



PLANNING AND DEVELOPMENT

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Memorandum

To: Housing Rehabilitation Review Board
From: Replacement Housing Client # 114673
Date: 09/12/17
Re: Subordination Request

17-1262 Subordination Request

Client# 114673 has 2 loans with the City of La Crosse (deferred payable second mortgage and deferred forgivable mortgage) original amounts of \$89,421.67 and \$14,600.00 respectively. This home was sold on November 2, 2011. They currently have a **Conventional 1st Mortgage**, with a **4.25%** fixed interest rate in the amount of \$63,006.00 and 24 years remaining.

The owner is requesting that the City of La Crosse subordinate to a new fixed 1st mortgage, with GECU with the following terms:

- \$63,700, interest rate of **3.125% for 15 years fixed**
- \$732 estimated in closing costs. Owner is bringing cash to close in the amount of \$38 to bring financed closing costs down to \$694.

2016 Fair Market Value	\$ 183,200
Proposed New 1st Mortgage	-\$ 63,700
Remaining Equity in the property	\$ 119,500
Replacement Housing Loan 2nd Mortgage (P&I estimate)	-\$ 103,503
Replacement Housing Loan 3rd Mortgage (forgivable)	<u>-\$ 7,300</u>
Remaining Equity in the property	\$ 8,697

Staff is recommending subordinating to the new first mortgage. This will give the homeowners a lower interest rate and opportunity to build equity in the property at a faster rate with the shorter term.