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OCT 22 2009



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MEMORANDUM

NEIGHBORHOOD RESOURCES DIVISION - Council Memo No. NR09-038

DATE: OCTOBER 09, 2009

TO: MAYOR AND COUNCIL

THRU: W. MARK PENTZ, CITY MANAGER *WP*
RICH DLUGAS, ASSISTANT CITY MANAGER *RD*
JUDITH REGISTER, NEIGHBORHOOD RESOURCES DIRECTOR *JR*

FROM: PAM LARGE, COMMUNITY DEVELOPMENT ASSISTANT *PL*

SUBJECT: REQUEST FOR THE AUTHORIZATION TO SUBORDINATE THE HOUSING REHABILITATION LIEN ON PROJECT #RH07-0039 LOCATED AT 1614 W. CURRY DRIVE IN THE AMOUNT OF \$9,414.47

RECOMMENDATION: Staff recommends that City Council authorize the subordination of the Housing Rehabilitation lien on the property located at 1614 W. Curry Drive.

BACKGROUND AND DISCUSSION: The single-family, owner-occupied home located at 1614 W. Curry Drive was a recipient of the City of Chandler's Housing Rehabilitation Program in 2007. The City has placed a lien against the property for \$9,414.47. This lien is in the form of a 7-year forgivable loan, whereby the balance is forgiven at the end of the term of the loan. The balance of \$9,414.47, will be forgiven in 2014, per the original loan agreement.

The owner is now requesting a refinance in order to lower their interest rate and is paying off medical bills due to a physical disability. The owner is receiving no cash out for escrow purposes. The new loan is for \$22,000.00. 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 third position and will remain in third position after the new loan. The City's lien will not be released until the term of affordability expires in 2014. The property is currently valued at approximately \$132,000.00, which is more than the combined encumbrances of the City's lien and the new second mortgage.

PROPOSED MOTION: Move to approve the authorization to subordinate the Housing Rehabilitation lien on Project RH07-0039, located at 1614 W. Curry Drive.



FAX

TO:	Pam Large	FROM:	Jason Dooley
FAX:	480-782-4350	FAX:	480-855-6105
PHONE:	480-782-4354	PHONE:	602-716-8964
PAGES:	3(Inc cover)	DATE:	October 1, 2009

RE:

Jason Dooley
 Consumer Lender
 TCF Bank
 Office 602-716-8964
 Fax 480-855-6105
 Email jdooley@tcfbank.com
 Website www.tcfbank.com



Request for Subordination

October 1, 2009

Pam,

I am sending this letter in request for subordination of the Housing Rehabilitation Program lien on title for:

Nancy McGlone
1614 West Curry Dr
Chandler, AZ 85224

We will be refinancing her 2nd mortgage currently with JPMorgan Chase Bank for a lower rate, and no cash out. Her current rate with Chase is 8.65%, and we will refinance for \$22,000 @ 5.29%.

Thank you,

A handwritten signature in black ink, appearing to read "Jason Dooley". The signature is stylized and somewhat cursive.

Jason Dooley
Consumer Lender
TCF Bank of Arizona

1990 E Ray Road Chandler, AZ 85225 (O) 602.716.8964 (F) 480.855.6105

Subordination Agreement

WHEREAS, under date of October 18, 2007 a mortgage was given by The City of Chandler (Housing Rehabilitation Program), to Nancy McGlone and Patrick F. McGlone, the mortgage was recorded on the 24th day of October, 2007 in Page 20071151000 in the Public Records of County of Maricopa, State of Arizona, in the amount of \$9,414.47.

As described in Mortgage as:

LOT THREE HUNDRED THIRTEEN (313) WOODGLEN UNIT SIX, ACCORDING TO THE PLAT OF RECORD IN THE OFFICE OF THE COUNTY RECORDER OF MARICOPA COUNTY, ARIZONA, IN BOOK 253 OF MAPS, PAGE 37

WHEREAS, TCF Bank has agreed to make a mortgage loan to Nancy T. McGlone and Patrick F. McGlone in the amount of \$ \$22,000.00 which mortgage shall be for a term of years, and provide for interest at the rate of 5.29 per cent per annual, herein after called "New Second Mortgage" covering the property above described, provided the mortgage first described is subordinated to it.

WHEREAS, The City of Chandler (Housing Rehabilitation Program) has agreed to make a Subordination agreement, on the mortgage in the amount of \$9,414.47, which was recorded October 24, 2007 in Page 20071151000, in the public records of Maricopa County, Arizona, herein after called "New Third Mortgage" covering the property above described, provided the mortgage second described is subordinated to it.

WHEREAS, the undersigned, in order to induce the making of the new mortgage loan, and in consideration for the sum of \$ 00, and other good and valuable considerations, desire(s) to subordinate its mortgage to the new mortgages.

NOW, THEREOF, in consideration of the premises, the mortgage first described above is by this instrument subordinated and made inferior to the new mortgage to be given to TCF Bank as described above.

Witness Print:

City of Chandler (Housing Rehabilitation Program)

Witness Print:

State of _____
County of _____

The foregoing instrument was acknowledged before me this _____ day of _____, by _____, who is personally known to me or who produced a drivers license as identification and did not take an oath.

NOTARY

APPROVED AS TO FORM

CITY ATTORNEY *GAB*