

**A RESOLUTION AUTHORIZING THE MAYOR TO SIGN A SUBORDINATION AGREEMENT FOR
904 E. 8th 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 2001 at 904 E. 8th Street that resulted in a five-year mortgage being attached to said property; and,

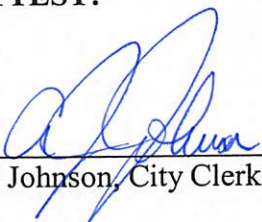
WHEREAS, the owners of the property at 904 E. 8th Street now wish to refinance a prior existing mortgage on their property,

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 904 E. 8th Street to a mortgage from Capital Financial.

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

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

ATTEST:


AJ Johnson, City Clerk




Richard W. O'Brien, Mayor

Date: JUNE 27, 2005 Time: 12:41 PM

Fee: \$ 7.00 Real Estate Transfer Tax \$ _____

Cynthia S. Gray - Muscatine County Recorder
401 E 3rd St, Muscatine, IA 52761

7.00 ch # 39056
Return envelope
Cycled Title Co.
3160 Ave of Cities
Moline, IL 61205

SUBORDINATION AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, First Capital Financial Services Corp. wish to execute a mortgage on the following described premises:

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

In Muscatine County, Iowa, to David and Lori Krieger; 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 File No. 2002-02696, and dated November 26, 2001, in the records of Muscatine County, Iowa, and the COMMUNITY is the present lien holder thereof; and

WHEREAS, the COMMUNITY recognizes said mortgage to First Capital Financial Services Corp. is a first and prior lien upon said premises, not to exceed \$ 104,000.00 nor be increased without prior written consent of COMMUNITY;

NOW, THEREFORE, in order to induce First Capital Financial Services Corp. 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 First Capital Financial Services Corp. and specifically subordinates the COMMUNITY forgivable loan to said mortgage to First Capital Financial Services Corp. dated 05-26-2005 and filed for record 06-06-2005 as Document Number 2005-04139, in the recorders office, ***

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 First Capital Financial Services Corp. and all correction hereinafter.

Witness the hand and seal of the undersigned this 19th day of May, 2005.

City of Muscatine

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



**** Muscatine County, Iowa.

STATE OF IOWA
COUNTY OF Muscatine

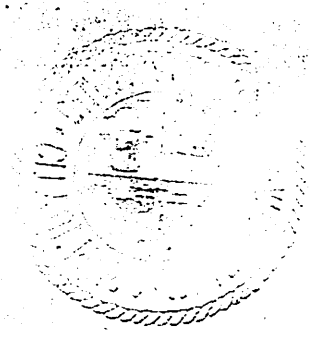
On this 20th day of May, 2005, before me, a Notary Public, appeared Richard W. O'Brien, Mayor, who being duly sworn, did say that he is the chief elected official of the CITY OF MUSCATINE, IOWA, and that the foregoing instrument was signed by him on behalf of the COMMUNITY as the free act and deed of 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:



Handwritten marks at the top right corner.



Handwritten signature or initials in the bottom right area.

Rectangular stamp or box containing illegible text at the bottom right.

MEMO

To: AJ Johnson, City Administrator
From: Jim Rudisill, Planning & Community Development Coordinator
RE: Mortgage Release
Date: May 19, 2005

David & Lori Krieger participated in the City of Muscatine's 2000 Housing Fund Rehabilitation Program in 2001. The city provided \$\$17,001.25 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 904 E. 8th 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 an earlier loan on the property with First Capital Financial Services Corporation.

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. First Capital Financial Corporation is requesting the city provide a formal subordination agreement that will reflect this.

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