



**Homeowner Mortgage Servicing Unit
Division of Asset Management**

MORTGAGE SERVICING REQUEST FOR HPD-SUBSIDIZED PROPERTIES

FREQUENTLY ASKED QUESTIONS

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Sample HUD-1 Settlement Statement

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Request Processing and Timing

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

Requests that are complete with required supporting documentation are processed in the order in which they are received. HPD strives to provide timely and responsive service to homeowners seeking assistance with their NYC Mortgages. During some periods, a spike in the volume of service requests will extend our response time. In other instances, however, delays in processing service requests are the result of homeowners failing to provide required documentation.

Please allow several weeks to process your service request.

Service requests received are logged in, matched to a file and assigned to an analyst. We will notify you if any required documents appear to be missing following the initial review of your file. Instructions for submitting a complete service request are available on our website:

<http://www1.nyc.gov/site/hpd/owners/homeowner-mortgage-servicing.page>

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 upon initial submission, including proof of primary residence.

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 two business days of its receipt.



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4. How long does it take to prepare a Pay-off Letter?

Processing time depends on the volume of pending requests and the completeness of your submission. Mortgage forms vary widely and must be thoroughly reviewed to determine the correct pay-off amount. Calculations are often subject to a homeowner's compliance with owner-occupancy requirements. Please allow several weeks to process your service request.

Supporting Documentation, Fees and Payments

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

The use of your home as your primary residence generally is a requirement of your Deed, Note(s) and Mortgage. The list of required documents by request type can be found on our website at:

<http://www1.nyc.gov/site/hpd/owners/homeowner-mortgage-servicing.page>

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 occupy the home as his/her primary residence. If the owner does establish compliance with the primary residence requirement, a pay-off of the subsidy will be offered.

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

A signed and notarized Affidavit affirms your identity and your current place of residence. It affirms your knowledge of, and compliance with, the owner-occupancy restrictions to which you agreed when you purchased your home.

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

The required documents prove use of the home as your primary residence and support the selected servicing option. Absence of supporting documents prevents us from properly processing your request. Your application is considered "inactive" until all required documentation is received.



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4. How will I get my letter or other requested document?

The requested letter or other document will be mailed to you at your home or as per instructions you've included with your written service 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 made payable to the 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. A \$400.00 non-refundable servicing fee is required to process all servicing requests.

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

NYC Mortgages vary widely as to their terms and the subsidy amounts they secure. The balances of some Mortgages reduce over time; other Mortgages secure "standing loans" that do not reduce.

Some Mortgages may secure multiple subsidies with different terms. For example, a mortgage may secure several forms of subsidy that reduce over a period of 15 years, but also cover a land subsidy that remains payable in full 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.](#)



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Service Types

1. Why do I need a Subordination of Mortgage?

In a refinance, where an existing primary 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 be found ineligible for a Subordination of NYC Mortgage. For example, if a homeowner is required to occupy his/her home as a primary residence, but has moved to another location, he/she will be ineligible for a Subordination of Mortgage due to non-compliance with the owner-occupancy restriction.

Subordinations of NYC Mortgage are offered only in connection with a refinancing of the homeowner's primary mortgage, if eligible. Subordinations of NYC Mortgage are not offered to home equity lenders, nor will Subordinations be provided to homeowners who have open home equity loans. Instead, a Pay-off Letter will be provided.

Subsidies were provided to a homeowner to enable him/her to afford the purchase of a home. As the property appreciates in value, a homeowner has the ability to tap into the equity available in his/her home. However, as the property appreciates, the homeowner also has a greater ability to repay a portion of the subsidy that made homeownership possible for him/her, thus opening the same opportunity to others.

2. How is my Subordination Request processed?

- A. Generally, depending on the program through which the home was purchased, if the refinance amount is less than or equal to either the subsidized purchase price of the home or the current balance of the homeowner's existing primary Mortgage, the Subordination is approved.



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- B. If the refinance amount is greater than the subsidized purchase price of the home or the current balance of the homeowner's existing primary Mortgage, as applicable, HPD calculates the amount of funds to be recaptured from the gain using one of the following formulas:

$$(R-SPP)/2=X \quad \text{OR} \quad (R-EMB)/2=X$$

Where R= the refinance amount, SPP= the subsidized purchase price, EMB= the existing primary Mortgage balance, and X =funds to be 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 of Mortgage to refinance my primary mortgage if I have an open home equity loan/credit line mortgage?

A request for a Subordination of Mortgage is denied where a homeowner has a lien that 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 "piggy-back" loan taken in connection with the property purchase to avoid paying primary mortgage insurance. In the case described above, the homeowner has realized a gain by obtaining the home equity/credit line mortgage, but the City has not recaptured any of the original subsidy. The owner must pay off the additional lien at closing in order to be considered for a Subordination of Mortgage.

4. Why do I need a Pay-off Letter?

A Pay-off Letter identifies the balance of the subsidies that remain open when it is issued.

Pay-off letters are often requested when a homeowner:

- (1) Sells his/her home;
- (2) Receives a Lender's Commitment for a cash-out refinance;
- (3) Moves to a different residence; or
- (4) Otherwise wishes to remove the lien from his/her property.



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5. I need to speak with a mortgage representative. Why can't I come into the office for a meeting like at other government agencies?

In-person meetings prevent mortgage analysts from efficiently processing the many servicing requests we receive from other homeowners. If you would like to discuss the terms of your NYC Note(s) and Mortgage, you may contact your assigned analyst or our central service email box (mortintake@hpd.nyc.gov) or number (212-863-6914).

Sample HUD-1 Settlement Statement

OMB Approval No. 2502-0266



A. Settlement Statement (HUD-1)

B. Type of Loan						
1. <input type="checkbox"/> FHA	2. <input type="checkbox"/> RMS	3. <input type="checkbox"/> Conv. Units	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

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