



City of Grand Island

Tuesday, April 22, 2003

Council Session

Item G21

#2003-121 - Approving Subordination Agreement For House Purchased Under CDBG Down Payment Assistance Program

The City of Grand Island has a real estate lien on property owned by David Zavala, 1307 North Ruby Avenue which has a remaining balance of \$20,000. The lien is for a period of 15 years and is set to expire in approximately 6 years. The owner is refinancing. The City's current real estate lien is junior in priority to a Deed of Trust from the owner to the bank. The lender on the new Deed of Trust is Five Points Bank. By law, the new Deed of Trust would be junior in priority to the City's lien; however, the lenders at Five Points Bank have asked the City to subordinate its real estate lien to the new Deed of Trust. The loan from Five Points Bank is for \$51,000; the appraised valuation of the property is \$76,500 and is sufficient to secure both loans.

Approval of the proposed Subordination Agreement, placing the City in the junior position on the real estate liens, is recommended.

Staff Contact: Cindy Johnson

RESOLUTION 2003-121

WHEREAS, the City of Grand Island, is the lender and secured party of a Deed of Trust dated April 28, 1994 and recorded on April 28, 1994 as Instrument No. 94-103476 secured by property owned by David E. Zavala, said property being described as follows:

The Westerly Seventy (70.0) feet of Lot Two Hundred Forty (240), West Lawn Addition to the City of Grand Island, Hall County, Nebraska.

WHEREAS, David E. Zavala, a single person, wishes to execute a Deed of Trust and Note in the amount of \$51,000 with Five Points Bank to be secured by the above-described real estate; and

WHEREAS, the new lender, Five Points Bank, Beneficiary, wishes to extend the new loan secured by a Deed of Trust conditioned upon the City subordinating its Deed of Trust to their lien priority; and

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

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 Deed of Trust from David E. Zavala, to the City of Grand Island, as beneficiary to that of the new loan and Deed of Trust of Five Points 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, April 22, 2003.

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
April 17, 2003	☐ City Attorney