

CITY OF VINELAND

RESOLUTION NO. 2014- 33

RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION OF A SUBORDINATION AGREEMENT FOR PROPERTY KNOWN AS 420 W. WOOD STREET, VINELAND, NEW JERSEY

WHEREAS, the City of Vineland holds a mortgage lien against certain real estate located at 420 W. Wood Street, Vineland, New Jersey, in connection with the participation in the HOAP Loan Program; and

WHEREAS, mortgage held by the City of Vineland is dated April 15, 2006, and is in the amount of Two Thousand, Five Hundred (\$2,500.00) Dollars which is a "0" payment "0" interest lien and does not reduce in principal; and

WHEREAS, the owner of the real estate located at 420 W. Wood Street has requested that the second priority lien which is held by the City of Vineland be subordinated to a new first mortgage with the refinancing of the first mortgage in the principal amount of One Hundred Forty-Seven Thousand, Eight Hundred Seventy-Three (\$147,873.00) Dollars; and

WHEREAS, the subordination of debt will provide more funds for the mortgagor to pay debt service and, therefore, is in the best interest of the City of Vineland that the request be accommodated.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Vineland that the Mayor and Clerk are hereby authorized and directed to execute a Subordination Agreement subordinating the HOAP Loan Mortgage in the principal amount of Two Thousand, Five Hundred (\$2,500.00) Dollars dated April 18, 2006, to a first priority mortgage given by the owner to Freedom Mortgage with a principal amount not to exceed One Hundred Forty-Seven Thousand, Eight Hundred Seventy (\$147,870.00) Dollars.

BE IT FURTHER RESOLVED that this Resolution is contingent upon the owner bearing all of the costs associated with this transaction.

Adopted:

President of Council

ATTEST:

City Clerk

**CITY OF VINELAND
DEPARTMENT OF LAW
RICHARD P. TONETTA, ESQUIRE
Director and City Solicitor**

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January 7, 2014

TO : Council President Fanucci and Members of City Council
FROM: Richard P. Tonetta, Esquire
RE : Subordination – 420 W. Wood Street

Dear Council President Fanucci and Council Members:

The City has received a request for a subordination of debt regarding the above property from the homeowner.

The City of Vineland had provided a loan in the amount of \$2,500.00 to assist the homeowner in the purchase of the above home. This is a HOAP “0” non- pay loan. The home was purchased in May of 2006 for \$165,500.00 and the purchaser had a first mortgage in the amount of \$164,176.00 with an interest rate of 6.28%. The monthly payment of principal and interest is \$1,010.86.

The owner wishes to refinance the existing debt with a new loan in the amount of \$150,898.00 which will reduce the mortgage payment to \$903.89. This will save the homeowner approximately \$100.00 per month.

The present value of the home is \$127,500.00 and, therefore, the City’s in an unsecured position with or without refinancing. As this will provide the homeowner additional funds to meet his monthly obligation without putting the City in a much worse position, I would recommend approving the subordination request.

Very truly yours,

**Richard P. Tonetta, Esq.
Solicitor, City of Vineland**

RPT/sl

Cc: Carmen Oldknow, Community Development Program
William Lutz, Business Administrator