



City of Norman, OK

Municipal Building Council
Chambers
201 West Gray
Norman, OK 73069

Master

File Number: K-1314-125

File ID: K-1314-125

Type: Contract

Status: Consent Item

Version: 1

Reference: Item No. 23

In Control: City Council

Department: Planning and
Community
Development
Department

Cost:

File Created: 02/27/2014

File Name: Contract No. K-1314-125 Subordination of Lien for
907 Quanah Parker Trail

Final Action:

Title: CONTRACT NO. K-1314-125: A CONTRACT BY AND BETWEEN THE CITY OF NORMAN, OKLAHOMA, AND REPUBLIC BANK AND TRUST TO SUBORDINATE A LIEN REGARDING FUNDS FROM THE HOME PARTNERSHIP PROGRAM FOR PROPERTY LOCATED AT 907 QUANAH PARKER TRAIL.

Notes: ACTION NEEDED: Motion to approve or reject Contract No. K-1314-125 with Republic Bank and Trust; and, if approved, authorize the execution thereof.

ACTION TAKEN: _____

Agenda Date: 03/11/2014

Agenda Number: 23

Attachments: K-1314-125.pdf

Project Manager: Linda Price, Revitalization Manger

Entered by: linda.price@normanok.gov

Effective Date:

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
---------------	--------------	-------	---------	----------	-----------	-----------------	---------

Text of Legislative File K-1314-125

Body

BACKGROUND: In September 2011 the City of Norman HOME Partnership Program provided \$5,000 as down payment assistance to Erica Ann Nichols for the purchase of a home at 907 Quanah Parker Trail as a part of the NCRC Homebuyer Program. The NCRC Homebuyer Program was operated in conjunction with the Norman Community Reinvestment Council (NCRC), a 501 (c)(3) corporation that is comprised of Norman banking institutions providing assistance to lower income citizens of Norman. Over five hundred fifty (550) such loans were made during the life of the program that was initiated in 1995 to provide down payment assistance and closing costs to income-qualified Norman citizens in the purchase of their first home.

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 five years; and at the end of five years the subordinate mortgage is released.

DISCUSSION: Approval of the request for subordination of the lien on Quanah Parker Trail would allow the owner to secure a loan to refinance the primary mortgage that will provide a lower interest rate and to reduce the term of the loan from thirty years to fifteen years. Documentation from Bank of the West 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 September 2011 will not be modified.

RECOMMENDATION: Approval of Contract No. K-1314-125 for subordination of the lien on 907 Quanah Parker Trail is recommended. Subordination of liens in the HOME Partnership Program is allowed by the Department of Housing & Urban Development and is consistent with program goals.