



# City of Grand Island

Tuesday, March 23, 2004

Council Session

## Item G14

**#2004-66 - Approving Subordination Agreement for House  
Purchased under CDBG Down Payment Assistance Program**

Staff Contact: Jerenne Garrouette

# **Council Agenda Memo**

**From:** Jerenne Garrouette

**Meeting:** March 23, 2004

**Subject:** Subordination Agreement for House Purchased under CDBG Down Payment Assistance Program

**Item #'s:** G-14

**Presenter(s):** Jeri Garrouette, Community Development Director

## **Background**

The City of Grand Island has a real estate lien on property owned by Jonell Ann and Lloyd Wilsey (formerly known as Jonell Ann Vogt) 817 East 7<sup>th</sup> Street, in the amount of \$13,800. This lien is a result of the City's Down Payment Assistance Program. On October 28, 1999, down payment funds in the amount of \$13,800 were loaned to Jonell Ann Vogt, a single person, to assist in the purchase of a new home in the Community Development Block Grant Project area. The legal description is: Lot Two (2) Block Twelve (12) Voitle's Addition to the City of Grand Island, NE, a/k/a/ 817 East 7<sup>th</sup>. The owners are requesting permission to refinance their first mortgage at a lower interest rate.

## **Discussion**

The City's current real estate lien is junior in priority to a Deed of Trust to Commercial Federal in the amount of \$55,200. By law, the new Deed of Trust would be junior in priority to the City's lien, however, the lender, Commercial Federal have asked the City to subordinate its real estate lien to the new Deed of Trust.

The new appraised value of the property is \$90,000 and is sufficient to secure the refinanced loan of \$51,400 and the City's loan of \$13,800. The City's loan of \$13,800 will be forgiven if the original owner of the property (Jonell Ann Vogt) resides in the house for a period of 10 years from the date of purchase which was October 28, 1999. Approval of the proposed Subordination Agreement, placing the City in the junior position to the new Deed of Trust, is recommended.

## **Alternatives**

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

1. Approve the Subordination Agreement
2. Disapprove or /Deny the Subordination Agreement
3. Modify the Subordination Agreement to meet the wishes of the Council
4. Table the issue

## **Recommendation**

City Administration recommends that the Council approve the proposed Subordination Agreement, placing the City's lien in the junior position to the new Deed of Trust.

## **Sample Motion**

Approve the Subordination Agreement with Commercial Federal placing the City's name in the junior position to the new Deed of Trust.

R E S O L U T I O N   2004-66

WHEREAS, the City of Grand Island, is the lender and secured party of a Deed of Trust dated October 28, 1999 and recorded on October 29, 1999 as Instrument No. 0099110511 secured by property owned by Jonell Ann Vogt, a single person (now known as Jonell Ann Wilsey), said property being described as follows:

Lot Two (2), Block Twelve (12), Voitle's Addition to the City of Grand Island, Hall County, Nebraska.

WHEREAS, Jonell Ann Wilsey and Lloyd Wilsey, wife and husband, wish to execute a Deed of Trust and Note in the amount of \$51,400 with Commercial Federal Bank to be secured by the above-described real estate; and

WHEREAS, the new lender, Commercial Federal 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 Jonell Ann Vogt (now known as Jonell Ann Wilsey) and Lloyd Wilsey, wife and husband, to the City of Grand Island, as beneficiary to that of the new loan and Deed of Trust of Commercial Federal 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, March 23, 2004.

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RaNae Edwards, City Clerk

Approved as to Form <input type="checkbox"/> _____	
March 18, 2004	<input type="checkbox"/> City Attorney