The Heritage Home Program is available to homeowners in participating cities that are 50 years and older. Heritage Home Program Specialists are available to answer home maintenance and improvement questions and provide an impartial opinion – one that doesn't include trying to sell a product or service. Qualified homeowners also have the option of obtaining a low-interest, fixed-rate Heritage Home Program Loan.

Free Technical Assistance

The Heritage Home Program offers homeowners free advice on home improvement, maintenance and repair issues that are unique to older homes. The technical assistance component of the Heritage Home Program is what sets it apart from other programs of its kind. Now any homeowner wishing to do work on their older home can have the help and answers they need in order to get the project done properly. Take advantage of free:

- Site visits to the property to answer home repair, improvement and maintenance questions
- Advice on energy efficiency methods
- Contractor resources
- Evaluation of contractor bids and estimates

Does my house qualify for the Heritage Home Program Loan?

The Heritage Home Program Loan is a low-interest home equity loan program for homeowners interested in maintaining and improving their older houses. If you answer "yes" to questions 1 through 5, your house is eligible to apply.

1) Is your house located in a participating community?
Please call (216) 426-3116 or visit www.heritagehomeprogram.org for a current list of participating communities.

2) Is your house at least 50 years old?

3) Is the repair project scope within the parameters of our program?
Most interior and exterior projects may be funded with this loan. Items not funded with this loan are: vinyl siding, vinyl windows, wood decks, patios, incompatible building additions, installation of new landscaping features, and other 'luxury' items. Call to discuss your projects if you are unsure.

4) Does the home contain three occupancy units or less?
Both owner-occupied and non-owner occupied rental properties of 3 units or less qualify for the loan.

5) Is there equity in the home?
Our primary type of loan is based upon available equity, but there are options if you have limited equity (see Appraisal Option). The homeowner must also meet the bank's lending qualifications.

6) Has the project already started?
Any work that has already started or has already been paid for cannot be included in the loan.

What is my next step?

Call the Heritage Home Program Staff at 216-426-3116. We will discuss the eligibility of the property and the proposed repair projects with you. Also, it will give us an opportunity to schedule a site visit at the house and provide further instructions for applying for the loan at the lending institution.

Learn more about the Heritage Home Program and view past Heritage Home projects in our Homeowner Gallery at www.heritagehomeprogram.org.

Terms and Conditions of the Heritage Home Program Loan

- During the eighteen (18) month term that a homeowner is under contract with the Heritage Home Program, no changes or alterations are allowed to be made to any significant architectural features of the subject property without review and approval by Heritage Program Staff.

- Installation of vinyl replacement windows, vinyl or aluminum siding are specifically prohibited during the entire eighteen month construction term of the loan. If these changes are made, the low-interest subsidy will be terminated. This will be enforced whether these changes are made with loan proceeds or any other type of funding.

- City violations and health and safety concerns must be addressed prior to starting any cosmetic improvements and renovations.

- Property taxes must be current.

- Loan documents must be signed, closed, and funds dispersed before any work begins or any payments made to contractors. Work started or paid for before the loan is signed and closed cannot be financed with Heritage Home Program Loan funds.

- Homeowners and contractors must follow the Master Specifications provided by Heritage Home Program Staff for exterior projects. Failure to do so will result in the termination of low-interest rate subsidy. Master Specifications are not written for interior projects.

- Contractors are responsible for pulling all required permits for all work; however, homeowners are responsible for ensuring that permits have been pulled.

- In all Heritage cities, except for Cleveland Heights, every homeowner participating in the loan program will be asked to display a Heritage Home Program sign in their front yard to advertise the program and the city's sponsorship of the program. Signs will be displayed for the duration of the construction projects and for up to two weeks following the completion of the projects. Signs will be posted in a visible location and follow city code requirements. Heritage Home Program Staff will be responsible for the posting and retrieval of the signs.

Heritage Home Program Loan Application Process

These general step-by-step instructions are a guide for the Heritage Home Program loan application process. If you have any questions regarding these instructions please contact us at 216-426-3116.

1. **Determine if you are eligible.**
   Once you have determined that you and the property are eligible to apply for the loan, contact Heritage Home Program Staff to review your project scope, discuss the terms and conditions of the loan, provide you with the Heritage Home Program loan application, and connect you with a loan officer at the lending institution. A site visit will be scheduled so that we can familiarize ourselves with the property and project(s).

2. **Submit the Heritage Home Program Loan application.**
   Return the Heritage Home Loan Application to the Heritage Home Program Office provided by Heritage Home Program Staff.

   The Heritage Home Program
   3751 Prospect Avenue
   Cleveland, Ohio 44115
   OR
   Fax 216-426-1975

3. **Contact the lending institution of your choice (see bank comparison table)**
   Start the financial pre-approval process at the lending institution. The property must have available equity, or equity established by an appraisal. Homeowner must meet the lending institution's credit requirements. You may visit or call the bank branch to speak with a relationship manager. Provide a copy of the Heritage Home Loan Application and additional information requested by the bank relationship manager. Pre-approval for the Heritage Home Program Loan lasts for 60 days.

4. **The lending institution will notify you and Heritage Home Program Staff of conditional approval and whether an appraisal is needed to establish equity.**

5. **Specifications for the exterior work will be provided – specifications are not written for interior projects.**
   The exterior specifications are used to ensure proper work is completed on the house. The specifications outline general construction practices and techniques tailored to each type of maintenance or repair project. The contractor will be provided with a copy of the specifications to review, sign and return to Heritage Home Program Staff before work can begin.

6. **Acquire contractor bids, if not already done.**

7. **Selected bids are submitted to the Heritage Home Program Staff.**
   Once a homeowner selects the contractor(s) they want to use for their projects, those bids are submitted to the Heritage Home Program Staff so that an appraisal can be ordered, if needed, or the final loan paper work can be processed.

8. **Final Loan Approval**
   Using the finalized scope of work and project estimates, Heritage Home Program Staff will submit the final paperwork to the lending institution. The lending institution will prepare the loan documents and a loan closing appointment will be set.

9. **Sign closing loan papers at the bank.**

   The lending institution will notify the homeowner when closing documents are ready to sign. Upon signing, there will be a 3-day "right of rescission" period. After three days, the bank will either issue the homeowner a check for the total amount of the loan or disburse funds to the escrow agent, if it is an "after rehab" loan.
   No work that you plan to fund with the loan can begin until loan funds have been dispersed.

10. **Work Begins!**
    You will have eighteen months from the signing date to complete all Heritage Home Program Loan funded projects.

11. **After project completion a Heritage Home Program Staff member will complete a closing site visit.**

Heritage Home Program Loan Appraisal Options

The appraisal option under the Heritage Home Program Loan provides an alternative to our conventional equity-based loan. It is useful in situations where a property needs an appraisal to help establish equity. The lending institution will determine when an appraisal is required.

The As-Is appraisal is ordered in situations where the initial property valuation, completed by the lending institution, does not establish sufficient equity for the project(s). The as-is appraisal completes a valuation to determine the market value of the house in the current condition to help establish available equity. The as-is appraisal is useful when the project(s) are maintenance based (roof repair/replacement or exterior painting.) This type of loan allows the lending institution to loan up to 85% LTV (loan-to-value).

The After-Rehab appraisal is useful in situations where the property has little equity invested into it or when the home is in poor condition and will be valued at significantly more when all improvements are complete.

To consider an after-rehab loan, the improvements to the property must be significant and include items such as a major kitchen and/or bathroom remodeling, finishing an attic or basement into living space. Unfortunately, the lender classifies exterior painting, electrical upgrades, roof replacement, foundation waterproofing, etc. as 'maintenance'. These projects *by themselves* will not qualify for an After-Rehab loan.

- This type of loan allows the lending institution to loan up to 90% LTV.
- The bank requires all after-rehab loan proceeds to be escrowed through an escrow agency to ensure the after-rehab value is achieved for the home.

Appraisal Option Steps

1. Once application has been made at the bank, the bank will complete a credit evaluation and an initial property valuation to determine what equity is available to fund the project(s) or if an appraisal is necessary to help determine the property's value. The following is the formula used to determine available equity:

   a. Current market value of home x 85% LTV (loan-to-value) = Max available Equity
   b. Max available equity – Mortgage balance = Available Equity for Projects

   Example: $100,000 market value x 85% LTV = $85,000 Max Available Equity
   $85,000 - $50,000 First mortgage balance = $35,000 Available equity

2. If an appraisal is required, Heritage Home Program Staff will provide the bank with a detailed project work scope including contractor estimates, material lists, drawings, etc.

3. The bank orders the appraisal through a third party following Federal regulations. The appraiser will contact the homeowner directly to schedule the appraisal appointment. You may also want to keep project documents on hand during the appointment so that the appraiser can make an accurate forecast of the home's current (as-is) or future (after-rehab) value.

4. If the appraisal comes in at the required value, the loan process can proceed. As-Is loans proceed at Step 5. Specifications above. After-Rehab loans proceed as follows:

5. Escrow Documents and Construction Contracts are drawn up for:

    a. Cleveland Restoration Society and the homeowner
    b. The homeowner and the contractor

    and circulated between all parties for signature.

6. Final Loan Approval
    Using the finalized scope of work and project estimates, Heritage Home Program Staff will submit the final paperwork to the lending institution. The lending institution will prepare the loan documents and a loan closing appointment will be set.

7. Sign closing loan papers at the bank.
    The lending institution will notify the homeowner when closing documents are ready to sign. Upon signing, there will be a 3-day "right of rescission" period. After three days, the bank will disburse funds to the escrow agent. As work is sequentially completed, Heritage Home Program Staff will inspect the work and have you sign off on it. Heritage Home Program Staff will then release funds from escrow to the appropriate contractors through the completion of your renovation.

    No work that you plan to fund with the loan can begin until loan funds have been dispersed.

8. Work Begins!
    You will have eighteen months from the signing date to complete all Heritage Home Program Loan funded projects.

9. After project completion a Heritage Home Program Staff member will complete a closing site visit.

HERITAGE HOME PROGRAM

Heritage Home Program Loan Bank Comparison

	OWNER OCCUPIED RESIDENCE		
	KeyBank	**First Federal of Lakewood**	
Loan Amount	$3K - $150K	$3K - $200K	
Fixed Interest Rate	1.4%	1.4%	2%
Term	7-10 years	7-10 years	10-20 years
Loan To Value	85-90%	up to 90% (LMI tracts 95%)	
Origination Fee (assessed by bank)	$125	$125	
HHP Admin Fee	Loan Amount	$3K - $10K	0%
	Loan Amount	$10,001 - $25K	1% of loan total
	Loan Amount	$25,001 +	2% of loan total
Appraisal Fee	avg. $365-$385 (if required to establish equity)	avg. $385 (required, except for loans $25K or less and there is no existing mortgage)	
Escrow Fee (After-Rehab only)	$200	$200	
Pre-payment Penalty	1% of loan, max. $450 (if paid in full within 36 mos.)	None	
	NON OWNER OCCUPIED RESIDENCE		
Loan Amount	$3K - $150K	$3K - $200K	
Fixed Interest Rate	1.4%	2.4%	3%
Term	7-10 years	7-10 years	10-20 years
Loan To Value	85-90%	up to 90%	
Origination Fee (assessed by bank)	$125	$125	
HHP Admin Fee	Loan Amount	$3K - $10K	0%
	Loan Amount	$10,001 - $25K	1% of loan total
	Loan Amount	$25,001 +	2% of loan total
Appraisal Fee	avg. $400-$500 (as-is required, after-rehab if eligible)	avg. $485 (as-is required, after-rehab if eligible)	
Escrow Fee (After-Rehab only)	$200	$200	
Process/Vendor Fee (Recording, Title, Flood search)	$200 Average	None	
Pre-Payment Penalty	1% of loan, max. $450 (if paid in full within 36 mos.)	None	