

# Special Purchase Program Loan: Summary of Key Terms

## **Main Benefits:**

- ✓ 1% below the 60-day Fannie Mae rate (but in no event less than 4%)
- ✓ Low down payment (just 3% of purchase price)
- ✓ No private mortgage insurance required

## Other Key Terms:

- Home must be in a "Healthy Neighborhood" (see list on last page)
- Developer must be pre-approved by Healthy Neighborhoods
- Borrower must intend to be an owner occupant
- Maximum loan amount of \$375,000
- Minimum credit score of 620
- Loan is a "first mortgage"



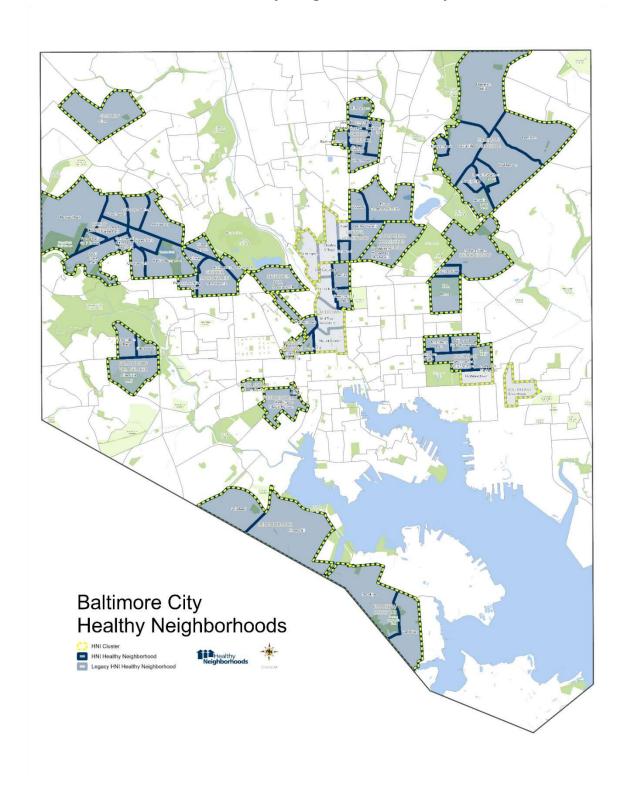
#### **Special Purchase Program Loan: Detailed Term Sheet**

for home buyers purchasing formerly vacant homes renovated through Healthy Neighborhoods approved developers

- 1. Eligible borrowers will be those who are purchasing an eligible property from a Healthy Neighborhoods pre-approved developer and development project.
- 2. Borrowers must be, or intend to be, owner occupants.
- 3. Eligible homes will be formerly vacant homes rehabbed by a developer into 1-4 properly zoned residential units approved by Healthy Neighborhoods.
- 4. Borrowers may be referred to the lender 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.
- 5. 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 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 97% 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. 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. 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 prior to closing unless such fee is waived by Healthy Neighborhoods.
- 12. Borrower will pay 1.75 points as a loan origination fee to M&T Bank, a .5% 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.
- 14. 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.
- 15. An application disclosure must be signed by all borrowers prior to loan commitment.
- 16. 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.
- 17. Borrowers who own residential rental properties are not eligible for financing under this program unless provided with a written Exception by Healthy Neighborhoods Inc.
- 18. Healthy Neighborhoods, Inc. may charge a fee of \$300 per loan to manage the developer approval process and any construction draws and inspections.

The "Healthy Neighborhoods" Map



### The "Healthy Neighborhoods"

Abell Edmondson Village Mid-Govans

Allendale Ednor Gardens - Lakeside Mid-Town Belvedere

Arcadia Ellwood Park/Monument Mondawmin

Auchentoroly-Parkwood Forest Park Moravia-Walther
(Parkview/Woodbrook) Four by Four Morgan Park
Ashburton Forest Park Golf Course Mount Vernon

Ashburton Forest Park Golf Course Mount Vernon
Baltimore Highlands Garwyn Oaks Old Goucher

Barclay Glen Panway/Braddish Avenue

Barre Circle Greektown Parkway (Burleith-

Belair-Edison Greenmount West Leighton)
Berea Hamilton (Glenham- Patterson Park
Better Waverly Belhar) Patterson Place

Beverly Hills Hamilton Hills Pigtown/Washington

Brooklyn Hanlon-Longwood Village

Callaway-GarrisonHarwoodRadnor WinstonCentral Forest ParkHeritage CrossingRemingtonCharles NorthHighlandtownReservoir HillCharles VillageHillsdale HeightsRichnor Springs

Cherry Hill Howard Park Seton Hill
Coldstream Homestead Kenilworth Park Union Square
Montebello Lakeland Waltherson
Concerned Citizens of Lauraville Waverly

Concerned Citizens of Lauraville Waverly
Forest Park Liberty Square West Forest Park
Curtis Bay Madison Park Wilson Park
Dorchester McElderry Park Winston-Govans

Edgewood Woodbourne-McCabe

<sup>\*</sup> Upon approval by the Healthy Neighborhoods, Inc. Board, additional neighborhoods may be added.