



PLANNING AND DEVELOPMENT

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Memorandum

To: Community Development Committee

From: Housing Rehab Client #117412

Date: August 13, 2019

Re: Subordination Request

19-1196 Subordination Request

Client #117412 has a housing rehab loan with the City of La Crosse. The rehab project was approved on 03/29/2012 and completed 7/13/12. As of 08/13/19 the principal and interest balance of the loan is \$13,447.05. Their first mortgage is approximately \$88,895.86 at 4.125% interest with 22.5 years remaining.

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

- \$92,500, interest rate of 3.225% fixed with a term of 15 years.
- Net of \$1,573 from closing loan costs will be financed in new mortgage.

2019 Assessed Value	\$ 136,600.00
Proposed Mortgage	-\$ 92,500.00
Remaining Equity in the property	\$ 44,100.00
Housing Rehab loan and interest as of 1/15/2019	<u>-\$ 13,447.05</u>
Remaining Equity in the property	\$ 30,652.95

Staff recommends that we approve the subordination. There is sufficient equity in the property to support the refinancing structure. With the refinance, the homeowner is lowering the interest as well as shortening the term of the mortgage. This will allow the homeowner to gain equity at a much faster rate.

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