

# MARSHALLTOWN

— I O W A —

TO: Mayor and City Council

FROM: Michelle Spohnheimer, Housing & Community Development Director

DATE: May 28, 2019

RE: Subordination agreement for forgivable loan provided for property located at  
**7 E Lincoln Street, Marshalltown, Iowa 50158**

The owner of a property located at **7 E Lincoln Street, Marshalltown, Iowa 50158** participated in the City of Marshalltown Lead Hazard Control Program wherein he received assistance to eliminate lead hazards in his property. The lead hazard control assistance was paid for with grant funds made available through the City of Marshalltown Lead Hazard Control Grant Program. The grant funds used to assist households are provided to the owner(s) in the form of a forgivable loan. The loan is forgiven 33 1/3 % each year after the completion of lead hazard control assistance until the end of the third year at which time the loan is entirely forgiven. The terms of the forgivable loan are enforced via a lien document that is filed with the County Recorder.

The owner of the property listed above has approached his lending institution with a request to refinance his mortgage to change the loan to a family member following the passing of a family member. The Amount that will be refinanced is \$57,000. The appraised value of the property is \$104,000. Originally \$13,950 in grant funds were used in the remediation of lead hazards with \$4,650.60 (33 1/3%) remaining. The lending institution has requested that the City of Marshalltown's lien take a subordinate position to the financial institution as a condition of refinancing. The council has the authority to agree to subordination. To achieve subordination, a public hearing must be held in consideration of a tentative resolution to authorize subordination. The public hearing has been scheduled for June 10, 2019.

If you have questions, please contact Michelle Spohnheimer at 754-5756 or e-mail [mspohnheimer@marshalltown-ia.gov](mailto:mspohnheimer@marshalltown-ia.gov).

**Housing & Community Development**  
36 North Center Street, Marshalltown, IA 50158  
Tel. (641) 754-6583 - Fax (641) 754-5742

Property Address:	<b>7 E Lincoln St. Marshalltown, IA 50158</b>
Date of Completion:	<b>02/10/17</b>
Current Mortgage Amount:	<b>\$54,000</b>
Original Lien Amount:	<b>\$13,950</b>
% of Lien Forgiven:	<b>66 2/3%</b>
Remaining Balance on Lien:	<b>\$4,650</b>
New Mortgage Amount:	<b>\$57,000</b>
Appraised Value:	<b>\$104,000</b>
Lien plus New Mortgage:	<b>\$61,650</b>
Difference:	<b>\$42,350</b>
<p>The amount of new mortgage and remaining balance on the liens is <b>LESS THAN</b> the appraised value.</p>	

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