



Home Improvement Loan: Summary of Key Terms

Main Benefits:

- ✓ 1% “below market”
- ✓ No down payment
- ✓ No private mortgage insurance required
- ✓ Architectural assistance provided

Other Key Terms:

- Home must be in a “Healthy Neighborhood” (see list on last page)
- Borrower must be an owner occupant
- Maximum loan amount of \$20,000
- Minimum credit score of 700 (some exceptions can apply)
- “Two close” loan
 - Short-term construction loan refinanced into a long-term permanent loan upon renovation completion
- Permanent loan is a “second mortgage”

Provided for illustrative purposes only and does not constitute a contract, commitment, or legally binding agreement. All terms, conditions, and figures are subject to change without notice. Final terms will be set forth in a formal agreement executed by all parties.



Home Improvement Loan: Key Terms

**for current homeowners looking to undertake a home improvement or renovation project
in a home in a Healthy Neighborhood community**

1. Eligible borrowers are owner occupants of a property containing 1-4 properly zoned residential units within the Healthy Neighborhoods program boundaries.
2. Borrowers may be referred to the Principal 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.
3. Borrowers will be underwritten and approved by M&T Bank. Borrowers must meet standard underwriting guidelines. Total long term debt payments should not exceed 43% of borrower's income. A minimum credit score of 700 is required.
4. Minimum loan amount will be \$5,000. Maximum loan amount will be \$20,000. Maximum aggregate loan amounts secured by the property shall not exceed 105% of after-renovation value, as established by an appraisal.
5. No owner financial investment is required.
6. The loans will be used for home renovations, including visible exterior home renovations.
7. Construction terms will be 12 months. The maximum permanent term will be 10 years.
8. The loan interest rate during rehab will be fixed on the date of settlement until home renovations and the construction term are complete, at which time the loan must be refinanced to permanent status at the current program loan rate.
9. The permanent interest rate will be set at a level generally intended to be approximately 1% below prevailing market rates for comparable products, subject to market conditions and lender discretion. In no event shall the permanent interest rate be less than 3%. For avoidance of doubt, the term "below market" is provided as a general guideline only and, while it may be informed by widely observed benchmarks (such as the U.S. Prime Rate), it does not reference or commit to any specific published index, benchmark, or third-party standard.
10. Permanent loans will be recorded as a second deed of trust against the property. Borrower shall pay the cost of recordation of the deed of trust which cost may be included in the loan. All closing costs, including loan inspection fees will be charged to the borrower, and may be included in the loan. The Maryland Housing Fund or other guarantor will be paid a pool insurance fee of .5%.
11. Improvements will be completed in full by a general contractor unless a waiver is provided by

Healthy Neighborhoods, Inc. Borrowers may request to self-manage a series of licensed subcontractors to complete specific tasks or do the work themselves. In the case of owner-made improvements, only the cost of materials used, in place, inspected and evidenced by receipts can be reimbursed from the loan. Based upon the complexity of the renovations and the experience of the homeowner, Healthy Neighborhoods and/or M&T Bank in its sole discretion may require approval by Healthy Neighborhoods' consulting architect and may reject a homeowner's request to undertake work themselves or to manage a series of subcontractors.

12. Borrower's acceptance of a contractor's contract should specify the intended construction period and that the borrower's acceptance is contingent upon borrower obtaining sufficient financing for the scope of the work described.
13. An application disclosure must be signed by all borrowers prior to loan commitment.
14. Upon closing, if borrower is using a home improvement contractor, the bank may advance the lesser of 20% of the renovations cost or \$8,000. The remainder of the rehab portion of the loan will be held for disbursement by the bank and funds will be released during construction upon satisfactory inspection of the work in place by bank's approved construction inspector. Work carried out by the owner or anyone other than a licensed contractor will only receive reimbursement for materials in place, after inspection and evidenced by receipts. Customary loan inspection fees will be charged.
15. If at the end of the construction term, borrower fails to begin renovations the loan must be refinanced to the permanent loan and be sold to the fund without completed renovations. Unused renovation funds may be frozen and the permanent loan will equal amount disbursed.
16. If borrower has begun renovations, but is unable to complete them within the construction term, the renovation term may be modified and extended. An extension fee may be charged. Upon completion the loan must be refinanced to a permanent loan and be sold to the fund.
17. The borrower agrees that any payment delinquency or default may be reported by the lender to the participating neighborhood organization that made the referral, and to Healthy Neighborhoods, Inc., to any loan pool guarantor or Healthy Neighborhoods neighborhood partner.
18. Borrowers may not own rental properties.
19. Borrowers may not have previously borrowed funds from the Healthy Neighborhoods Loan Pools on this or other properties.
20. Healthy Neighborhoods, Inc. may charge a fee of \$300 per loan to manage the construction draws and inspections.
21. Borrowers may be eligible for the Healthy Neighborhoods Matching Grant under existing Matching Grant terms and such Grants, if available, are eligible to be utilized with this loan.

**Baltimore City
Healthy Neighborhoods**

☀️ HNI Cluster
 🏠 HNI Healthy Neighborhood
 🏠 Legacy HNI Healthy Neighborhood

Healthy Neighborhoods

Baltimore City
Healthy Neighborhoods



The “Healthy Neighborhoods”

Abell	Edmondson Village	Mid-Govans
Allendale	Ednor Gardens - Lakeside	Mid-Town Belvedere
Arcadia	Ellwood Park/Monument	Mondawmin
Auchentoroly-Parkwood (Parkview/Woodbrook)	Forest Park	Moravia-Walther
Ashburton	Four by Four	Morgan Park
Baltimore Highlands	Forest Park Golf Course	Mount Vernon
Barclay	Garwyn Oaks	Old Goucher
Barre Circle	Glen	Panway/Braddish Avenue
Belair-Edison	Greektown	Parkway (Burleith- Leighton)
Berea	Greenmount West	Patterson Park
Better Waverly	Hamilton (Glenham- Belhar)	Patterson Place
Beverly Hills	Hamilton Hills	Pigtown/Washington Village
Brooklyn	Hanlon-Longwood	Radnor Winston
Callaway-Garrison	Harwood	Remington
Central Forest Park	Heritage Crossing	Reservoir Hill
Charles North	Highlandtown	Richnor Springs
Charles Village	Hillsdale Heights	Seton Hill
Cherry Hill	Howard Park	Union Square
Coldstream Homestead	Kenilworth Park	Waltherson
Montebello	Lakeland	Waverly
Concerned Citizens of Forest Park	Lauraville	West Forest Park
Curtis Bay	Liberty Square	Wilson Park
Dorchester	Madison Park	Winston-Govans
Edgewood	McElderry Park	Woodbourne-McCabe

** Upon approval by the Healthy Neighborhoods, Inc. Board, additional neighborhoods may be added.*