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JUL 09 2015

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Chandler All-America City 2010

MEMORANDUM NEIGHBORHOOD RESOURCES - COUNCIL MEMO NO. CNS15-123

DATE: JUNE 25, 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 MODERATE REHABILITATION PROGRAM LIEN ON PROJECT NUMBER RH07-0001 LOCATED AT 1858 W. CALLE DEL NORTE IN THE AMOUNT OF $31,286.05

RECOMMENDATION: Staff recommends that the City Council authorize the subordination of the Moderate Rehabilitation Program lien on Project Number RH07-0001, located at 1858 W. Calle Del Norte in the amount of $31,286.05

BACKGROUND AND DISCUSSION: In 2007, the owner of a single-family, owner-occupied home located at 1858 W. Calle Del Norte, received a $31,286.05 loan through the City's Moderate Rehabilitation Program. The City's lien against the property is for $31,286.05. The City's loan is a 15-year forgivable loan, secured by a Deed of Trust recorded as a lien against the home, with the balance to be forgiven in 2022.

The owner is requesting to refinance the home to lower the interest rate. The new loan of $142,597.00 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 2022.

PROPOSED MOTION: Move to approve the authorization to subordinate the Moderate Rehabilitation Program lien on the property located at 1858 W. Calle Del Norte in the amount of $31,286.05.

Attachment A: Subordination Agreement
Attachment B: Letter from VIP Mortgage Inc.

June 15, 2015

Re: Carol Phelps
1858 W Calle Del Norte
Chandler, AZ 85224

Subordination Summary

To Whom It May Concern,

The homeowner has requested our services to refinance the existing mortgages for the purpose of changing the interest rate and term of the mortgage without advancing any cash out from the new proposed loan.

Our proposed 30-year fixed term loan will be paying off a Wells Fargo Mortgage that is scheduled to increase 1.00% to an interest rate of 4.75% on 9/1/2015. In addition, the loan will be paying off a Wells Fargo Home Equity Mortgage that has a variable rate that varies based on the prime rate. The account has no available credit to draw and is closed from any further activity.

Current Obligations:
-Wells Fargo Mortgage $123,889 est. balance ($1005.54 est. PITI on 10/1/2015)
-Wells Fargo HELOC $12,467 est. balance ($61.18 minimum payment)

The refinance will be beneficial for the homeowner in securing a fixed rate, term, and also provide a lower monthly mortgage payment that will increase affordability.

Please let us know if you need any additional information.

Thank you for your time and consideration.

Sincerely,

TY NGUYEN
Mortgage Banker, MBA
(480) 553-8486 Direct
(480) 365-0393 E-Fax
Ty@vipmtginc.com

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 June 2015, Carol Phelps, an unmarried woman,

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, Carol Phelps executed a Deed of Trust dated March 20, 2007 City of Chandler (Moderate Rehabilitation Program) as Trustee, covering:

LOT 262, KNOELL EAST UNIT 7, according to Book 249 of Maps, Page 41, records of Maricopa County, Arizona

to secure a Note in the sum of $31,286.05, dated March 20, 2007 in favor of City of Chandler, which Deed of Trust was recorded April 05, 2007 in Instrument No. 2007-0400284A of said County; and

WHEREAS, Owner has executed, or is about to execute, a Deed of Trust and Note in the sum of $142,597.00 in June 2015 in favor of V.I.P. Mortgage,

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:

KSM

_____

City of Chandler

OWNER:

_____

Carol Phelps

(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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My Commission Expires: Notary Public