



PLANNING AND DEVELOPMENT

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Memorandum

To: Community Development Committee

From: Housing Rehab Client #129319

Date: March 10, 2020

Re: Subordination Request

20-0356 Subordination Request

Client #129319 has a housing rehab loan with the City of La Crosse. The rehab project was approved on 09/10/2019 and completed on 2/11/2020. The amount of the loan is \$5,450. As of 3/10/2020 the loan balance is \$5,466.72. Their first mortgage is approximately \$131,366 at 4.65% interest with about 28.5 years remaining. Wandschneider Appraisal Service performed an appraisal on 02/07/2020 and deemed the value to be \$167,000. The 2019 fair market value is \$157,600.

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

- \$134,500 with an interest rate of 3.4% fixed with a term of 30 years.
- \$2707 in loan costs and fees.

Appraised Value	\$ 167,000.00
Proposed Mortgage	-\$ 134,500.00
Remaining Equity in the property	\$ 32,500.00
Housing Rehab loan and interest	<u>-\$ 5,466.72</u>
Remaining Equity in the property	\$ 27,033.28

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 interest rate, making their monthly payments more affordable.

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