



CITY OF WAUKESHA

Administration

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Committee: Finance	Date: 1/26/2016
Common Council Item Number: ID# 16-095	Date: 2/2/2016
Submitted By: Jennifer Andrews, Community Development Director	City Administrator Approval: Kevin Lahner, City Administrator Click here to enter text.
Finance Department Review: Rich Abbott, Finance Director RA	City Attorney's Office Review: Brian Running, City Attorney BR
Subject: Authorize the Community Development and Attorney's Office to subordinate mortgages securing City rehabilitation loans when the circumstances warrant, and to execute all required paperwork without further Common Council approval.	

Details:
 The City of Waukesha has provided rehabilitation loans to over 500 property owners over several decades to make improvements to their properties using federal money. Several times a year property owners request that the City subordinate its loan to a primary lender. This occurs most frequently when a property owner is refinancing their property or seeking a home equity loan for additional improvements. Without the subordination the property owner would be unable to accomplish either of these transactions since conventional lenders require a first position (second position if it is a home equity loan). The Community Development Department and Attorney's Office would like the authority to evaluate the request and provide subordinations in these cases without additional approval. Often the property owner is working within a short time frame to accomplish the transaction while their interest rate is locked in. During the evaluation of the request if the staff feels the request is unusual or there are other circumstances that cause concern about the loan the staff would bring it forward to Finance and Council for approval.

Most frequently these loans are no payment loans that are due upon sale or transfer of the property. There is interest accruing but no regular payments are required. For this reason there would likely not be a case of delinquency as far as our loans are concerned.

Options & Alternatives:
 Require every subordination request to get approval from the Finance Committee and Common Council.

Financial Remarks:
 NA



Executive Recommendation:

Allow the Community Development Department and City Attorney's office to provide subordinations for property owners that are refinancing their property or securing a home equity loan.