



Utah Housing Corporation (UHC) Subordinating your UHC 2nd

If you have a Utah Housing 2nd Mortgage but do not have the funds to payoff the 2nd in order to refinance into a lower payment we may be able to help you. Contact an [Approved Lender](#) to explore your options for a new Streamline Refinance.

Subordinating My UHC 2nd Mortgage

What is the difference between a 1st Mortgage & a 2nd Mortgage?

When you bought your home (known as Closing), you signed a document for your 1st Mortgage called a Deed of Trust. This document was recorded at the court house in the county where your home is located and a lien (a notice attached to your credit indicating that a debt is owed) was placed on your property that requires you to payoff the lien before you can sell your home (transfer clear title) to another party.

For qualified borrowers who need assistance with their down payment and closing costs Utah Housing is able to provide the funds at Closing in the form of a 2nd Mortgage, (2nd meaning it would be in a 2nd lien position and second priority in the paying off of the loan). At Closing, a 2nd Mortgage Deed of Trust was signed and recorded after the First Mortgage Deed of Trust was recorded.

What is a Subordination Agreement?

A Subordination Agreement is a document that is used by your Lender when you want to refinance your 1st mortgage and have an existing 2nd Mortgage.

Generally, when an older lien on your property is paid off, the next lien “moves up the chain of creditors” and becomes the 1st lien. Debts which have a higher priority have a legal right to be repaid in full before lower priority debts receive any repayments.

When you want to refinance your 1st Mortgage, you are paying off an existing 1st mortgage loan and replacing it with a new 1st mortgage loan.

Without a subordination agreement to allow the new 1st Mortgage loan to become the 1st lien, the 2nd lien would move into the 1st lien position, making it impossible for you to refinance because Lenders who provide the 1st Mortgage loan require their loan be in 1st lien position.

Why do I need a Subordination Agreement?

To avoid having to pay off your 2nd mortgage in full at the time of refinancing your 1st mortgage, Utah Housing must agree to “Subordinate” our 2nd lien behind the new 1st mortgage lien.

How do I request a Subordination Agreement?

If approved for a Utah Housing Streamline Refinance, your Approved Lender will prepare this for you.

Are there costs involved?

\$100 Subordination Agreement processing fee. The lender may require the fee upfront. If the subordination agreement is not approved, this fee should be refunded to you, by the Lender, upon request.

What do I do?

Nothing. Your Utah Housing Approved Lender and Title company will prepare the documents needed for the Subordination Agreement for you.

How long does it take?

Your Utah Housing Approved Lender will give you an estimate on how long it will take to Close and finalize the Subordination Agreement document.

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