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:
   o Site visits from a construction specialist to review your home improvement projects and to answer home repair and maintenance questions
   o Recommendations on maintenance, repair, rehab, additions, and modernizations
   o Information on local contractors
   o Review of contractor bids and estimates
   o Advice on energy efficiency methods
   o Guidance on materials, supplies, and resources
   o 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.

Loan eligibility:
   o Is your house in a participating community? For a complete list visit www.heritagehomeprogram.org
   o Is your house at least 50 years old? The home must be 50 years old or older.
   o 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.
   o 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.
   o Is the property zoned residential? The property must be zoned residential.
   o 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.
   o 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.
   o Are property taxes current? Property taxes must be up-to-date. Payment plans may be considered.
   o Is homeowners insurance in place for the property? The property must be insured.
   o 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 Process

1) **Determine if your property and project are eligible for a loan.**
   
   Once you have determined that the property and project are eligible for the loan (page 1), contact the Heritage Home Program staff to review your project scope, discuss the terms and conditions, and obtain an application. Note, homeowner must also meet the bank’s lending requirements (see step 4).

   **No work funded with loan proceeds can begin until loan funds have been dispersed.**

2) **Choose your contractor(s) and estimate(s) for the project.**
   
   If you need assistance finding contractors or selecting estimates, Heritage staff may be able to assist you by completing a site visit to the property to assess your projects.

3) **Submit the Heritage Home Program Loan application.**
   
   Contact is on page 1. HHP staff will contact you to discuss the next steps, schedule a site visit to the property (if not already completed), and provide you with a bank contact. Please remember to include estimates from chosen contractors. **All contractor estimates must be selected and approved by Heritage staff before starting the bank application (step 4).**

4) **Start financial pre-approval process (see bank table for lending information on page 4).**
   
   Choose a lending institution. Homeowner must meet the bank’s lending requirements to obtain a loan. You may visit or call the bank branch to speak with a relationship manager about these requirements. Provide a copy of the Heritage Home Loan Application and additional personal information requested by the bank. A standard credit evaluation will be performed as well as an initial review of available equity.

5) **The lending institution will determine whether the applicant is conditionally approved.**
   
   The bank may request additional personal documents and will require an appraisal. See page 3 for more information on appraisals.

6) **Final loan approval**
   
   Bank will notify homeowner and Heritage staff of final approval. Heritage staff will send final paperwork to the bank to confirm project eligibility and loan amount. The lending institution will then prepare the loan documents and set a loan closing appointment with the homeowner.

7) **Sign loan documents at the bank.**
   
   The bank will schedule a loan closing appointment with the homeowner. After the three-day right-of-rescission period, the bank will disburse the funds to a CRS escrow account. **No work funded with loan proceeds can begin until loan funds have been dispersed.**

8) **Heritage Escrow Contracts are signed by all parties. Specifications for exterior work will be provided to homeowner and contractor (specifications are not written for interior projects).**
   
   An escrow contract and payment schedule will be established between the homeowner, contractor and CRS.

9) **Work begins!**
   
   You will have eighteen months from the signing date to complete all projects funded by the Heritage Home Program Loan. Heritage staff will conduct progress checks at the property throughout construction.

10) **After project completion, a Heritage Home Program staff member will complete a final project close-out site visit.**
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 through the Heritage Home Program 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.
<table>
<thead>
<tr>
<th>OWNER OCCUPIED RESIDENCE</th>
<th>KeyBank</th>
<th>THIRD FEDERAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Loan Amount</strong></td>
<td>$3K - $150K</td>
<td>$5,200 - $150K</td>
</tr>
<tr>
<td><strong>Fixed Interest Rate</strong>*</td>
<td>2%</td>
<td>1.99% / 2.42% APR***</td>
</tr>
<tr>
<td><strong>Term</strong></td>
<td>5-10 years</td>
<td>15 years</td>
</tr>
<tr>
<td><strong>Loan To Value</strong></td>
<td>85-90%</td>
<td>Up to 85%</td>
</tr>
<tr>
<td><strong>Origination Fee</strong></td>
<td>$125</td>
<td>$395</td>
</tr>
<tr>
<td>(assessed by bank)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>HHP Admin Fee</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Appraisal Fee</strong></td>
<td>Avg. $365 - $385</td>
<td>None</td>
</tr>
<tr>
<td>(Required for all loans)</td>
<td>$350</td>
<td>$350</td>
</tr>
<tr>
<td><strong>Loan Funds Escrow Fee</strong></td>
<td></td>
<td>(Required for all loans)</td>
</tr>
<tr>
<td><strong>Income Limits</strong></td>
<td>None</td>
<td>Income Limits Apply***</td>
</tr>
</tbody>
</table>

**Call HHP for details.**

<table>
<thead>
<tr>
<th>NON-OWNER OCCUPIED RESIDENCE</th>
<th></th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Loan Amount</strong></td>
<td>$3K - $150K</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Fixed Interest Rate</strong></td>
<td>2%</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Term</strong></td>
<td>5-10 years</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Loan To Value</strong></td>
<td>70-90%</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Origination Fee</strong> (assessed by bank)</td>
<td>$125</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>HHP Admin Fee</strong></td>
<td>$3K - $10K</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Appraisal Fee</strong></td>
<td>Avg. $400 - $500</td>
<td>N/A</td>
</tr>
<tr>
<td>(Required for all loans)</td>
<td>$350</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Loan Funds Escrow Fee</strong></td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Process/Vendor Fee</strong> (Recording, Title, Flood)</td>
<td>Avg. $200</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Pre-Payment Penalty</strong></td>
<td>None</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Interest rates are reviewed regularly by bank and may change. Interest rates and terms noted above are current as of 2/14/2018. Once the loan is closed, the current rate is fixed for the life of the loan.

* Interest rates effective as of 2/20/18, 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 3/27/18 in Cuyahoga County are as follows: Maximum annual household income of $54,324.00. OR, Homeowners must be located in an LMI Census Tract. Please call HHP for more details.
Parameters for Additions

We are committed to historic homes, but we know that updating them for modern living sometimes means adding more space. When considering additions, homeowners should seek to complement their existing home. Studies conducted by The National Trust for Historic Preservation have shown that historic preservation contributes to stabilizing neighborhoods. Historic preservation - and updates that are consistent with a home's historic qualities - generally has a positive effect on property values and is directly linked with sustainability and the green building movement.

Additions typically approved for the Heritage loan may include:
- Rear additions not visible from the street
- Small bump-outs on the side or rear of the property
- Enclosing of existing side or rear porches
- Dormers

CONSIDERATIONS

Layout
- Retain the essential form and integrity of the original property

Placement
- Minimal change to the primary/front elevation
- Additions to a rear elevation or secondary/side elevation are more likely to be approved than additions to the front of the property

Design
- Maintain existing window patterns, symmetry, etc. where possible
- Preserve roofline of existing structure

Massing
- Should maintain existing (or lower) roofline
- New addition should be secondary to existing structure

Scale
- Addition not to exceed 50% of current home's square footage
- Commonly approved additions are 20% of original square footage or less

Compatible Materials
- Preserve significant existing materials on home
- Match new materials to original as closely as possible
- Materials need to comply with HHP requirements for eligibility - no vinyl products may be used

PROCESS FOR HOMEOWNERS
- Schedule a site visit to have an introductory conversation about what can be funded with the Heritage loan
- Each project is subject to an internal design review with trained HHP staff
- Final approval cannot be made without completed drawings - architect fees can be reimbursed if loan is approved
- Complete loan application with lending institution - see HHP information packet for application process
- Work should not begin until you receive any and all design review board approval and permits
- If project exceeds maximum loan amount homeowner will need to escrow the balance of project funds

For more information visit www.heritagehomeprogram.org or call 216-426-3116
HHP Homeowner Representative Services

The Cleveland Restoration Society’s 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 contractual protections and technical assistance to ensure the project goes smoothly from start-to-finish.

Contractual Protections and Technical Assistance Provided
Heritage staff members are trained historic preservation and construction professionals. Throughout the term of the project, Heritage staff can provide guidance and advice on home repair and maintenance projects. Guidance on material selections, color choices, and appropriate repairs can be offered. On-site visits, progress checks and work reviews/inspections can be coordinated in advance.

The Heritage Home Program also offers extensive contracts and construction specifications that provide an additional layer of protection to homeowners undergoing home repair and maintenance projects. Heritage staff require copies of all necessary city permits and inspections to ensure projects comply with building codes. By holding the funds in an escrow account, payments are structured so that no down-payments are made and a 10% retainer is held on labor until projects are completed in full. Finally, contracts provide a one-year warranty from the date of project completion. During that time, if any challenges arise, Heritage staff can be contacted to assist homeowners with necessary resolutions.

Submitting Funds to Escrow and Fee Structure
Funds will be held in a CRS escrow account and released upon project progress completion. Required funds:
1. Personal Check made to Cleveland Restoration Society in amount sufficient to cover project costs as itemized on the scope of work. Final scope of work from contracting company must be submitted and approved by Heritage staff.
2. Personal Check (separate from project cost) to cover $350.00 escrow fee AND any associated technical assistance fees, as outlined below:

<table>
<thead>
<tr>
<th>Project Amount:</th>
<th>Technical Assistance Fee:</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $10,000</td>
<td>0%</td>
</tr>
<tr>
<td>$10,001 - $25,000</td>
<td>1%</td>
</tr>
<tr>
<td>$25,001 - $150,000</td>
<td>2%</td>
</tr>
</tbody>
</table>

Note: A $350.00 escrow fee is applied to all escrowed projects. This fee includes the cost to cut 2 checks to the contractor. If the contractor seeks more than 2 draws, an additional $34.00 per check will be charged to the homeowner. Payment is required before each additional check is cut.

After all sufficient funds and fees are delivered to the Cleveland Restoration Society, project contracts and specifications will be created by the Society and signed by the homeowner and contractor. See below.

- No down payments are made
- Partial payments for work completed require a 10% retainer until final payment
- Reimbursement will be made within five (5) business days of receiving written approval from the homeowner. Written approval stating that the invoice is approved and the check can be cut is required with each invoice
- If the check is lost or misplaced under any circumstances, CRS will cancel the check after 10 business days and reissue. There is a $34.00 bank fee to cancel and reissue a lost check. This can be deducted from the escrow account or paid separately by the homeowner before the check is cut

3751 Prospect Avenue, Cleveland, Ohio 44115
www.heritagehomeprogram.org website
hhp@heritagehomeprogram.org email
(216) 426-3116 phone (216) 426-1975 fax
HHP Homeowner Representative Services

Escrow Procedure

1) Homeowner and/or Contractor provide to CRS:
   a. Final project bid from Contractor.
      i. Including allowances if needed. Window and siding materials must be specified.
   b. Final and comprehensive plans if project requires plans.
      i. It is recommended that the Contractor get any needed building permits from the Building Department as early as possible to ensure that work being done is in compliance with City Code.

2) Funds are deposited into the escrow account.
   3. Funds will be held in a CRS escrow account and CRS will act as escrow agent. No contracts will be signed until all sufficient funds and fees are delivered to the Cleveland Restoration Society. (See above for fee structure.) Funds will be released to contractor upon project progress completion.

3) Escrow/construction contracts will be written by CRS, which will also include:
   a. Attached plans and bids from contractor.
   b. CRS construction specifications for exterior work included in the project scope.

4) Escrow/construction contracts are to be signed in the following order:
   a. Contracts are reviewed and signed by homeowner.
   b. Homeowner provides contracts to Contractor to be reviewed and signed.
   c. Contractor contacts CRS to arrange drop off/pick up of documents.
   d. Documents should not be mailed between parties at this point. CRS can assist with the passing of the documents if needed.

5) CRS will sign the escrow contracts, including the Proceed Order, activating them and allowing work to begin.
   a. Copies of documents will be delivered to each party for file.

6) Work can begin.
   a. It is suggested that all needed Building Permits are obtained by Contractor before work begins to ensure compliance.

7) In order to pay the Contractor, all appropriate and required building permits and inspections must have been done, with documentation to prove compliance. Homeowner must sign a yellow Certificate of Completion indicating work that the Contractor is being paid for has been done and the homeowner approves of quality.

Example of Process and Payment Schedule:
- Homeowner deposits projects funds and associated fees to CRS. Project funds are placed in escrow.
- Escrow contracts are signed by homeowner, contractor, and CRS.
- Work begins – Contractor performs two days of demo and purchases framing materials.
- Contractor submits to Owner invoice for work and materials.
- If approved, Owner submits written approval with invoice to CRS/Heritage staff.
- Heritage staff submits to finance for processing.
- Check is cut within five (5) business days.