

RESOLUTION NO. 89408-0505

**RESOLUTION RELEASING REAL ESTATE MORTGAGE UNDER THE COMMUNITY
DEVELOPMENT BLOCK GRANT PROGRAM**

WHEREAS, a housing rehabilitation conditional loan was granted under the Community Development Block Grant program of the City of Muscatine, Iowa for the property owned by David and Lori Krieger and commonly known as 904 E. Eighth Street; Muscatine, Iowa and legally described as:

E 58' OF LOT 9 OF BLOCK 152 OF THE ORIGINAL TOWN OF MUSCATINE

and a real estate mortgage was executed by the owners of the real estate to the City of Muscatine, Iowa, and:

WHEREAS, this mortgage was signed by David and Lori Krieger on April 18, 2001 and subsequently filed with the Muscatine County Recorder's Office on December 6, 2001 and is recorded in that office as File No. 2001-09257; and

WHEREAS, additional work was completed on the property after the first mortgage was filed, requiring a new mortgage to be signed; and

WHEREAS, a second mortgage was signed by David and Lori Krieger on November 26, 2001 and subsequently filed with the Muscatine County Recorder's Office on April 9, 2002 and is recorded in that office as File No. 2002-02696; and

WHEREAS, a release of the first mortgage should have been provided, but was not, upon the filing of the second mortgage;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MUSCATINE, IOWA that the real estate mortgage referred to in the Release of Real Estate Mortgage that is attached to this Resolution, and recorded at the Muscatine County Recorder's Office as 2001-09257 is hereby released and the Mayor and City Clerk are hereby authorized to execute said Release of Real Estate Mortgage in order that the same can be recorded in the office of the Recorder of Muscatine County, Iowa.

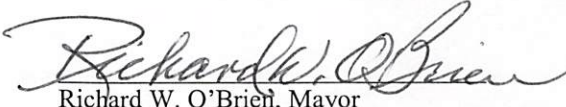
PASSED, APPROVED AND ADOPTED this 19th day of May 2005.



Attest:


AJ Johnson, City Clerk

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


Richard W. O'Brien, Mayor

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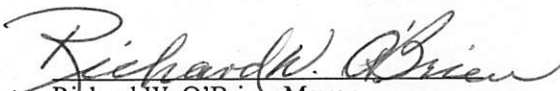
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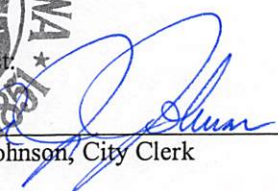
PASSED, APPROVED AND ADOPTED this 19th day of May 2005.

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


Richard W. O'Brien, Mayor



Attest:


AJ Johnson, City Clerk

RELEASE OF REAL ESTATE MORTGAGE

KNOW ALL MEN BY THESE PRESENTS: That the undersigned, the present owner of the mortgage hereinafter described, does hereby acknowledge that a certain mortgage bearing the date of the 18th day of April 2001 made and executed by David and Lori Krieger, owners, to City of Muscatine, Iowa and recorded in the Muscatine County, Iowa Recorder's Office as File No. 2001-09257 on the 6th day of December 2001 commonly described as 904 East Eighth Street; Muscatine, Iowa and legally described as

E 58' OF LOT 9 OF BLOCK 152 OF THE ORIGINAL TOWN OF MUSCATINE

is redeemed, paid off, satisfied and discharged in full. Said mortgage was in the original amount of \$13,694.50. This action shall not affect the subsequent mortgage assigned by the owners to the city on November 26, 2001 and recorded as File No. 2002-02696 on April 9, 2002 in the Muscatine County, Iowa Recorder's Office in Muscatine, Iowa in the amount of \$17,109.50.

Words and phrases herein, including acknowledgment hereof, shall be construed as in singular or plural number, and as masculine, feminine or neuter gender, according to the context.

Dated this 19th day of May 2005

Attest:

A. J. Johnson, City Clerk

CITY OF MUSCATINE, IOWA

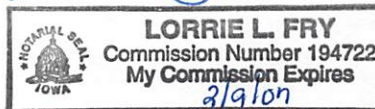
By

Richard W. O'Brien, Mayor

STATE OF IOWA, Muscatine County, ss:

On this 26th day of May, 2005 before me Lorrie L. Fry, a Notary Public in and for the State of Iowa, personally appeared Richard W. O'Brien and A. J. Johnson, to me personally known, and, who, being by me duly sworn, did say that they are the Mayor and City Clerk, respectively, of the City of Muscatine, Iowa; that the seal affixed to the foregoing instrument is the corporate seal of the corporation, and that the instrument was signed and sealed on behalf of the corporation, by authority of its City Council, as contained in Resolution No. 89408-0505 passed by the City Council, under Roll Call No. 19291 of the City Council on the 19th day of May 2005, and that Richard W. O'Brien and A. J. Johnson acknowledged the execution of the instrument to be their voluntary act and deed and the voluntary act and deed of the corporation, by it voluntarily executed.

Notary Public in and for the State of Iowa



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Words and phrases herein, including acknowledgment hereof, shall be construed as in singular or plural number, and as masculine, feminine or neuter gender, according to the context.

Dated this 19th day of May 2005

Attest:

A. J. Johnson, City Clerk

CITY OF MUSCATINE, IOWA

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

STATE OF IOWA, Muscatine County, ss:

On this 26th day of May 2005 before me Lorrie L. Fry, a Notary Public in and for the State of Iowa, personally appeared Richard W. O'Brien and A. J. Johnson, to me personally known, and, who, being by me duly sworn, did say that they are the Mayor and City Clerk, respectively, of the City of Muscatine, Iowa; that the seal affixed to the foregoing instrument is the corporate seal of the corporation, and that the instrument was signed and sealed on behalf of the corporation, by authority of its City Council, as contained in Resolution No. 89408-0505 passed by the City Council, under Roll Call No. 19291 of the City Council on the 19th day of May 2005, and that Richard W. O'Brien and A. J. Johnson acknowledged the execution of the instrument to be their voluntary act and deed and the voluntary act and deed of the corporation, by it voluntarily executed.

Lorrie Fry
Notary Public in and for the State of Iowa



MEMO

To: AJ Johnson, City Administrator
From: Jim Rudisill, Planning & Community Development Coordinator

RE: Mortgage Release
Date: May 17, 2005

David and Lori Krieger, 904 E. 8th Street, participated in Muscatine's 2000 Community Development Block Grant (CDBG) Housing Fund Rehabilitation Program. Rehabilitation of their property did not require the full grant (forgivable loan) amount of \$24,999. Initially, the repairs only required \$13,694.50. That was the amount of the first mortgage. Subsequently, additional repairs became necessary, bumping the total cost to \$17,109.50. A new mortgage was signed for the revised amount. Each year 20% of the loan is forgiven, so that at the end of a five-year period, the entire loan is forgiven and the mortgage is released.

However, the first mortgage should have been released upon the signing of the second (revised) mortgage, but this was not done, resulting in two mortgages being placed on the property.

The couple now wishes to refinance their home and both mortgages have shown up on the abstract. The city council is requested to approve a resolution authorizing the mayor and city clerk to sign a Release of Mortgage for the first mortgage. The second mortgage will remain in force for the portion of the five years still remaining. The Krieger's five-year period expires on November 26, 2006, at which time a Release of Mortgage for the second mortgage will be presented to the city council for action.

As an additional agenda item, the city council is also requested to approve a subordination agreement that will identify the city's remaining mortgage as secondary to the new mortgage being refinanced.

Under the terms of the 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. The refinancing company, First Capital Financial, is requesting the city provide a formal subordination agreement that will reflect this.