

CITY OF MARGATE
Home Purchase and Rehabilitation Program
Subordination Agreement Administrative Policy

The City of Margate, Florida (“City”) will consider subordinating its financial position to a legal lending institution that is considering lending money against a property for the purpose of the property owner to refinance the outstanding principal balance of a first or primary mortgage for a fixed lower interest rate to reduce the cost of the monthly mortgage payment, on a case by case basis.

An accredited appraisal company must prepare an appraisal, whose date is not more than 60 days old, of the written subordination request. Real estate sales person or Broward County property assessments will not be accepted in place of a legitimate appraisal. The City will review the appraisal before considering the subordination request, and a decision will be reached after reviewing issues such as but not limited to equity preservation and the effect of the requested change on the City’s priority position as a result of the requested subordination.

If the owner, also known as the deferred payment loan grant recipient, will be refinancing or taking an equity loan to make repairs to the home, the situation will be reviewed on a case by case basis and a decision will be reached after considering issues such as but not limited to equity preservation, effect on value, and whether improvements are maintenance, upgrades, or expansions. The City will not subordinate to loans for purposes of home additions or expansions unless such addition or expansion is proven necessary to accommodate family size.

A valid repair contract with a fixed cost should accompany the subordination request if the owner is seeking the equity to make repairs on the home that are not covered by their homeowner’s insurance policy.

The City will not subordinate its financial position to a new lender for the owner to remove equity from the home for the purpose of new consumer debt, debt consolidation, credit card repayment or any other type of consumer debt repayment, nor for the property owner to receive cash in hand for purposes other than repairs on the home unless the remaining equity on the home covers the new mortgage and the balance due on the City’s mortgage.

The City will be agreeable to receive, before the ~~seven-year~~ repayment period has expired, the total pro rata outstanding balance plus lien satisfaction recording fees for the deferred payment loan agreement, in the form of a cashier's check, to satisfy the lien in order for the owner to withdraw equity for their personal needs. There will be no pre-payment penalty for pre-payment of this loan.

The City will not agree to subordinate to a secondary financial position (except for approved reverse mortgages for senior citizens), nor will it agree to predatory lending practices being offered by a lender to a property owner.

Terms of this policy are subject to change as needed to maintain effective administration of this Subordination Agreement Administrative Policy.

I have read all the terms of the City of Margate Subordination Agreement Administrative Policy.

Signature

Print Name

Date

Signature

Print name

Date