

# EXECUTIVE SUMMARY

**TO:** Bob Vitas, City Manager

**FROM:** Mark Finigan, Assistant City Manager

**DATE:** October 11, 2012

**SUBJECT:** 12 Luna Lane  
Subordination Request



## **Action statement:**

Request the City of Key West City Commission approve a subordination request from Deborah Pardee for her home located at 12 Luna Lane, Key West, FL. 33040.

## **Background:**

Ms. Pardee suffered extensive hurricane damage during Hurricane Wilma and qualified for renovation assistance under the City of Key West, Disaster Recovery Community Development Block Grant Program. The significant reduction in long term mortgage interest rates will make it beneficial for her to refinance. The property cannot be refinanced without the City of Key West's agreement to subordinate their Disaster Recovery CDBG Mortgage to her new first mortgage.

Ms. Pardee's interest rate will be reduced from 6.125% to 3.75%. She will not be receiving any cash as a part of the refinancing and the City's lien position will be enhanced by the reduction in her monthly payment. The City's subordinate mortgage is for 10 years and has been in place for four years. The balance will remain constant for the first 5 years and then reduced 20% per year until the 10<sup>th</sup> year.

## **Recommendation:**

Approve the proposed subordination request and authorize the Mayor to execute the subordination. This approval is supported by the City Attorney's office since it meets the recently approved subordination resolution requirements authorizing the Executive Director of the Housing Authority of the City of Key West, Florida to execute subordinations on behalf of the City of Key West Homeownership Program.