

<b>CITY OF APPLETON POLICY</b>	<b>TITLE: SUBORDINATION POLICY</b>	
ISSUE DATE: August 4, 2005	LAST UPDATE: October 1, 2009	SECTION:
POLICY SOURCE: Community Development Department	AUDIENCE: All property owners with Homeowner and Rental Rehabilitation Loans	TOTAL PAGES: 2
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I. PURPOSE

To outline the practices and procedures which are utilized by the City of Appleton Homeowner and Rental Rehabilitation Loan Programs to determine whether or not the City will subordinate its loan to another lender.

II. POLICY

**A. The City of Appleton reserves the right to deny any request for subordination, but will consider it under the following conditions:**

1. Rate and term refinance – no cash back to the owner
2. Refinance, additional mortgage, or home equity loan when the loan-to-value ratio for all loans, including the City of Appleton's, is less than or equal to 90% of the assessed value (no appraisals accepted).

**B. The City of Appleton will not consider subordinating under the following conditions:**

1. Behind a line of credit or a balloon mortgage.
2. When the property owner does not meet the Homeowner Rehabilitation Loan Program's current income requirements.
3. When the property owner does not have a current homeowner's insurance policy listing the City of Appleton as an additional mortgagee (this needs to be maintained for the life of the city's lien on the property).
4. When the property is not owner-occupied.

III. PROCEDURES

**A. The following information must be submitted with a request for subordination:**

1. Title search/letter report on the property
2. Most recent signed copy of the homeowner's federal income tax return.
3. Letter from the bank stating the following:
  - a. Property owner's name and address
  - b. Mortgage commitment from the lender, specifically detailing the terms and conditions of the new loan, total loan amount, interest rate and loan product.
  - c. Whether the refinance is a rate and term or if the owner is getting cash back. If the owner is getting cash back, how much will they be getting and what will it be used for?

**B. The City of Appleton will require a minimum of three (3) business days after the above documents have been received to review the documents and make a determination.**

#### IV. REVIEW OF DENIAL

Upon denial of a subordination request, the property owner or interested party thereof may file a written request seeking review of the staff decision to deny the subordination request. Written requests seeking review shall be submitted to the Community Development Director within five (5) business days of the date of the denial. The Community Development Committee shall have jurisdiction to review the denied subordination request and determine whether to uphold the decision of staff. The Community Development committee's decision shall be final and reported to the Common Council as an informational item.

**The City of Appleton retains the right to amend or change this policy at any time without notice.**