



## **Term Sheet**

### **Special Purchase Program**

#### **for Purchasers of Homes Renovated or Newly Constructed by Developers Pre-Approved by Healthy Neighborhoods, Inc.**

1. Eligible borrowers will be those who are purchasing an HNI pre-approved development project.
2. Eligible property will be in an HNI community or have been granted an exception. An eligible property may contain 1 to 4 properly zoned residential units. Borrowers shall be owner occupants of the property.
3. Eligible homes will be formerly vacant or unoccupied buildings or newly constructed homes on formerly vacant lots.
4. Borrower is responsible for the upfront cost of a credit report if one cannot be provided at no cost.
5. Borrowers will be underwritten and approved by M&T Bank according to HNI Loan Pool terms. Borrowers must meet M&T Bank Treasury Portfolio underwriting guidelines. Housing expense, including principal, interest, taxes, ground rent, HOA dues, and insurance, should not exceed 30% of borrower's income. Total long-term debt payments should not exceed 43% of borrower's income. A minimum credit score of 620 is required. There can be no derogatory credit items.
6. 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 \$375,000.
7. The loan will be used for purchase subject to terms herein or purchase/rehabilitation.
8. Properties are subject to inspection and approval by HNI. In the event the loan is purchase / rehabilitation loan, scope of work for the property will be reviewed and draw schedule and approval process implemented, similar to traditional HNI loans.
9. New purchasers must invest at least 3% of the total purchase plus rehabilitation cost 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.
10. Permanent loan interest rate will be 100 basis points below M&T Bank's 60 day pricing on a Fannie Mae 30-year, fixed-rate, Conventional Mortgage 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.

11. There will be no private mortgage insurance premium required.
12. Maximum loan term is 30 years.
13. Developer must be pre-approved by Healthy Neighborhoods. Developer will pay a \$500 fee or provide an Appraisal or other assessment of after completion value acceptable to Healthy Neighborhoods upon application and will pay a 1 point fee to Healthy Neighborhoods upon loan closing.
14. 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.
15. The loans will constitute a first mortgage on the property payable in fixed monthly payments consisting of principal, interest and escrow.
16. 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.
17. An application disclosure must be signed by all borrowers prior to loan commitment. The borrower agrees that any payment delinquency or default may be reported by the lender to Healthy Neighborhoods, Inc., to any loan pool guarantor or insurer, to the approved developer, or Healthy Neighborhoods neighborhood partner.
18. Borrowers who own residential rental property are not eligible for financing under this program.
19. Developers and Borrowers may request exceptions to terms of this Program which may be approved or denied by HNI President/CEO through HNI standard Exceptions Process.
20. Borrowers may be eligible for the HNI Matching Grant under existing Matching Grant terms and such Grants are eligible to be utilized with this loan.

