



PLANNING AND DEVELOPMENT

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Memorandum

To: Housing Rehabilitation Review Board
From: Housing Rehab Client 112208/112211
Date: July 10, 2018
File Number: 18-0970
Re: Subordination Request

18-0970 Subordination Request

Client #111228/112211 has 2 housing rehab loans with the City of La Crosse. The rehabs were approved on 03/24/2011, 05/29/2008 and completed 11/4/2008, 3/14/2012. As of 07/10/2018 the principal and interest balance of the loans is \$19,163.33. As of today, their first mortgage is approximately \$65,500 at X.X% interest with 21 years remaining.

The owner is requesting that the City of La Crosse subordinate to a new fixed first mortgage with Carrington Mortgage Services with the following terms:

- \$68,784.00, interest rate of **4.125% for 30 years fixed.**
- \$3,234 in closing costs will be financed in the new mortgage

2017 Fair Market Value	\$ 97,700.00
Proposed Mortgage	-\$ 68,784.00
Remaining Equity in the property	\$ 28,916.00
Housing Rehab loan and interest as of 5/8/2018	<u>-\$ 19,163.33</u>
Remaining Equity in the property	\$ 9,752.67

Staff recommends that we approve the subordination. The client is lowering their interest rate as well as their monthly payment (from \$730.76 to \$637.40.) There is sufficient equity in the home, so the City's interest is not at risk. There is no cash out in the refinance and the homeowner is looking to better their situation by making the monthly payments more affordable.

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