



U.S. Department of Housing and Urban Development
National Servicing Center, Branch 2
301 NW 6th Street, Suite 200
Oklahoma City, OK 73102

www.hud.gov

Name: _____ Fax Number: _____
Address: _____
City, State, Zip: _____

SUBJECT: GNND Subordinate Agreement

Mortgagor: _____
Property Address: _____
GNND Case #: _____

In order to facilitate the processing of a subordination request, we request that you provide HUD's Outsource contractor, with the information identified in the enclosed instructions. Submission of a complete package will assure timely processing of this request.

Upon receipt of the Subordination Packet, [HUD's loan servicing contractor](#) will review the documentation and advise you of a decision. If the request meets all the required conditions of acceptance listed in the enclosed information sheet and the GNND participant is in complete compliance with the program regulations, [HUD's loan servicing contractor](#) will execute the subordination agreement and return it to you for recording. In the event the request is denied, you will be provided with a written explanation for the denial. Please assure that all information requested in the attached checklist is included in the original submission.

Please be advised that once the subordination agreement has been executed, none of the documents submitted shall be changed without approval. Moreover, the closing agent or Mortgagee CANNOT alter the subordination agreement in any fashion. Only a HUD official may make changes to the subordination agreement. If you or your agents make any change to an executed HUD subordination agreement, you will be subject to criminal, civil, or administrative sanctions, as well as required to pay any penalties or loss to the government.

Thank you for your help and cooperation. Should you have any questions, reference Item #12 of the attached Subordination Request Instructions, for the appropriate person to contact.

Attachment;
GNND Subordination Request Instructions

GNND SUBORDINATION REQUEST INSTRUCTIONS

NOTE: If the subordination request does not meet the below HUD Guidelines, the subordination will be denied.

CONDITIONS FOR ACCEPTANCE

1. Participant **MUST** be in compliance with all requirements of the GNND Program (such as Annual or Special Certification letters signed and returned or not being investigated for any violation(s) of the GNND Program).
2. Participant is obtaining an FHA 203 (k) rehabilitation loan (where funds will be escrowed for property improvements).
3. Participant is refinancing their loan in order to lower the current note interest rate and/or change the note term, either of which would make economic sense to the borrower (i.e., a reasonable payback period).

DOCUMENTATION CHECKLIST

The following information must be submitted for consideration of your request. All information must be easily located and complete (missing information delays processing the request):

1. Provide a cover letter on your company letterhead to include: Mortgagor(s) information (Name(s), property address, purchase date, and loan comparison chart.)
2. Existing – 1st mortgage information (type of loan (FHA, Convention, etc.), original amount, rate, term, monthly principal and interest payment, other terms (balloon, etc.)
3. Payoff statement from existing lender.
4. Copy of recorded GNND 2nd mortgage.
5. New 1st mortgage information, to include (type of loan (FHA, Conventional, etc.), original amount, rate, term, monthly principal and interest payment, other terms (balloon, etc.). (Ensure the new loan amount accounts for any MIP.)
6. Accounting of loan proceeds (HUD-1 Settlement Statement)
 - a. The only amounts allowable in the refinance transaction are the unpaid principal balance, current and delinquent interest due, reasonable closing costs and refinancing charges, unless HUD grants approval for additional amounts.
 - b. The 800 series of the HUD-1 cannot be over 5% of the new loan amount. If 800 series costs are shifted to other costs to get around the 5% limit on the 800 Series, the subordination will be denied.
7. If delinquent taxes are included in the new loan amount, the following documentation must be included in the subordination request submission.

- a. A letter from the homeowner stating reason(s) taxes are delinquent.
 - b. A copy of the tax bill from the County showing amount of taxes, delinquent, and
 - c. A letter from the new mortgage company stating the taxes and hazard insurance will be escrowed.
8. Uniform Residential Appraisal Report, Fannie Mae Form 1004 (unless the refinance is an FHA Streamline without an appraisal – if so, indicate on your submittal.) HUD will not accept Fannie Mae Desktop Underwriter Quantitative Analysis Appraisal Report, Fannie Mae Form 2055. Totals of the new 1st mortgage and the GNND second mortgage balances cannot exceed the appraised value of the property. If an appraisal is not sent with the packet, the subordination will be denied.
9. **The lender** in accordance with the State laws that regulate this action in the State where the property is located **draws up subordination document**. The subordination document must indicate the amount of the loan to which HUD is subordinating, the amount of the GNND mortgage, legal property description and county recording information. On the top right hand side of each page of the subordination is to be numbered, indicate the homeowner's full name and GNND case number.
 - a. Neither HUD nor their [loan servicing contractor](#) will prepare the subordination document since it is impossible to track every State's requirements and often the filing information from the GNND mortgage is not readily available.
 - b. Neither HUD nor their [loan servicing contractor](#) maintain blank subordination document forms for your completion; however, we will add our own notary signature page to your documents. If your state requires something other than the standard signature and notary (such as witness signatures) you should provide us those instructions in your cover letter.
10. [HUD's loan servicing contractor](#) will accept either faxed or mailed subordination requests.
11. Send Request Packets to HUD's loan servicing contractor. Please [click here](#) for information on the current loan servicing contractor.
12. Questions can be directed to HUD's Customer Service, toll free at (877) 622-8525.
13. Turnaround Times- Subordination requests are processed on a first come, first served basis. Upon receipt of the Subordination packet, HUD's loan servicing contractor will fax to you acknowledging receipt of your packet and provide the estimated date of completion. If the subordination packet is complete and meets all guidelines outlined above, it will be processed within approximately 15 working days from the date the subordination packet is received. Signed subordination documents are returned by overnight delivery. HUD's loan servicing contractor is not able to fax signed subordination documents. If the original approved subordination is altered in any way the matter will be referred to the Office of Inspector General for possible sanctions. If the subordination packet is incomplete/denied, it can be resubmitted. **(Re-submittals are treated as new requests and the 15 working day turnaround time starts from the date the new subordination packet is received)**