

CITY OF MARSHALL AGENDA ITEM REPORT

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| Meeting Date: | Tuesday, October 27, 2020 |
| Category: | CONSENT AGENDA |
| Type: | ACTION |
| Subject: | Approve Subordination Agreement Regarding Property At 223 North Hill Street (Lot Nine (9) Block Two (2) Schultz Addition to The City of Marshall) Subordinating A Small Cities Development's Program Loan/Grant in Favor of First Mortgage Lien to The Wanda State Bank. |
| Background Information: | <p>Chancey Frances Devos is the owner of property located at 223 North Hill Street in Marshall. Property is currently subject to a First Mortgage lien dated October 30, 2018 granted to the Wanda State Bank. Homeowner has recently obtained a \$24,000.00/Grant from the City of Marshall for residential building rehabilitation pursuant to the Small Cities' Development Rehabilitation Program. The loan is in the amount of \$24,000.00 pursuant to an agreement dated December 9, 2019, recorded June 30, 2020 in the office of the Lyon County Recorder. The Small Cities Development Grant Program is a second lien against the property.</p> <p>Property owner seeks to refinance the first mortgage and obtain additional funds for additional rehabilitation of the property. Pursuant to the refinancing, The Wanda State Bank will satisfy its first mortgage, but is asking that the City subordinate its lien so that the new loan to Wanda State Bank will be a first mortgage lien and the City of Marshall Small City Development mortgage will continue to be a second mortgage lien against the property.</p> <p>Staff is recommending that City Council approve a subordination agreement as requested. Marshall EDA met on Wednesday, October 21- and recommended that City Council approve the subordination request.</p> <p>Attached is a copy of the loan subordination policy as previously approved by the City of Marshall. The request for subordination is not timely, but it still appears to be appropriate to recommend loan subordination as requested by the property owner and by loan officer from the Wanda State Bank. City Staff will work with the property owner and loan officer to obtain all of the appropriate and required documentation.</p> |
| Fiscal Impact: | None |
| Alternative/ Variations: | No alternative action recommended. |
| Recommendations: | That the City Council approve the loan subordination request from property owner Chancey Frances DeVos. |