



City of Grand Island

Tuesday, March 9, 2021

Council Session

Item G-13

#2021-52 - Approving Subordination Request for 209 S. Cherokee Avenue (Betti Dugger)

Staff Contact: Amber Alvidrez

Council Agenda Memo

From: Amber Alvidrez, Community Development

Meeting: March 9, 2021

Subject: Approving Subordination Agreement for 209 Cherokee Ave, Grand Island Nebraska

Presenter(s): Amber Alvidrez, Community Development Administrator

Background

On July 8, 2014 Community Development Block Grant funds in the amount of \$20,000.00 were loaned to Betti Dugger to assist in the cost of a down payment to obtain the property. The legal description is:

Lot Sixteen (16), in Copper Creek 3rd 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 \$108,500.00 with Wells Fargo Bank, N.A. would by law be junior in priority to the City's lien; however, Wells Fargo Bank, N. A., has asked the City to subordinate its Deed of Trust to the new Deed of Trust.

The estimated appraisal value of the property is \$225,000.00

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 Wells Fargo Bank, N.A. placing the City in the second position to the new Deed of Trust.

Sample Motion

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

SUBORDINATION AGREEMENT

COMES NOW the City of Grand Island, Nebraska, secured party/beneficiary and hereby partially subordinates its trust deed/real estate lien recorded July 9, 2014, on the following described real estate:

Lot Sixteen (16), in Copper Creek 3rd 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 Wells Fargo Bank, N.A. to Betti Dugger (Borrower), that was filed **date of new lien** as Instrument Number **###** shall be superior to the trust deed/real estate lien of the City of Grand Island, its successors and assigns recorded **Date of new lien**, up to the amount of \$108,500.00 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 July 9, 2014 as Document Number 201404164 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 201404164. It is understood that Wells Fargo Bank, N.A. intends to lend funds to Borrowers but that the subordinated amount is not to exceed \$108,500.00 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 _____,
2021, by Roger G. Steele, Mayor of the City of Grand Island, Nebraska.

Notary Public

RESOLUTION 2021-52

WHEREAS, the City of Grand Island, is the lender and secured party of a Deed of Trust dated July 8, 2014 and recorded on July 9, 2014, as Instrument No.201404164 respectively, in the total amount of \$20,000.00 secured by property located at 209 S. Cherokee Ave in Grand Island, Nebraska and owned by Betti Dugger, said property being described as follows:

Lot Sixteen (16), in Copper Creek 3rd Subdivision, in the City of Grand Island, Hall County, NE

WHEREAS Betti Dugger wishes to execute a Deed of Trust in the amount of \$108,500.00 with Wells Fargo Bank, N.A., 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 Betti Dugger, to the City of Grand Island, as beneficiary to that of the new loan and Deed of Trust of Wells Fargo Bank, N.A., 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, March 9, 2021

Roger G. Steele, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
March 5, 2021	☐ City Attorney