

CITY OF VINELAND

RESOLUTION NO. 2017-160

RESOLUTION AUTHORIZING THE EXECUTION OF A SUBORDINATION OF MORTGAGE LIENS HELD BY THE CITY OF VINELAND WITH RESPECT TO PROPERTY KNOWN AS 17 SOUTH STATE STREET, VINELAND.

WHEREAS, the City of Vineland holds a mortgage lien against certain real estate located at 17 South State Street, Vineland New Jersey, in connection with their participation the HOME residential rehabilitation program; and,

WHEREAS, the HOME Mortgage held by the City of Vineland is dated May 9, 2012 in the amount of \$5,440.00 which is a 0% interest, and is a non-forgivable loan with no monthly payments due; and

WHEREAS, the owner of the real estate located at 17 South State Street, Vineland, New Jersey, has requested that the 2<sup>nd</sup> priority lien which is held by the City be subordinated to a new mortgage to be given to U.S. Bank National Association or their assignees 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 HOIME residential rehabilitation program mortgage in the principal amount of \$5,440.00 dated May 9, 2012 to a mortgage given by the owner to U.S. Bank National Association or their assignees in the principal amount of the mortgage not to exceed \$129,500.00; and

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

Adopted:

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President of Council

ATTEST:

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City Clerk

## Reid Wanda

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**From:** Tonetta Richard  
**Sent:** Tuesday, March 21, 2017 12:25 PM  
**To:** Reid Wanda; Spinelli Paul; Fanucci Anthony R; Vargas Albert; Calakos Angela; Acosta David; Franceschini Ronald J.  
**Cc:** Oldknow Carmen; Petrosky Keith; Scarpa Christine  
**Subject:** Resolution Subordinating Debt 17 South State Street.doc  
**Attachments:** Resolution Subordinating Debt 17 South State Street.doc

Dear Council President Spinelli and Members of City Council,

The owner of the above property has requested the city subordinate its debt and lien on the above property to a new first mortgage holder. Presently the outstanding obligation the owner has to the first lender is \$130,736.21 their current interest rate is 6.37% and the term is 30 years. The monthly principal and interest on that loan is \$957.02. The homeowner wishes to reduce the term of their loan to 15 years and recast the balance of \$129,500 with a new loan at 3.6 to 5% while the monthly principal and interest will only be reduced from \$957.02 to \$933.74, the real benefit that a homeowner is the reduction in the term by 50%.

The city has a community Development Block Grant in the amount of \$5440 which is dated May 9, 2012. This is a zero pay zero interest loan that is unforgivable, as such will be paid at the sale of this home. The value of the home is \$165,000 the total debt against the property will be \$134,940 which is a loan to value ratio of approximately 81%. As this does not appear to be any substantial change in the city's position and represents a benefit to the city in that the loan that is superior to that of the city will be paid off sooner and it is a assistance to the homeowner.

Based upon the above, I can recommend Council approved the adoption of the attached resolution subordinating debt. Should you have any questions please do free to contact me.

Richard P. Tonetta, Esq.  
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