



PLANNING AND DEVELOPMENT

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Memorandum

To: Community Development Committee

From: Housing Rehab Client #125918

Date: November 12, 2019

Re: Subordination Request

19-1684 Subordination Request

Client #125918 has a housing rehab loan with the City of La Crosse. The rehab project was approved on 03/13/2018 and is still open, pending a proposed closeout amount that will be determined by a 3rd party to the contract. The amount of the original agreement was \$35,000. The proposed payout and loan amount will be less than that. Their first mortgage is approximately \$112,442 at 4.875% interest with 20 years remaining.

The owner is requesting that the City of La Crosse subordinate to a new conventional fixed rate first mortgage with G.E.C.U. with the following terms:

- \$113,000 with an interest rate of 3.125% fixed with a term of 15 years.
- \$925.00 in closing costs.

2019 Assessed Value	\$ 175,300.00
Proposed Mortgage	-\$ 113,000.00
Remaining Equity in the property	\$ 62,300.00
Housing Rehab max loan and interest	-\$ 35,000.00
Remaining Equity in the property	\$ 27,300.00

Staff recommends that we the subordination be approved once the project is closed out and the final dollar amount is signed off on by all parties involved. 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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