
Mortgage Servicing Request for HPD Subsidized Properties

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Request Processing and Timing

1. How long does it take to process my request?

Requests complete with required supporting documentation are processed in the order in which they are received. Processing time of requests complete with all required supporting documentation varies with the volume of requests received. Please allow several weeks to process.

After a request is received, it is logged in, matched to a file and assigned to an analyst. Following its initial review, you will be mailed a letter stating that we have received your request and the name and contact information of the analyst assigned to your request. Should any required documents appear to be missing following its initial review this will be communicated to you in the same mailing along with instructions for submitting a complete mortgage servicing request available on our website:

www.nyc.gov/html/hpd/html/homeowners/refinancing.shtml

After reviewing your request, the assigned analyst may need to contact you with questions he/she may have or request additional documentation unique to your request or your situation. Please be sure to include contact information with your initial request.

2. Is it possible to expedite the process?

Requests complete with required supporting documentation are processed in the order in which they are received. Processing time varies with the volume of requests received.

To ensure speedy processing, please provide all required documentation, including proof of residency, upon initial submission.

Incomplete requests remain inactive and will be closed after *6 months*.

3. When will my request be assigned?

Requests are assigned to an analyst as soon as the request is matched to the applicable mortgage file, generally, within one week of its receipt.

4. Why does it take weeks to prepare a payoff letter?

Processing time is dependent on the volume of pending requests and the completeness of your submission. Each mortgage is unique and is researched to determine the correct payoff amount. Calculations are often subject to a homeowner's compliance with owner-occupancy requirements.

Supporting Documentation, Fees and Payments

1. Why do I need to submit documentation to prove my address?

The use of your home as a primary residence is generally a requirement of the deed, note(s) and mortgage. The list of required documents by request type can be found on our website at: <http://www.nyc.gov/html/hpd/html/homeowners/refinancing.shtml>

Subsidies are provided to homeowners to enable them to own a home they would otherwise be unable to afford. In exchange for the subsidy, a homeowner is required to utilize the home as his primary residence. If the owner does not utilize it as his primary residence, a payoff will be offered for the term for which he provided proof of residency.

2. Why do I have to submit an original signed and notarized Affidavit?

A signed and notarized Affidavit affirms your identity and your current residency. It affirms your knowledge of the owner-occupancy restrictions to which you have agreed when you purchased your home.

3. Why do I have to submit certain documents with my request(s)?

The required documents prove use of the home as your primary residence and support the selected mortgage servicing option. Absence of supporting documents does not allow us to properly service your request, thus rendering your application inactive until all required documentation is received.

4. How will I get my letter?

A letter will be mailed to you to your home or as per instructions you've included with your written request.

5. Why do I have to pay the fee?

A servicing fee is paid to cover the costs of processing. No servicing will be completed on a NYC Mortgage without payment of this non-refundable fee.

Payment should be in the form of a **Bank** or **Certified Check** or **US Postal Money Order** in the amount of \$400.00 made payable to New York City Department of Finance. Payment in any other form will be returned for reissuance, and the application rendered inactive until proper payment is received.

6. My loan was satisfied over five years ago and I never received the Satisfaction. Why am I paying a servicing fee?

A Satisfaction of NYC Mortgage is issued when you are found in compliance with the terms of the NYC Mortgage. Effective May 13, 2013, the \$400.00 non-refundable servicing fee is required to process all mortgage servicing requests.

7. I have lived in the house for longer than the term of the mortgage. Why do I have a balance?

NYC Mortgages may vary by term and subsidy amounts given. Some mortgages reduce over time; other mortgages are standing loans that do not reduce over time.

Some mortgages may include multiple subsidies with different terms. For example, in one mortgage you may find several subsidies reducing over a period of 15 years and a land subsidy which remains payable for 99 years.

8. What is a HUD-1 Settlement Statement?

A HUD-1 Settlement Statement is a form used to itemize services and fees charged to the borrower in a real estate transaction. [Click here to view a sample HUD-1.](#)

Service Types

1. Why do I need a Subordination of Mortgage?

In a refinance, where an existing mortgage is paid off with the proceeds from a new loan, a Subordination of NYC Mortgage allows the new lender to take first lien position ahead of the existing NYC Mortgage which is and remains in second lien position.

Homeowners who are not compliant with the terms of their agreements (deed / Notes / Mortgage / Proprietary Lease / Regulatory Agreements) may not be found eligible for a Subordination of NYC Mortgage. For example, if a homeowner is required to utilize his home as his primary residence and he has moved to another location, he may not refinance the subject property and be found eligible for a Subordination of Mortgage. He would be found non-compliant with the owner-occupancy restriction.

Subordinations of NYC Mortgage are only offered in a refinance of the primary mortgage, if eligible. Subordinations of NYC Mortgage are not offered to home equity lenders. Nor will Subordinations be provided to those homeowners who have open home equity loans. Instead, a payoff will be provided.

Subsidies were provided to homeowners to enable them to afford the purchase of their home. As property appreciates in value, a homeowner has the ability to tap into the equity available in his home – often his greatest asset. However, as his property appreciates, he also has a greater ability to repay a portion of the subsidy, allowing others to have the same opportunity to afford a home.

2. How is my Subordination Request processed?

- A. If the refinance amount is less than or equal to the subsidized purchase price of the home, the Subordination is approved.
- B. If the refinance amount is greater than the subsidized purchase price of the home, HPD calculates the amount of funds to be recaptured from the gain using the following formula:

$$(R-S)/2=X$$

Where R = the refinance amount, S = the subsidized purchase price, and X = funds recaptured by the City.

- C. If the Subordination is requested in order to take out a home equity loan / credit line mortgage, the Subordination is denied.

3. Why can't I get a Subordination if I take out a home equity loan / credit line mortgage?

The Subordination of Mortgage is denied where a homeowner has a lien which is in addition to the HPD mortgage and initial purchase mortgage – i.e. a Home equity loan or credit line mortgage – that will not be paid at the proposed closing, and which is not an initial piggyback loan taken out to avoid paying primary mortgage insurance. In the case described above, the homeowner has realized a gain through obtaining the home equity / credit line mortgage of which

the City is not recapturing any of the original subsidy. The owner would have to pay off additional liens at closing in order to be considered for a Subordination as per HPD policy.

4. Why do I need a Payoff Letter?

A payoff letter identifies the balance of subsidies which remain open at the time of its issuance.

Payoff letters are often requested when one

- (1) sells one's home;
- (2) receives a Lender's Commitment for a Cash-out Refinance; or
- (3) moves to a different residence; or
- (4) wishes to remove the lien from his/her property.

5. I need to speak with a mortgage representative, why can't I come into the office like other government agencies?

Homeowners who would like to discuss the terms of their NYC Note/s and Mortgage, deed and / or Regulatory Agreement, may call their assigned analyst. Their contact information will be provided with the response mailed to you after the Unit's initial receipt of your written request.

Sample HUD-1 Settlement Statement

OMB Approval No. 2502-0265



A. Settlement Statement (HUD-1)

B. Type of Loan							
1. <input type="checkbox"/> FHA	2. <input type="checkbox"/> RHS	3. <input type="checkbox"/> Conv. Unins.	6. File Number:	7. Loan Number:	8. Mortgage Insurance Case Number:		
4. <input type="checkbox"/> VA	5. <input type="checkbox"/> Conv. Ins.						
C. Note: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.," were paid outside the closing; they are shown here for informational purposes and are not included in the totals.							
D. Name & Address of Borrower:			E. Name & Address of Seller:		F. Name & Address of Lender:		
G. Property Location:			H. Settlement Agent:		I. Settlement Date:		
			Place of Settlement:				

J. Summary of Borrower's Transaction	K. Summary of Seller's Transaction
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100. Gross Amount Due from Borrower	400. Gross Amount Due to Seller
101. Contract sales price	401. Contract sales price
102. Personal property	402. Personal property
103. Settlement charges to borrower (line 1400)	403.
104.	404.
105.	405.
Adjustment for items paid by seller in advance	Adjustment for items paid by seller in advance
106. City/town taxes to	406. City/town taxes to
107. County taxes to	407. County taxes to
108. Assessments to	408. Assessments to
109.	409.
110.	410.
111.	411.
112.	412.
120. Gross Amount Due from Borrower	420. Gross Amount Due to Seller
200. Amount Paid by or in Behalf of Borrower	500. Reductions in Amount Due to seller
201. Deposit or earnest money	501. Excess deposit (see instructions)
202. Principal amount of new loan(s)	502. Settlement charges to seller (line 1400)
203. Existing loan(s) taken subject to	503. Existing loan(s) taken subject to
204.	504. Payoff of first mortgage loan
205.	505. Payoff of second mortgage loan
206.	506.
207.	507.
208.	508.
209.	509.
Adjustments for items unpaid by seller	Adjustments for items unpaid by seller
210. City/town taxes to	510. City/town taxes to
211. County taxes to	511. County taxes to
212. Assessments to	512. Assessments to
213.	513.
214.	514.
215.	515.
216.	516.
217.	517.
218.	518.
219.	519.
220. Total Paid by/for Borrower	520. Total Reduction Amount Due Seller
300. Cash at Settlement from/to Borrower	600. Cash at Settlement to/from Seller
301. Gross amount due from borrower (line 120)	601. Gross amount due to seller (line 420)
302. Less amounts paid by/for borrower (line 220) ()	602. Less reductions in amounts due seller (line 520) ()
303. Cash <input type="checkbox"/> From <input type="checkbox"/> To Borrower	603. Cash <input type="checkbox"/> To <input type="checkbox"/> From Seller

The Public Reporting Burden for this collection of information is estimated to average 35 minutes per response for collecting, reviewing, and reporting the data. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. No confidentiality is assured; this disclosure is mandatory. This is designed to provide the parties to a RESPA covered transaction with information during the settlement process.