



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 #123416

Date: October 13, 2020

Re: Subordination Request

20-1458 Subordination Request

Client #123416 has a housing rehab loan with the city of La Crosse. The rehab project was approved October 11, 2016. The amount of the loan was \$31,069.00. As of 10/13/2020 the loan balance is \$32,186.63. Their current first mortgage is and FHA loan that is approximately \$83,000 at 4.5% interest with 25 years remaining.

The owner is requesting that the city of La Crosse subordinate to a new conventional fixed rate first mortgage by Supreme Lending with the following terms:

- \$90,400 with an interest rate of 3.625% fixed with a term of 25 years.
- No PMI
- \$3,357 in closing costs and escrow to be financed.

Appraised Value (9/30/20)	\$ 149,000.00
Proposed Mortgage	-\$ 90,400.00
Remaining Equity in the property	\$ 58,600.00
Housing Rehab loan and interest	<u>-\$ 32,186.63</u>
Remaining Equity in the property	\$ 26,413.37

Staff recommends approving the subordination. The monthly payment is being lowered by \$87.81 and the Private Mortgage Insurance (PMI) is being eliminated with the refinance. This allows the client more room in their monthly budget for other living expenses and/or the ability to pay down on the mortgage.

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 TIM ACKLIN, SENIOR PLANNER
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