



City of Union City Below Market Rate (BMR) Homes Subordination Requirements

REQUIRED DOCUMENTS

The City requires the following documents (“Subordination Package”) in order to start the subordination process:

- Completed Form of Owner Request for City Subordination to Refinance First Mortgage Loan (attached as Exhibit A)
- Form 1003 - Uniform Residential Loan Application
- Form 1008 - Uniform Underwriting and Transmittal Summary
- Title report (completed in the last 30 days)
- Appraisal (completed in the last 60 days)
- New first mortgage deed of trust
- New first mortgage promissory note
- Estimated closing statement
- **Pre-paid Fedex** Label or a courier pickup provided by the title company
- Escrow Officer’s contact info
- Escrow #
- Subordination Fee (non-refundable) - **\$614**
Checks or money orders should be made payable to the City of Union City. Cash is not accepted.

SUBORDINATION REQUIREMENTS

The City will consider subordination to a refinanced first mortgage under the following conditions:

- The principal amount for the new first mortgage and the principal and any accrued interest of all other liens (if applicable) cannot exceed the current maximum resale price.
- The City’s Deed of Trust shall be in no lower than third lien position.
- The interest rate for the new first mortgage is less than the interest rate on the original first mortgage.
- The new first mortgage must be for no more than a 30-year term (shorter terms are acceptable). The new first mortgage must also be fixed-rate and fully amortizing. Balloon payments, negative amortization, adjustable and/or non-prime interest rate loans, prepayment penalties, and stated-income loans are prohibited.
- All property owners must appear on the new first mortgage.
- The owner’s debt-to-income ratios meet the limits listed below based on the income level of the owner.

Income Level	Monthly Housing Cost (Front-End Ratio)	Total Monthly Debt (Back-End Ratio)
Very Low	30%	35%
Low	35%	40%
Median	37.5%	42.5%
Moderate	40%	45%

SUBORDINATION PROCESS

- Once City staff receives the subordination package, the documents will be reviewed for completeness. Staff will send an e-mail to the title company/broker if any documentation is missing. The review and approval process will not proceed until all of the required subordination documents are submitted.
- Staff will review the subordination package and determine if the subordination is approved or denied.
- Staff will relay approval or denial of the subordination to title company/broker.
- If approved, staff will prepare the City's Subordination Agreement, Request for Notice of Default, and subordination escrow instructions. The City requires **at least two weeks** to process the Subordination Agreement and Request for Notice of Default for signature.
- Staff will prepare and submit the City's executed documents via FedEx or courier pickup by the title company.

CITY CONTACT INFO

Housing & Community Development Division

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Community Development Technician

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EXHIBIT A

Form of Owner Request for City Subordination
to Refinance First Mortgage Loan

To: The City of Union City ("City")
From: _____ ("Owner")
Property Address: _____ ("Home")
Date: _____

The Owner hereby requests the City to approve the Owner's refinance of the existing first mortgage on the Home. The Owner provides the following information which it certifies to be true and correct:

- 1. Original Purchase Price of Home: \$ _____
- 2. Original Principal Balance of exiting First Mortgage Loan \$ _____
- 3. Interest Rate of Existing First Mortgage Loan: \$ _____
- 4. Outstanding Principal and Interest on existing First Mortgage Loan (as of date of this Request) \$ _____
- 5. Outstanding Principal and Interest due on all other mortgage loans on the Home. \$ _____
 - (a) \$ _____
 - (b) \$ _____
- 6. Principal Amount of Proposed New First Mortgage Loan: \$ _____
- 7. Interest Rate of Proposed New First Mortgage Loan: \$ _____

The Owner hereby certifies the above information is true and correct and this Owner Request is executed under penalty of perjury on _____ **[insert date]**.

By: _____
Owner

By: _____
Owner