

SUBORDINATION REQUIREMENTS

CITY OF EL CAJON/EL CAJON REDEVELOPMENT AGENCY

(All programs)¹

This City of El Cajon and El Cajon Redevelopment Agency will subordinate FTHB and Single-Family Rehabilitation Loan Program loans under the following conditions:

■ **New Loan Terms:**

FHA, VA, Conventional no cash-out refinances where there is a reduction of PITI **and** an improvement in loan terms. Impounds on the new first mortgage will be required. In addition, the City/Agency will not subordinate to negatively amortizing, prepayment penalty, reverse mortgage loans, or financing subordinate to City/Agency liens.

■ **Cash Back/Cash-Out:**

Any loan proceeds in excess of 1% of the new loan amount must be applied as a principal-reduction payment to the new 1st mortgage balance at close of escrow.

■ **Documentation required for City/Agency review:**

- (1) Copy of the new lender application (1003)
- (2) Copy of the appraisal
- (3) Copy of the preliminary title report
- (4) Copy of an accurate estimated closing statement from escrow
- (5) Copy of escrow instructions
- (6) Credit Report (3) Merge (Borrowers/Spouse)
- (7) Copy of the new 1st Mortgage Note (and Riders, if applicable)
- (8) Copy of the 1st mortgage payoff demand
- (9) Subordination fee of \$100 (effective May 15, 2003)
- (10) Any additional documentation that may be requested by the City/Agency

■ **Buy-Down Balances:**

If the payoff of the 1st mortgage has a remaining interest rate buy-down balance currently in escrow, those monies must be applied to the payoff balance at close of escrow and may not be refunded to the borrower.

■ **Exceptions:**

In the event an exception to these Subordination Requirements is requested and granted, the City/Agency may require execution and recording of a Loan Modification Agreement, including any/all other applicable documentation necessary for approval, through close of escrow.

■ **Re-Review after a Subordination Has Been Issued:**

If loan terms change after a Subordination Agreement has been issued to the refinance Lender, Escrow Company or Title Company, there will be an additional fee of \$50.00 for re-review of the proposed loan terms and issuance of a second or each subsequent Subordination Agreement.

■ **Send all documentation to the City/Agency as follows:**

**CITY OF EL CAJON
DEPT. OF REDEVELOPMENT AND HOUSING
200 CIVIC CENTER WAY
EL CAJON, CA 92020-3996
(619) 441-1710
(619) 441-1595 fax**

The City/Agency will review the above documentation for compliance with existing guidelines and will generally render a decision within 7-10 business days of all requested documentation. A Subordination Agreement and any other applicable documentation will be issued by the City/Agency and will be forward to the escrow company with specific instructions for compliance, unless instructed otherwise.

¹ Except Granite Hills Place properties (Nicholas Street, Nicholas Way, Nicholas Place, etc.). Please contact the City at (619) 441-1710 for specific subordination guidelines on this project.