



Terms and Conditions of the Heritage Home Program

- 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 historic features of the subject property without review and approval by CRS staff.
- Installation of vinyl replacement windows, replacement doors and 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.
- Loan documents must be signed and closed before any work begins or any payments made to contractors. Work started or paid for before the loan is signed and closed will not be financed with Heritage Home Loan funds.
- Homeowners and contractors must follow the Master Specifications provided by CRS. Failure to do so will result in the termination of low-interest rate subsidy.
- 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. CRS will be responsible for the posting and retrieval of the signs.



Does my house qualify for the Heritage Home Program?

The Heritage Home Program is a low-interest home equity loan program for homeowners interested in preservation and rehabilitation of their older or historic houses. If you answer “yes” to questions 1 through 5, your house is eligible.

- 1) **Is your house located in a participating community?**
The Heritage Home loan is offered in several City of Cleveland Wards, Akron, Bay Village, Cleveland Heights, East Cleveland, Lakewood, Lyndhurst, Oberlin, Rocky River, Shaker Heights, and Willoughby.
- 2) **Is your house at least 50 years old?**
Yes, it was built before 1962.
- 3) **Does your house retain most of its original characteristics, such as wood siding, brick, stone or stucco finishes?**
If your house currently has vinyl or aluminum siding, your house is not eligible for this program unless you are willing to reverse those alterations.
- 4) **Is your 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, glass-block windows, wood decks, patios, driveways, building additions, installation of new landscaping features, and other ‘luxury’ items.
- 5) **Does your 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.
- 6) **Do you have equity in your home?**
Our primary type of loan is based upon available equity, but there are options if you have limited equity (see After-Rehab Appraisal Option).
- 7) **Has your project already started?**
Any work that has already started or has already been paid for cannot be included in the loan.

The Cuyahoga County Treasurer sponsors this low-interest rate loan through a linked-deposit investment. There are property valuation criteria for the loan:

- Tax value between \$0 - \$500,000 – Heritage Loan funds interior & exterior work
- Tax value between \$500,000-\$750,000 – Heritage Loan funds exterior work only
- Tax value over \$750,000 – property is ineligible for the loan

What is my next step?

Call the Cleveland Restoration Society (CRS) at (216) 426-1000. We will discuss the eligibility of your house and your proposed repair projects with you. Also, it will give us an opportunity to schedule a site visit at your house and give you further instructions for applying for the loan at a KeyBank branch location.



Heritage Home Program Loan Application Process

These step-by-step instructions will help to guide you through the Heritage Home Program loan application process. If you have any questions regarding these instructions please contact us at 216-426-1000.

What are your next steps?

I. Determine if you are eligible

Once you have determined that you are eligible for the program, contact CRS to schedule a site visit so that we can come out to the property and familiarize ourselves with your projects.

II. Submit a Heritage Home Program application

The application can be found at:

http://www.clevelandrestoration.org/assets/pdf_files/heritage_pdf/Heritage_Home_Program_Application.pdf. A separate Bank application will have to be filled out as well. Bank pre-approval for the Heritage Home Loan lasts 60 days.

III. Receive custom specifications from the Cleveland Restoration Society

Once the bank notifies us that you have applied, we will write custom specifications for your projects according to your scope of work. Specifications are not written for interior projects. Specifications are used to obtain bids from contractors making sure that expectations between homeowner and contractor are clear. They are also helpful when comparing bids from multiple contractors.

IV. Selected bids are submitted to the Heritage Program Staff

Once a homeowner selects the contractors they want to use for their projects, those bids are submitted to the Heritage Program staff so that final loan paper work can be ordered.

V. Sign closing loan papers at KeyBank

KeyBank will notify the homeowner when closing documents are ready to sign. You will receive a check for the sum of your loan three days after closing papers are signed. After-Rehabilitation Loans will follow the escrow procedure.

No work that you plan to fund with the loan can begin until you sign your loan papers.

VI. Work Begins!

You will have eighteen months from the signing date to complete all funded projects.



Heritage Home Program Equity-Based Loan

- The loan is offered at a 3.5 % fixed interest rate for up to a 10 year term
- The minimum loan amount is \$3,000 and the maximum is \$150,000
- Loans of \$3,000-\$24,999 have a 7–year term
- Loans of \$25,000-\$150,000 have a 10-year term
- KeyBank determines equity based on an 80% - 90% Loan-to-Value

Owner-Occupied Single Family Residence

Standard Fees:

- \$125 Loan Origination Fee (assessed by KeyBank at the time of closing)
- 2% CRS Technical Assistance Fee (2% of the total loan amount)

Potential Fees:

- Average \$385 Appraisal Fee (assessed by appraiser). This fee will only be assessed if the house's value is sufficient for the loan amount. The appraisal company will contact the homeowner to schedule an as-is or after-rehabilitation appraisal.
- A \$350 early prepayment fee (assessed by KeyBank) will be assessed if the loan is paid off before the first thirty-six (36) months of the established term.
- A \$500 escrow fee is assessed for all After-Rehabilitation Loans.
- All fees are financed in the Heritage Loan and are administered before the loan proceeds are released from the bank.

Non-Owner Occupied property (Rental Property up to 3 Units)

Standard Fees:

- \$125 Loan Origination Fee (assessed by KeyBank)
- 2% CRS Technical Assistance Fee (2% of the total loan amount)

Potential Fees:

- Average \$400-500 Appraisal Fee (assessed by appraiser). This fee will only be assessed if the house's value is sufficient for the requested loan amount. The appraisal company will contact the homeowner to schedule a walk through or "as is" appraisal.
- A \$350 early prepayment fee (assessed by KeyBank) will be assessed if the loan is paid off before the first thirty-six (36) months of the established term.
- A \$500 escrow fee is assessed for all After-Rehabilitation Loans.
- All fees are financed in the Heritage Loan and are administered before the loan proceeds are released from the bank.



Heritage Home Program After-Rehabilitation Loan

The After-Rehab Loan under the Heritage Home Program is an alternative to our conventional Equity-Based Loan. It is useful in situations where a 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.

This type of loan is offered at the same 3.5% fixed interest terms as our Equity-Based Loan with the same minimum \$3,000 and maximum \$150,000 loan amounts. Loans \$3,000-\$24,999 are a 7-year term, while those in the \$25,000 to \$150,000 range are a 10-year term. This type of loan allows KeyBank to lend up to 90% LTV (i.e. 90% of after-rehab value minus your mortgage).

- To consider this type of 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 After-Rehab.
- Once your application has been made at KeyBank, an appraisal will be necessary in order to determine the property's value after the renovations have been completed. You will need to show the appraiser your contractor's bids for materials, cabinetry, fixtures, etc. so that they can make an accurate forecast of the home's future value.
- KeyBank, will loan on up to 90% of the determined after-rehab value. Because the bank wants to be sure that the after-rehab value is achieved for the home, all loan proceeds will be escrowed through a third party escrow agency.
- Loan proceeds will be issued to the escrow agency once you close on the loan and a 3 –day "right of rescission" period has elapsed. As work is sequentially completed, CRS staff will inspect the work and have you sign off on it. CRS will then release funds from escrow to the appropriate contractors through completion of your renovation.
- All fees are financed in the Heritage Loan and are administered before the loan proceeds are released from the bank.