



## PLANNING AND DEVELOPMENT

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### Memorandum

**To:** Housing Rehabilitation Review Board  
**From:** Housing Rehab Client 103504  
**Date:** 06/12/2018  
**Re:** Subordination Request

#### 18-0824 Subordination Request

Client #103504 has 2 housing rehab loans with the City of La Crosse. The rehabs were approved on 04/22/2004, 11/13/2014 and completed 09/29/2004, 2/4/2015. As of 6/12/2018 the principal and interest balance of the loans is \$17,295.05. As of today, their first mortgage is approximately \$25,000 at 4.5% interest with 5 years remaining.

The owner is requesting that the City of La Crosse subordinate to a new fixed first mortgage with Verve Credit Union with the following terms:

- \$25,000.00, interest rate of **3.8% for 10 years fixed.**
- \$817 in closing costs will be financed in the new mortgage

2017 Fair Market Value	\$ 79,000.00
Proposed Mortgage	-\$ 25,000.00
Remaining Equity in the property	\$ 54,000.00
Housing Rehab loan and interest as of 5/8/2018	<u>-\$ 17,295.05</u>
Remaining Equity in the property	\$ 36,704.95

Staff recommends that we approve the subordination. The client is lowering his interest rate as well as his monthly payment (from \$465.90 to \$262.28.) This property is currently in the flood zone, and they are maintaining flood insurance. There is sufficient equity in the home, so the City's interest is not at risk. There is no cash out in the refinance and homeowner is looking to better their situation, in making the monthly payments more affordable.

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