

CITY OF VINELAND

RESOLUTION NO. 2017-159

RESOLUTION AUTHORIZING THE EXECUTION OF A  
SUBORDINATION OF MORTGAGE LIENS HELD BY THE  
CITY OF VINELAND WITH RESPECT TO PROPERTY  
KNOWN AS 798 WEST WALNUT ROAD, VINELAND

WHEREAS, the City of Vineland holds a mortgage lien against certain real estate located at 798 West Walnut Road, Vineland New Jersey, in connection with their participation the HOME residential rehabilitation program; and,

WHEREAS, the HOME Mortgage held by the City of Vineland is dated August 5, 2013 in the amount of \$29,387.00 which is a 0% interest, and is a non-forgivable loan with no monthly payments due; and

WHEREAS, the owner of the real estate located at 798 West Walnut Road, Vineland, New Jersey, has requested that the 2<sup>nd</sup> priority lien which is held by the City be subordinated to a new mortgage to be given to Freedom Mortgage Corporation or their assignees in connection with the refinancing of the mortgage on the property; and

WHEREAS, it is considered it to be in the best interest of the City that said request be accommodated;

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Vineland that the Mayor and Clerk are hereby authorized and directed to execute a Subordination Agreement subordinating the HOME residential rehabilitation program mortgage in the principal amount of \$29,387.00 dated August 5, 2013 to a mortgage given by the owner to Freedom Mortgage Corporation or their assignees in the principal amount of the mortgage not to exceed \$114,749.00; and

BE IT FURTHER RESOLVED that the owner shall bear any and all costs associated with the preparation of said documents.

Adopted:

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President of Council

ATTEST:

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City Clerk

## Reid Wanda

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**From:** Tonetta Richard  
**Sent:** Tuesday, March 21, 2017 1:32 PM  
**To:** Reid Wanda  
**Subject:** FW: Resolution Subordinating Debt 798 West Walnut Road.doc  
**Attachments:** Resolution Subordinating Debt 798 West Walnut Road.doc

**From:** Tonetta Richard  
**Sent:** Tuesday, March 21, 2017 12:47 PM  
**To:** Fanucci Anthony R <afanucci@vinelandcity.org>; Petrosky Keith <kpetrosky@vinelandcity.org>; Scarpa Christine <cscarpa@vinelandcity.org>; Al Vargas <avargas@vinelandcity.org>; Angela Calakos <acalakos@vinelandcity.org>; Dave Acosta <dacosta@vinelandcity.org>; Paul Spinelli <pspinelli@vinelandcity.org>; Ron Franceschini <rfranceschini@vinelandcity.org>  
**Cc:** Oldknow Carmen <coldknow@vinelandcity.org>; Dickenson Bob <bdickenson@vinelandcity.org>  
**Subject:** Resolution Subordinating Debt 798 West Walnut Road.doc

Dear Council President Spinelli and Members of City Council,

The owners of the above property have requested the city consider subordinating its debt in amount of \$29,387 to a new mortgage given to freedom mortgage Corporation any amount of \$114,749. Presently the homeowner has an existing first mortgage in the amount of \$112,240 with interest accruing at the rate of 6% per annum. The monthly payment of principal and interest is \$730.44. The new mortgage will have a principal and interest payment of \$612.62, with an interest rate of 3.875%. This is a savings to the homeowner of approximately \$80 per month.

The assessed value of the home is \$120,800. The debt against the property will total \$141,627, which means the property value was less than the mortgages against it including that of the city of Vineland. If the city did not consider subordination of debt, the total debt would still be more than the value of the home. In essence, if the house is sold the probability is the city would not receive back the funds that it loaned on the home regardless of whether the council approves the subordination.

As there is no worse position the city would be in by allowing the subordination and considering the savings to the homeowner of approximately \$80 per month by reducing the interest rates from 6% to 3.875%, I can recommend Council favorably consider the adoption of the attached resolution.

Richard P. Tonetta, Esq.  
Director of Law  
City of Vineland  
640 E. Wood Street  
Vineland, New Jersey 08360