

**MAYOR'S OFFICE OF HOUSING
AND COMMUNITY DEVELOPMENT**
CITY AND COUNTY OF SAN FRANCISCO



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SUBORDINATION POLICY STATEMENT

**Subordination of City Loans and Liens in Mayor's Office of Housing and Community Development (MOHCD)
and former San Francisco Redevelopment Agency (SFRA) Homeownership Programs**

MOHCD only accepts subordination requests from Approved Lenders

The purpose of the City Loans and Liens are to assist in increasing first-time homeownership affordability for low and moderate-income buyers. Further, it is the goal of the Mayor's Office of Housing and Community Development to continue the availability of these subsidies through re-use where possible.

MOHCD will consider subordinating City Loans and Liens if the following conditions are met:

- 1) The subordination satisfies the purposes of the City Programs outlined above.
- 2) The City's security interest in the property is not adversely affected.
- 3) Borrowers **MUST** work with one of our "approved lending officers" when they refinance. This applies to funding lenders as well when borrowers are working with a mortgage broker.
- 4) The City loan(s) can be subordinated to the refinancing of the existing first mortgage for a lower interest rate and/or better loan term as long as the refinancing falls within loan program limits.
- 5) The City does not allow cash equity withdrawals from the property with City cash loan program(s). Requests for cash equity withdrawals from the property with City cash loan(s) will most likely be denied and may require full repayment of the cash loan(s) prior to or at the time of refinance loan settlement.
- 6) The City will not consider moving the MOHCD/SFRA lien to a lower loan position in a refinance.
- 7) The first mortgage loan must be a fixed rate mortgage, and the payment must be fully amortizing.
- 8) Loan-To-Value (LTV) does not exceed 95%, unless due to a value decline below original purchase price.

Should subordination be agreed to, the following additional requirements must be met:

- 1) The borrower must submit evidence that he/she meets standard loan underwriting and credit standards.
- 2) All delinquent taxes and liens must be cleared as part of the refinance loan settlement.
- 3) If the borrower is refinancing existing indebtedness, the amount to which the City is subordinating shall not exceed the greater of (a) the original principal amount of the first mortgage, or (b) the current outstanding balance of the first mortgage and customary closing costs up to 3% of the new first mortgage amount.

(Rev 6/2016)