



MEMORANDUM NEIGHBORHOOD RESOURCES - COUNCIL MEMO NO. NR14-004

DATE: FEBRUARY 13, 2014

TO: MAYOR AND MEMBERS OF THE CITY COUNCIL

THRU: RICH DLUGAS, CITY MANAGER *rd*
 JEFF CLARK, FIRE CHIEF *jc*
 JENNIFER MORRISON, NEIGHBORHOOD RESOURCES DIRECTOR *jm*

FROM: BARBARA BELLAMY, CDBG PROGRAM SUPERVISOR *BB*

RE: REQUEST FOR THE AUTHORIZATION TO SUBORDINATE THE EXTERIOR IMPROVEMENT LOAN PROGRAM LIEN ON PROJECT NUMBER EIL13-0001 LOCATED AT 994 E. MONTEREY ST. IN THE AMOUNT OF \$15,695.00

RECOMMENDATION: Staff recommends that the City Council authorize the subordination of the Exterior Improvement Loan Program lien on Project Number EIL13-0001, located at 994 E. Monterey St., Chandler, AZ in the amount of \$15,695.00.

BACKGROUND AND DISCUSSION: In 2013, the owner of a single-family, owner occupied home at 994 E. Monterey St., received a \$15,695.00 loan through the City’s Exterior Improvement Loan Program. The City’s lien against the property is for \$15,695.00. The City’s Loan is a 5-year forgivable loan, secured by a Deed of Trust recorded as a lien against the home, with the balance to be forgiven in 2018.

The owner is requesting a refinance of the home to lower the interest rate. The new loan of \$147,800.00, 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 2018.

PROPOSED MOTION: Move to approve the authorization to subordinate the Exterior Improvement Loan Program lien on Project Number EIL13-0001 located at 994 E. Monterey St. in the amount of \$15,695.00.

Attachment A: Subordination Agreement
Attachment B: Letter from Loan Depot



BORROWER'S NAME/ADDRESS:

Carol Morgan
994 Monterey Street
Chandler, AZ 85225

PURPOSE OF REFINANCE:

Lower interest rate and reduce monthly payment

CASH OUT?

No

PREVIOUS MORTGAGE AMOUNT: \$155,400.00

PROPOSED MORTGAGE AMOUNT: \$147,800.00

This letter is to request subordination for Carol Morgan at above referenced property. This is to reduce her mortgage amount, lower interest rate, reduce monthly payment and there is no cash out.

Thank You.

Respectfully yours,

Cindy Chang

Account Manager

949.461.3778 tel/fax

888.337.6888 ext. 1778

cchang@loandepot.com

26642 Towne Centre Drive

Foothill Ranch, CA 92610

www.loandepot.com

Recording Requested by:

When recorded mail to:

City of Chandler
Neighborhood Resources
PO Box 4008 MS600
Chandler, AZ 85244-4008

**SUBORDINATION AGREEMENT
(Existing to New)**

Loan Number #100298938

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 February, 2014 by,

Van C Morgan and Carol E Morgan, husband(deceased) and wife, as joint tenants with rights of survivorship, Owner of the land hereinafter described and hereinafter referred to as "Owner", and

Loan Depot

present owner and holder of the Deed of Trust and Note first hereinafter described and hereinafter referred to as "Beneficiary";

WITNESSETH

THAT WHEREAS, Van C Morgan & Carol E Morgan executed a Deed of Trust dated April 11, 2013 to City of Chandler (Exterior Improvement Loan), as Trustee, covering:

LOT 14, SIERRA POINT, ACCORDING TO BOOK 446 OF MAPS, PAGE 10, RECORDS OF MARICOPA COUNTY, ARIZONA.

to secure a Note in the sum of \$15,695.00 , dated April 11, 2013 in favor of City of Chandler, which Deed of Trust was recorded May 7, 2013 in Docket/Book _____, Page _____, or Instrument No. 2013-0416745 of said County; and

WHEREAS, Owner has executed, or is about to execute, a Deed of Trust and Note in the sum of \$147,800.00 in February 2014 in favor of Loan Depot,

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

