



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: Tara Fitzgerald

Date: May 11, 2021

Re: Subordination Request for Housing Renovation Client #Reno1019

21-xxxx Subordination Request

Client #Reno1019 has a housing renovation loan with the City of La Crosse. The renovation project was approved September 10, 2019. The amount of the loan was \$30,776.00. As of 05/11/2021 the loan balance is \$31,284.44. Their current first mortgage is approximately \$140,254 at 4.625% interest with 27.5 years remaining.

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

- \$144,000 with an interest rate of 2.95% fixed with a term of 20 years.
- \$3,114 in closing costs and escrow to be financed.

2021 Assessed Value	\$ 214,800.00
Proposed Mortgage	-\$ 144,000.00
Remaining Equity in the property	\$ 70,800.00
Housing Reno loan and interest	<u>-\$ 31,284.66</u>
Remaining Equity in the property	\$ 39,515.44

Staff recommends approving the subordination. The homeowner has secured a lower interest rate and has shortened the term of their first mortgage. Staff would like to point out that there is also a Home Equity loan that is secured by the property in 3rd position in the amount of \$11,000 and the subordination agreement for that recording was presented to staff. The home equity loan was likely taken out to finance the homeowner's obligation for the renovation project. Staff did not request consideration for the City loan to be paid off with the refinance, because our interest rate is lower than the new first mortgage. The city loan does mature 10 years from the date of the loan, so the homeowner will need to consider refinancing at that time.

ANDREA TRANE, DIRECTOR OF PLANNING, DEVELOPMENT AND ASSESSMENT
VACANT, ECONOMIC DEVELOPMENT ADMINISTRATOR
TIM ACKLIN, AICP, PLANNING ADMINISTRATOR
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