

RESOLUTION 2003-157

A RESOLUTION BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA; MODIFYING THE FORM OF PREVIOUSLY APPROVED SUBORDINATION AGREEMENTS FOR THE STATE HOUSING INITIATIVES PARTNERSHIP (SHIP) HOME BUYER PROGRAM; REAFFIRMING AUTHORIZATION OF THE COUNTY ADMINISTRATOR TO SIGN SAID AGREEMENTS; SUPERCEDING AND REPLACING RESOLUTION 98- 215; 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WHEREAS, this lien did not provide for refinancing, which was accomplished by Resolution 98-215, which superceded and replaced Resolution 98-112; and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, Resolution 2001-10, clarified maturity dates and terms of the State Housing Initiatives Partnership (SHIP) Home Buyer Program Mortgage Lien, and set an effective date; and

WHEREAS, the Home Buyer lien instrument was amended in Resolution 2001-10 to state that the Home Buyer liens are considered deferred payment loans (recorded as security agreements or mortgages) which are forgivable at 10 percent per year for 10 years, prorated on a monthly basis, providing that the homes remain owner-occupied and the participants honor all requirements of the deferred payment loans and the subsequent mortgages.

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 a need to modify the form of the subordination agreement previously authorized by Resolution 98-215; and

WHEREAS, in order to allow the borrower to benefit from favorable market conditions which may exist, it is in all parties' (including the public's) best interests that St. Johns County modify the form of the subordination agreement previously authorized in Resolution 98-215 for those SHIP participants endeavoring to refinance at a lower interest rate and/or endeavoring to reduce the term of their loan.

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

1. The above "Whereas" clauses are accepted as findings of fact and incorporated by reference herein.
2. The St. Johns County Board of County Commissioners hereby approves the modification to the subordination agreement pertaining to SHIP Home Buyer liens to first mortgage loans if the following conditions are met:
 - a. Subordination occurs only once;
 - b. The monthly payment (PITI) is lower as well as the interest rate;
 - c. And/or there may be a beneficial reduction in the term of the current loan on the subject property without significant increase on monthly payment, in addition to a lower interest rate;
 - d. There is no cash or check returned to the participants upon refinancing.
 - e. Subordination will not be done in order to facilitate consolidation or payment of other debts;
 - f. The County Administrator is authorized by the Board of County Commissioners to sign subordination agreements; and
 - g. A Good Faith Estimate shall be provided by the lender to the SHIP Office before or with the Subordination Agreement as completed by the lender.
 - h. SHIP staff shall determine that there is a benefit to the mortgagor(s) as a result of the lien subordination prior to recommending that the County Administrator sign the subordination agreements.
3. 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" attached hereto, upon recommendation of the SHIP Administrator.
4. This Resolution supersedes and replaces Resolution 98- 215 and Exhibit A attached thereto, which superceded and replaced Resolution 98-112.
5. This Resolution shall become effective upon the passage date below.

PASSED AND ADOPTED THIS 19th DAY OF August, 2003.

**BOARD OF COUNTY COMMISSIONERS
OF ST. JOHNS COUNTY, FLORIDA**

By: James E. Bryant
JAMES E. BRYANT, CHAIRMAN

ATTEST: CHERYL STRICKLAND
CLERK OF COURT

By: Patricia de la Haza
Deputy Clerk

RENDITION DATE 8-20-03



"EXHIBIT A"

**ST. JOHNS COUNTY STATE HOUSING INITIATIVES PARTNERSHIP (SHIP)
HOME BUYER DOWN PAYMENT ASSISTANCE PROGRAM**

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 SHIP note) and mortgage (the SHIP mortgage) dated the _____ day of _____, _____. The SHIP mortgage is recorded in official records book _____, page _____, of the public records of St. Johns County, State of Florida, and encumbers the property (the Aproperty) described as follows. *(Enter legal property description below or attach as Schedule AA.≡)*

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

3. The SHIP mortgage and SHIP 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(n) _____ 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 the SHIP mortgage is subordinated in priority to the _____ mortgage.

5. To induce _____ to disburse the proceeds of its mortgage loan, the undersigned hereby subordinates and makes inferior in lien and dignity the SHIP mortgage and SHIP note to the _____ mortgage. The lien, security interest and all of the terms and conditions of the SHIP mortgage and SHIP note, and any and all assignments, amendments, extensions, consolidations and renewals of the SHIP mortgage and SHIP note as well as all future advances thereunder are likewise subordinated.

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. _____ offers the following assurances:
- a. This is the first and only lien subordination requested of the mortgagor on the real property described herein.
 - b. SHIP staff to determine that there is a benefit to the mortgagor(s) as a result of the lien subordination, including, but not limited to one of the following:
 1. The monthly payment (PITI) and the interest rate of the loan are lower than the PITI and interest rate on the current loan on the subject property described in paragraph 1. above.
 2. There is a beneficial reduction in the term of the current loan on the subject property described in paragraph (1) above without a significant increase in monthly payment.
 - c. There shall be no cash or check returned to the mortgagor(s) at closing.
 - d. A Good Faith Estimate shall be provided by the lender to the SHIP office before or with the Subordination Agreement as completed by the lender.
 - e. Subordination will not be done in order to facilitate consolidation or payment of other debts.
 - f. A HUD-1 Settlement Statement shall be faxed for final review to the SHIP Office by the title company before closing.

8. This Subordination Agreement shall be governed by the laws of the State of Florida.

(Lenders Corporate Name)

STATE OF _____

COUNTY OF _____

By: _____
(signature of officer or agent)

Its: _____
(title or position)

The foregoing instrument was acknowledged before me this

_____ by _____
(date) (name of officer or agent)

_____ of _____
(title) (name of corporation acknowledging)

a _____ corporation, on behalf of the corporation. He/she is
(state or place of incorporation)

personally known to me or has produced _____
(type of identification)

as identification.

(signature of person taking acknowledgment)

(name typed, printed or stamped)

(title or rank)

(serial number, if any)

STATE OF FLORIDA

COUNTY OF ST. JOHNS COUNTY

By: Ben W. Adams, Jr.
County Administrator of St. Johns County
Post Office Drawer 349
St. Augustine, Florida 32085

The foregoing instrument was acknowledged before me this _____
(date)

by Ben W. Adams, Jr., County Administrator, who is personally known to me or has
provided _____ as identification.
(type of identification)

(signature of person taking acknowledgment)

(name typed, printed or stamped)

(title or rank)

(serial number, if any)