

RESOLUTION 98- 215

A RESOLUTION BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, APPROVING SUBORDINATION AGREEMENTS FOR THE STATE HOUSING INITIATIVES PARTNERSHIP (SHIP) HOME BUYER PROGRAM; AUTHORIZING THE COUNTY ADMINISTRATOR TO SIGN SAID AGREEMENTS; AMENDING RESOLUTION 98-112; AND SETTING AN EFFECTIVE DATE.

WHEREAS, the State Housing Initiatives Partnership (SHIP) Program, administered by the Florida Housing Finance Corporation, was instituted in 1992 to fund affordable housing in Florida; and

WHEREAS, using SHIP funds, the St. Johns County Home Buyer Program provides ownership classes, credit counseling, and down payment assistance; and

WHEREAS, \$5,000 in SHIP funds for Fiscal Years 1992/93, 1993/94, 1994/95 required a recorded lien placed on the property by which the SHIP deferred loan was "forgiven" at a rate of \$1,000 annually, so that the entire SHIP loan expired at the end of five years; and

WHEREAS, this lien did not provide originally for refinancing, which was accomplished by Resolution 98-112; and

WHEREAS, the recorded lien for Fiscal Years 1995/96 and beyond requires that the full amount of SHIP down payment assistance be paid back to St. Johns County at zero percent interest if the property is sold, refinanced, or transferred; and

WHEREAS, refinancing lenders demand clear titles and have requested St. Johns County sign a subordination agreement stating that SHIP loans continue to be in second position to their first mortgage; and

WHEREAS, there currently exists no authorization for St. Johns County staff to sign the later subordination agreement; and

WHEREAS, in order to keep the subject dwellings affordable, it is in all parties' (including the public's) best interests that St. Johns County enter into a subordination agreement in such cases where SHIP participants are endeavoring to refinance at a lower interest rate.

NOW THEREFORE BE IT RESOLVED by the Board of County Commissioners of St. Johns County, Florida, as follows.

1. The St. Johns County Board of County Commissioners hereby approves a written subordination of all SHIP Home Buyer liens to first mortgage loans refinanced at a lower interest rate by lending institutions, such as the one attached, if the following assurances are met:

- a. Subordination occurs only once;
- b. The monthly payment (PITI) is lower as well as the interest rate;
- c. The participants have the funds to pay for closing costs not included in the refinancing;
- d. There is no cash returned to the participants upon refinancing;
- e. The County Administrator is authorized by the Board of County Commissioners to sign subordination agreements; and
- f. A Good Faith Estimate is reviewed by the SHIP Coordinator and the participants before the Coordinator recommends that the County Administrator sign the subordination agreements.

2. The St. Johns County Board of County Commissioners hereby authorizes the County Administrator to enter into subordination agreements pertaining to SHIP liens, substantially in the form of Exhibit "A", upon recommendation of the SHIP Coordinator.

3. This Resolution supersedes and replaces Resolution 98-112.

4. This Resolution shall become effective upon the passage date below.

PASSED AND ADOPTED this 8 day of December, 1998.

BOARD OF COUNTY COMMISSIONERS
OF ST. JOHNS COUNTY, FLORIDA

By: Marc A. Jacalone
Marc A. Jacalone, Chair

ATTEST: CHERYL STRICKLAND, CLERK

By: Patricia DeGrande
Deputy Clerk

Exhibit "A"

SUBORDINATION AGREEMENT

This subordination agreement is made by the undersigned on this ____ day of _____, _____, as follows:

1. The undersigned warrants that St. Johns County is the owner and holder of a note (the "note") and mortgage (the "mortgage") dated the ____ day of _____, _____. The mortgage is recorded in official records book _____, page _____, of the public records of St. Johns County, State of Florida, and encumbers the property (the "property") described as follows:

SEE ATTACHED SCHEDULE "A"

2. The mortgage was executed by _____ to the undersigned.

3. The mortgage and note have not been assigned, transferred or pledged by the undersigned which has full authority to execute this subordination agreement.

4. The undersigned acknowledges that _____ has executed a mortgage in favor of _____, a _____ corporation, dated the ____ day of _____, _____ securing a note in the amount of \$ _____, encumbering the property. The undersigned recognizes that _____ will not close on its mortgage loan and disburse the proceeds thereof unless St. Johns County mortgage constitutes a second or lower in priority lien on the property.

5. To induce _____ to disburse the proceeds of its mortgage loan, the undersigned hereby subordinates and makes inferior in lien and dignity the mortgage and note to the following:

- a. The lien, security interest and all of the terms and conditions of St. Johns County mortgage and note; and
- b. Any and all substations, assignments, amendments, extensions, consolidations and renewals of St. Johns County mortgage and note as well as all future advances thereunder.

6. This subordination agreement shall inure to the benefit of _____, its successors and assigns, and shall be binding upon the undersigned and the undersigned's successors and assigns.

7. The mortgagee offers the following assurances:
- a. This is the first and only lien subordination requested of the mortgagor on this real property;
 - b. The monthly payment (PITI) is lower as well as the interest rate;
 - c. The mortgagors have the funds to pay for closing costs not included in the refinancing;
 - d. There will be no cash returned to the mortgagors at closing; and
 - e. A Good Faith Estimate will be provided to the SHIP Coordinator before or with the completed Subordination Agreement.

8. This subordination agreement shall be governed by the laws of the State of Florida.

MORTGAGEE:

IN WITNESS WHEREOF, THE UNDERSIGNED HAS EXECUTED THIS SUBORDINATION AGREEMENT THIS _____ DAY OF _____, _____.

SIGNED, SEALED AND DELIVERED IN THE PRESENCE OF:

_____ BY: _____

State of _____, County of _____

I hereby certify that the foregoing instrument was executed and acknowledged before me this _____ day of _____, _____, by _____

(name and title of position), who is personally known to me or has provided _____
 _____ (type of identification) as identification.

 Notary Public and Commission Number

My Commission Expires: _____

IN WITNESS WHEREOF, THE UNDERSIGNED HAS EXECUTED THIS
SUBORDINATION AGREEMENT THIS _____ DAY OF _____, _____.

SIGNED, SEALED AND DELIVERED IN THE PRESENCE OF:

_____ BY: _____

State of Florida, County of St. Johns

I hereby certify that the foregoing instrument was executed and acknowledged before me
this _____ day of _____, _____, by _____

(name and title of position), who is personally known to me or has provided _____
_____ (type of identification) as identification.

Notary Public and Commission Number

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- c. The participants have the funds to pay for closing costs not included in the refinancing;
- d. There is no cash returned to the participants upon refinancing;
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