



# City of Grand Island

Tuesday, September 14, 2021

Council Session

## Item G-21

**#2021-232 - Approving Subordination Request at 1023 Nebraska Avenue - Scott Peters**

Staff Contact: Amber Alvidrez

# **Council Agenda Memo**

**From:** Amber Alvidrez, Community Development

**Council Meeting:** September 14, 2021

**Subject:** Approving Subordination Agreement for 1023 Nebraska Ave, Grand Island Nebraska for Scott Peters

**Presenter(s):** Amber Alvidrez, Community Development Administrator

## **Background**

On March 6, 2014 Community Development Block Grant funds in the amount of \$20,000.00 were loaned to Scott Peters to assist in the cost of a down payment to obtain the property. The legal description is:

**Lot Twenty Six (26), in Fonner view Subdivision, in the City of Grand Island, Hall County, NE**

The owner is requesting for 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**

The new lien with Equitable Bank, is for \$100,000 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 estimated appraisal value of the property is \$200,000.

## **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.

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## **SUBORDINATION AGREEMENT**

COMES NOW the City of Grand Island, Nebraska, secured party/beneficiary and hereby partially subordinates its trust deed/real estate lien recorded March 7, 2014, on the following described real estate:

Lot Twenty six (26), Fonner 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 Scott Peters(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 \$100,000.00 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 March 7, 2014 as Document Number 201401295 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 201401295. It is understood that Equitable Bank intends to lend funds to Borrowers but that the subordinated amount is not to exceed \$100,000.00 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 2021-232

WHEREAS, the City of Grand Island, is the lender and secured party of a Deed of Trust dated March 6, 2014 and recorded on March 7, 2014, as Instrument No.201401295 respectively, in the total amount of \$20,000.00 secured by property located at 1023 Nebraska Ave in Grand Island, Nebraska and owned by Scott Peters, said property being described as follows:

**Lot Twenty Six (26), Fonner View Subdivision, in the City of Grand Island, Hall County, NE**

WHEREAS Scott Peters wishes to execute a Deed of Trust in the amount of \$100,000.00 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 of Scott Peters, to the City of Grand Island, as beneficiary to that of the new loan and Deed of Trust 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, September 14, 2021.

\_\_\_\_\_  
Roger G. Steele, Mayor

Attest:

\_\_\_\_\_  
RaNae Edwards, City Clerk

Approved as to Form	☐ _____
September 13, 2021	☐ City Attorney