



## First Mortgage Loan to Purchase

1. Eligible borrowers will be those who are purchasing a house on a target block in a Healthy Neighborhoods community. Target houses may include formally foreclosed or vacant properties throughout the neighborhoods as approved by Healthy Neighborhoods.
2. An eligible property may contain 1-4 properly zoned residential units.
3. Borrowers may be referred to the bank by a participating neighborhood organization, or Healthy Neighborhoods, Inc., 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 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. Borrower may not have any open derogatory credit items.
5. Maximum aggregate loan amount secured by the property (including any settlement expense loans) shall not exceed 97% 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. Maximum permanent loan term is 30 years.
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. Borrowers are responsible for closing costs of any subordinate debt.
8. The program discounted permanent interest rate will be 50 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 rate lock.
9. The loans will constitute a first mortgage on the property payable in fixed monthly payments.
10. Borrower will pay 2.25 points as a loan origination charge to M&T Bank, a one time 0.26 point pool insurance fee to the Maryland Housing Fund plus all customary loan closing costs. These fees and closing costs may be included in the loan if borrower has met the required cash contribution and loan amount does not exceed maximum program loan to value.



11. An application disclosure must be signed by all borrowers prior to loan commitment.
12. 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.
13. Borrowers who own residential rental property are not eligible for financing under this program.

