

**CITY OF ALACHUA, FLORIDA
SUBORDINATION POLICY AGREEMENT
HOUSING REHABILITATION AND/OR NEW CONSTRUCTION
GRANT RECIPIENTS**

The City of Alachua, hereinafter referred to as the “City,” has a Housing Rehabilitation Grant Program. The program is funded by various local, state and federal agencies, administered by the City, and designed to assist low-income residents by providing opportunities for affordable, livable, and safe housing. The City of Alachua discourages grant recipients from asking the City to subordinate its lien position, (for example, if you get this funding to improve your home, you must get permission in writing from the City of Alachua before you can get any other loans or mortgages using this property as collateral), since grant funds were utilized to either rehabilitate or construct a single-family home. When the City is asked to subordinate its lien position, it places the City in the position of being the lender and this activity does not fulfill a public purpose. Accordingly, the City will only consider subordinating its lien position when it is demonstrated by the homeowner that failure of the City to subordinate its position to a new mortgage holder would cause severe hardship to the homeowner and place the homeowner at risk for losing title to the home. The City will make such a determination in its sole discretion, on a case by case basis, after receiving an advisory recommendation from the Citizens Advisory Task Force. The City is not required to subordinate the position of its lien. In cases where the City considers subordinating its lien position, all of the following requirements must be met:

1. The new loan must have a lower interest rate than any current loan that is secured by the property;
2. The monthly payment (principal and interest) must be lower than the current monthly payment;

3. The homeowner has the funds to pay for closing costs that are not part of the refinance transaction;
4. The homeowner cannot receive either any cash or check from the equity in the property at the closing;
5. The homeowner may request only one lien subordination;
6. A notice of filing limitation of future advances must be filed in the public records and provided to the first mortgage holder in accordance with the requirements of Florida Statutes as part of the closing;
7. The City's position after the closing will only be subordinate to the new lender;
8. The City's position must be insured by a title insurance company that is a member of the American Land Title Association;
9. The new loan amount does not exceed the independent appraised value. The City reserves the right to obtain an independent appraised value at its cost to make this determination;
10. The homeowner must pay for all costs incurred by the City to evaluate the financial viability of the City subordinating its position including, but not limited to, any appraisal, attorney, and recording fees, along with any and all other related closing costs;
11. The homeowner shall execute a Subordination Agreement that will be binding on its successors and assigns.

The City does not wish to impair in any way a homeowner's right to use of their property. In cases where the City does not deem it in the best interest of the City to subordinate its lien position, the homeowner shall be advised in writing by the City. The homeowner would then have the option of satisfying the City's lien in full should he/she elect to proceed with the financial transaction.

I have read, understand, and accept this Subordination Policy.

Homeowner Signature Date

Print Name

Co-owner Signature Date

Print Name

IN WITNESS WHEREOF, the parties have set their hands and seals the day and year above first written.

THIS AGREEMENT REQUIRES TWO WITNESSES OF THE OWNER’S SIGNATURE TO COUNTERSIG OR A NOTARIZATION OF THE OWNER’S SIGNATURE.

Witness #1 Signature

Print Name

Witness #2 Signature

Print Name

Or

**STATE OF FLORIDA
COUNTY OF ALACHUA**

Before me, the undersigned authority, this _____ day of _____, 20__,
Personally appeared _____, of
the City of Alachua who acknowledges before me that he/she/they freely and voluntarily
executed this Policy for the purpose therein expressed.

(Seal)

Notary Public, State of Florida