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JUN 11 2015

Chandler



2010



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MEMORANDUM NEIGHBORHOOD RESOURCES - COUNCIL MEMO NO. CNS15-111

DATE: JUNE 11, 2015

TO: MAYOR AND MEMBERS OF THE CITY COUNCIL

THRU: MARSHA REED, ACTING CITY MANAGER *MR*
 NACHIE MARQUEZ, ASSISTANT CITY MANAGER *NM*
 JENNIFER MORRISON, COMMUNITY AND NEIGHBORHOOD SERVICES 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 EIL 10-0017 LOCATED AT 2910 N. NEBRASKA STREET IN THE AMOUNT OF \$19,975.02

RECOMMENDATION: Staff recommends that the City Council authorize the subordination of the Exterior Improvement Loan (EIL) Program lien on Project Number EIL 10-0017, located at 2910 N. Nebraska Street in the amount of \$19,975.02.

BACKGROUND AND DISCUSSION: In 2012, the owner of a single-family, owner occupied home located at 2910 N. Nebraska Street received a \$19,975.02 loan through the City's EIL Program. The City's lien against the property is for \$19,975.02. The City's loan is a five year forgivable loan, secured by a Deed of Trust with the balance to be forgiven in 2017.

The owner is requesting to refinance the home to lower the interest rate. The new loan of \$86,975.00 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 third position and will remain in third position after the refinancing is complete. The City's lien will not be released until the loan term expires in 2017.

PROPOSED MOTION: Move to approve the authorization to subordinate the Exterior Improvement Loan Program lien on the property located at 2910 N. Nebraska Street in the amount of \$19,975.02.

Attachment A: Subordination Agreement
Attachment B: Letter from Quicken Loans

Recording Requested by:

When recorded mail to:

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

**ATTACHMENT A
SUBORDINATION AGREEMENT
(Existing to New)**

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 by Carolyn A. Stokes, as her sole and separate property,

Owner of the land hereinafter described and hereinafter referred to as "Owner", and City of Chandler, an Arizona Municipal Corporation, present owner and holder of the Deed of Trust and Note first hereinafter described and hereinafter referred to as "Beneficiary";

WITNESSETH

THAT WHEREAS, Carolyn Stokes executed a Deed of Trust dated April 10, 2012 to City of Chandler (Moderate Rehabilitation Program) as Trustee, covering:

LOT SEVENTY TWO (72), DAVID BROWN UNIT TWO, ACCORDING TO BOOK 213 OF MAPS, PAGE 35, AND AFFIDAVIT OF CORRECTION RECORDED IN DOCKET 14204, PAGE 765, RECORD OF MARICOPA COUNTY, ARIZONA.

to secure a Note in the sum of \$19,975.02 dated April 10, 2012 in favor of City of Chandler, which Deed of Trust was recorded July 18, 2012 in Instrument No. 20120631614 of said County; and

WHEREAS, Owner has executed, or is about to execute, a Deed of Trust and Note in the sum of \$86,975.00 in favor of Quicken Loans,

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

Carolyn A. Stokes

APPROVED AS TO FORM

CITY ATTORNEY G.A.B (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.

WITNESS my hand and official seal.
My Commission Expires: _____ Notary Public

Carolynn Stokes
Subordination

Date: April 24, 2015

QuickenLoans
Engineered to Amaze

FIRST CREDIT UNION

RE: Carolyn Stokes
Account#: 11749570208

Social Security #: 526-78-6545
2910 N Nebraska St
Chandler, AZ 85225

Please subordinate to Mortgage Electronic Registration
Systems, Inc. as nominee for Quicken Loans Inc.
Loan Number 3340207412

NO CASHOUT

To Whom It May Concern:

Quicken Loans Inc. has approved the above client(s) for a first lien mortgage in the amount of \$86,975.00. This loan will be closing on or about May 4, 2015. In order to proceed with our client's wishes, we ask that you complete a subordination agreement and return it to us as quickly as possible. Listed below and included is the documentation that you require prior to the completion of a subordination agreement:

***Please note that this client is approved for a HARP Refinance only. The current requested loan amount is only an estimate and may account for slight changes in allowable fees and costs. The requested loan amount may be reduced prior to closing to ensure all applicable HARP and/or State guidelines are met.

- Uniform Residential Loan Application
- Uniform Underwriting & Transmittal Summary
- Certification and Authorization
- HUD
- Check for subordination fee of \$250.00
- Good Faith Estimate
- Desktop Underwriting
- Truth in Lending Disclosure
- Tax Cert

If you have any questions, concerns or require additional information, do not hesitate to call (877) 784-2593. In order to expedite the processing of this loan, please fax a copy of the subordination agreement to (877) 382-0232 prior to mailing the original. Please reference Quicken Loans Inc.'s account number: 3340207412 in any correspondence. Please note: Quicken Loans Inc.'s UPS Account # is 4RR774, in case a return label is not included.

Respectfully,

M. Desmond

Melissa Desmond
Operations Director, Subordination Team
Quicken Loans Inc.
1050 Woodward Ave
Detroit, MI 48226-1906

3113363162





RE: [Not Virus Scanned] [WARNING : MESSAGE ENCRYPTED] RE: Lien Subordination Request - Carolyn Stokes
 Aaron, Kathy
 to:
 Barbara.Bellamy@chandleraz.gov
 05/05/2015 02:04 PM
 Cc:
 "Davis, Beyanka"
 Hide Details
 From: "Aaron, Kathy" <KathyAaron@quickenloans.com>
 To: "Barbara.Bellamy@chandleraz.gov" <Barbara.Bellamy@chandleraz.gov>
 Cc: "Davis, Beyanka" <BeyankaDavis@quickenloans.com>

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NO CASH OUT STATEMENT

May 5, 2015

Carolyn Stokes
 2910 N. Nebraska St
 Chandler, AZ 85225

To Whom It May Concern:

This letter is to inform you the client Carolyn Stokes is currently pursuing a No Cash Out refinance with Quicken Loans. If additional information is required please feel free to contact me. Thank you for your assistance.



Quicken Loans®

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Kathy Aaron | Vendor Analyst
 Direct: (313) 782-9241 | Toll Free: (800) 226-6308 x29241
 Fax: (855) 856-6543

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From: Barbara.Bellamy@chandleraz.gov [mailto:Barbara.Bellamy@chandleraz.gov]
Sent: Tuesday, May 05, 2015 3:19 PM
To: Aaron, Kathy
Cc: Davis, Beyanka
Subject: Re: [Not Virus Scanned] [WARNING : MESSAGE ENCRYPTED] RE: Lien Subordination Request - Carolyn