



**The Heritage Home Program (HHP) has two components available to homeowners in participating cities who own houses that are 50 years old and older.**

### **1) Technical Assistance:**

The HHP offers homeowners free advice on home improvement, repair, and maintenance projects that are unique to older homes. Now homeowners 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 these services for **free**:

- Site visits from a construction specialist to review your home improvement projects and to answer home repair and maintenance questions
- Virtual connections with specialists to answer home repair or preservation questions
- Recommendations on maintenance, repair, rehab, additions, and modernizations
- Information on local contractors and review of contractor bids and estimates
- Advice on energy efficiency methods and guidance on materials, supplies, and resources
- Color consults for exterior painting

### **2) Heritage Home Program Loan:**

Qualified homeowners have the option of obtaining a low-interest, fixed-rate Heritage Home Program equity-based loan for maintaining and improving their older houses. A full listing of loan details and associated fees can be found on Page 4 of this packet.

#### **Loan eligibility:**

- **Does the home contain three occupancy units or less?** Owner-occupied properties containing three units or less qualify for the loan. Non-owner-occupied properties or three family homes can apply through KeyBank, but do not qualify through Third Federal Savings & Loan.
- **Is the property zoned residential?** The property must be zoned residential.
- **Is the property valued at more than \$550,000?** If the home is worth between \$550,000 and \$750,000, the Heritage Home Program Loan can only be used on exterior projects. Homes valued at more than \$750,000 are not eligible for the Heritage Home Program Loan.
- **Is there equity in the home?** The loan amount is based on the available equity in your home, as established through an appraisal of the property done by the lender.
- **Is there more than one existing lien on the property?** The Heritage Home Program loan can be a first or second lien on the property, but it cannot be a third.
- **Are property taxes current and is the property insured?** Property taxes must be up to date. Payment plans may be considered, depending on the bank. The property must be insured.
- **Has the project already started?** Loan funds cannot be used for any work that has already started or that has already been paid.
- **Is the repair scope within the parameters of our program?** Most interior and exterior projects may be funded with this loan. Ineligible projects include but are not limited to: vinyl siding, vinyl windows, removable appliances, incompatible building additions or materials, landscaping, and other "luxury" items. See our Loan Project handout for more information or call if you have questions.

**Loan Application and Completion Process**

Entire approval process for loan applications approximately 60-90 days through signing.



\*For more information on our payment policy – please see our ESCROW PAYMENT POLICY sheet.

### Homeowner Representative Services

The Heritage Home Program now offers Homeowner Representative Services, made available to homeowners in participating communities who wish to self-finance their eligible home repair and maintenance projects, and seek third-party contractual protection and technical assistance to ensure the project goes smoothly from start-to-finish. Please contact Heritage staff for full-service details.

### Heritage Home Program Loan Appraisals

For homeowners pursuing a Heritage loan, an appraisal scheduled and set up by the bank will be used to establish value to fund the loan. The lending institution will determine when an appraisal is required.

The following formula is used to determine available equity:

1. Current market value of home x \_\_\_% LTV (loan-to-value) = Max available Equity
2. Max available equity – Existing Mortgage balance(s) = Available Equity for Heritage Loan

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

Two types of appraisals can be completed to help establish equity.

1. **As-Is Appraisal**- valuation to determine the market value of the house in the current condition to establish available equity. The as-is appraisal is generally useful when the project(s) are maintenance-based: roof repair/replacement or exterior painting.
2. **After-Rehab** - valuation to determine the market value of the home after the improvements are complete. The after-rehab appraisal is useful in situations where the property has insufficient equity or when the home is in poor condition and will be valued more when all improvements are complete.

### KeyBank Approach to Appraisals

Once an application has been made with KeyBank, the bank will complete a credit evaluation. Pending approved credit evaluation, they will then order an after-rehab appraisal for all loans.

### Third Federal Savings & Loan Approach to Appraisals

Once an application has been made with Third Federal, the bank will complete a credit evaluation. Pending approved credit evaluation, Third Federal will determine what type of appraisal is required to continue the process.

### Escrow Procedure

Both banks require all loan proceeds to be escrowed through the Cleveland Restoration Society to ensure the projects are complete and the after-rehab value is achieved for the home. Escrow/construction documents are drawn up for the homeowner, contractor and Cleveland Restoration Society to sign. All payments to contractors are made on a progress-based method. No down payments can be made to the contractor prior to work starting, unless so approved by Heritage Home Program Staff. Once a portion of the work is complete, the contractor can invoice for payment. At each payment, Heritage staff will get the homeowners' approval before disbursing funds. A 10% retainer is held at each partial draw and released to the contractor upon project completion. **Be sure to disclose these terms to your contractor prior to signing for the loan.** Review our Escrow Payment Policy for complete details.

The fees below go into effect April 1<sup>st</sup>, 2025. Loan applications received before April 1<sup>st</sup>, 2025, will need to refer to previous info packets for information on fees.

<b>OWNER OCCUPIED RESIDENCE DETAILS AND FEES</b>		
	<b>KeyBank</b>	<b>THIRD FEDERAL*</b>
Loan Amount	\$3K - \$150K	\$5,200 - \$150K
Fixed Interest Rate*	2%	4.99%/5.45% APR*
Term	5-10 years	15 years
Loan To Value	80%	Up to 85%
Origination Fee (assessed by bank)	\$295	\$395
HHP Admin Fee	3.5 % of loan total <sup>^</sup>	3.5 % of loan total <sup>^</sup>
Appraisal Fee	Avg. \$420 - \$470	None
Pre-payment Penalty	None	None
Income Limits	None	<b>Income Limits Apply**</b> Maximum Household: \$77,760

<sup>^</sup>**For Homeowners who would like to act as their own General Contractor there is an additional Owner GC Fee at 1% of the loan total. Please see our Owner GC Handout for more information.**

<b>NON-OWNER-OCCUPIED RESIDENCE DETAILS AND FEES</b>		
(Property cannot be in an LLC or LLP. Applicant can only own four properties total, including their personal home.)		
Loan Amount	\$3K - \$150K	N/A
Fixed Interest Rate	2%	N/A
Term	5-10 years	N/A
Loan To Value	70%	N/A
Origination Fee (assessed by bank)	\$295	N/A
HHP Admin Fee	3.5 % of loan total <sup>^</sup>	N/A
Appraisal Fee	Avg. \$400 - \$550	N/A
Process/Vendor Fee (Recording, Title, Flood)	Avg. \$200	N/A
Pre-Payment Penalty	None	N/A

<sup>^</sup>**For Homeowners who would like to act as their own General Contractor there is an additional Owner GC Fee at 1% of the loan total. Please see our Owner GC Handout for more information.**

Interest rates are reviewed regularly by the bank and may change. Interest rates and terms noted above are current as of 2/26/2025. Once the loan is closed, the current rate is fixed for the life of the loan.

\* Interest rates effective as of 3/16/2023, are subject to change and available for loan amounts between \$5,200 - \$150,000. Annual Percentage Rate based on \$75,000 loan amount with 80% LTV based on appraisal.

\*\* Income Limits as of 7/14/2022 in Cuyahoga County are as follows: Maximum annual household income of \$77,760.