

MEMORANDUM

To: Mayor and City Council Members

Cc: Gregg Mandsager, City Administrator
Steven Boka, Director of Community Development

From: Jim Rudisill, Planning/CD Coordinator

Date: August 7, 2012

Re: **2006 CDBG Housing Rehab Mortgage Release**

BACKGROUND:

Cruz and Maria Leza participated in the 2006 CDBG Housing Rehabilitation Program in 2006-07. They received the maximum \$24,999 in funding assistance through a five-year forgivable loan. Under the terms of the program, the Lezas were required to sign a mortgage, which they did on April 9, 2007. Their project was completed on October 25, 2007.

Each year on the anniversary date of the project's completion, 20% of the loan has been forgiven. At this time, 80% of the loan has been forgiven.

The Lezas now wish to refinance their home to take advantage of lower interest rates.

Normally the city has provided a subordination agreement that identifies the refinanced mortgage as the primary mortgage, a condition most lending institutions require. However, in this case, the couple's five-year forgivable period will expire in about two months (October 25, 2012).

There has been no issues develop with this property during the past five years.

Providing a subordination agreement at this time and then returning to the council in two months to request a full mortgage release would seem to be a waste of time and expense.

RECOMMENDATION/RATIONALE:

A mortgage release is attached, as well as a resolution authorizing the mayor and city administrator to sign the release. Under the proposal, the city will immediately forgive the outstanding final year of the mortgage.

It is the staff's recommendation to approve the mortgage release at this time. If the council does not wish to release the entire mortgage, action to approve a subordination agreement should be taken.

BACKUP INFORMATION

None

RESOLUTION NO. _____

RESOLUTION RELEASING REAL ESTATE MORTGAGE UNDER THE 2006 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) OWNER-OCCUPIED RESIDENTIAL REHABILITATION PROGRAM

WHEREAS, a zero-percent-interest forgivable loan was granted under the 2006 Community Development Block Grant Program of the City of Muscatine, Iowa, and a real estate mortgage was executed by Cruz and Maria Leza, owners of said property commonly known as 1820 Schiller Street; Muscatine, IA, legally described as:

LOT 4 OF BLOCK 3 OF STORTZ ADDITION

granting a lien against the real estate to the City of Muscatine, Iowa; and,

WHEREAS, said loan has been repaid and the real estate mortgage should be released.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MUSCATINE, IOWA, that the real estate mortgage referred to in the Release of Real Mortgage which is attached to this Resolution is hereby released, and the Mayor and City Clerk are hereby authorized to execute said Release of Real Estate Mortgage in order that the same can be recorded in the office of the Recorder of Muscatine County, Iowa.

PASSED, APPROVED, AND ADOPTED this 16th day of August 2012.

BY THE CITY COUNCIL OF
THE CITY OF MUSCATINE, IOWA

DeWayne M. Hopkins, Mayor

ATTEST:

Gregg Mandsager, City Clerk

(Prepared by & return to Jim Rudisill, City Hall, 215 Sycamore, Muscatine, Iowa 52761 563-264-1550; ext. 143)

RELEASE OF REAL ESTATE MORTGAGE

KNOW ALL MEN BY THESE PRESENTS: That the undersigned, the present owner of the mortgage hereinafter described, does hereby acknowledge that a certain mortgage bearing the date of the 9th day of April 2007 made and executed by Cruz and Maria Leza to the City of Muscatine, Iowa and recorded in the Muscatine County, Iowa, Recorder's Office in File 2007-02567 on the 23rd day of April 2007, commonly described as 1820 Schiller Street, Muscatine, Iowa, and legally described as

LOT 4 OF BLOCK 3 OF STORTZ ADDITION

is redeemed, paid off, satisfied and discharged in full. Said mortgage was in the original amount of \$24,999.00.

Words and phrases herein, including acknowledgment hereof, shall be construed as in singular or plural number, and as masculine, feminine or neuter gender, according to the context.

Dated this 16th day of August 2012
CITY OF MUSCATINE, IOWA

Attest:

By _____
DeWayne M. Hopkins, Mayor

Gregg Mandsager, City Clerk

STATE OF IOWA, Muscatine County, ss:

On this 16th day of August 2012, before me _____, a Notary Public in and for the State of Iowa, personally appeared DeWayne M. Hopkins and Gregg Mandsager, to me personally known, and, who, being by me duly sworn, did say that they are the Mayor and City Clerk, respectively, of the City of Muscatine, Iowa; that the seal affixed to the foregoing instrument is the corporate seal of the corporation, and that the instrument was signed and sealed on behalf of the corporation, by authority of its City Council, as contained in Resolution No. _____ passed by the City Council, under Roll Call No. _____ of the City Council on the 16th day of August 2012, and that DeWayne M. Hopkins and Gregg Mandsager acknowledged the execution of the instrument to be their voluntary act and deed and the voluntary act and deed of the corporation, by it voluntarily executed.

Notary Public in and for the State of Iowa