

Date:

Borrower Name:

Coborrower Name:

Property Address:

FHA Case Number:

ISN Corporation (ISN) has been engaged as the loan servicer for the U.S. Department of Housing and Urban Development (HUD). Your request to subordinate this Good Neighbor Next Door (GNND) loan has been received.

CONDITIONS FOR ACCEPTANCE

1. Borrower must be in compliance with all requirements of the GNND Program (such as Annual or Special Certification letters signed and returned or not being investigated for any violation(s) of the GNND program).
2. Subordination of the second mortgage to the refinanced mortgage must satisfy one of the following:
 - a. Borrower(s) is/are refinancing their primary loan in order to lower the current note interest rate and/or change the note term, either of which would make economic sense to the borrower (i.e., a reasonable payback period).
 - b. Participant is obtaining an FHA 203(k) rehabilitation loan pursuant to HUD's Section 203(k) Rehabilitation Loan Insurance Program in order to rehabilitate or repair the home; or
 - c. Refinance is necessary to prevent the participant from defaulting on the first mortgage.

DOCUMENTATION CHECKLIST

The following information must be submitted for consideration of your request. All information must be easily located and complete (missing information delays processing the request):

1. Third-Party Authorization form executed by the borrower(s), if applicable;
2. Provide a cover letter on your company letterhead to include:
 - a. Borrower(s) information:
 - Name(s);
 - Property address;
 - Purchase date; and
 - Loan comparison chart and loan type.
3. Payoff from the primary loan servicer not later than 30 days

ISN Corporation – Western Operations Center

2000 N Classen Blvd Suite 3200

Oklahoma City, OK 73106

Toll Free: 1-833-SEC-HELD

Fax: 1-405-724-7800

www.isncorp.com

4. Copy of recorded GNND 2nd mortgage
5. Existing primary mortgage information:
 - a. Loan Type;
 - b. Loan Purpose;
 - c. Loan Term;
 - d. Original Amount;
 - e. Monthly Payment; and
 - Principal, Interest, etc.
 - f. Any additional loan terms
6. New loan information:
 - a. Loan Type;
 - b. Loan Purpose;
 - c. Loan Term;
 - d. Original Amount;
 - e. Monthly Payment;
 - Principal, Interest, etc.
 - f. Mortgage Insurance, if applicable; and
 - g. Any additional loan terms
7. Copy of Loan Estimate (LE):
 - a. The only amounts allowable in the refinance transaction are the unpaid principal balance, current and delinquent interest due, reasonable closing costs, and refinancing charges, unless HUD grants approval for additional amounts.
 - b. The combined amounts in sections A and B of the Loan Estimate (LE) cannot be over 5% of the new loan amount.
8. If delinquent taxes are included in the new loan amount, the following documentation must be included in the subordination request submission:
 - a. A letter from the homeowner stating reason(s) property taxes are delinquent,
 - b. A copy of the tax bill from the county for the subject property showing the amount of taxes delinquent, and
 - c. A letter from the new mortgage company stating the taxes and hazard insurance will be escrowed.
9. Uniform Residential Appraisal Report, Fannie Mae Form 1004 (**unless the refinance is an FHA Streamline without an appraisal – if so, indicate in your submittal**).

- a. Total amounts of the new primary mortgage and the GNND second mortgage may not exceed 95% of the value of the property, as appraised at the time of the refinancing. If an appraisal is not sent with the packet, the subordination will be denied.
10. A drafted Subordination Agreement that is in compliance with state laws and in the format acceptable by the county in which it will be recorded in. The Subordination Agreement must include the:
- a. Amount of the new mortgage;
 - b. Amount owed for the GNND mortgage;
 - c. Legal description;
 - d. Recording information;
 - e. Pages shall be numbered and show the borrower(s) name(s) and GNND/REO Case Number; and
 - f. Shall include a blank section or an additional page for HUD's representative's signature and to be notarized. If providing an additional page, ensure that the page includes a page number, borrower(s) name(s), and FHA Case Number
11. Shipping label to be used to return the executed subordination agreement.

Along with this completed form, the complete package must include all documents specified. The complete package may be sent via mail, e-mail, or fax.

Overnight Mail:

ISN Corporation – Western Operations Center
Attention: Secretary Held Loan Serving
2000 N Classen Blvd Suite 3200
Oklahoma City, OK 73106

E-Mail:

PCSubordinations@hud.gov

Fax:

405-724-7800

Sincerely,

ISN Corporation