

*****ATTACHMENTS*****



SUBORDINATION AGREEMENT POLICY

The Housing Rehabilitation Committee (HRC) will, on a case-by-case basis, review and approve or deny requests from loan recipients for mortgage subordination agreements.

1. The HRC will consider subordination requests for homeowners wishing to:
 - a. Refinance an existing mortgage to obtain a reduced interest rate.
 - b. Refinance an existing mortgage to obtain a comparable interest rate and extended payment terms.
 - c. Obtain a home equity loan for the sole purpose of rehabilitating their primary residence.
 - d. Refinance an existing mortgage as necessary to halt foreclosure proceedings by a bank or to halt tax deed proceedings by the county.
 - e. Obtain a home equity loan to pay for medical emergencies.

The HRC will not consider requests to subordinate for consolidation of consumer debt, such as credit cards, automobiles or other “cash to homeowner” transactions, or for any home equity loans other than for the sole purpose of rehabilitation one’s primary residence. The HRC will not consider any request that places the City of Sheboygan’s security interest in jeopardy, as determined by standard underwriting practice, unless required to halt foreclosure or tax deed proceedings or to assist with medical emergencies.

2. Homeowners who anticipate refinancing an existing loan and request that the City of Sheboygan subordinate its mortgage position, must submit in writing the following information to the HRC.
 - a. A completed real estate subordination agreement. Wisconsin Banker’s Association Form (429(3/25/95) F11143, as amended from time to time.
 - b. An appraisal of the property completed within six (6) months of the request for subordination. If the appraisal was not completed within the six (6) month time frame, the appraisal can be re-certified by an appraiser.
 - c. A title commitment or report letter completed within 30 days of the request for subordination.
 - d. A letter with the name, address, and contact person(s) at the cooperating financial institution; the reason for the subordination request; the new mortgage amount that would take precedence over the City’s mortgage; what the new funds will be used for; what position the City would fall into, and any other pertinent information.
 - e. Copies of estimates for any rehab/construction work being completed.

- f. Debt must remain below 100% of appraised value for Lead Hazard Control Grants and 90% for Housing Rehabilitation loans.
 - g. The HRC cannot guarantee a subordination if the loan documents have been executed in advance of HRC action.
3. Written requests for subordination agreements must be approved by the HRC. The subordination agreement must be drafted at the homeowner's expense by the cooperating financial institution or legal counsel.

For Questions related to the Subordination Policy and Request Form

Please contact the Department of Planning and Development at (920) 459-3383 or by email at development@ci.sheboygan.wi.us

Completed Request Forms must be submitted one week prior to the scheduled Housing Rehabilitation Committee meeting.



SUBORDINATION REQUEST FORM

City of Sheboygan

Fax: (920) 459-7302

This form is designed to provide the information necessary for responding to a request for the subordination of a City of Sheboygan mortgage. Please fill out the form completely. Incomplete forms will be returned. Additional information may be required. The City of Sheboygan is in sole discretion to agree to subordinate the mortgage.

Name of Homeowner(s): _____

Current Address: _____

Appraised Value: _____ Date of Appraisal: _____

(Attach a copy of the most recent appraisal within 6 months of this request)

City Assessed Value: _____

LENDER INFORMATION

Lending Institution (to which City would subordinate): _____

Lender Contact Name: _____ Phone: _____

Address to return subordination: _____ Fax: _____

Reason for Request (Check all that apply):

_____ Simple refinance – refinance for lower interest rate only
(no debt consolidation, no cash out)

_____ Refinance an existing mortgage to obtain a comparable interest rate and extended payment terms.

_____ Borrow money to make additional home improvements to the property.
List the improvements and their estimated costs (Provide written contractor estimates)

Type of Improvement

Estimated Cost

_____ Refinance an existing mortgage as necessary to halt foreclosure proceedings by a bank or to halt tax deed proceedings by the county.

_____ Obtain a home equity loan to pay for medical emergencies.

Financing Summary

Existing	Mortgager	Original Amount	Interest Rate	Current Balance
1 st Mortgage		\$		\$
2 nd Mortgage		\$		\$
3 rd Mortgage		\$		\$
4 th Mortgage		\$		\$
Totals:		\$		\$

Proposed	Mortgager	Amount	Interest Rate	Monthly Pmt
1 st Mortgage		\$		\$
2 nd Mortgage		\$		\$
3 rd Mortgage		\$		\$
4 th Mortgage		\$		\$
Totals:		\$		\$

Terms of New Mortgage Loan:

Amount of Loan: _____ Term (in years): _____

Interest Rate: _____ Variable or Fixed: _____

Provide a title commitment or report letter completed within 30 days of the request for subordination.

Homeowner's Statement

I am the owner of the above property. The information supplied above is true and accurate. The new loan funds will be used for the purpose stated herein. Document has to be signed by property owner or documentation needs to be attached giving authorization to access property owners' financial information.

Property Owner

Date

Property Owner

Date

CITY OF SHEBOYGAN

REQUEST FOR HOUSING REHABILITATION COMMITTEE CONSIDERATION

ITEM DESCRIPTION: Discussion and possible action on modification to the Housing Rehabilitation Subordination Policy to include refinancing for real estate taxes.

REPORT PREPARED BY: Chad Pelishek, Director of Planning and Development

REPORT DATE: November 26, 2018

MEETING DATE:

FISCAL SUMMARY:

STATUTORY REFERENCE:

Budget Line Item: N/A
Budget Summary: N/A
Budgeted Expenditure: N/A
Budgeted Revenue: N/A

Wisconsin Statutes: N/A
Municipal Code: N/A

BACKGROUND / ANALYSIS:

The Housing Rehabilitation Committee has approved a subordination policy that includes the following items that will be considered for subordination requests:

- a. Refinance an existing mortgage to obtain a reduced interest rate.
- b. Refinance an existing mortgage to obtain a comparable interest rate and extended payment terms.
- c. Obtain a home equity loan for the sole purpose of rehabilitating their primary residence.
- d. Refinance an existing mortgage as necessary to halt foreclosure proceedings by a bank or to halt tax deed proceedings by the county.
- e. Obtain a home equity loan to pay for medical emergencies

City staff has received a request for refinancing for delinquent taxes.

STAFF COMMENTS:

City staff would recommend the committee approves this request in that it keeps the properties out of the foreclosure and there is better chance that we will be repaid as the City is normally in second position.

ACTION REQUESTED:

Motion to recommend modifying the Subordination Agreement Policy to include refinancing for payment of real estate taxes.

ATTACHMENTS:

- I. Subordination Policy and Request Form