



CITY OF GAINESVILLE, GEORGIA

COMMUNITY DEVELOPMENT DEPARTMENT

311 HENRY WARD WAY ♦ GAINESVILLE, GEORGIA 30501
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HOUSING ASSISTANCE LOAN PROGRAMS

SUBORDINATION POLICY

Subordination Conditions: The City of Gainesville will approve subordination requests for the Housing Rehabilitation Loan Program, First Time Homebuyer Downpayment Assistance Loan Program or other housing loan programs it administers only under the following conditions:

1. The new loan does not endanger the City's equity position. As such, the City will not subordinate to a loan that will bring the loan to value ratio for all mortgages to more than 95%. Property value will be taken from Appraisal submitted as part of the Subordination Request or, if unavailable, from the most recent City Assessment.
2. The new loan is not an open-ended equity loan.
3. The purpose of the new loan is (subject to submission of adequate documentation to the Community Development Department):
 - a. to facilitate the refinancing of existing first mortgage balances at a lower rate of interest or
 - b. to improve the financial position of the household through the consolidation of debt (must be done in conjunction with the refinancing of an existing first mortgage balance).

Note: There can be no increase in the total monthly household payments and funds disbursed through the new loan must be directly issued to the creditors (no cash out to the borrower).

4. Reasonable closing costs can be included ONLY if all other provisions of the City's Subordination Agreement are met.
5. No loan will be subordinated if the property has outstanding tax liabilities or property liens.
6. Requests for subordination for any reason **other** than those stated above will not be allowed.

Borrower Procedures: Requests for subordinations must be made in writing no less than two weeks prior to the need for such subordination. Requests must be submitted to the City of Gainesville, Community Development Department, P.O. Box 2496, Gainesville, GA 30503. Requests must contain the following information:

1. Purpose of the refinancing that necessitates the subordination
2. The current position of the mortgage(s) held by the City of Gainesville.
3. The position of the mortgage(s) held by the City of Gainesville after the refinancing.
4. The amount of the new mortgage(s).
5. A copy of an appraisal, completed within the 6 months prior to subordination request, if available.
6. Loan Application, Form 1003—will include name, address and terms of all mortgages on the property and an itemized list of payees.

Notice: Loans financed with funding from the Georgia Department of Community Affairs (DCA) cannot be subordinated. DCA loans are prorated based on the period of affordability set forth in the original contract and payment is required to cancel the security interest.