
Owner Name(s)

\_\_\_\_\_ property address city state zip code

was purchased using City of Perris down payment assistance, and is in the refinance process with no cash out, shall continue to be used as my/our principal residence per the Homebuyer Assistance Program guidelines. I/We shall not enter into an agreement for the rental or lease of the above mentioned Property.

\_\_\_\_\_  
Owner Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Owner Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

PERRIS HOUSING AUTHORITY )  
HOUSING AUTHORITY )  
24 South D Street Suite 102 )  
Perris, California 92570 )  
Attn: HAP Program Administrator )  
Loan: )

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SUBORDINATION AGREEMENT  
(DEED OF TRUST)

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE REAL PROPERTY DESCRIBED HEREIN BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS SUBORDINATION AGREEMENT (this "Agreement") is entered into as of \_\_\_\_\_, by and among \_\_\_\_\_, the owner(s) of the real property described below (collectively, "Owner"), the **Perris Housing Authority, as the Successor Agency to the housing functions of the Redevelopment Agency of the City of Perris Perris Housing Authority, as the Successor Agency to the housing functions of the** ("Agency"), the present owner and holder of the Agency Deed of Trust and Promissory Note first identified below ("Beneficiary"), and \_\_\_\_\_ ("Senior Lender").

RECITALS

A. Owner executed a deed of trust dated as date of their deed, to **CITY OF PERRIS**, as Trustee, and for the benefit of Beneficiary (the "Agency Deed of Trust"), to secure a promissory note (the "Agency Promissory Note") dated as of \_\_\_\_\_, in the \_\_\_\_\_ principal amount of \_\_\_\_\_ of dollars (\$ \_\_\_\_\_) and payable to the Redevelopment Agency of the City of Perris ("Agency Loan"), or order, which Agency Deed of Trust was recorded on \_\_\_\_\_, as Instrument (Serial) No. \_\_\_\_\_ of the Official Records of Riverside County, State of California, and covers the real property described in **Exhibit A** attached hereto and incorporated herein by this reference (the "Property") (all documents in this paragraph collectively, "Agency Loan Documents").

B. Senior Lender has made, or will hereafter make, a loan to Owner in the principal amount of \$ \_\_\_\_\_ (the "Senior Lender Loan") which is or will be evidenced by an Loan Agreement and/or Promissory Note dated as of \_\_\_\_\_ ("Senior Lender Loan Agreement"), payable to the order of Senior Lender with interest and upon the terms and conditions described therein, and which is or will be secured by a deed of trust covering the Property (the "Senior Lender Deed of Trust") (all documents in this paragraph collectively "Senior Lender Documents").

C. As a condition to Senior Lender making, or continuing to extend credit under, the Senior Lender Loan, Senior Lender requires that the security of the Senior Lender Deed of Trust therefor be unconditionally and at all times remain a lien or charge on the Property prior and superior to the lien or charge of the Agency Deed of Trust thereon, and that Beneficiary specifically and unconditionally subordinates the lien or charge of the Agency Deed of Trust to the lien or charge of the Senior Lender Deed of Trust.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agrees as follows:

1. SUBORDINATION.

(a) The Senior Lender Deed of Trust and any and all extensions, renewals, modifications or replacements thereof and/or of the promissory note evidencing the Senior Lender Loan and secured thereby, shall be and at all times remain a lien or charge on the Property prior and superior to the lien or charge of the Agency Deed of Trust.

(b) Beneficiary acknowledges that Senior Lender would not make, or continue to extend credit under, the Senior Lender Loan without this Agreement.

(c) Beneficiary intentionally and unconditionally waives, relinquishes and subordinates the priority and superiority of the lien or charge of the Agency Deed of Trust to the lien or charge on the Property of the Senior Lender Deed of Trust, and Beneficiary understands that in reliance upon and in consideration of this waiver, relinquishment and subordination, specific loans and advances are being and will be made by Senior Lender and, as a part and parcel thereof, specific monetary and other obligations are being entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination.

(d) Upon the recordation of this Agreement, the Agency Deed of Trust shall be subordinate to the lien or charge of the Senior Lender Deed of Trust. The Parties acknowledge that the Agency Deed of Trust shall not be subordinated to a position lower than second (2<sup>nd</sup>) in lien priority.

(e) Beneficiary acknowledges that it has such information with respect to the Senior Lender Loan, and all of the Senior Lender Loan Documents executed in connection therewith, including without limitation the above-described promissory note, as Beneficiary deems necessary in order to make the subordination provided herein. Beneficiary further agrees that Senior Lender, in making disbursements under the Senior Lender Loan, is under no obligation or duty to, nor has Senior Lender represented that it will, see to the application of such proceeds by the person or persons to whom Senior Lender distributes such proceeds, and any application or use of such proceeds for purposes other than those for which they were intended shall not defeat the subordination contained herein in whole or in part.

(f) This Agreement constitutes the whole and only agreement between the parties hereto with regard to the subordination of the lien or charge of the Agency Deed of Trust to the lien or charge of the Senior Lender Deed of Trust; there are no agreements

(written or oral) outside or separate from this Agreement with respect to the subject matter hereof; and all prior negotiations with respect thereto, if any, are merged into this Agreement. This Agreement shall supersede and cancel, but only insofar as would affect the priority between the Agency Deed of Trust and the Senior Lender Deed of Trust, any prior agreements as to such subordination, including without limitation, those provisions, if any, contained in the Agency Deed of Trust which provide for the subordination of the lien of the Agency Deed of Trust to the lien of a deed of trust or mortgage affecting the whole or any part of the Property.

2. **SURVIVABILITY OF AFFORDABILITY COVENANTS.**

Notwithstanding any other provision of this Agreement, the Parties agree that the affordability covenants, as set forth in Sections 1 and 2 of the Declaration of Covenants, Conditions, and Restrictions dated \_\_\_\_\_ recorded on the Property on \_\_\_\_\_ as Instrument (Serial) No. \_\_\_\_\_ of the Official Records of Riverside County, State of California, shall not be subordinated, shall run with the Property, and shall be senior and superior to all other liens, including all liens in Senior Lender Loan Documents.

3. **MISCELLANEOUS.**

(a) **Notices.** All notices, requests and demands which any party is required or may desire to give to any other party under any provision of this Agreement must be in writing delivered to each party at the address set forth below its signature, or to such other address as any party may designate by written notice to all other parties. Each such notice, request and demand shall be deemed given or made as follows: (i) if sent by hand delivery, upon delivery; (ii) if sent by mail, upon the earlier of the date of receipt or three (3) days after deposit in the U.S. mail, first class and postage prepaid; and (iii) if sent by telecopy, upon receipt.

(b) **Costs, Expenses and Attorneys' Fees.** If any party hereto institutes any arbitration or judicial or administrative action or proceeding to enforce any provisions of this Agreement, or alleging any breach of any provision hereof or seeking damages or any remedy, the losing party or parties shall pay to the prevailing party or parties all costs and expenses, including reasonable attorneys' fees.

(c) **Further Assurances.** At the request of any party hereto, each other party shall execute, acknowledge and deliver such other documents and/or instruments as may be reasonably required by the requesting party in order to carry out the purpose of this Agreement, provided that no such document or instrument shall modify the rights and obligations of the parties provided herein.

(d) **Successors; Assigns; Amendment.** This Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, legal representatives, successors and assigns of the parties. This Agreement may be amended or modified only in writing signed by all parties hereto.

(e) **Severability of Provisions.** If any provision of this Agreement shall be held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such waiver or other provision or any remaining provisions of this Agreement.

(f) **Final Agreement.** This Agreement supersedes all prior negotiations, communications, discussions, and correspondence concerning these matters. It may be amended or modified only by a written instrument signed by the parties hereto.

(g) **Counterpart.** This document may be executed in any number of separate counterparts, each of which shall be an original but all of which shall constitute one and the same agreement.

(h) **Fax.** An electronic transmission or other facsimile of this signed document shall be deemed an original and shall be admissible as evidence of the signed original.

(i) **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California.

[SIGNATURES ON FOLLOWING PAGE]



IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

SENIOR LENDER:

By: \_\_\_\_\_  
Name:  
Title:

Address:  
[[Enter Senior Lender's address]]

OWNER:

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

Address:

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH MAY ALLOW THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.

**BENEFICIARY:**

**OTHER LIEN HOLDER**

PERRIS HOUSING AUTHORITY, SUCCESSOR  
AGENCY TO THE HOUSING FUNCTIONS OF  
THE REDEVELOPMENT AGENCY OF  
THE CITY OF PERRIS

By \_\_\_\_\_  
Richard Belmudez, Executive Director

ATTEST

By \_\_\_\_\_  
Nancy Salazar, City Clerk

Address:  
**The Perris Housing Authority**  
Attn: Housing Authority  
24 South D Street  
Suite 102  
Perris, CA 92570

## ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of \_\_\_\_\_)

On \_\_\_\_\_ before me, \_\_\_\_\_  
(insert name and title of the officer)

personally appeared \_\_\_\_\_,  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in  
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the  
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing  
paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

## ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of \_\_\_\_\_)

On \_\_\_\_\_ before me, \_\_\_\_\_  
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his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the  
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing  
paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

**EXHIBIT A**

**TO SUBORDINATION AGREEMENT  
(MORTGAGE/DEED OF TRUST)**

Legal Description of Property:



# CITY OF PERRIS

HOUSING AUTHORITY  
24 SOUTH D STREET SUITE 102 PERRIS, CA 92570  
TEL: (951) 435-7220

## CITY OF PERRIS SUBORDINATION CHECKLIST & ACKNOWLEDGEMENT FORM

Please follow the checklist below when packaging your Subordination Package. All items listed *must* be included in the submittal package and checked off of this form. **For ease of processing, please label and compile your documents in the order of the checklist below.** Once ALL items are packaged and checked off, please sign and return this acknowledgement with your Subordination Package. Should you submit an incomplete package, the file will be returned unprocessed.

- City of Perris Subordination Checklist & Acknowledgement Form
- City of Perris Subordination Agreement Request Form
- City of Perris Occupancy Standards for Subordination Form
- All pages must be fully completed, legible, and signatures notarized – **Lender's notarized signature is required.**
- Authorization to Release
- A typed letter on company letterhead dated and signed by the mortgagor, stating the reason for the requested subordination **AND** that there will be no cash out. Letter must include:
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  - ❖ The type of loan (adjustable, fixed)
  - ❖ The current balance of all loans secured by the property
- A Preliminary Title Report completed within the last thirty (30) days.
- Most Current Mortgage Statement **OR** document showing current loan details and payment.
- An Estimated Closing Statement/Settlement **OR** Draft of Loan Modification Documents.
- Loan Approval from the 1<sup>st</sup> trustee lender **OR** Letter approving Loan Modification.
- Copy of Mortgagor's loan application.
- Appraisal or documentation of acceptable method used to determine property value along with comparables (e.g. Capitalization Worksheet).

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Print Name

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Signature

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Contact Number

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Date