



Resubordination Process for CalHFA Subordinate Loans

CalHFA will permit the resubordination of existing CalHFA subordinate loans if homeowners meet certain eligibility requirements. Permitting resubordination allows existing homeowners the opportunity to take advantage of refinancing their existing first mortgage, without being required to pay off their existing CalHFA subordinate loans.

Eligible CalHFA Subordinate loans include the following:

- California Homebuyer's Down payment Assistance Program (CHDAP)
- CalHFA Housing Assistance Program (CHAP)
- High Cost Area Home Purchase Assistance Program (HICAP)
- Extra Credit Teacher Program (ECTP)
- Homeownership in Revitalization Area Program (HIRAP)
- Zero Interest Program (ZIP) & (ZIP Extra)
- MyHome Assistance Program (MYHOME)
- School Teacher and Employee Assistance Program (School Program)

Homeowners with a Keep Your Home California (KYHC) subordinate lien should contact KYHC directly at 888.954.5337 or go to www.keepyourhomecalifornia.org/payoff.htm for complete resubordination requirements

Resubordinations

Description	Guideline
New 1st Mortgage	<p>All requirements must be met:</p> <ul style="list-style-type: none"> • Fixed rate loan amortized for thirty (30) years • Principal-Interest-Taxes and Insurance (PITI) payment must decrease • Interest rate decreased by at least one quarter percentage point (0.25%) • The borrowers must have made at least six (6) consecutive timely monthly payments on their existing first mortgage • Lenders are required to meet Federal and California lending laws regarding fees and charges. • High cost loans are not permitted.
Qualifiers	<ul style="list-style-type: none"> • At least one borrower must occupy the subject property • Borrower must have insufficient funds to pay off the existing subordinate loans and still have sufficient reserves
Disqualifiers	<ul style="list-style-type: none"> • Cash-out transaction • Adjustable Rate Loans • Borrower(s) not occupying the subject property

Description	Guideline
Mandatory payoffs	PACE or HERO
Fees	\$150 – Non-refundable Processing Fee - Certified funds only – received by mail; fee is due at the time of submission
Submission Process	Must be submitted through our Secure Server (No paper packages accepted) To submit application and required documentation, contact CalHFA at subordinations@calhfa.ca.gov for instructions.
Documentation	<ul style="list-style-type: none"> • Application for Resubordination – must be completed and signed by lender and/or escrow officer • Automated Underwriting System (AUS) approval (e.g. Fannie Mae Desktop Underwriter® (DU®) or Freddie Mac Loan Product Advisor (LPA®)) • Lenders Underwriting Approval • Uniform Underwriting and Transmittal Summary (1008), FHA Loan Underwriting and Transmittal Summary (HUD 92900-LT), or VA Loan Analysis as applicable, • Uniform Residential Loan Application (1003) – must be signed by borrower(s) • Borrower Available Funds Affidavit must show total amount of subordinate loans to be resubordinated, and to be signed by the borrower(s) • Most recent mortgage statement for the existing first mortgage loan (no payoff in lieu) • Preliminary Title Report including the Legal Description
Shipping	Self-Addressed/Prepaid overnight courier service label for shipping of document (must be provided by the lender and/or escrow) Only a hard copy resubordination agreement may be released (No faxes, scans, or emails)
CalHFA Process after Package and Funds Received	<ul style="list-style-type: none"> • Review for compliance with CalHFA Loan Resubordination Underwriting Guidelines • Send final decision to lender • Send original executed and notarized Subordination Agreement and Escrow Instructions to Escrow. (The document is sent regular mail unless pre-paid overnight label is provided).
Questions	Please contact Single Family Loan Administration at 800.669.1079

CalHFA reserves the right to request additional documentation as deemed appropriate.