

**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:** April 11, 2011

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

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**BACKGROUND:**

Geraldine Phillips participated in the 2006 CDBG Housing Rehabilitation Program in 2006-07. She received the maximum \$24,999 in funding assistance through a five-year forgivable loan. Under the terms of the program, Phillips was required to sign a mortgage, which she did on December 29, 2006. Her project was completed on June 29, 2007.

Phillips died September 6, 2010. Her son contacted the city earlier this year after discovering the mortgage on the property. Under the terms of the rehab program, twenty percent (20%) of the loan has been forgiven annually on the anniversary date of the completion of the project. Three full years of the loan had been forgiven at the time of Phillips' death; and nearly two-thirds of the fourth year had expired by the time the family discovered the lien.

After city staff met with the son, who is Phillips' only heir; and reviewed all the circumstances relating to this situation, the following recommendation/rationale is proposed:

**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 forgive all portions of the outstanding fourth year of the mortgage and the family will repay the city \$4,999.80 for the final fifth year of the mortgage. That payment has already been made.

The son and his wife have provided documentation that shows they would qualify for the housing rehab program if they had been the residents of 108 Pond. In addition, the son's wife suffered a brain aneurysm a few years ago and now requires 24-hour care. Although she remains in their home, this does create potential future financial issues. Together, these two factors establish extenuating circumstances that justify the full forgiveness of the mortgage's fourth year.

**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 2003 Community Development Block Grant Program of the City of Muscatine, Iowa, and a real estate mortgage was executed by Geraldine Phillips, owners of said property commonly known as 108 Pond Street, Muscatine, IA, legally described as:

W 90' OF LOT 10 OF BLOCK 8 OF SMALLEY'S THIRD ADDITION TO SOUTH MUSCATINE

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 21<sup>st</sup> day of April 2011.

BY THE CITY COUNCIL OF  
THE CITY OF MUSCATINE, IOWA

\_\_\_\_\_  
Richard W. O'Brien, Mayor

ATTEST:

\_\_\_\_\_  
Gregg Mandsager, City Clerk

**RELEASE OF REAL ESTATE MORTGAGE**

(Prepared by & return to Jim Rudisill, City Hall, 215 Sycamore, Muscatine, Iowa 52761 563-264-1550; ext. 134)

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 29<sup>th</sup> day of December 2006 made and executed by Geraldine Phillips to the City of Muscatine, Iowa and recorded in the Muscatine County, Iowa, Recorder's Office in File 2007-00585 on the 24<sup>th</sup> day of January 2007, commonly described as 108 Pond Street, Muscatine, Iowa, and legally described as

W 90' OF LOT 10 OF BLOCK 8 OF SMALLEY'S THIRD ADDITION TO SOUTH MUSCATINE

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 21<sup>st</sup> day of April 2011  
CITY OF MUSCATINE, IOWA

Attest:

By \_\_\_\_\_  
Richard W. O'Brien, Mayor

\_\_\_\_\_  
Gregg Mandsager, City Clerk

STATE OF IOWA, Muscatine County, ss:

On this 21<sup>st</sup> day of April 2011, before me \_\_\_\_\_, a Notary Public in and for the State of Iowa, personally appeared Richard W. O'Brien and Gregg Mandsager, to me personally known, and, who, being by me duly sworn, did say that She 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 21<sup>st</sup> day of April 2011, and that Richard W. O'Brien 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