

CITY OF VINELAND

RESOLUTION NO. 2015-_____

RESOLUTION AUTHORIZING THE SUBORDINATION OF
MORTGAGE LIENS HELD BY THE CITY OF VINELAND
WITH RESPECT TO PROPERTY LOCATED AT 1289
CORNUCOPIA AVENUE VINELAND, NEW JERSEY

WHEREAS, the City of Vineland holds two mortgage liens against certain real estate located at 802 Washington Ave., Vineland, New Jersey, in connection with their participation in the CDBG Owner Occupied Residential Rehabilitation Program and the HOME Owner Occupied Residential Rehabilitation Program; and

WHEREAS, the CDBG Owner Occupied Residential Rehabilitation Program Mortgage held by the City of Vineland is dated March 19, 2007, in the amount of \$6400 of which \$3798 is non-forgivable and the balance thereof is forgivable at a rate of 10% per annum over 10 years with a balance due in the amount of \$2602 with a current balance of \$4318.40; and

WHEREAS, the HOME Owner Occupied Residential Rehabilitation Program Mortgage held by the City of Vineland is dated October 31, 2007 in the amount of \$20,720 of which \$12,390 is non-forgivable and the balance thereof is forgivable at a rate of 10% per annum over 10 years with a balance due in the amount of \$8330 and a current balance of \$14,889; and

WHEREAS, the owner of the real estate located at 1289 Cornucopia Avenue, Vineland, New Jersey, has requested that the 2nd and 3rd priority liens which are held by the City be subordinated to a mortgage to be given to Millville Savings and Loan Association in connection with the refinancing of the mortgage on the property; and

WHEREAS, it is considered it to be in the best interest of the City that said 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 CDBG Owner Occupied Residential Rehabilitation Program Mortgage in the principal amount of \$4318.40 dated March 19, 2007 and the HOME Owner Occupied Residential Rehabilitation Program Mortgage in the principal amount of \$19,207.40 dated October 31, 2007 to a mortgage given by the owner to Millville Savings and Loan Association with a principal amount of the mortgage not to exceed \$58,000; and

BE IT FURTHER RESOLVED, that the owner shall bear any and all costs associated with the preparation of said documents.

Adopted:

President of Council

ATTEST:

City Clerk



DEPARTMENT OF LAW
RICHARD P. TONETTA, ESQUIRE
Director and City Solicitor
640 Wood Street
Vineland, NJ 08360
(856) 794-4000 ext. 4600
(856) 405-4632 (Fax)

Date: August 17, 2015
Re: Subordination Request 1289 Cornucopia Avenue

Dear Council President Fanucci and Members of City Council,

The City of Vineland has received a request by the property owner of the above address to subordinate existing liens on the above property held by the city of Vineland. There is presently a CDBG Owner Occupied Residential Rehabilitation Program Mortgage which is a 0% interest partially forgivable loan, of which \$3798 is non-forgivable and there is presently due \$2,602 on the forgivable balance. There is also a HOME Owner Occupied Residential Rehabilitation Program Mortgage, which is a 0% interest partially forgivable loan. The unforgivable portion is \$12,390. There is presently due \$14,889 on this debt.

In total, between both loans, there is \$19,207.40. As of July 7, 2015 there is due on a first mortgage, the amount of \$60,515.50 for a total due in amount of \$79,722. The applicant intends upon refinancing the first mortgage on the property. Presently, the monthly payments the applicant is paying for the first mortgage is \$585.46 and alone has an interest rate of 7.375%. The applicant intends upon borrowing \$58,000 to pay off the first loan which will provide anticipated monthly payment of principal and interest on the proposed loan in the amount of \$414.63. The interest rate on the proposed loan is 3.5%.

The applicant has not provided a certified appraisal, but has requested the city utilize the most recent assessment on the property which is \$112,000. This gives a loan-to-value ratio of 69%, which is well within Council's suggested ratio. As the refinancing would provide the homeowner with an additional \$170 per month and would not adversely impact the city's financial position, I would suggest that Council favorably consider the request for subordination.

Very truly yours,

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

