

CITY OF VINELAND

RESOLUTION NO. 2016 -213

RESOLUTION AUTHORIZING THE SUBORDINATION OF
MORTGAGE LIENS HELD BY THE CITY OF VINELAND
WITH RESPECT TO PROPERTY LOCATED AT 514
OXFORD STREET, VINELAND, NEW JERSEY

WHEREAS, the City of Vineland holds a mortgage lien against certain real estate located at 514 Oxford Street, Vineland New Jersey, in connection with their participation the CDP Residential Rehabilitation Mortgage program(Mortgage); and

WHEREAS, the Mortgage held by the City of Vineland is dated April 1, 2009 in the amount of \$25,663.00 which is a 0%interest and is a non-forgivable loan; and

WHEREAS, the owner of the real estate located at 514 Oxford Street, Vineland, New Jersey, has requested that the 2nd priority lien which is held by the City be subordinated to a new mortgage to be given to Wells Fargo Bank, N.A. 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 CDP Residential Rehabilitation program mortgage in the principal amount of \$25,663.00 dated April 1, 2009 be subordinated to a new mortgage given by the owner towels Fargo Bank, N.A. with a principal amount of the new mortgage not to exceed \$65,400.00; and

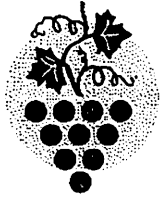
BE IT FURTHER RESOLVED that the owner shall bear any and all costs associated with the preparation of said documents.

Adopted:

President of Council

ATTEST:

City Clerk



City of

Vineland

New Jersey

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)

June 16, 2016

Attention: Mayor and Council

Re: Subordination Request
514 Oxford Street

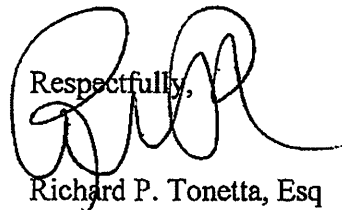
Dear Mayor Bermudez, Council President Fanucci and Members of Council

A request has been received by the owner of the above property for the subordination of the City's CDP residential rehab mortgage. This is a 0% interest, non-forgivable debt. Presently, there is a 1st mortgage on the property to which we are subordinate. The 1st mortgage pay off is \$61,063.37. The loan carries 7.5 percent interest and the monthly principal and interest payment is \$561.73. The present value of the home is \$124,000.

The homeowner intends upon refinancing the 1st mortgage with a new loan in the amount of \$65,400. The interest rate on the new loan will be 3.625 percent and principal and interest payments will be \$471.56. This is approximately \$100 savings per month to the homeowner.

The total loan, inclusive of our loan and the new 1st mortgage will be \$91,063. This represents a loan-to-value ratio of approximately 73 percent.

It would appear that there is a benefit to the homeowner for refinancing and allowing the subordination of the existing CDP debt would not impact or place the City's loan in jeopardy. Based upon the above, I would recommend Council consider approving the subordination. I have provided a resolution for Council's consideration.

Respectfully,

Richard P. Tonetta, Esq



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