



COLORADO
HOUSING ASSISTANCE
CORPORATION

Subordination Request

All agreements to subordinate are at CHAC's discretion. All second mortgage loans are due on sale or transfer or payment of the first mortgage loan (refinance) unless subordination has been approved by CHAC

A fee in the amount of \$300 must be paid from the closing in order for CHAC to subordinate. CHAC **will consider** applications requesting subordination based on demonstrated hardship (permanent disability, death of the co-borrower, etc) - or demonstrated benefit to the borrower based on review of the new combined loans. (loan to value of new combined loans, housing ratios, current payment status, etc.). CHAC will not subordinate to cash out refinances and the streamline must be at a fixed rate. **For a subordination to be considered we must receive ALL of the following.** We understand that if you are doing a streamline refinance you may not need all of the following information. For CHAC to determine if we will subordinate to that refinance we must have everything listed.

1. Borrower's name, address, date of second mortgage closing.
2. An explanation of any hardship, including changes in income along with third party documentation.
3. Verification of current income and monthly debt.
4. **Current** market analysis **or** recent appraisal .
5. Good Faith estimate of all costs associated with the refinance.
6. Analysis of monthly savings and amount of time for borrower to recoup the costs of the refinance
7. Type of refinance – streamline, no appraisal, streamline with appraisal, etc.

If the CHAC loan is in repayment the account must be current.

CHAC may require that payments on deferred loans begin or that payments on current loans be adjusted in order to apply some of the savings the borrower realizes to the second mortgage.

Applications from the lender will be reviewed within 5 – 7 days. A response will be sent to the first mortgage lender. Additional information may be requested. If CHAC agrees to subordinate the lender will have the borrower sign the agreement received and fax it back to CHAC and provide a copy of the preliminary HUD 1 and a subordination agreement prepared by the Title Company to CHAC at least 5 days before closing. CHAC will fax a copy of the signed Subordination agreement to the lender and mail the original to the Title Company.

Last updated 7/1/2011



670 Santa Fe Drive • Denver, CO 80204 • 303-572-9445 • Fax: 303-573-9214
www.coloradohousingassistance.org