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MEMORANDUM NEIGHBORHOOD RESOURCES - COUNCIL MEMO NO. NR13-030

DATE: JULY 29, 2013

TO: MAYOR AND MEMBERS OF THE CITY COUNCIL

THRU: RICH DLUGAS, CITY MANAGER RD
JEFF CLARK, FIRE CHIEF
JENNIFER MORRISON, NEIGHBORHOOD RESOURCES DIRECTOR

FROM: BARBARA BELLAMY, CDBG PROGRAM SUPERVISOR BB

RE: REQUEST FOR THE AUTHORIZATION TO SUBORDINATE THE HOUSING REHABILITATION PROGRAM LIEN ON PROJECT NUMBER RH07-0039 LOCATED AT 1614 W. CURRY DR. IN THE AMOUNT OF $9,414.47

RECOMMENDATION: Staff recommends that the City Council authorize the subordination of the Housing Rehabilitation Program lien on Project Number RH07-0039, located at 1614 W. Curry Dr., Chandler, AZ in the amount of $9,414.47.

BACKGROUND AND DISCUSSION: In 2007, the owner of a single-family, owner occupied home at 1614 W. Curry Dr., received a $9,414.47 loan through the City's Housing Rehabilitation Program. The City's lien against the property is for $9,414.47. The City loan is a 7-year forgivable loan, secured by a Deed of Trust recorded as a lien against the home, with the balance to be forgiven in 2014.

The owner is requesting a refinance of the home to lower the interest rate. The new loan of $59,540.00 reduces the interest rate, lowers the mortgage payment and the owner will receive no cash out as required by the City's refinancing policy. In order to obtain the loan, a subordination of the City's lien is required by the lending institution and the City lien will remain in the same position.

FINANCIAL IMPLICATIONS: The City will not be prejudiced by the refinancing or the subordination. The City's lien is currently in second position and will remain in second position after the refinancing is complete. The City's lien will not be released until the loan term expires in 2014.

PROPOSED MOTION: Move to approve the authorization to subordinate the Housing Rehabilitation Program lien on the property located at 1614 W. Curry Dr. in the amount of $9,414.47.

Attachment A: Subordination Agreement
Attachment B: Letter from LPS, Lender Processing Services Co.

LSI DIVISION
A LENDER PROCESSING SERVICES COMPANY

700 Cherrington Parkway, Coraopolis, PA 15108
Phone: 800-722-0300

To Whom It May Concern,

A Subordination Agreement is being requested for:

Borrower: Nancy McGlone

Property Address: 1614 W Curry Drive, Chandler, AZ 85224

Reason for Refinance: Lower monthly payment and interest rate.

There is no cash out on this refinance transaction.

The new payment amount is: $281.44

Thank you,
Dena LaPorte

When recorded mail to:

City of Chandler
Neighborhood Resources
Mail Stop 600, P.O. Box 4008
Chandler, AZ 85244-4008

ATTACHMENT A

SUBORDINATION AGREEMENT
(Existing to New)

LSI No. 16606232 Lender Case No. 1204265943

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS AGREEMENT, made this _____ day of _____, **2013 by, Nancy McGlone, a widow.**

Owner of the land hereinafter described and hereinafter referred to as "Owner", and **JP Morgan Chase Bank NA,** present owner and holder of the Deed of Trust and Note first hereinafter described and hereinafter referred to as "Beneficiary";

WITNESSETH

THAT WHEREAS, **Nancy McGlone** executed a Deed of Trust dated **October 15, 2007** to City of Chandler (Housing Rehab Program), as Trustee, covering:

Lot 313 of Woodglen Unit Six according to Book 253 of Maps, Page 37, records of Maricopa County, Arizona

to secure a Note in the sum of **$9,414.47** dated **October 15, 2007** in favor of **City of Chandler**, which Deed of Trust was recorded **October 24, 2007** as Instrument No. **2007-1151000** of said County.

WHEREAS, Owner has executed, or is about to execute, a Deed of Trust and Note in the sum of **$59,540.00** in favor of **JP MORGAN CHASE BANK, NA.**

hereinafter referred to as "Lender", payable with interest and upon the terms and conditions described therein, which Deed of Trust is to be recorded concurrently herewith; and

WHEREAS, it is a condition precedent to obtaining said loan that said Deed of Trust last above mentioned shall unconditionally be and remain at all times a lien or charge upon the land hereinbefore described, prior and superior to the lien or charge of the Deed of Trust first above mentioned; and

WHEREAS, Lender is willing to make said loan provided the Deed of Trust securing the same is a lien or charge upon the above described property prior and superior to the lien or charge of the Deed of Trust first above mentioned and provided that Beneficiary will specifically and unconditionally subordinate the lien or charge of the Deed of Trust first above mentioned to the lien or charge of the Deed of Trust in favor of Lender; and

WHEREAS, it is to the mutual benefit of the parties hereto that Lender make such loan to Owner; and Beneficiary is willing that the Deed of Trust securing the same shall, when recorded, constitute a lien or charge upon said land which is unconditionally prior and superior to the lien or charge of the Deed of Trust first above mentioned.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce Lender to make the loan above referred to, it is hereby declared, understood and agreed as follows:

(1) That said Deed of Trust securing said Note in favor of Lender, and any renewals and extensions thereof, shall unconditionally be and remain at all times a lien or charge on the property therein described, prior and superior to the lien or charge of the Deed of Trust first above mentioned.

(2) That Lender would not make its loan above described without this subordination agreement.

(3) That this agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the Deed of Trust first above mentioned to the lien or charge of the Deed of Trust in favor of lender above referred to and shall supersede and cancel, but only insofar as would affect the priority between the Deeds of Trust hereinbefore specifically described, any prior agreement as to such subordination including, but not limited to, those provisions, if any, contained in the Deed of Trust first above mentioned, which provides for the subordination of the lien or charge thereof to another deed or Deeds of Trust or to another mortgage or mortgages.

Beneficiary declares, agrees and acknowledges that

(a) He consents to and approved (i) all provisions of the Note and Deed of Trust in favor of Lender above referred to, and (ii) all agreements, including but not limited to any loan or escrow agreements, between Owner and Lender for the disbursement of the proceeds of Lender's Loan;

(b) Lender is making disbursements pursuant to any such agreement is under no obligation or duty to, nor has Lender represented that it will, see to the application of such proceeds by the person or persons to whom Lender disburses such proceeds and any application or use of such proceeds for purposes other than those provided for in such agreement or agreements shall not defeat the subordination herein made in whole or in part; and

(c) He intentionally and unconditionally waives, relinquishes, and subordinates the lien or charge of the Deed of Trust first above mentioned in favor of the lien or charge upon said land of the Deed of Trust in favor of Lender above referred to and understands that in reliance upon, and on consideration of, this waiver, relinquishment and subordination specific loans and advances are being and will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment, subordination; and

(d) An endorsement has been placed upon the Note secured by the Deed of Trust first above mentioned that said Deed of Trust has by this instrument been subordinated to the lien or charge of the Deed of Trust in favor of Lender above referred to.

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.

BENEFICIARY:	**OWNER:**
_____	_____
City of Chandler	**Nancy McGlone**

APPROVED AS TO FORM

_____

CITY ATTORNEY

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT THERETO.

STATE OF ARIZONA)
) ss.
County of Maricopa)

On _____, before me, the undersigned Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.
WITNESS my hand and official seal.

My Commission Expires: Notary Public

STATE OF ARIZONA)
) ss.
County of Maricopa)

On _____, before me, the undersigned Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

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