

#21

SEP - 6 2007



**Chandler · Arizona**  
*Where Values Make The Difference*

**MEMORANDUM                      Planning and Development - Council Memo No. RS07-0013**

**DATE:**            August 22, 2007

**TO:**                MAYOR AND COUNCIL

**THRU:**    ✓ W. MARK PENTZ, CITY MANAGER <sup>RPD</sup>  
                 DOUG BALLARD, PLANNING AND DEVELOPMENT DIRECTOR  
                 JEFF KURTZ, ASSISTANT PLANNING & DEVELOPMENT DIRECTOR  
                 PAT TYRRELL, COMMUNITY DEVELOPMENT COORDINATOR

**FROM:**            TRESA MCDONALD, HOUSING REHABILITATION COORDINATOR <sup>(M)</sup>

**SUBJECT:**    REQUEST FOR THE AUTHORIZATION TO SUBORDINATE THE  
                 HOUSING REHABILITATION LIEN ON PROJECT #RH07-0006 LOCATED  
                 AT 599 N. COMANCHE DR. IN THE AMOUNT OF \$74,510.55

RECOMMENDATION: Staff recommends that the City Council authorize the subordination of the Housing Rehabilitation lien on the property located at 599 N. Comanche Dr.

BACKGROUND AND DISCUSSION: The single family, owner-occupied home located at 599 N. Comanche Dr. was rehabilitated under the City of Chandler's Housing Rehabilitation Program in 2007. The City has placed a lien against the property for \$74,510.55. This lien is in the form of a 15-year forgivable loan, whereby the balance is forgiven at the end of the term of the loan. The balance of \$74,510.55 will be forgiven in 2022 per the original loan agreement.

The owner is now requesting a refinance in order to lower her interest rate and is not receiving any cash out. The new loan is for \$107,000.00 In order to obtain the loan, a subordination of the City's lien is required by the lending institution.

FINANCIAL IMPLICATIONS: The City's lien is currently in second position and would remain in second position after the new loan. The City's lien will not be released until the term of affordability expires in 2022. The property is currently valued at approximately \$206,000, which is more than the combined encumbrances of the City's lien and the new first mortgage.

PROPOSED MOTION: Move to approve the authorization to subordinate the Housing Rehabilitation lien on Project # RH07-0006, located at 599 N. Comanche Dr.

**Countrywide Home Loans  
2505 W Chandler Blvd, Bldg D  
Chandler, AZ. 85224**

**August 15, 2007**

**RE: Becky Hughes  
599 N. Comanche Dr  
Chandler, AZ. 85224**

**To Whom it may concern,**

**The purpose of Becky Hughes refinance is to lower the interest rate of her current mortgage borrower is not getting cash out from refinance property appraised value was \$191,000. Please feel free to contact me if you have any further questions.**

**Thank you,  
Erika Garcia  
Direct # 480-224-5546  
Fax # 480-224-6378**

08/14/2007

City of Chandler Community Development  
PO Box 4008  
Chandler, AZ 85244-4008

To Whom It May Concern:

Enclosed please find a request for subordination for the following account:

Borrower: BECKY HUGHES  
Account #: RH-7-0006  
Recorded: Maricopa County, 05/18/2007  
Address: 599 N COMANCHE DR, CHANDLER, AZ 85224-4330

C.W. FULL SPECTRUM LENDING has pre-approved the finance of the above mentioned borrower(s) for the property listed above in the amount of \$107,000.00.

Enclosed are:

Subordination agreement  
Copy of appraisal, first 2 pages  
Copy of the Preliminary Title  
New rate approval sheet  
Check for \$ processing fee

It is necessary that the junior lien you hold on this property be subordinated to facilitate a loan closing for our mutual customer. Please call or fax me as soon as the subordination is approved, and return original to my attention.

**To overnight the original subordination to me, please use UPS account # E18489.**

Please return the completed original request to Melissa Manos, ServiceLink, 4000 Industrial Boulevard, Aliquippa, PA 15001. Phone 800-439-5451, ext. 7054

Thank you,

Melissa Manos

RECORDING REQUESTED BY:  
ServiceLink

WHEN RECORDED MAIL TO:  
City of Chandler Community Development  
PO Box 4008  
Chandler, AZ 85244-4008

### **SUBORDINATION OF MORTGAGE**

**FROM** City of Chandler Community Development, with its primary office address at PO Box 4008 Chandler, AZ 85244-4008 (hereinafter called "Mortgagee")

**TO** C.W. FULL SPECTRUM LENDING, with its primary office address at 2505 W CHANDLER BLVD, REGION 629 BR 6225, CHANDLER, AZ 85224-4921 (hereinafter called "Lender")

Whereas, Mortgagee is the holder of a valid mortgage granted to Becky J Hughes (hereinafter called "Owner") covering certain real property owned by Owner and located at 599 N COMANCHE DR, CHANDLER, AZ 85224-4330, more fully described on Exhibit "A" hereto and incorporated herein (hereinafter called "Property") which mortgage secured a note dated 04/18/2007 in favor of City of Chandler Community Development in the original principal sum of \$720.00 which recorded on 05/18/2007 in the MARICOPA County Recorders Office, at Document# 2007-0581544, (hereinafter the "prior mortgage"); and

WHEREAS, Owner has executed, or is about to execute a mortgage (hereinafter referred to as "Lender's Security Instrument") and note not to exceed the sum of \$107,000.00, dated , in favor of Lender, payable with interest and upon the terms and conditions described therein, which Lender's Security Instrument is to be recorded concurrently herewith; and

Whereas, the MORTGAGEE has agreed to subordinate the PRIOR MORTGAGE to LENDER'S MORTGAGE.

NOW, THEREFORE, INTENDING TO BE LEGALLY BOUND and in consideration of \$

1. Subordination of Lien: The MORTGAGEE hereby subordinates the PRIOR MORTGAGE and its lien position in and on the PROPERTY to the LENDER'S Mortgage and the lien thereof, as if the LENDER'S Mortgage has been recorded first in time to the PRIOR MORTGAGE and so that all public records will reflect LENDER'S Mortgage superior in lien to the PRIOR MORTGAGE.

2. This subordination shall be binding upon and insure to the benefit of the respective heirs, successors and assigns of MORTGAGE and LENDER.

WITNESS this the \_\_\_\_\_ day of \_\_\_\_\_, 2007

ATTEST:

\_\_\_\_\_  
Name of Corporation  
\_\_\_\_\_  
Print Name  
\_\_\_\_\_  
Title

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

On this the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me, the undersigned officer of the state and county mentioned, personally appeared \_\_\_\_\_, with whom I am personally acquainted (proven to me on the basis of satisfactory evidence), and who further acknowledged that \_\_\_\_\_ is the \_\_\_\_\_ (title) of the maker or constituent of the maker and is authorized by the maker or its constituent, the constituent being authorized by the maker, to execute this instrument on behalf of the maker.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

\_\_\_\_\_  
NOTARY PUBLIC

My Commission expires: \_\_\_\_\_

**Exhibit "A"**  
**Legal Description**

The following real property located in Maricopa County, Arizona:

Lot 129, CENTRAL ESTATES UNIT 4, a subdivision recorded in Book 160 of Maps, Page 2, records of Maricopa County, Arizona.

Tax ID: 302-48-521

**Schedule A**

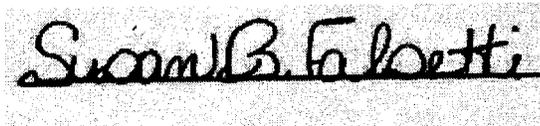
1. Commitment Effective Date: 07/06/2007
2. Policy (or Policies) to be issued:

	Amount
(a) Owner's Policy	\$0.00
 (b) Loan Policy	 \$107,000.00
Proposed Insured: Countrywide Financial Corporation, its successors and/or assigns as their interest may appear	
3. Fee Simple interest in the land described in this Commitment is owned, at the Commitment Date, by:

Becky J Hughes
4. The land referred to in this Commitment is described as follows:

**See Exhibit A attached hereto and made a part hereof**  
Tax ID: 302-48-521

ServiceLink, a division of Chicago Title Insurance Company



Valid only if Schedule B and Cover  
are attached  
1443904 - 1

**Schedule B - Section I  
Requirements**

1. Documents satisfactory to the Company, creating the estate or interest to be insured must be executed and duly filed for record.
2. Properly drafted and executed owner's affidavit from Becky J Hughes, and spouse(s), if any.
3. Payment to or for the account of the grantors or mortgagors of the full consideration for the estate or interest, mortgage or lien to be issued.
4. Furnish proof of payment of all bills for labor and material furnished or to be furnished in connection with improvements erected or to be erected.
5. The Company requires the payment of all taxes and assessments and any penalties and interest, due and payable at closing.
6. Properly drafted and executed owner's affidavit from Becky J Hughes, and spouse(s), if any.
7. The Company must be notified of all parties being added to title, prior to the loan closing. A judgment search must be completed for any parties being added to title. The Company reserves the right to add additional requirements and/or exceptions as may be deemed necessary, upon review of the judgment search.
8. Record instruments conveying or encumbering the estate or interest to be insured, briefly described:

Properly drafted and executed Mortgage from Becky J Hughes and spouse(s), if any, to Countrywide Financial Corporation, securing a lien in the amount of \$107,000.00.  
NOTE: Marital status must be stated on the Mortgage Document.

ANY DEED PREPARED IN CONNECTION WITH THIS TRANSACTION MUST INCLUDE THE RELATIONSHIP OF GRANTOR AND GRANTEE IN ORDER TO DETERMINE THE APPLICABILITY OF TRANSFER TAXES, IF ANY.

9. Payoff of Deed of Trust Dated 04/26/2004, Recorded 04/30/2004 in the office of the Recorder of MARICOPA County, Arizona, in Document No. 20040477993, executed by Becky J Hughes to Aames Funding Coporation DBA Aames Home Loan, which states that it secured a debt in the principal sum of \$97,500.00. Assigned to Deutsche Bank National Trust Company, Trustee on Behalf of the Certificateholders of Morgan Stanley ABS Capital I Inc. Trust 2004-HE7 in Document No. 20060095439, Recorded 01/23/2006. Substitution of Trustee as set forth in Document No. 20060095440, Recorded 01/23/2006 appointing ReconTrust Company, NA. Notice of Trustee's Sale as set forth in Document No. 20060095441, Recorded 01/23/2006. Trustee: Psp/Ttd as Agent for Fidelity National Title.

**Schedule B - Section I  
Requirements**

10. Payoff of Deed of Trust Dated 03/26/2007, Recorded 04/09/2007 in the office of the Recorder of MARICOPA County, Arizona, in Document No. 2007-0412680, executed by Becky J Hughes to City of Chandler Housing Rehabilitation Program, which states that it secured a debt in the principal sum of \$73,790.55. Trustee: Glenn A. Brockman, Assistant Chandler City Attorney and a member of the State Bar of Arizona.
11. Payoff of Deed of Trust Dated 04/18/2007, Recorded 05/18/2007 in the office of the Recorder of MARICOPA County, Arizona, in Document No. 2007-0581544, executed by Becky J Hughes to City of Chandler Housing Rehabilitation Program, which states that it secured a debt in the principal sum of \$720.00. Trustee: Glenn A. Brockman, Assistant Chandler City Attorney and a member of the State Bar of Arizona.

**Schedule B - Section II  
Exceptions**

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the company:

1. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed insured acquires for value of record the estate or interest or mortgage thereon covered by this report.
2. Any taxes or assessments, not yet due or payable.
3. Any discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments or any overlapping improvements or other boundary or location disputes (can be eliminated or amended in mortgagee's policy upon proper evidence being furnished).
4. Rights or claims of parties in possession, and not of record in the public records, or right to a lien, for services, labor or material heretofore or hereafter furnished.  
NOTE: Upon receipt of a satisfactory Owner's Affidavit, this exception will be deleted.
5. Restrictive covenants affecting the property described in Schedule A.
6. Any roadway or easement, similar or dissimilar, on or under, over or across said property, or any part thereof and not of record in said records.
7. 2006 1st Half County Taxes are Paid in the amount of \$417.53. Taxes accruing in the current year. Tax ID 302-48-521. NOTE: CONTACT LOCAL TAX AUTHORITIES FOR EXACT AMOUNTS DUE, PRIOR TO LOAN CLOSING.
8. 2006 2nd Half County Taxes are Paid in the amount of \$417.53. Taxes accruing in the current year. Tax ID 302-48-521. NOTE: CONTACT LOCAL TAX AUTHORITIES FOR EXACT AMOUNTS DUE, PRIOR TO LOAN CLOSING.
9. Subject to Deed of Trust Dated 04/26/2004, Recorded 04/30/2004 in the office of the Recorder of MARICOPA County, Arizona, in Document No. 20040477993, executed by Becky J Hughes to Aames Funding Coporation DBA Aames Home Loan, which states that it secured a debt in the principal sum of \$97,500.00. Assigned to Deutsche Bank National Trust Company, Trustee on Behalf of the Certificateholders of Morgan Stanley ABS Capital I Inc. Trust 2004-HE7 in Document No. 20060095439, Recorded 01/23/2006. Substitution of Trustee as set forth in Document No. 20060095440, Recorded 01/23/2006 appointing ReconTrust Company, NA. Notice of Trustee's Sale as set forth in Document No. 20060095441, Recorded 01/23/2006. Trustee: Psp/Ttd as Agent for Fidelity National Title.
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**Schedule B - Section II**  
**Exceptions**

11. Subject to Deed of Trust Dated 04/18/2007, Recorded 05/18/2007 in the office of the Recorder of MARICOPA County, Arizona, in Document No. 2007-0581544, executed by Becky J Hughes to City of Chandler Housing Rehabilitation Program, which states that it secured a debt in the principal sum of \$720.00. Trustee: Glenn A. Brockman, Assistant Chandler City Attorney and a member of the State Bar of Arizona.

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Lot 129, CENTRAL ESTATES UNIT 4, a subdivision recorded in Book 160 of Maps, Page 2, records of Maricopa County, Arizona.

Tax ID: 302-48-521

# INVOICE

Invoice Date: 07/17/2007

Client Name: FULL SPECTRUM LENDING (CHANDLER)  
Contact Name: Lorena Garcia  
Loan No: 177212465

Order No:1443904-1

Loan Amount: \$107,000.00

Closing Date:

Customer Name: BECKY HUGHES  
Property Address: 599 N COMANCHE DR, CHANDLER, AZ 85224-4330  
Property County: MARICOPA

HUD Line Item	Description	Amount
1101	SCF - SETTLEMENT OR CLOSING FEE	\$650.00
1108	LPY - LENDERS POLICY	\$884.40
1111	E81 - ALTA 8.1-ENVIRONMENTAL	\$50.00
1111	EA9 - ALTA 9-RESTRICTIONS	\$0.00
1111	ESC - ALTA SURVEY COVERAGE	\$100.00
1111	EVR - ALTA 6-VARIABLE RATE	\$50.00

**Invoice Total: \$1,734.40**

This is a preliminary rate quote for the stated loan amount. If the loan amount changes or additional endorsements are required, please contact ServiceLink for a revised quote.

### Wire Instructions:

**Account Name:** CHICAGO TITLE INSURANCE CO, ServiceLink Division  
**Bank Name:** WELLS FARGO BANK,N.A - OTHER  
**Account No:** 4121317762  
**Bank Address:** 420 Montgomery St

San Francisco, CA 94104

**ABA Routing No:** 121000248

**If you require further information or have any questions please call  
MELISSA MANOS**