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”

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 lender by a participating neighborhood organization, or Healthy Neighborhoods, Inc. Borrower is responsible for the upfront cost of a credit report.

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 45% 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.

7. Construction terms will be 12 months, unless M&T Bank and the borrower mutually agree to a longer term. 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, 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.

11. Borrower will pay a one-time .5% pool insurance fee to the Maryland Housing Fund (or other guarantor) plus all customary loan closing costs. These fees and closing costs may be included in the loan if loan amount does not exceed maximum program loan to value.

12. For any loans available under the terms of this loan pool, borrowers will hire a MHIC licensed,

insured general contractor. A construction contract between borrower/s and contractor, including scope of work and rehab costs, must be approved by Healthy Neighborhoods, Inc. prior to formal loan application with M&T Bank. The contract should specify that it is contingent upon borrower obtaining sufficient financing for the scope of work. 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. Based upon the complexity of the rehab and the experience of the borrower, Healthy Neighborhoods and/or M&T Bank in its sole discretion may reject a borrower's request to undertake work themselves or to manage a series of subcontractors. In the case of owner-made improvements, only the cost of materials in place, inspected and evidenced by receipts can be reimbursed from the loan. Borrower's acceptance of a contractor's proposal 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. Upon loan settlement, if borrower is using a home improvement contractor, the lender will advance the lesser of 20% of the rehab cost or $15,000. 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.

14. If borrower fails to begin renovations within the required rehab term, the loan must be refinanced to the permanent mortgage at the non-discounted prevailing "market rate" and sold to the fund without rehab. The unused renovation funds may be frozen, and the permanent loan amount will equal the amount disbursed.

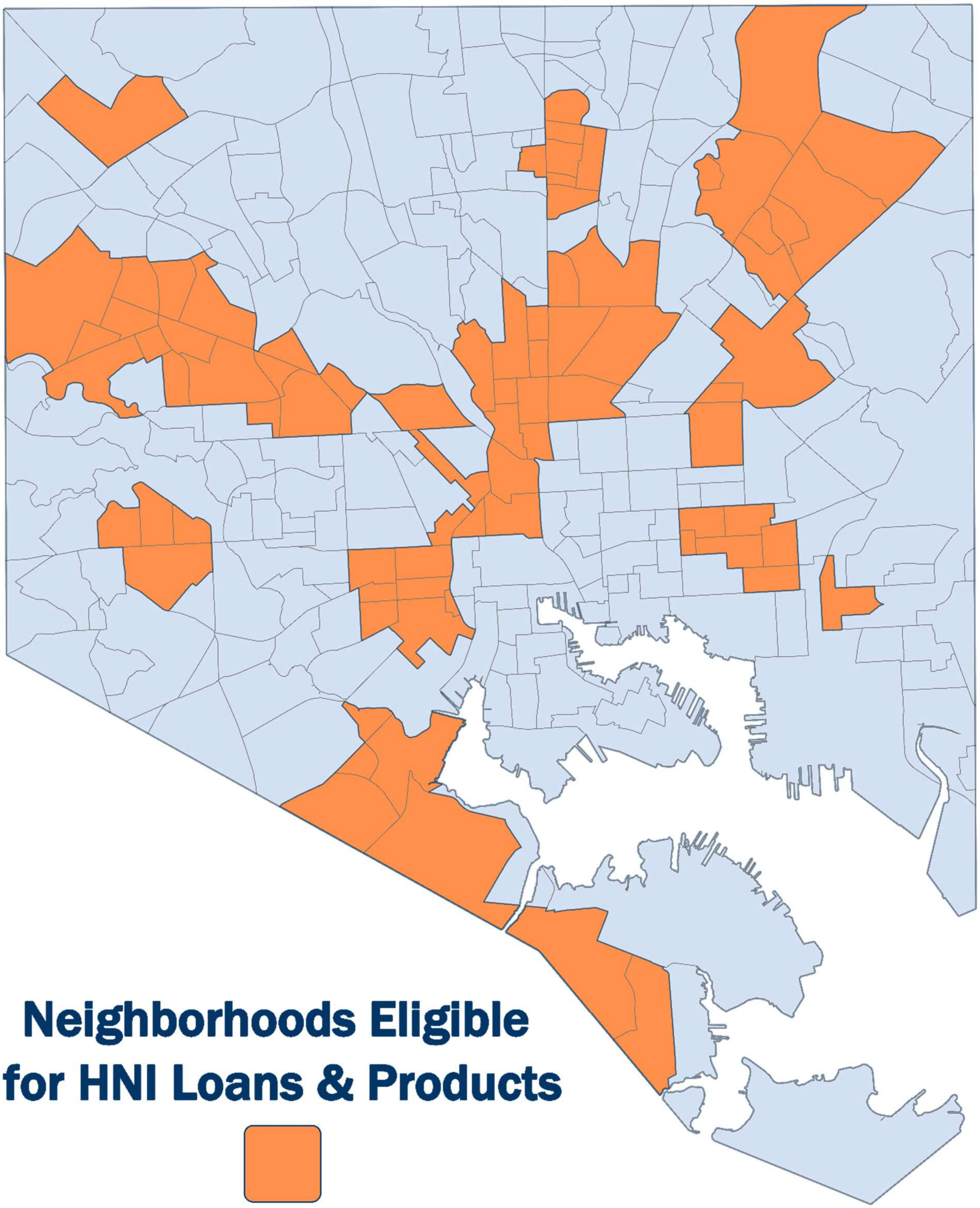
15. If borrower begins renovations but is unable to complete renovations within the required rehab term, the renovation term may be modified and extended. An extension fee may be charged. Upon completion the loan must be refinanced to a permanent mortgage at 100 basis points "below market", and sold to the fund.

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 properties are not eligible for financing under this program, unless otherwise granted an exception at the program's discretion.

19. Healthy Neighborhoods, Inc. may charge a fee of $300 per loan to manage the construction draws and inspections.

The “Healthy Neighborhoods” Map



The “Healthy Neighborhoods”

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

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