



PLANNING AND DEVELOPMENT

400 LA CROSSE STREET | LA CROSSE, WI 54601 | P: (608) 789-7512 | F: (608) 789-7318

Memorandum

To: Housing Rehabilitation Review Board
From: Housing Rehab Client 120915
Date: 10/11/2016
Re: Subordination Request

16-0877 Subordination Request

The owner of 1721 Winnebago St has a housing rehab loan with the City of La Crosse. The rehab, which is being managed by Couleecap, started the beginning of this year and is still in progress. As of 09/02/16 the principal balance of the loan is \$19,559.45 with potential of it being \$20, 380.56 at project completion

They also have a Lead Hazard Reduction Grant in the amount of \$14,500.00 dated 11/22/2011. The grant is forgivable by 20% for each year that they live in the home. This grant will be satisfied on 11/22/2016.

As of today, their first mortgage is \$75,572 at 4.25% fixed interest and a monthly pmt of \$795.00.

The owner is requesting that the City of La Crosse subordinate to a new fixed first mortgage, with Firefighters Credit Union with the following terms:

- \$78,000, interest rate of **3.5% for 30 years fixed**. Total monthly payment of \$708.00.
- \$5,487 estimated in Loan Costs. Owner is bringing cash to close in the amount of \$3,059 (prorated escrow) to bring financed closing costs down to \$2,428.00.

Fair Market Value	\$ 133,800.00
Proposed Mortgage	-\$ 78,000.00
Second Mortgage	\$ 5,000.00
Remaining Equity in the property	\$ 50,800.00
Housing Rehab loan and interest as of 10/11/2016	<u>-\$ 20,515.69</u>
Remaining Equity in the property	\$ 30,284.31

Staff recommends satisfying the grant since the value is only \$2900 at this point and will be \$0 November 22, 2016. Staff is also recommending subordinating to the existing 2nd mortgage and the new first mortgage as monthly payments will be lowered, making it more affordable to live in the home.

JASON GILMAN, AICP, PLANNING & DEVELOPMENT DIRECTOR
ANDREA SCHNICK, ECONOMIC DEVELOPMENT PLANNER
TIM ACKLIN, SENIOR PLANNER - HERITAGE PRESERVATION
LEWIS KUHLMAN, ASSOCIATE PLANNER - COMMUNITY DEVELOPMENT
SARA OLSON, CLERK STENO

CAROLINE GREGERSON, COMMUNITY DEVELOPMENT ADMINISTRATOR
ALAN PAULSON, HOUSING SPECIALIST
KEVIN CLEMENTS, HOUSING SPECIALIST
DAWN REINHART, NEIGHBORHOOD HOUSING DEVELOPMENT ASSOCIATE
TARA FITZGERALD, FEDERAL PROGRAMS ACCOUNTING TECHNICIAN