

Inclusionary Housing Program Application for Subordination



City of Huntington Beach
2000 Main Street, 5th Floor
Huntington Beach, CA 92648
(714) 536-5470 Phone
(714) 375-5087 FAX

Date: _____

1. INTRODUCTION

Your property is subject to an Affordability Covenant that restricts who the property may be sold to, at what price, and the terms and conditions of any financing/refinancing. The Affordability Covenant limits the maximum sales price to less than the fair market value on the open market, and potentially less than the amount of any outstanding loans on the property. The maximum sales price also decreases as prevailing interest rates increase.

In addition, if you have borrowed money from the City or the Redevelopment Agency, then the refinancing of the first deed on your property in an amount that exceeds the outstanding balance shall trigger payment of the equity share under the City or Redevelopment Agency loan.

Most lenders will not loan money to purchase or refinance a home unless the property will be free of the Affordability Covenant if the lender forecloses. The City will agree to place its Affordability Covenant in second position to the lender (that is, to “subordinate”) subject to certain conditions. The first step in obtaining the City’s subordination is completing this application and submitting a \$250 application fee.

2. APPLICATION

Borrower Name(s) _____ Street Address: _____ Email Address: _____ Community: _____ Telephone: _____	Number of Bedrooms: _____	Maximum Affordable Price: (set by City)
New Loan(s)		
<u>Name of Lender</u>	<u>Loan Amount</u>	
Loan 1: _____	\$ _____	
Loan 2: _____	\$ _____	
(please write name of lender as it should appear on the Subordination Agreement)		
Loan(s) to be Paid Off:		
<u>Name of Lender</u>	<u>Payoff Amount</u>	
Loan 1: _____	\$ _____	
Loan 2: _____	\$ _____	

Proposed Debt to Value Ratio (Maximum subordination is the lower of 90% of the appraised value of the property, or 80% of the appraised value if there are two loans, or the current maximum affordable price)	Anticipated Date of Escrow Closing
Proposed Debt to Income Ratio	If necessary, questions regarding this application should be addressed to:
Lender/Broker Contact Information Name: Company: Address: Phone: E-Mail: Loan #:	Escrow Contact Information Name: Company: Address: Phone: E-Mail: Escrow #:

3. ATTACHMENTS

Please attach the following required documents:

- Homeowner Occupancy Certification (City Form)
- Title Report
- Clean Copy of Property Legal Description
- Estimated Escrow Settlement Statement
- Loan Estimate
- Copy of Bank Loan Application
- \$250 Subordination Fee Payable to the City of Huntington Beach (**Please Note** Payment is required at time of application)

For refinances with cash-out to the borrower(s), please attach the following:

- Appraisal
- Loan Underwriting Analysis

4. SUBMITTING THE APPLICATION

Applications should be sent to: Kim Radding, Administrative Aide
 City of Huntington Beach
 2000 Main Street, 5th Floor
 Huntington Beach, CA 92648

PLEASE NOTE THAT FAXES WILL NOT BE ACCEPTED

5. RETURN INFORMATION

Completed Subordination Agreements will be released ONLY to escrow companies licensed to do business in California. **Please allow 10 business days for the City to review your application.** Upon approval of your request, the City will prepare a Subordination Agreement. Please indicate how the completed agreement should be delivered to escrow:

- Call escrow company for pickup by courier

- Mail to escrow company via Airborne Express account number _____

- Use enclosed, pre-addressed, postage-paid envelope

Owner's Signature Date

Co-Owner's Signature Date



**CITY OF HUNTINGTON BEACH
INCLUSIONARY HOUSING PROGRAM
OWNER CERTIFICATION**

Date:

Unit Address:

Project Name:

Owner Name:

CERTIFICATION

I/We, the undersigned specifically acknowledge and understand that the Property I/we own is subject to certain affordability restrictions. I understand that these restrictions prohibit renting or leasing of the Property, and I/we hereby certify that the Property is my/our primary residence and is not rented or leased.

I/We acknowledge my/our understanding that any intentional or negligent misrepresentation in this certification may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both, and liability for monetary damages under the provisions of Title 18, United States Code, Section 1001, et seq.

Owner

Co-Owner

Signature: _____

Signature: _____

Print Name: _____

Print Name: _____

Date: _____

Date: _____