



A g e n d a
President and Board of Trustees
Thursday, December 8, 2005
Village Hall
123 Madison Street

Special Village Board Meeting at 7:00 p.m., Room 101

The President and Board of Trustees welcome you. Statements may be made when agenda items are reviewed. If you wish to make a statement, please complete the "Instructions to Address the Village Board" form which is available at the back of the Chambers, and present it to the staff table at front. When recognized, approach the podium, state your name and address first, and please limit your remarks to three minutes.

Call to Order

Regular Agenda

- A. Resolution Authorizing a Subordination of Lien: BPIP-023
The Loan recipient is requesting a subordination of their Barrie Park loan to refinance their first mortgage. The Village remains secure in junior position on title.

Adjourn to Study Session Immediately Following Special Village Board Meeting

(*) The Village Board permits a maximum of three persons to speak to each side of any one topic that is scheduled for or has been the subject of a public hearing by a designated hearing body.

For more information regarding Village Board meetings and agendas, please contact the Village Manager's Office at 708.358.5773.

A

VILLAGE OF OAK PARK
AGENDA ITEM COMMENTARY

Item Title: Resolution Authorizing a Subordination of Lien: BPIP-023 (1112 South Taylor Avenue)

Resolution or Ordinance No. _____

Date of Board Action December 8, 2005

Staff Review

Program Manager: _____
Cynthia Breunlin

Deputy Village Manager: _____
Dete Dame

Village Manager's Office: _____
MKA

Item History (Previous Board Review, Related Action, History):

The Board of Trustees adopted the Barrie Park Investment Policy in May 2004 to stimulate investment in the area's housing stock and return vibrancy to the Barrie Park neighborhood that was disrupted by the Barrie Park Remediation Project. All properties must have their properties sampled if eligible and remediated if eligible in the voluntary residential sampling program as set forth in the Village's Remedial Objective Agreement (VROA).

The homeowner, with staff assistance if necessary, develops a scope of work based on the program priorities outlined in the policy. Each applicant's project is reviewed and approved by the Barrie Park Investment Oversight Committee.

Item Policy Commentary (Key Points, Recommendation, Background):

A request for subordination of the Village's Mortgage on 1112 South Taylor Avenue was recently received.

Attached is a Resolution Authorizing a Subordination of Lien for Barrie Park Investment Program (BPIP)-023 for the 1-unit property at 1112 South Taylor Avenue. BPIP-023 is a \$15,000 mortgage deferred for repayment until conveyance or transfer of any interest in the subject property by the mortgagor or the estate of the mortgagor. This is currently a second mortgage on the property.

The owners are refinancing their existing first mortgage for a new first mortgage in amount of \$235,000, and request that the Village subordinate its mortgage to the new first mortgage when the refinance and payoff of their current first mortgage moves the Village's mortgage into first position.

The Barrie Park Improvement Program has no requirement of repayment at the time of refinance. In this case, the property is appraised at \$316,000. The first mortgage of \$235,000, plus the Village's \$15,000 mortgage equal total debt of \$250,000, leaving 21% equity. Therefore, the Village's interest is protected.

Item Budget Commentary:

The subordination is not a direct cost to the General Fund. Staff time in document preparation, which is a regular part of loan portfolio management, is the only cost.

Proposed Action:

Approve the Resolution.

RESOLUTION

AUTHORIZING EXECUTION OF SUBORDINATION OF LIEN

BPIP-023

BE IT RESOLVED by the President and Board of Trustees of the Village of Oak Park, Cook County, Illinois, as follows:

SECTION I: Findings

a) The Village of Oak Park allocated funds for Barrie Park Investment Program Grants and Loans for privately owned property as parts of its Barrie Park Investment Program.

b) The premises at 1112 South Taylor Avenue consist of a one-unit dwelling owned by Ojo Osaigbovo and Elizabeth Osaigbovo, hereinafter referred to as "Owner". In October, 2004, said premises were in a substandard condition and in need of rehabilitation.

c) The premises were rehabilitated with the proceeds of a grant and a loan from Oak Park's Barrie Park Investment Program grant/loan funds. A \$15,000 grant and a \$15,000 loan were approved by this Board in a Resolution adopted October 18, 2004. Said loan is an interest-free, deferred-payment loan payable in full upon the earlier of the following occurrences or date: the conveyance or transfer of any interest in the subject property by the mortgagor; or the conveyance or transfer of any interest in the subject property by the estate of the mortgagor.

d) New Century Mortgage Corporation and the Owner are requesting the Village of Oak Park to subordinate its \$15,000 mortgage to a new \$235,000.00 first mortgage from New Century Mortgage Corporation.

SECTION 2: SUBORDINATION OF LIENS AND SUBORDINATION OF INTEREST

That the Village President and Village Clerk are to execute a Subordination of Lien subordinating the Village's \$15,000 lien against the subject property to the new \$235,000.00 first mortgage made by New Century Mortgage Corporation. Said Subordination of Lien shall conform substantially to the document attached hereto as Exhibit A.

SECTION 3: ENDORSEMENT OF NOTE

That the Village President is authorized to endorse on the Village's Installment Notes for the subject property, the following recitals:

"This Note for \$15,000 is secured by Trust Deed document 0430848013, dated November 3, 2004, which is junior and subordinate to the lien of that certain Mortgage document dated _____, securing an interest in 1112 South Taylor Avenue, from New Century Mortgage Corporation to Ojo Osaigbovo and Elizabeth Osaigbovo to secure an installment note for \$235,000.00 dated _____."

THIS RESOLUTION SHALL BE in full force and effect from and after its adoption as provided by law.

ADOPTED this 8th day of December, 2005 pursuant to a roll call vote as follows:

AYES:

NAYS:

ABSENT:

APPROVED by me this 8th day of December, 2005.

David E. Pope
Village President

Attest:

Sandra Sokol
Village Clerk

SUBORDINATION
OF LIEN

One trust deed or mortgage
to another

WHEREAS, Ojo Osaigbovo and Elizabeth Osaigbovo, by Mortgage dated October 18, 2004, and recorded in Recorder's Office of Cook County, Illinois on November 3, 2004 as document number 0430848013, did convey unto the Village of Oak Park certain premises in Cook County, Illinois, described as follows:

Lot 41 (except the South 10 feet thereof) and all of Lot 42 in Block 11 in Austin Park in the East 1/2 of the Southwest 1/4 of Section 17, Township 39 North, Range 13, East of the Third Principal Meridian, in Cook County, Illinois.

Permanent Real Estate Index Number:
16-17-321-006-0000

Common Address: 1112 South Taylor Avenue
Oak Park, Illinois 60304

to secure Instalment Note for FIFTEEN THOUSAND and no/100 Dollars (\$15,000.00) with interest payable as therein provided; and

WHEREAS, the said Ojo Osaigbovo and Elizabeth Osaigbovo, by Mortgage, dated _____, and recorded in said Recorder's Office as Document _____, did convey unto New Century Mortgage Corporation the said premises to secure Instalment Note for Two Hundred Thirty Five Thousand and 00/100 Dollars (\$235,000.00) with interest, payable as therein provided; and

WHEREAS, the Note secured by the Trust Deed first described is held by Village of Oak Park, an Illinois Municipal Corporation, as sole owner and not as agent for collection, pledge or in trust for any person, firm or corporation; and

WHEREAS, said owner wished to subordinate the lien of the Trust Deed first described to the lien of the Trust Deed recorded as Document No. _____ hereby secondly described,

NOW THEREFORE, in consideration of the premises and of the sum of One Dollar (\$1.00) to it in hand paid, the said Village of Oak Park does hereby covenant and agree with the said New Century Mortgage Corporation that the lien of the Note owned by said Village of Oak Park and of the Mortgage securing the same shall be and remain at all times a third lien upon the premises thereby conveyed subject to the lien of the Mortgage to said New Century Mortgage Corporation as aforesaid for all advances made or to be made on the note secured by said last named Mortgage and for all other purposes specified therein.

WITNESS the Village of Oak Park has caused this Subordination to be signed by its duly authorized officer and attested by a Notary Public this 8th day of December, A.D. 2005.

ATTEST:

VILLAGE OF OAK PARK

BY: _____

Sandra Sokol, Village Clerk

TITLE: Village President

State of Illinois)
County of Cook) SS

I, the undersigned A Notary Public in and for said county, in the state aforesaid, do hereby certify that _____ title _____ personally known to me to be the same person whose name subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that signed, sealed and delivered the said instrument as a free and voluntary act for the uses and purposes therein set forth, on behalf of the Village of Oak Park, being first duly authorized thereon to.

Given my hand and Notarial Seal _____
(Date)

(Notary Public)

Deliver to: Recorder's Office Box No. 321