



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 #108606

Date: September 8, 2020

Re: Subordination Request

20-1289 Subordination Request

Client #108606 has a housing rehab loan with the City of La Crosse. The rehab project was from October 2006. The amount of the loan is \$23,366.00. As of 9/8/2020 the loan balance is \$32,999.19. Their current first mortgage is approximately \$51,000 at 4.25% interest with about 20 years remaining.

The owner is requesting that the City of La Crosse subordinate to a new conventional fixed rate first mortgage with Merchants National Bank with the following terms:

- \$55,000 with an interest rate of 3.025% fixed with a term of 30 years.
- \$3,357 in closing costs and escrow to be financed.

2019 Fair Market Value	\$ 113,600.00
Proposed Mortgage	-\$ 55,000.00
Remaining Equity in the property	\$ 58,600.00
Housing Rehab loan and interest	<u>-\$ 32,999.19</u>
Remaining Equity in the property	\$ 25,600.81

Staff recommends that the subordination be approved. There is sufficient equity in the property to support the refinancing structure. With the refinance, the homeowner is lowering the monthly payment by securing a lower interest rate and extending the maturity back out to 30 years. Monthly payment will be reduced by approximately \$110/month.

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 JACK ZABROWSKI, ASSOCIATE PLANNER

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