

# CITY COUNCIL AGENDA ITEM COVER MEMO

Agenda Item Number \_\_\_\_\_

Meeting Type: Regular

Meeting Date: 4/25/2013

Action Requested By:  
Community  
Development

Agenda Item Type  
Resolution

Subject Matter:

Downpayment Assistance Subordination

Exact Wording for the Agenda:

Resolution authorizing the Mayor to execute a Subordination Agreement between the City of Huntsville and Amerigroup Mortgage Corporation in connection with HOME DAP Funds provided for the purchase of 2902 Battle Dr. Huntsville, AL 35816.

**Note: If amendment, please state title and number of the original**

Item to be considered for: Action

Unanimous Consent Required: No

Briefly state why the action is required; why it is recommended; what Council action will provide, allow and accomplish and; any other information that might be helpful.

This resolution will allow the Howard F. Grimes to refinance his primary mortgage loan and the City of Huntsville will remain in the second position. Howard F. Grimes received \$5,000 in Community Development Downpayment Assistance (DAP) to assist him in purchasing a single family home. There is no cash out on the loan.

Associated Cost:

Budgeted Item: Yes

MAYOR RECOMMENDS OR CONCURS: Select...

Department Head: \_\_\_\_\_



Date: \_\_\_\_\_

4/10/13

ROUTING SLIP  
CONTRACTS AND AGREEMENTS

Originating Department: Community Development

Council Meeting Date: 4/25/2013

Department Contact: Scott Erwin

Phone # 256-427-5423

Contract or Agreement: Agreement

Document Name: SUBORDINATION AGREEMENT

City Obligation Amount:

Total Project Budget:

Uncommitted Account Balance:

Account Number:

**Procurement Agreements**

<u>Select...</u>	<u>Select...</u>
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**Grant-Funded Agreements**

<b>Federal HUD</b>	<b>Grant Name:</b>
	HOME Investment Partnership Grant

Department	Signature	Date
1) Originating		4/10/13
2) Legal		4/15/13
3) Finance		4/15
4) Originating		
5) Copy Distribution		
a. Mayor's office (2 copies)		
b. Clerk-Treasurer (Original & 2 copies)		
c. Legal (1 copy)		

**RESOLUTION NO. 13-\_\_\_\_\_**

**WHEREAS**, the City of Huntsville, Alabama has made funds available, through the City's Downpayment Assistance Program (DAP) to assist Howard F. Grimes with the downpayment for the residence of 2901 Battle Dr. Huntsville, AL 35816.

**WHEREAS**, the City previously agreed to subordinate its mortgage position to Mortgage Investors Corporation pursuant to Resolution No. 13-229 of the City Council of the City of Huntsville; and

**WHEREAS**, the City intended to subordinate its interest to Amerigroup Mortgage Corporation, the entity through which Mortgage Investors Corporation conducts business in Alabama; and

**WHEREAS**, the City desires to enter an agreement subordinating its mortgage position to Amerigroup Mortgage Corporation and to rescind the Agreement subordinating the City's position to that of Mortgage Investors Corporation;

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Huntsville, Alabama, that the Mayor of the City of Huntsville is hereby authorized to execute a Subordination Agreement by and between the City of Huntsville, Alabama and Amerigroup Mortgage Corporation on behalf of the City of Huntsville, a municipal corporation in the state of Alabama, which said agreement is substantially in words and figures similar to that certain document attached hereto and identified as "SUBORDINATION AGREEMENT BETWEEN THE CITY OF HUNTSVILLE AND AMERIGROUP MORTGAGE CORPORATION." consisting of three(3) pages, and the date appearing on the margin of the first page, together with the signature of the President or President Pro Tem of the City Council, an executed copy of said document being permanently kept on file in the Office of the City Clerk-Treasurer of the City of Huntsville.

**BE IT FURTHER RESOLVED** by the City Council of the City of Huntsville that that certain Agreement dated March 28, 2013, adopted and approved by the City Council of the City of Huntsville pursuant to Resolution No. 13-229 is hereby rescinded.

**ADOPTED** this the 25<sup>th</sup> day of April, 2013.

\_\_\_\_\_  
President of the City Council of  
the City of Huntsville, Alabama

**APPROVED** this the 25<sup>th</sup> day of April, 2013.

\_\_\_\_\_  
Mayor of the City of Huntsville,  
Alabama

STATE OF ALABAMA  
COUNTY OF MADISON

**SUBORDINATION AGREEMENT BETWEEN THE  
CITY OF HUNTSVILLE AND AMERIGROUP MORTGAGE CORPORATION**

THIS AGREEMENT is made and entered into on this the 25th day of April, 2013 by the City of Huntsville, Alabama, (hereby referred to as "City of Huntsville") in favor of Amerigroup Mortgage Corporation, its successors and assigns, (hereinafter referred to as "Lender").

WHEREAS, City of Huntsville, Alabama holds a real estate mortgage against Howard F. Grimes, a single man (the "Borrower", whether one or more), in the principal amount of \$5,000.00, filed on January 31st, 2011 in Document Number 2011013000061430, in the Office of Madison County Judge of Probate, AL; and

WHEREAS, Borrower has requested that Lender lend to him/her the sum of \$65,169.00, which loan will be evidenced by a Promissory Note in such amount dated executed by the Borrower in favor of the Lender (the "Note"). The Note is secured by a mortgage of the same date as the Note (the "Mortgage"). Lender and Borrower have requested that City of Huntsville execute this Agreement; and

WHEREAS, on March 28, 2013, the City of Huntsville entered into an agreement subordinating its mortgage position to Mortgage Investors Corporation, pursuant to resolution No. 13-229 of the City Council of the City of Huntsville; and

WHEREAS, the City desires to subordinate its mortgage position to Amerigroup Mortgage Corporation, and to rescind that certain agreement executed by the City pursuant to Resolution No. 13-229;

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. The City of Huntsville does hereby subordinate the lien and operation of that certain mortgage (and all amendments thereto) recorded in Document Number 2011013000061430, in the Office of Madison County, Alabama Judge of Probate, to the lien and operation of that certain mortgage executed by Howard Grimes, a single man, in favor of Amerigroup Mortgage Corporation in the principal amount of Sixty-Five Thousand One Hundred Sixty-Nine and 00/100 Dollars (\$65,169.00) dated and executed April \_\_\_\_\_, 2013, and recorded in Document Number \_\_\_\_\_, in the Office of the Madison County, Alabama Judge of Probate.

2. That certain agreement wherein the City of Huntsville subordinated its mortgage position to Mortgage Investors Corporation, adopted on March 28, 2013 pursuant to Resolution No. 13-229, is hereby rescinded.

\_\_\_\_\_  
**President of the City Council of the  
City of Huntsville, Alabama  
Date: April 25, 2013**

IN WITNESS WHEREOF, City of Huntsville, Alabama has caused this instrument to be executed on the day and date first above set forth.

\_\_\_\_\_  
Howard F. Grimes, Borrower

STATE OF ALABAMA  
COUNTY OF MADISON

I, the undersigned authority, a Notary Public in and for said County and State do hereby certify that Howard F. Grimes, a single man, whose name is signed to the foregoing instrument, and who after being duly sworn and informed of the contents of said instrument, he/she executed the same voluntarily on day same bears date, with full power and authority to act for said entity.

Given under my hand and seal this the \_\_\_\_ day of \_\_\_\_\_, 2013.

SEAL

\_\_\_\_\_  
NOTARY PUBLIC  
My Commission Expires: \_\_\_\_\_

CITY OF HUNTSVILLE

\_\_\_\_\_  
Tommy Battle, Mayor

ATTEST:

\_\_\_\_\_  
Charles E. Hagood  
Clerk-Treasurer

STATE OF ALABAMA  
COUNTY OF MADISON

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that Tommy Battle, Mayor of the City of Huntsville, Alabama and Charles E. Hagood, Clerk-Treasurer, whose names are signed to the foregoing Subordination Agreement and who are known to me, acknowledged before me on this date that, being informed of the contents of this Subordination Agreement, he/she executed the same voluntarily on the day the same bears date.

Given under my hand and official seal of office, this the \_\_\_\_\_ day of \_\_\_\_\_, 2013.

SEAL

\_\_\_\_\_  
NOTARY PUBLIC  
My Commission Expires: \_\_\_\_\_