



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

#25  
JUL 31 2008

**MEMORANDUM**

**Neighborhood Resources - Council Memo No. NR08-20**

**DATE:** July 31, 2008

**TO:** MAYOR AND COUNCIL

**THRU:** W. MARK PENTZ, CITY MANAGER *WMP*  
JUDITH REGISTER, NEIGHBORHOOD RESOURCES DIRECTOR *JR*

**FROM:** PAM LARGE, ASSISTANT COMMUNITY DEVELOPMENT  
COORDINATOR *PL*

**SUBJECT:** REQUEST FOR THE AUTHORIZATION TO SUBORDINATE THE DOWN  
PAYMENT ASSISTANCE LIEN ON THE PROPERTY LOCATED AT 642 W.  
DUBLIN ST. IN THE AMOUNT OF \$5,650.00

RECOMMENDATION: Staff recommends that City Council authorize the subordination of the Down Payment Assistance lien on the property located at 642 W. Dublin St.

BACKGROUND AND DISCUSSION: The single family, owner-occupied home located at 642 W. Dublin St. was a recipient of the City of Chandler's Down Payment Assistance Program in 2000. The City has placed a lien against the property for \$5,650.00. This lien is in the form of a 10-year forgivable loan; the loan will be forgiven on August 30, 2010, per the original loan agreement.

The owner is now requesting a refinance in order to lower their interest rate and is not receiving any cash out. The new loan is for \$148,200.00. 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 \$183,000.00, 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 642 W. Dublin St.

Recorded at the request of:  
SECURITY TITLE AGENCY, INC.

When recorded, mail to:  
City of Chandler Neighborhood Resources Division  
PO Box 4008 MS 600  
Chandler, AZ 85224-4008

ESCROW NO. 66-66-82722-TR

## SUBORDINATION AGREEMENT

**NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.**

THIS AGREEMENT, is made **June 10, 2008** between Luis Acevedo and Rosa Acevedo, owner of the land hereinafter described ("Owner") and City of Chandler, An Arizona Municipal Corporation, present owner and holder of the Deed of Trust and Note described below ("Beneficiary").

### BACKGROUND

A. Luis Acevedo and Rosa Acevedo did execute a Deed of Trust dated **August 30, 2000** to Glenn A. Brockman, Assistant Chandler City Attorney and Member of State Bar of Arizona, MS No. 602 as Trustee, covering:

Lot 53, Thunderbird Park Plat Two, according to Book 85 of Maps, Page 26, records of Maricopa County, Arizona.

to secure a note in the sum of **\$5,650.00**, dated **August 30, 2000**, in favor of City of Chandler, An Arizona Municipal Corporation which Deed of Trust was recorded **September 13, 2000** in Document No. **2000-703409** Official Records of Maricopa County, Arizona ("Subordinate Deed of Trust").

B. Owner has executed, or is about to execute, a Deed of Trust and Note in the sum of **\$148,200.00** dated **June 10, 2008**, in favor of **Wells Fargo Bank, NA** ("Lender"), payable with interest and upon the terms and conditions described therein, which Deed of Trust is **to be recorded concurrently herewith** ("Lender Deed of Trust").

C. It is a condition precedent to obtaining the loan secured by Lender Deed of Trust that the Lender Deed of Trust shall unconditionally be and remain at all times a lien or charge upon the Property, prior and superior to the lien or charge of the Subordinate Deed of Trust.

D. Lender is willing to make the loan provided the Lender Deed of Trust is a lien or charge upon the Property prior and superior to the lien or charge of the Subordinate Deed of Trust and provided that Beneficiary will specifically and unconditionally subordinate the lien or charge of the Subordinate Deed of Trust to the lien or charge of the Lender Deed of Trust.

E. It is to the mutual benefit of the parties hereto that Lender make such loan to Owner; and Beneficiary is willing that the Lender Deed of Trust shall, when recorded, constitute a lien or charge upon the Property that is unconditionally prior and superior to the lien or charge of the Subordinate Deed of Trust.

### AGREEMENT

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:

Subordination Agreement (04/04)

(1) That the Lender Deed of Trust, and any renewal and extensions thereof, shall unconditionally be and remain at all times a lien or charge on the Property, prior and superior to the lien or charge of the Subordinate Deed of Trust.

(2) That Lender would not make its loan described above without this subordination agreement, and

(3) That this subordinate agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the Subordinate Deed of Trust to the lien or charge of the Lender Deed of Trust and shall supersede and cancel, but only insofar as would affect the priority between the Lender and Subordinate Deeds of Trust, any prior agreements as to such subordination, including, but not limited to, those provisions, if any, contained in the Subordinate Deed of Trust, which provide 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) Beneficiary consents to and approves (i) all provisions of the Note in favor of Lender and Lender Deed of Trust, 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, in 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) Beneficiary intentionally and unconditionally waives, relinquishes and subordinates the lien or charge of the Subordinate Deed of Trust in favor of the lien or charge upon the Property of the Lender Deed of Trust, understands that in reliance upon, and in consideration of, this waiver, relinquishment and subordination, specific loans and advances are being and will be made, and 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, and subordination.

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN, ALL OR A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENTS OF THE PROPERTY.

BENEFICIARY:

\_\_\_\_\_  
\_\_\_\_\_

OWNER:

\_\_\_\_\_  
Luis Acevedo  
\_\_\_\_\_  
Rosa Acevedo

APPROVED AS TO FORM

  
\_\_\_\_\_  
CITY ATTORNEY

STATE OF ARIZONA

COUNTY OF MARICOPA

This instrument was acknowledged and executed before me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_  
by \_\_\_\_\_

\_\_\_\_\_  
Notary Public

STATE OF ARIZONA

COUNTY OF MARICOPA

This instrument was acknowledged and executed before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_  
by \_\_\_\_\_

\_\_\_\_\_  
Notary Public



**SECURITY**  
TITLE AGENCY

3100 W. Ray Road, Ste. 143  
Chandler, Arizona 85226  
Phone: (480) 838-8788  
Fax: (480) 897-9431

June 10, 2008

City of Chandler Housing and Redevelopment Division  
Attn: Pam Large  
PO Box 4008 MS 101  
Chandler, AZ 85224-4008

Dear Pam,

In regards to the subordination agreement needed for Luis and Rosa Acevedo they are doing a straight refinance with no cash back.

If you have any questions please feel free to contact me at 480-838-8788.

Thank you,

A handwritten signature in black ink, appearing to read 'Tenya Ross', is written over the typed name.

Tenya Ross  
Escrow Officer