



## 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 #124717

**Date:** August 11, 2020

**Re:** Subordination Request

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### 20-1100 Subordination Request

Client #124717 has a housing rehab loan with the City of La Crosse. The rehab project was approved on 10/10/2017 and completed on 5/17/2018. The amount of the loan is \$25,000.00. As of 8/11/2020 the loan balance is \$25,664.38. Their current first mortgage is approximately \$96,000 at 3.875% interest with about 26 years remaining. The property was appraised at \$181,000 on 6/2/20 by Steve Andrews Appraisal.

The owner is requesting that the City of La Crosse subordinate to a new conventional fixed rate first mortgage with Altra Federal Credit Union with the following terms:

- \$98,000 with an interest rate of 3.25% fixed with a term of 20 years.
- \$2,037 in closing costs and escrow to be financed.

Appraised Value	\$ 181,000.00
Proposed Mortgage	-\$ 98,000.00
Remaining Equity in the property	\$ 83,000.00
Housing Rehab loan and interest	-\$ 25,664.38
Couleecap AHP (forgivable)	<u>-\$ 4780.00</u>
Remaining Equity in the property	\$ 52,555.62

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 and shortening the term of the loan. This will strengthen the security of the City mortgage as equity is gained in the property.

ANDREA SCHNICK, ECONOMIC DEVELOPMENT PLANNER  
TIM ACKLIN, SENIOR PLANNER  
LEWIS KUHLMAN, ENVIRONMENTAL SUSTAINABILITY PLANNER  
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TARA FITZGERALD, PROGRAM COORDINATOR