



City of Grand Island

Tuesday, August 11, 2020

Council Session

Item G-12

#2020-189 - Approving Subordination Request for 114 Cherokee Avenue

Staff Contact: Amber Alvidrez

Council Agenda Memo

From: Chad Nabity, Regional Planning

Meeting: August 11, 2020

Subject: Approving Subordination Agreement for 114 Cherokee Ave, Grand Island Nebraska

Presenter(s): Chad Nabity, Regional Planning Director

Background

The City Of Grand Island has a Deed of Trust filed on property owned by Tom and Cindy Tjaden located at 114 Cherokee Ave, Grand Island Nebraska in the amount of \$20,000. On September 9, 2013, Community Development Block Grant funds in the amount of \$20,000.00 were loaned to Tom and Cindy Tjaden to assist in the cost of a down payment to obtain the property. The legal description is:

Lot Eight (8), in Block 'A', in Parkview Subdivision, in the City of Grand Island, Hall County, NE

The owner is requesting permission from the City to subordinate to the new Loan amount and accept and remain in second position. The equity in the property is in excess of the lien amounts held by both the City and the bank.

Discussion

A new lien in the amount of \$159,200.00 with Equitable Bank would by law be junior in priority to the City's lien; however, Equitable Bank, has asked the City to subordinate its Deed of Trust to the new Deed of Trust.

The property's appraised value is \$199,000.00 and is sufficient to secure the loan of \$159,200.00 from Equitable Bank, and the City's note of \$20,000.00.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Approve the Subordination Agreement
2. Refer the issue to a Committee

3. Postpone the issue to a later date
4. Take no action on the issue

Recommendation

Community Development Division recommends that the Council approves the Subordination Agreement with Equitable Bank placing the City in the second position to the new Deed of Trust.

Sample Motion

Move to recommend approval of the Subordination Agreement with Equitable Bank, placing the City in the second position to the new Deed of Trust.

Return to City of Grand Island after Recording.

SUBORDINATION AGREEMENT

COMES NOW the City of Grand Island, Nebraska, secured party/beneficiary and hereby partially subordinates its trust deed/real estate lien recorded September 9, 2013, on the following described real estate:

Lot Eight (8), in Block 'A', in Park View Subdivision, in The City of Grand Island, Hall County, Nebraska.

It is the intent of this Agreement that the trust deed for amounts loaned by Equitable Bank to Tom and Cindy Tjaden (Borrower), that was filed **Month Day, Year** as Instrument Number **#####** shall be superior to the trust deed/real estate lien of the City of Grand Island, its successors and assigns recorded Month Day, Year, up to the amount of \$159,200.00 plus interest and amounts advanced to protect the collateral. Thereafter, the City of Grand Island's lien shall have priority. It is further understood that this subordination shall include all current obligations, extensions, renewals, advances or modifications made by the City of Grand Island, Nebraska to Borrowers which is secured by the trust deed/real estate lien recorded September 9, 2013 as Document Number 201307390 in the records of the Register of Deeds of Hall County, Nebraska. Nothing in this Subordination Agreement is intended as a promise to provide financing or make advances to Borrowers by the City of Grand Island, Nebraska and it is not the intention of the City of Grand Island, Nebraska to warrant or guarantee the obligations of Borrowers but merely to partially subordinate its lien interests under the instrument recorded at Document Number 201307390. It is understood that Equitable Bank intends to lend funds to Borrowers but that the subordinated amount is not to exceed \$159,200.00 plus interest and amounts advanced to protect the collateral.

Nothing in this instrument is intended to relieve Borrowers of their obligation to the City of Grand Island, Nebraska or to subordinate any other lien interests including, but not limited to, real estate taxes and special assessments.

Dated: _____

City of Grand Island, Nebraska

By _____
Roger G. Steele, Mayor

STATE OF NEBRASKA)
)ss.
COUNTY OF HALL)

The foregoing instrument was acknowledged before me on _____,
2020, by Roger G. Steele, Mayor of the City of Grand Island, Nebraska.

Notary Public

RESOLUTION 2020-189

WHEREAS, the City of Grand Island, is the lender and secured party of a Deed of Trust dated September 6, 2013 and recorded on September 9, 2013, as Instrument No.0201307390 respectively, in the total amount of \$20,000.00 secured by property located at 114 Cherokee Ave and owned by Tom and Cindy Tjaden, said property being described as follows:

Lot Eight (8), in Block 'A', in Parkview Subdivision, in the City of Grand Island, Hall County, NE

WHEREAS Tom and Cindy Tjaden wishes to execute a Deed of Trust in the amount of \$159,200.00 with Equitable Bank, to be secured by the above-described real estate upon the subordination of the City's Deed of Trust to their lien priority; and

WHEREAS, the value of the above-described real estate is sufficient to adequately secure both loans; and

WHEREAS, the requested subordination of the City's lien priority is in the best interests of all parties.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the Mayor is hereby authorized and directed to execute an agreement subordinating the lien priority of the above described Deeds of Trust Tom and Cindy Tjaden, to the City of Grand Island, as beneficiary to that of the new loan and Deed of Trust of Equitable Bank, Beneficiary, as more particularly set out in the subordination agreement.

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Adopted by the City Council of the City of Grand Island, Nebraska, August 11, 2020

Roger G. Steele, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
August 7, 2020	☐ City Attorney