Special Program for Purchasers of Homes from Developers Pre-Approved by Healthy Neighborhoods, Inc.

1. Eligible borrowers will be those who are purchasing an eligible property in neighborhood or an NSP2 financed property in a Healthy Neighborhoods community. An eligible property may contain 1 to 4 properly zoned residential units. Borrowers must be, or intend to be, owner occupants. Eligible houses are foreclosed or vacant properties throughout the neighborhoods as approved by Healthy Neighborhoods and houses on target blocks.

2. Eligible homes will be formerly vacant homes rehabbed by a developer into 1-4 properly zoned residential units approved by Healthy Neighborhoods or NSP financed homes.

3. Borrowers may be referred to the bank by a participating neighborhood organization. Borrower is responsible for the upfront cost of a credit report if one cannot be provided at no cost.

4. Borrowers will be underwritten and approved by M&T Bank. Borrowers must meet Fannie Mae/Freddie Mac standard underwriting guidelines. Housing expense, including principal, interest, taxes and insurance, should not exceed 30% of borrower’s income. Total long term debt payments should not exceed 40% of borrower’s income. A minimum credit score of 620 is required. There can be no derogatory credit items.

5. Maximum aggregate loan amount secured by the property (including any settlement expense loans) shall not exceed 110% of after-rehabilitation loan to value, as established by appraisal. Loans to borrowers will be limited to a maximum loan amount of $295,000. There will be no private mortgage insurance premium required.

6. The loan will be used for purchase only.

7. New purchasers must invest at least 3% of the purchase price from their own funds. Gifts may be counted toward meeting this requirement; however, government or philanthropic grants and settlement expense loans will not count toward meeting the investment requirement.

8. Permanent loan interest rate will be 100 basis points below the 60-day Fannie Mae Rate as published in the Wall Street Journal, but in no event less than 4%, set at time of application at M&T Bank. Rates are locked in for a period of 60 days. If the loan fails to close within the 60 day lock period, the lender will, at its discretion, re-lock the rate at 100 basis points below the current 60-day FNMA rate on the day of loan expiration.

9. There will be no private mortgage insurance premium required.

10. Maximum loan term is 30 years.

11. Developer must be pre-approved by Healthy Neighborhoods and will pay a 1 point fee to Healthy Neighborhoods prior to closing.

12. Borrower will pay 1.5 points as a loan origination fee to M&T Bank, a 0.26 point pool insurance fee to the Maryland Housing Fund or other guarantor plus all customary loan closing costs. These fees and customary loan closing costs may be included in the loan if the borrower has met the required cash contribution and loan amount does not exceed maximum program loan to value.

13. The loans will constitute a first mortgage on the property payable in fixed monthly payments consisting of principal, interest and escrow.

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15. Borrower must show evidence provided by the developer that at least 30% of the ultimate purchase price of the property will have been expended on renovations including exterior improvements.

16. An application disclosure must be signed by all borrowers prior to loan commitment.

17. The borrower agrees that any payment delinquency or default may be reported by the lender to the referring neighborhood organization, to Healthy Neighborhoods, Inc., and to any loan pool guarantor, insurer or Healthy Neighborhoods neighborhood partner.

18. Borrowers who own residential rental property are not eligible for financing under this program.