



December 27, 2012

The Honorable Kevin Hurst
Village of Walton Hills
7595 Walton Road
Walton Hills, OH 44146

Re: Cleveland Restoration Society Heritage Home Program offers new 1.4% fixed rate home improvement loans

Dear Mayor Hurst,

This message is to follow up on a letter that Paul Herdeg of Cuyahoga County and Kathleen Crowther of Cleveland Restoration Society sent you last spring about the changes that we had made in the Cleveland Restoration Society Heritage Home ProgramSM this year. A summary of the Program and the changes is set forth below.

Since then, we have added a new partner bank, First Federal of Lakewood ("First Federal" or "FFL"), to the Program. First Federal will offer a 1.4% fixed rate loan to owners of owner-occupied residences for loans up to 10 years. It will also offer a 2% fixed rate on loans up to 20 years. Thus, homeowners will be able to choose between First Federal and our traditional lender, KeyBank (currently at 2% fixed rate for up to 10 years), for their Heritage Home Loan.

Please note that Michael T. Cummins, a Walton Hills resident, is the Chairman of the CRS Board of Trustees and would like very much for Walton Hills to join the Program.

There are 481 houses in Walton Hills that are more than 50 years old. The cost to Walton Hills of offering these homeowners the Program in 2013 is a relatively modest \$500 per year – less than \$1.04 per house.

I realize that all cities in Ohio are going through budget problems but the Program pays for itself in increased tax base resulting from our projects. A study by CSU found that houses that participated in our Program had disproportional increases in value and that houses within a tenth of a mile of one of our houses also had a disproportional increase in value. Also, CSU



found that homeowners of houses that participated in our Program stayed in their houses disproportionately longer than other homeowners. The Program increases housing values and increases neighborhood stability.

Please call or email me with any questions or comments. If you would like, we would be happy to make a presentation on the Program to the Walton Hills Council if that would be helpful.

Thank you for considering joining the Heritage Home ProgramSM.

Very truly yours,

A handwritten signature in black ink, which appears to read "Thomas A. Jorgensen". The signature is fluid and cursive, with a long, sweeping underline that extends to the left.

Thomas A. Jorgensen
Chief Operating Officer



Summary of Heritage Home Program and 2012 Changes

Cleveland Restoration Society is a non-profit organization dedicated to the maintenance and improvement of the housing stock of Cuyahoga County. CRS is supported by Cuyahoga Arts and Culture, Cuyahoga County, the Cleveland Foundation, many other foundations, the National Trust for Historic Preservation and a number of cities in Cuyahoga County.

CRS sponsors the Heritage Home Program which is aimed at the repair, maintenance and improvement of houses over 50 years old throughout Cuyahoga County. The program involves free technical advice to homeowners about any issue involving their home. This can be questions about actual repairs and materials or about contractors to do maintenance work. Homeowners appreciate our unbiased and impartial advice. We do not sell any product or services so our advice is always well received by the homeowner.

The Program also includes a low interest loan program administered by KeyBank and supported by the Treasurer of Cuyahoga County. The KeyBank loans are 2.0% fixed rate mortgage loans for up to 10 years. KeyBank makes all the credit decisions and it utilizes its normal lending procedures when it considers loans under the Program.

As noted above, we have recently added First Federal as a participating lending bank. It is offering a 1.4% fixed rate loan to owners of owner-occupied residences for loans up to 10 years. It will also offer a 2% fixed rate on loans up to 20 years. For non-owner occupied residences First Federal offers a 2.4% fixed rate on loans up to 10 years and a 3.0% fixed rate on loans from 10 – 20 years.

The Heritage Home ProgramSM was originally set up for a few areas in the City of Cleveland. It is now available to any city in Cuyahoga County that would like to participate.

As our answer to the decline in house values caused by the Great Recession, we have made a number of changes in the Heritage Home ProgramSM to make the Program extremely attractive to homeowners and cities:

1. We have lowered the interest rate on Heritage Home Loans to 1.4% per year (down from 3.5% per year) for owner occupied residents and 2.0% for non-owner-occupied residences. These are fixed rates for loans up to 10 years. This is the best financing tool for Walton Hills residents to finance improvements to older homes – bar none!



2. We have lowered the fees to the homeowners. We used to charge a contract specifications fee of 2% to all borrowers. We lowered this fee to zero for loans under \$10,000 and 1% for loans from \$10,000 to \$25,000.
3. We lowered our escrow fee from \$500 to \$200 for loans that need to be escrowed.
4. We opened the Program to all houses which are 50 years old or older. The house does not have to be historic or be in an historic district.
5. We loosened our restrictions on homes that had previously had inappropriate changes made. We no longer require that the inappropriate changes be fixed immediately. Thus, if a house has inappropriate vinyl siding, we will assist the homeowner with another project without requiring that the vinyl siding be removed first. Of course, we will not fund the installation of vinyl siding on an older house.
6. We have made greater marketing efforts in our participating cities. We have done a direct mailing to every owner of a house which is 50 years old or older. We have also inserted graphic promotional pieces in newsletters, magazines, and newspapers that reach the owners of houses in the participating city.
7. We have set up a separate Heritage Home ProgramSM web site which can be branded by each participating city so that the Program can be known as the Walton Hills Heritage Home ProgramSM. To see it, please go to www.heritagehomeprogram.org.

The changes in the Program do not change the following features of the program:

1. The homeowner is still provided free technical assistance with any maintenance, repair or rehab questions. This is a very time intensive effort involving CRS staff but an effort that is highly valued by the owners of older homes.
2. The structure must be zoned residential and not involve more than 3 residential units.
3. The project must either maintain or improve the property consistent with its architecture and design. We have a "do no harm" philosophy.
4. The owner of the home need not reside in it, but then our best interest rate is 2%.
5. There is no income limit for the homeowner.



6. The homeowner will have to meet KeyBank or FFL's credit requirements and there will need to be adequate equity in the home after the project to be good security for the loan.
7. KeyBank and FFL will lend up to at least 90% of the after-rehab appraised value of the property (minus any existing mortgage loans).
8. The Program cannot fund loans on properties with a value over \$750,000.
9. The Program cannot fund luxury items such as hot tubs or swimming pools.