**IMPORTANT ANNOUNCEMENT**

**TO: ALL SUB-SERVICERS AND INTERESTED PARTIES**

**RE: SUBORDINATION OF NHD 2ND MORTGAGES**

Nevada Housing Division has delegated authority to Bank of America, the previous master servicer for the Division, and now the servicer of second mortgages, to consider and approve subordination requests on behalf of the Division, if the loan meets the requirements outlined in our Subordination Policy.

Attached to this announcement is the current Subordination Policy effective October 1, 2013. Third party requests may be directed to Bank of America’s customer service department at the numbers listed below:

|  |  |
| --- | --- |
| Home Equity Lines or Credit (HELOC) or Home Equity Loan (HELOAN) with account numbers of 10 digits or less  | 800-669-5864  |
| Home Equity Lines of Credit (HELOC) with account number of 14 digits beginning with 68 and ending with 99 | 800-934-5626  |

Additional questions regarding Nevada Housing Division’s Subordination Policy may be directed to the Single Family Department at 775-687-2038, with Phyllis Zink, Chief Accountant

Sincerely,

**NEVADA HOUSING DIVISION**

**GENERAL SUBORDINATION REQUIREMENTS:**

* ***All subordinations are considered on a case by case basis. The list below is a minimum guideline for subordination consideration. If your file does not meet the guidelines outlined below, please escalate your request with any back-up information to the Division for consideration by emailing Phyllis Zink at*** ***pzink@housing.nv.gov******.***
* There must be a benefit to the borrower (lower rate, lower payment, shortened term, risk reduction, i.e., from an interest only or negative amortization to a fixed product). The Lender must outline the benefits to borrower in their request.
* Any increase in the new first lien must not exceed $5,000.00 OR the increase must be recaptured within 48 months, which is calculated from the payoff statement of the lien being refinanced (Max loan = total payoff +$5,000.00). If the loan amount exceeds this, the subordination may still be approved provided that: the new loan amount less the payoff amount divided by the current PI and MI payment less the new PI and MI payment is equal to or less than 48 months.
* Provide a Copy of the Uniform Residential Appraisal Report or AVM\*
* Provide a Copy of the new NOTE, if not available, copy of 1008 or 92900LT
* Provide a Copy of the HUD-1 or ESTIMATED SETTLEMENT STATEMENT (GFE)
* Provide a Copy of the 1003
* The Housing Division will not subordinate to an Option ARM 1st Mortgage, a Reverse Mortgage or an Interest Only Mortgage
* There can be no cash back to borrower in excess of $500. Any debt – consolidation (Payments to non-mortgage obligations in the loan amount) is considered cash to borrower
* Title should be clear of any liens or encumbrances other than the mortgages
* Borrower must be current on 1st and 2nd mortgages (no late payments in the past 12 months)

Note: \*Acceptable appraisal or AVM is not mandatory for a Streamline or HARP refinances (can accept automated Lender’s valuation/findings). The Housing Division will consider all subordination requests submitted that are in the best interest of our customer(s).