



City of South San Francisco Below Market Rate Program Refinance and Subordination Requests

Below Market Rate homeowners may refinance their unit to obtain a new loan that will result in reduced monthly payments or a lower interest rate. Refinancing is subject to certain requirements and restrictions and must be approved first by the City. Owners may not refinance to take out equity in the BMR. There are no exceptions to this rule. Taking out equity will result in a default. If you are struggling to meet your monthly housing payment, we encourage you to contact the City as soon as possible to discuss resources and options.

- a) **Identify a Lender** - The owner finds a lender of their choosing (the City does not limit which lenders you can work with or maintain an "approved" lender list) and reviews interest payments and loan scenarios. The owner is to inform the lender that the home is subject to BMR restrictions.
- b) **Notify the City** - The owner must then notify the City of their desire to refinance and provide a current copy of their mortgage statement.
- c) **City Review** - The City will review the refinance request and calculate the current restricted resale value of the BMR home. The City will ensure that the loan (mortgage amount) to value (adjusted restricted resale price) ratio does not exceed the amount specified in the Resale Restriction Agreement.
- d) **City Issues Letter** - The City will send the owner a letter that conditionally authorizes their refinance. The letter will outline requirements as well as a list of documents that the City will need to complete its part in their finance. Required documents are listed below:
 - 1003 completed loan application
 - 1008 or other loan underwriting form indicating amounts and terms of all financing
 - A preliminary title report
 - A preliminary HUD 1
- e) **Provide Required Documents** - The lender and/or escrow officer should provide the requirements requested in the letter noted in Step D as soon as they are available. Once all documents are received, the City will prepare and send instructions to the escrow officer regarding steps to close escrow
- f) **Loan Closing** - When the City is in receipt of all needed information and documents, it will prepare and send a Subordination Agreement to the escrow/title company. The agreement will be signed by the owner and a representative from the bank from which they are obtaining the new loan. Note the City signatures can take up to 15 days to obtain.
- g) **Subordination Fee (non-refundable) - \$322**
Checks or money orders should be made payable to the City of South San Francisco.
Cash is not accepted

You may contact the Economic Development and Housing Division at 650-829-6620 with any questions.