



City of Flagstaff Housing Section SUBORDINATION REQUESTS

The City of Flagstaff uses US Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funding, in addition to other available funds, to provide loans to assist homebuyers and homeowners within city limits.

Clients with an active City of Flagstaff loan may request to have the City subordinate lien position to a new first mortgage for a lower rate and monthly payment. The City will consider subordinating for a lower term and a higher payment on a case by case basis to ensure housing affordability for the homeowner(s). **Refinancing for a cash out (more than \$300) or payoff of any kind will require repayment of the City's loan.**

The City of Flagstaff will review all subordination requests. Documentation from the original client file will be reviewed, along with the new subordination request packet to determine affordability for the client and risk of the City's lien position.

All subordination packets must include:

- 1) Letter from new lender, on letterhead, outlining
 - a. old loan amount, type, interest rate & term, pre-payment penalty, if any, amount of total current monthly payment
 - b. new loan amount, type, interest rate & term, pre-payment penalty, if any, amount of total monthly payment
 - c. purpose of refinance, signed by loan processor or underwriter
- 2) Current appraisal of property
- 3) 1003 application for new loan
- 4) 1008 Transmittal Summary or MCAW for new loan
- 5) Loan Estimate/Closing Disclosure for new loan
- 6) Copy of current payoff statement for current first mortgage
- 7) Copy of current credit report
- 8) Settlement Statement (as soon as it's available)

Please email a complete subordination packet to afisher@flagstaffaz.gov (preferred) or mail to:

City of Flagstaff Housing Section
ATTN: Adriana Fisher
211 W Aspen Ave
Flagstaff, AZ 86001

If the subordination request is approved, the City of Flagstaff will prepare any necessary paperwork and forward to the title company. Please **allow 2-3 weeks** for this process.

Feel free to contact us directly by email at afisher@flagstaffaz.gov (preferred) or by phone at (928)213-2750 if you have any questions.