

RESOLUTION NO. 88899-1103

A RESOLUTION AUTHORIZING THE MAYOR TO SIGN A SUBORDINATION AGREEMENT FOR 619 OAK STREET

WHEREAS, the City of Muscatine, Iowa has entered into a grant agreement with the Iowa Department of Economic Development (IDED) for owner-occupied housing rehabilitation in the Mid Town Heart and Tree of Hope neighborhoods; and

WHEREAS, said grant agreement will fund up to \$24,999 for housing rehabilitation for each eligible residence through a five-year forgivable loan; and

WHEREAS, a five-year mortgage and lien were to be attached to each property that received funding assistance through this grant agreement; and,

WHEREAS, under the grant agreement approved between the City of Muscatine and the Iowa Department of Economic Development the five-year mortgages were to be considered secondary and subservient to any other mortgages attached to any rehabilitated properties; and,

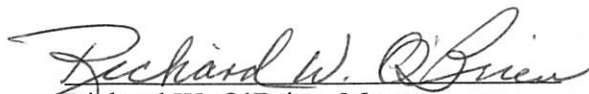
WHEREAS, a rehabilitation project was completed in 2002 at 619 Oak Street that resulted in a five-year, \$24,999.00 mortgage being attached to said property; and,

WHEREAS, the owners of the property at 619 Oak Street now wish to refinance a prior existing mortgage on their property,


NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MUSCATINE that the Mayor of The City of Muscatine be authorized to sign an agreement, subordinating the city's five-year Housing Fund mortgage for 619 Oak Street to a mortgage from IH Mississippi Valley Credit Union.

PASSED, APPROVED, AND ADOPTED this 6th day of November 2003.

**BY THE CITY COUNCIL OF THE
CITY OF MUSCATINE, IOWA**


Richard W. O'Brien, Mayor




A. J. Johnson, City Clerk

SUBORDINATION AGREEMENT

(Please return original to Jim Rudisill, Muscatine City Hall, 215 Sycamore, Muscatine, Iowa 52761 [563-264-1554])

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, Mario & Arminda Rocha have executed a mortgage on the following described premises:

LOT 10 OF BLOCK 115 (EX. S 93' W32') OF THE ORIGINAL TOWN OF MUSCATINE

In Muscatine County, Iowa, to City of Muscatine which mortgage is recorded as Instrument No2002-03755, in the records of said County; and

WHEREAS, the said mortgagors have executed a Forgivable Loan in favor of the City of Muscatine, Iowa (hereinafter referred to as COMMUNITY), which is recorded as Instrument No. 2002-03705, May 13, 2002, in the records of Muscatine County, Iowa, and the COMMUNITY is the present lien holder thereof; and

WHEREAS, the COMMUNITY recognizes said mortgage to Mario Rocha and Arminda Alarcon de Rocha is a first and prior lien upon said premises, not to exceed \$24,999.00 nor be increased without prior written consent of COMMUNITY;

NOW, THEREFORE, in order to induce the I H Mississippi Valley Credit Union to rely upon this agreement and make a loan to the Mortgagor, and other good and valuable consideration, the receipt of which is hereby acknowledged, the COMMUNITY acknowledges the priority of said mortgage to I H Mississippi Valley Credit Union and specifically subordinates the COMMUNITY forgivable loan to said mortgage to I H Mississippi Valley Credit Union.

The COMMUNITY, by the execution of this Subordination Agreement, does not release the lien of its Forgivable Loan in any particular, but only subordinates and makes junior such lien to the mortgage of I H Mississippi Valley Credit Union and all correction hereinafter.

Witness the hand and seal of the undersigned this 6th day of November, 2003.

City of Muscatine

By: Richard W. O'Brien
Richard W. O'Brien, Mayor

STATE OF IOWA
COUNTY OF Muscatine

On this 10th day of November, 2003, before me, a Notary Public, appeared Richard W. O'Brien, who being duly sworn, did say that (s)he is the chief elected official of the CITY OF MUSCATINE, IOWA, and that the foregoing instrument was signed by him/her on behalf of the COMMUNITY as the free act and deed of said COMMUNITY.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by official seal, the date and year last above written.

Lorrie Fry, Notary Public
My commission expires:



MEMO

TO: A. J. Johnson, City Administrator
FROM: Jim Rudisill, Planning and Community Development Coordinator
SUBJECT: Subordination Agreement For Mario & Arminda Rocha at 619 Oak Street
DATE: October 27, 2003

Mario and Arminda Rocha participated in the City of Muscatine's 2000 Housing Fund Rehabilitation Program in 2001-02. The city provided \$24,999 as a five-year, forgivable loan to complete a variety of rehabilitative services on their property. As part of the program, a mortgage was attached to their property at 619 Oak Street. Each year, 20% of the loan is forgiven, so that at the end of the five-year period, the entire loan is forgiven and the mortgage is released.

The couple now wishes to refinance the property through IH Mississippi Valley Credit Union. Because of the refinancing, IH Mississippi Valley Credit Union is requesting a subordination agreement.

Under the terms of the initial contract between the City of Muscatine and the Iowa Department of Economic Development, all Housing Fund mortgages are considered secondary to any other property mortgage. This new subordination agreement will reflect this.

Attached is a resolution for the council to approve and the subordination agreement to be signed by the mayor.

In addition to the subordination agreement, the Rochas are also requesting a partial release of their five-year mortgage. The amount of refinancing the Rochas wish to make is in excess of the current maximum funding allowed by the credit union (based on appraised value and existing mortgages, including the city's \$24,999 mortgage). However, the credit union will provide an additional \$4,999.80 in financing if the city will release 20% of its original mortgage. The annual anniversary date for the Rochas five-year forgivable loan period is October 28, with the five-year period ending on October 28, 2007. Therefore, on October 28, 2003 one full year (or 20% of the original \$24,999 forgivable loan) will be eligible for release.

Attached is a second resolution for council action to approve this partial release, as well as the actual release document to be signed by the mayor.