

**The Heritage Home Program (HHP) offers a low-interest fixed rate loan available to homeowners in East Cleveland who own houses that are 50 years old and older.**

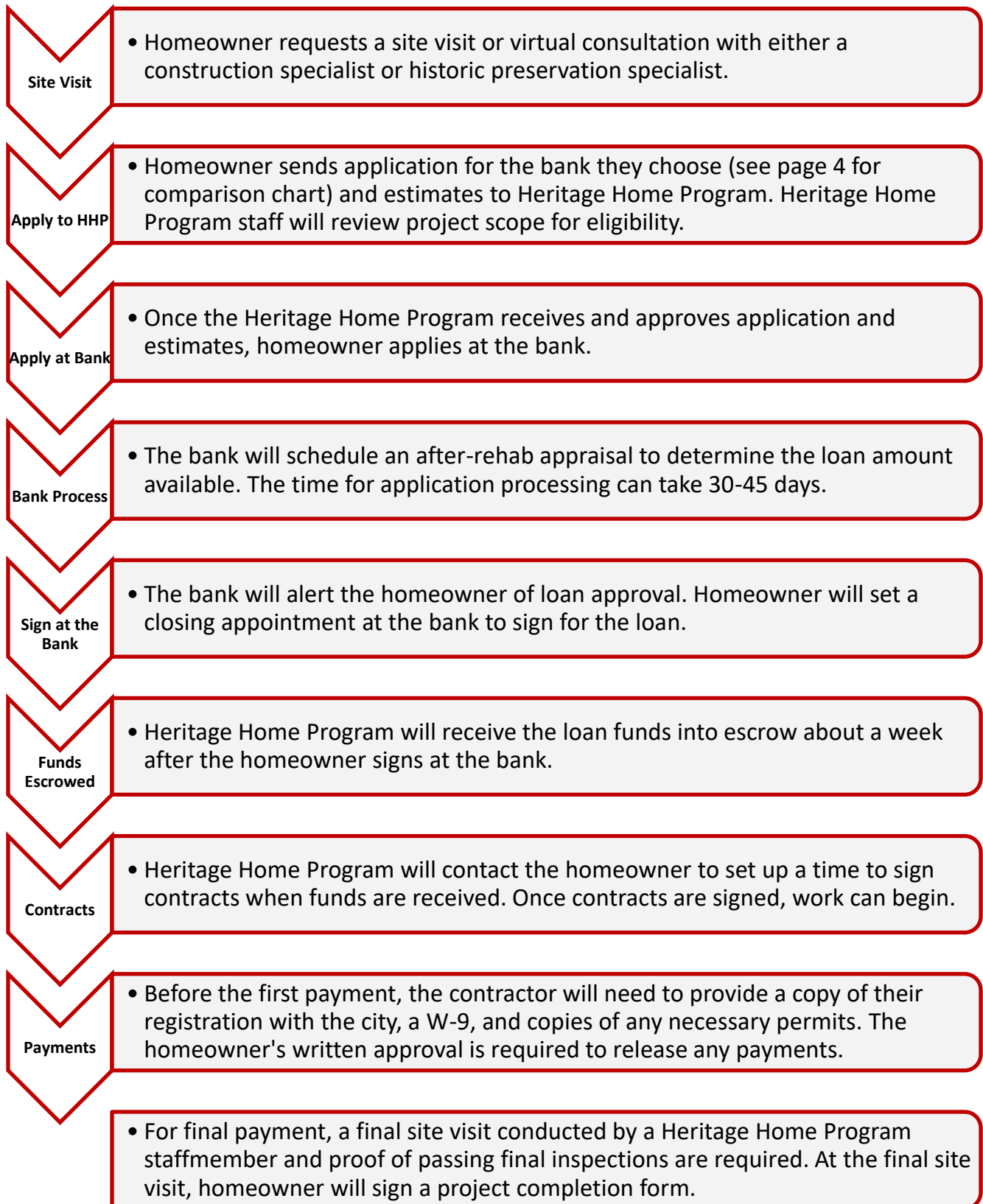
**Heritage Home Program Loan:**

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.

**Loan eligibility:**

- **Is your house in a participating community?** For a complete list visit [www.heritagehomeprogram.org](http://www.heritagehomeprogram.org)
- **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 or composite windows, removable appliances, incompatible building additions or materials, landscaping, and other “luxury” items. Call to discuss your projects if you are unsure.
- **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 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.
- **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?** Property taxes must be up-to-date. Payment plans may be considered.
- **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.

Loan Application and Completion Process



### 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 protections 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

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 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 at significantly 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. 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.

**OWNER OCCUPIED RESIDENCE**

|                                       | <b>KeyBank</b>  | <b>THIRD FEDERAL</b>                                  |            |              |    |                  |                  |            |                  |  |
|---------------------------------------|---|---|------------|--------------|----|------------------|------------------|------------|------------------|--|
| Loan Amount                           | \$3K - \$150K   | \$5,200 - \$150K                                      |            |              |    |                  |                  |            |                  |  |
| Fixed Interest Rate*                  | 2%  | 2.99% / 3.481% APR*                                   |            |              |    |                  |                  |            |                  |  |
| Term                                  | 5-10 years  | 15 years  |            |              |    |                  |                  |            |                  |  |
| Loan To Value                         | 80%   | Up to 85%   |            |              |    |                  |                  |            |                  |  |
| Origination Fee<br>(assessed by bank) | \$295   | \$395   |            |              |    |                  |                  |            |                  |  |
| HHP Admin Fee                         | <table border="0"> <tr> <td><b>Loan Amount</b></td> <td><b>Fee</b></td> </tr> <tr> <td>\$3K - \$10K</td> <td>0%</td> </tr> <tr> <td>\$10,001 - \$25K</td> <td>1% of loan total</td> </tr> <tr> <td>\$25,001 +</td> <td>2% of loan total</td> </tr> </table> | <b>Loan Amount</b>                                    | <b>Fee</b> | \$3K - \$10K | 0% | \$10,001 - \$25K | 1% of loan total | \$25,001 + | 2% of loan total |  |
| <b>Loan Amount</b>                    | <b>Fee</b>  |   |            |              |    |                  |                  |            |                  |  |
| \$3K - \$10K                          | 0%  |   |            |              |    |                  |                  |            |                  |  |
| \$10,001 - \$25K                      | 1% of loan total  |   |            |              |    |                  |                  |            |                  |  |
| \$25,001 +                            | 2% of loan total  |   |            |              |    |                  |                  |            |                  |  |
| Appraisal Fee                         | Avg. \$365 - \$385  | None  |            |              |    |                  |                  |            |                  |  |
| Loan Funds Escrow Fee                 | \$350<br>(Required for all loans)   | \$350<br>(Required for all loans)                     |            |              |    |                  |                  |            |                  |  |
| Income Limits                         | None  | <b>Income Limits Apply**</b><br>Call HHP for details. |            |              |    |                  |                  |            |                  |  |

**NON-OWNER OCCUPIED RESIDENCE**

|   |   |                    |            |              |    |                  |                  |            |                  |     |
|---|---|--------------------|------------|--------------|----|------------------|------------------|------------|------------------|-----|
| 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<br>(assessed by bank)           | \$295   | N/A                |            |              |    |                  |                  |            |                  |     |
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| <b>Loan Amount</b>                              | <b>Fee</b>  |                    |            |              |    |                  |                  |            |                  |     |
| \$3K - \$10K                                    | 0%  |                    |            |              |    |                  |                  |            |                  |     |
| \$10,001 - \$25K                                | 1% of loan total  |                    |            |              |    |                  |                  |            |                  |     |
| \$25,001 +                                      | 2% of loan total  |                    |            |              |    |                  |                  |            |                  |     |
| Appraisal Fee                                   | Avg. \$400 - \$500  | N/A                |            |              |    |                  |                  |            |                  |     |
| Loan Funds Escrow Fee                           | \$350<br>(Required for all loans)   | N/A                |            |              |    |                  |                  |            |                  |     |
| Process/Vendor Fee<br>(Recording, Title, Flood) | Avg. \$200  | N/A                |            |              |    |                  |                  |            |                  |     |
| Pre-Payment Penalty                             | None  | N/A                |            |              |    |                  |                  |            |                  |     |

Interest rates are reviewed regularly by bank and may change. Interest rates and terms noted above are current as of 2/17/2021. Once the loan is closed, the current rate is fixed for the life of the loan.

\* Interest rates effective as of 11/8/18, 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 8/1/2019 in Cuyahoga County are as follows: Maximum annual household income of \$58,960.00. OR, Homeowners must be located in an LMI Census Tract.

Please call HHP for more details.