



## Staff Report

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**File #:** 21-35  
**Version:** 1

**Date:** 2/8/2021  
**Item #:** 3.3d.

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**TO:** Mayor and City Council  
**THROUGH:** Steve Powers, City Manager  
**FROM:** Kristin Retherford, Urban Development Director

### **SUBJECT:**

Subordination of federal HOME loan for single family property

Ward(s): Ward 1  
Councilor(s): Stapleton  
Neighborhood(s): NEN  
Result Area(s): Welcoming and Livable Community

### **ISSUE:**

Shall the City Council authorize the subordination of a federal HOME loan for Vernelle J. Judy, located at 930 Imperial Drive NE?

### **RECOMMENDATION:**

Authorize the subordination of a federal HOME loan for Vernelle J. Judy, located at 930 Imperial Drive NE.

### **SUMMARY:**

Approval of recommendation will authorize the subordination of a federal HOME loan, allowing Vernelle J. Judy (the "Borrower") to refinance her existing home mortgage loan to a lower interest rate.

### **FACTS AND FINDINGS:**

Borrower received a federal HOME loan through the City of Salem for improvements to her home in September 2010, totaling \$35,249.

Borrower is requesting a \$65,323 loan from Quicken Loans, LLC in order to refinance her mortgage

loan. Borrower is requesting the City subordinate to the new first mortgage holder.

By subordinating the City's security interest, Quicken Loans, LLC will secure permanent financing on the property. The City is currently in second lien position and this subordination will not result in a drop in that position.

1. New total outstanding debt: \$90,572
  - a. Quicken Loans, LLC \$65,323
  - b. City of Salem \$25,249(Note: \$10,000 of the original \$35,249 was forgiven per the terms of the Promissory Note dated September 17, 2010)
2. Rate/Term: 2.49%; 360 months (primary lender)
3. Loan to value: 36%
4. Fee simple appraisal: \$249,000
5. Closing will occur at title, and all fees will be paid prior to recording of the City subordination.
6. Real estate taxes and insurance are current.

The current deferred payment loan will be repaid upon transfer of interest in the property. The appraised value of the property exceeds the combined total amount of outstanding loans resulting in enough equity to pay off all lenders in the event of foreclosure.

#### **BACKGROUND:**

HOME Investment Partnership Act funds affordable housing providing services to low-moderate individuals and families, including those experiencing homelessness.

Clint Dameron  
Real Property Services Manager

#### **Attachments:**

1. None.