



PLANNING AND DEVELOPMENT

400 LA CROSSE STREET | LA CROSSE, WI 54601 | P: (608) 789-7512 | F: (608) 789-7318

Memorandum

To: Community Development Committee

From: Housing Rehab Client #115410

Date: January 15, 2019

Re: Subordination Request

19-0065 Subordination Request

Client #115410 has a housing rehab loan with the City of La Crosse. The rehab project was approved on 05/27/2010 and completed 11/16/2010. As of 1/15/19 the principal and interest balance of the loan is \$31,072.81. Their first mortgage is approximately \$87,207.23 at 3.99% interest with 24 years remaining.

The owner is requesting that the City of La Crosse subordinate to a new conventional 5/1 ARM first mortgage with Verve Credit Union with the following terms:

- \$90,500, interest rate of **4.75% fixed for first 5 years with a term of 30 years. After first 5 years, interest may increase by up to 2% each year, with a maximum interest rate of 10.75%**
- Net of \$2,928 from closing costs will be financed in new mortgage.

2018 Fair Market Value	\$ 133,900.00
Proposed Mortgage	-\$ 90,500.00
Remaining Equity in the property	\$ 43,400.00
Housing Rehab loan and interest as of 1/15/2019	<u>-\$ 31,072.81</u>
Remaining Equity in the property	\$ 12,327.17

Staff recommends that we approve the subordination. Although these are not ideal refinancing terms, the client must remove spouse from the mortgage per a divorce agreement. Staff confirmed that this was the best option in place of selling the property. There is no cash out in the transaction and the client is actually paying \$898 towards the closing costs with cash to close.

JASON GILMAN, AICP, PLANNING & DEVELOPMENT DIRECTOR
ANDREA SCHNICK, ECONOMIC DEVELOPMENT PLANNER
TIM ACKLIN, SENIOR PLANNER
LEWIS KUHLMAN, ENVIRONMENTAL SUSTAINABILITY PLANNER
VACANT, ASSOCIATE PLANNER
ASHLEY MARSHALL, CLERK STENO

CAROLINE GREGERSON, COMMUNITY DEVELOPMENT ADMINISTRATOR
KEVIN CLEMENTS, HOUSING SPECIALIST
KEVIN CONROY, HOUSING SPECIALIST
DAWN REINHART, NEIGHBORHOOD HOUSING DEVELOPMENT ASSOCIATE
TARA FITZGERALD, PROGRAM COORDINATOR