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MEMORANDUM

Planning and Development - Council Memo No. RS07-15

DATE: November 27, 2007

TO: MAYOR AND COUNCIL

THRU: W. MARK PENTZ, CITY MANAGER
DOUG BALLARD, PLANNING AND DEVELOPMENT DIRECTOR
JEFF KURTZ, ASSISTANT PLANNING & DEVELOPMENT DIRECTOR
PAT TYRRELL, COMMUNITY DEVELOPMENT COORDINATOR

FROM: TRESA MOSHER, HOUSING REHABILITATION COORDINATOR

SUBJECT: REQUEST FOR THE AUTHORIZATION TO SUBORDINATE THE DOWN PAYMENT ASSISTANCE LIEN ON THE PROJECT LOCATED AT 809 W. MONTEREY ST. IN THE AMOUNT OF \$5,245.00

RECOMMENDATION: Staff recommends that the City Council authorize the subordination of the Housing Rehabilitation lien on the property located at 809 W. Monterey St.

BACKGROUND AND DISCUSSION: The single family, owner-occupied home located at 809 W. Monterey St. was a down payment assistance under the City of Chandler's Housing Down Payment Assistance Program in 2000. The City has placed a lien against the property for \$5,245.00. This lien is in the form of a 10-year forgivable loan, The loan will be forgiven in 2010 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 \$95,231.00. 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 2010. The property is currently valued at approximately \$189,000.00 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 Down Payment Assistance lien on Property located at 809 W. Monterey St.

November 15, 2007

City Of Chandler
Attention: Pam - Community Development
265 E. Buffalo St
Chandler,AZ. 85225

Borrower: Moises Lopez
Social Security 616-10-1576

Bank of America, N.A. is processing a streamline, (no cash out), refinance for the above referenced borrower. This request for your signature on the enclosed subordination agreement is so Bank of America, N.A. can remain in the first lien position. We are the 1st lien holder of record and during the refinance process determined that a secondary lien against the property is held by City Of Chandler

If you have any questions, please feel free to contact the LSI subordination dept.by phone @ 1-800-756-3524 X 5611 or by fax @ 1-949-442-2242

Sincerely,
Ahmad Shurdim

B of A Loan # ELS 3955159

Bank of America
Pre Closing Department

Loan Transmittal Summary

B of A Loan # ELS 3955159
Borrower: Moises Lopez
Property Address:
809 W. Monterey St
, AZ 85225

Original (old) First Mortgage information:

Original Lender:	Bank of America
Original amount of (existing) first mortgage	\$99,655.00
Current balance of (existing) first mortgage	\$92,458.00
Payment amount of (existing) first mortgage (P&I)	\$943.00
Interest rate cap (if ARM loan)	N/A

New first mortgage information:

New Lender:	Bank of America
Loan type (fixed, ARM, etc...)	FIXED RATE
Amount of new first mortgage	\$95,231.00
Interest Rate of new first mortgage	6.750%
Interest rate cap (if ARM loan)	N/A
New first mortgage monthly payment	\$617.00
Closing Cost	No Fee Loan
Term	360

Loan to Value Information

Current Value (AVM or Comparables):	Streamline, no cash out (appraisal not required)
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Phone (800) 756-3524 Ext: 5611

Fax: (949) 442-3580

RECORDING REQUESTED BY :

WHEN RECORDED RETURN TO :

Custom Recording Solutions

2550 North Redhill Ave.

Santa Ana, CA 92705

800-756-3524 Ext. 5011

SUBORDINATION AGREEMENT

New Loan #: 5666873

This Subordination Agreement is dated for reference 11/15/2007 and is between

CITY OF CHANDLER whose

principal address is 265 E. BUFFALO ST, CHANDLER, AZ 85225

(called "Junior Lender") and

New Senior Lender's

Name : BANK OF AMERICA - STREAMLINE

Senior Lender's

Address : 1831 CHESTNUT ST, SAINT LOUIS, MO 63103

(called "New Senior Lender")

RECITALS

A. Junior Lender is the vested holder and owner of the following described promissory note (the "Note") secured by a mortgage or deed of trust (the "Security Instrument"):

Date of Note and Security Instrument : 9/14/2000

Borrower(s) Name(s) ("Borrowers") : MOISES LOPEZ and TERESA SANCHEZ

Property Address: 809 MONTEREY ST, CHANDLER, AZ 85225

Legal Description of real property secured by Security Instrument ("Property") :

See Exhibit A (Attached)

Recording Date : 9/27/2000

County : MARICOPA

Amount : \$5,245.00

Recording Number : 2000-0738177

Book :

Page :

B. Borrowers, as current owners of the Property, wish to replace their current first priority mortgage loan on the Property with a new first priority mortgage loan secured by the Property from New Senior Lender in the original principal sum of \$95,231.00

Date:

(the "New Senior Security Instrument").

New Senior Lender will not provide this financing without an agreement by Junior Lender to subordinate its lien/security interest in the Property to the new interest of New Senior Lender.

In consideration of the benefits to Junior Lender from the new financing on the Property provided by New Senior Lender, Junior Lender agrees and declares as follows:

1. Subordination to New Senior Security Instrument

Junior Lender agrees that upon recordation of the New Senior Security Instrument, Junior Lender's lien/security interest in the Property shall be unconditionally and forever inferior, junior and subordinate in all respects to the lien/security interest of Senior Mortgagee's New Senior Security Instrument and all obligations it secures. Junior Mortgagee irrevocably consents to and approves all provisions of the New Senior Security Instrument and the terms of the obligations it secures.

2. No Subordination to Other Matters.

Junior Lender is subordinating its lien/security interest to the New Security Instrument only, and not to other or future liens or security interests in the Property. Junior Lender has no obligation to consent to future requests for subordination of its lien/security interest.

3. No Waiver of Notice.

By subordinating its lien/security instrument, Junior Lender is not waiving any rights it may have under the laws of the State where the Property is located, or Federal law, to notice of defaults or other notices or rights conferred by law to junior lienholders and mortgagees.

4. Successors and Assigns.

This Agreement shall be binding upon and be for the benefit of any successor or assignee of the New Security Instrument or any successor of either of the parties.

5. Governing Law.

This Agreement shall be governed by the law of the State where the Property is located.

6. Reliance.

This Agreement can be relied upon by all persons having an interest in the Property or the New Senior Security Instrument.

7. Entire Agreement; Amendments.

This Agreement represents the entire and complete agreement between Junior Lender and Senior Lender. Any waiver, modification or novation of this Agreement must be in writing, executed by New Senior Lender (or its successors or assigns) and Junior Lender (or its successors or assigns) and, if this Agreement was recorded in the real estate records of the government entity in which the Property is located, recorded in such real estate records, to be enforceable.

8. Acceptance.

New Senior Lender shall be deemed to have accepted and agreed to the terms of this Agreement by recordation of this Agreement at or about the time New Senior Security Instrument is recorded. This Agreement shall be void if not recorded within 90 days of the reference date first written above.

JUNIOR LENDER: CITY OF CHANDLER

BY: _____

NAME : _____

TITLE : _____

STATE OF _____

COUNTY OF _____

On _____ before

Me, _____

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 acknowledge 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.

Signature of Notary Public

EXHIBIT "A"

The land referred to in this policy is situated in the State of AZ, County of MARICOPA, City of CHANDLER and described as follows:

Lot 2, Sunnycrest Subdivision Unit One, according to Book 106 of Maps, Page 44, records of Maricopa County, Arizona.

Purported address is 809 W Monterey St Chandler, AZ 85225

APN 30249006 8