



**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY
AND HOUSING AUTHORITY
AGENDA REPORT**



DEPARTMENT: Administration

MEETING DATE: August 5, 2014

PREPARED BY: Angel Carrillo
Management Assistant

AGENDA LOCATION: SA CC-2

TITLE: Subordination Agreement between Corrine Cash and the Successor Agency to the Monrovia Redevelopment Agency for Property Located at 604 West Olive Avenue

OBJECTIVE: To approve a Subordination Agreement related to 604 West Olive Avenue owned by Corinne Cash to allow for refinancing of the first lien on said property

BACKGROUND: In 2000, Corinne Cash (Participant) entered into an agreement with the Monrovia Redevelopment Agency as part of the Agency's down payment assistance program, receiving a loan in the amount of \$10,000.00 toward the purchase of 604 West Olive Avenue. In connection with the Loan Agreement, a deed of trust dated August 7, 2000, was recorded, with the Monrovia Redevelopment Agency as beneficiary, second and subordinate to the First Lien deed of trust. The loan agreement stipulates an Affordability Period during which the Participant must maintain ownership and occupy the property as their main residence until August 7, 2015. As long as all terms of the agreement are met, the loan is forgiven without repayment to the Agency at the end of the affordability period.

ANALYSIS: The Participant is seeking to obtain more favorable financing terms by refinancing the existing first lien. The Loan Agreement allows for refinancing so long as it is within certain parameters. The amount the Participant is refinancing is substantially lower than the appraised value of the property; therefore the Agency's interest on the loan is well within the appraised value. In order for funding to occur, the title company and underwriter require that the Agency execute a subordination agreement.

ENVIRONMENTAL IMPACT: There is no environmental impact resulting from the approval of the Agreement.

FISCAL IMPACT: There is no fiscal impact to the Agency if the subordination is approved.

OPTIONS: The following options are presented for consideration:

1. Approve the proposed Subordination Agreement. This will allow the home owner to move forward with refinancing the property.
2. Reject the request. If this option is chosen, the home owner may not be able to proceed with the refinancing process in a timely manner at the current rate.

RECOMMENDATION: Following review of the documents pertinent to this request, Staff and the City Attorney believe that approval would allow the home owner to obtain more favorable finance terms and that the Agency's interests would not change in a material way and therefore recommend approval of the Subordination Agreement. Staff and the City Attorney further recommend that the Executive Director be authorized to execute this agreement and subsequent documents related to the subordination of this loan.

SA CC-2

BOARD ACTION REQUIRED: If the Boards of Directors concur, the appropriate action would be a motion to approve the Subordination Agreement related to 604 West Olive Avenue and Corinne Cash and authorize the Executive Director to execute the necessary documents as well as any subsequent documents relating to subordination of this loan, in a form approved by the City Attorney.