



City of Norman, OK

Municipal Building Council
Chambers
201 West Gray Street
Norman, OK 73069

Text File

File Number: K-1213-120

Agenda Date: 11/27/2012

Version: 1

Status: Consent Item

In Control:

File Type: Contract

Title

CONTRACT NO. K-1213-120: A CONTRACT BY AND BETWEEN THE CITY OF NORMAN, OKLAHOMA, AND REPUBLIC BANK AND TRUST TO SUBORDINATE A LIEN REGARDING FUNDS FROM THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM FOR PROPERTY LOCATED AT 124 WEST RICH STREET.

Body

BACKGROUND: In October 2011 the City of Norman Community Development Block Grant Program provided \$5,339.35 for emergency repair assistance to Elizabeth Lyon for the repair of a home at 124 West Rich Street. As a condition of funding, a lien was placed on the property and was filed as a subordinate mortgage to the primary mortgage on the property. Any modification of the primary mortgage requires resubordination of the lien. The program does not require repayment of the loan as long as the applicant maintains their home as their primary residence for four years; and at the end of four years the subordinate mortgage is released.

DISCUSSION: Approval of the request for subordination of the lien on 124 West Rich Street would allow the owner to secure a loan to refinance the primary mortgage that will provide a lower interest rate to reduce the house payment by \$127.99 per month. Documentation from Republic Bank and Trust including a Certification of Mortgage Loan Refinancing, Good Faith Estimate, and a Truth in Lending Disclosure Statement were provided. The Subordination Agreement that will be filed with the new primary loan is attached. In accord with the adopted City of Norman Housing Handbook, these documents prove that all funds will be used for the refinancing of the home, with no funds going toward payment of debt.

Subordination of the lien would assist in making more money available for the upkeep of the property. The City would maintain a second position on the property. Additionally, the request meets the requirements of our policy to subordinate only for the purposes of lowering payments or improving the home, and the terms and conditions of program participation as described in the subordinate mortgage executed in October 2011 will not be modified.

RECOMMENDATION: Approval of Contract No. K-1213-120 for subordination of the lien on 124 West Rich Street is recommended. Subordination of liens in the Community Development Block Grant Program is allowed by the Department of Housing & Urban Development and is consistent with program goals.