

The Heritage Home Program is available to homeowners in participating cities who own houses that are 50 years old and older. Heritage Home Program Specialists are available to answer home maintenance and improvement questions and provide impartial input. Qualified homeowners also have the option of obtaining a low-interest, fixed-rate Heritage Home Program loan for maintenance and improvement projects.

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

Heritage Home Program Loan:

The Heritage Home Program Loan is a low-interest fixed-rate home equity loan program for homeowners interested in maintaining and improving their older houses.

Eligibility:

- **Is your house in a participating community?** For a complete list visit www.heritagehomeprogram.org or call (216) 426-3116
- **Is your house at least 50 years old?** The home must be 50 years old or older.
- **Is the repair scope within the parameters of our program?** Most interior and exterior projects may be funded with this loan. Ineligible projects are: vinyl siding, vinyl windows, decks, patios, incompatible building additions, installation of landscaping features, and other “luxury” items. Call to discuss your projects if you are unsure.
- **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.
- **Is there equity in the home?** Our primary type of loan is based upon available equity, but there are more options if you have limited equity.
- **Are the property taxes current?** Property taxes must be up-to-date.
- **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.
- **Is homeowners insurance in place for the property?** 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 for.

What is my next step?

1) Determine if you are eligible.

Once you have determined that the property and projects are eligible for the loan, contact the Heritage Home Program staff to review your project scope, discuss the terms and conditions, obtain an application, and schedule a site visit. Homeowner must also meet the bank's lending requirements (see step 4).

2) Collect estimates from contractors for your desired projects.

If you need assistance finding contractors or selecting estimates, Heritage Staff can assist you.

3) Submit the Heritage Home Program Loan application.

Address is listed below. Please remember to include estimates from chosen contractors.

4) Start financial pre-approval process (see bank comparison table for lending options).

Homeowner must meet the bank's lending requirements. You may visit or call the bank branch to speak with a relationship manager about these requirements. Heritage Home Program Staff can provide contact information for a bank branch near you. Provide a copy of the Heritage Home Loan Application and additional information requested by the bank. A standard credit evaluation will be performed as well as an initial review of available equity. Bank pre-approval lasts for 60 days.

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

See Appraisal Options section for more information.

6) Final loan approval

With final approval from the bank, scope of work and estimates will be finalized. 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) Specifications for exterior work will be provided to homeowner and contractor (specifications are not written for interior projects). For after-rehab loans, escrow documents will also be prepared.

8) Sign closing loan papers at the bank.

The lending institution will notify the homeowner when loan 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, for after-rehab loans, disburse the funds to an escrow account. If funds are in escrow, a payment schedule will be established. **No work funded with loan proceeds can begin until loan funds have been dispersed.**

9) Work begins!

You will have eighteen months from the signing date to complete all projects funded by the Heritage Home Program Loan.

10) After project completion, a Heritage Home Program staff member will complete a closing site visit.

Heritage Home Program Loan Appraisal Options

An appraisal is useful when equity needs to be established to fund the loan. The lending institution will determine when an appraisal is required.

The following is the formula used to determine available equity:

1. Current market value of home x ___% LTV (loan-to-value) = Max available Equity
2. 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

Two types of appraisals can be completed through the Heritage Home Program to help establish equity.

1. **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 generally useful when the project(s) are maintenance-based: roof repair/replacement or exterior painting.
2. **After-Rehab** - completes a 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 little equity 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.

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. Escrow/construction documents are drawn up for the homeowner, contractor and Cleveland Restoration Society (escrow agent) to sign.

KeyBank Approach to Appraisals

Once application has been made with KeyBank, 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. If an appraisal is required to establish equity, KeyBank will indicate what type of appraisal is required to continue the process.

First Federal Lakewood Approach to Appraisals

Once application has been made with First Federal Lakewood, the bank will complete a credit evaluation. Pending approved credit evaluation, the bank will then order the appraisal. Both types of appraisals, as-is and after-rehab, will be ordered and completed by the appraiser.

HERITAGE **HOME** PROGRAM

HERITAGE HOME PROGRAM BANK COMPARISON TABLE	OWNER-OCCUPIED RESIDENCE	
	Key Bank	First Federal Lakewood
Loan Amount	\$3K - \$150K	\$3K - \$200K
Fixed Interest Rate	1.4%	Contact for current rate
Term	7-12 years	7-10 years
Loan-To-Value	85 - 90%	Up to 90% (LMI tracts 95%)
Origination Fee	\$125	\$125
HHP Admin Fee	Loan Amount \$3K - \$10K 0% Loan Amount \$10,001 - \$25K 1% of loan Loan Amount \$25,001+ 2% of loan	Loan Amount \$3K - \$10K 0% Loan Amount \$10,001 - \$25K 1% of loan Loan Amount \$25,001+ 2% of loan
Appraisal Fee	Avg. \$365 - \$385 (if required to establish equity)	Avg. \$385 (required, except for loans under \$25K if there is no existing mortgage)
Escrow Fee	\$200 (required for After-Rehab loans)	\$200 (Required when As-Is appraisal LTV >80% or After-Rehab appraisal is used)
Pre-payment Penalty	None	None
NON-OWNER OCCUPIED RESIDENCE		
Loan Amount	\$3K - \$150K	\$3K - \$200K
Fixed Interest Rate	2%	Contact for current rate
Term	7-12 years	7-10 years
Loan-To-Value	85 - 90%	Up to 90%
Bank Origination Fee	\$125	\$125
HHP Admin Fee	Loan Amount \$3K - \$10K 0% Loan Amount \$10,001 - \$25K 1% of loan Loan Amount \$25,001+ 2% of loan	Loan Amount \$3K - \$10K 0% Loan Amount \$10,001 - \$25K 1% of loan Loan Amount \$25,001+ 2% of loan
Appraisal Fee	Avg. \$400 - \$500 (as-is required, after-rehab if eligible)	Avg. \$485 (as-is required, after-rehab if eligible)
Escrow Fee	\$200 (required for After-Rehab loans)	\$200 (Required when As-Is appraisal LTV >80% or After-Rehab appraisal is used)
Process/Vendor Fee (recording, title, flood search)	Avg. \$200	None
Pre-Payment Penalty	None	None

*Interest rates are reviewed regularly by bank and may change. Interest rates and terms noted above are current as of 10/28/13. Once the loan is closed, the rate is fixed for the life of the loan.