Purchase & Rehab Loan:
Summary of Key Terms

Main Benefits:

- ✓ 1% "below market" rate
- ✓ Low down payment (just 3% of purchase price + rehab amount)
- ✓ 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 intend to be an owner occupant
- Maximum loan amount of $416,375
- Minimum credit score of 620
- "Two close" loan
  - Short-term construction loan refinanced into a long-term permanent loan upon renovation completion
- Loans are a "first mortgage"

Purchase & Rehab Loan: Key Terms

for prospective homebuyers looking to purchase a home in a Healthy Neighborhood community while also undertaking a rehabilitation or renovation project in that same property

1. Eligible borrowers will be those who are purchasing a house in a Healthy Neighborhoods community who intend to be owner occupants and who are undertaking a rehabilitation project in the property. Target houses may include foreclosed 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 lender by a participating neighborhood organization, or Healthy Neighborhoods, Inc. Borrower is responsible for the upfront cost of a credit report.

4. Borrowers will be underwritten and approved by M&T Bank. Borrowers must meet 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 45% 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 110% of after-rehabilitation loan-to-value, as established by appraisal. Individual loans are capped at 50% of the Fannie Mae/Freddie Mac conforming loan limit for one-unit properties in Baltimore, Maryland ($416,375 for 2026), and will automatically adjust each year upon FHFA's release of updated conforming loan limits. No private mortgage insurance is required.

6. Construction terms will be 12 months, unless M&T Bank and the borrower mutually agree to a longer term. Maximum permanent loan term is 30 years.

7. Purchasers must invest at least 3% of the purchase price plus rehab amount 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 loan interest rate during rehab will be fixed on the date of application 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 determined at the time of rate lock and is generally intended to be approximately 1% below prevailing market rates for comparable products, subject to then-current 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. Rate will be locked in when the home renovations and construction term are complete and fixed for 30 years.

10. The loans will constitute a first mortgage on the property payable in fixed monthly payments. The borrower will make interest-only payments on funds advanced during the construction period. Upon completion of construction and distribution of all loan proceeds, the loan must be refinanced and borrower's payments will consist of principal, interest and escrow payments.

11. Borrower will pay 2.5 points as a loan origination fee to M&T Bank, 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 borrower has met the required cash contribution and 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. A fully executed Contractor's Performance Agreement and title bring downs before each advance will be required for rehabilitation amounts of $100,000 or more. 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.

    a. Loans are available to finance acquisitions of homes with sales prices or mortgage balances no greater than $170,000, which are in habitable condition (as determined by the appraisal report) if the owner agrees to make a minimum of $5,000 for improvements within the construction term and borrows the rehab funds along with the acquisition loan. Ratios and loan-to-values must meet the program guidelines. The loans will remain at M&T Bank's rehab rate until work and the construction term are completed.

    b. Loans are available to finance acquisitions of homes with sales prices or mortgage balances greater than $170,000 on target blocks which are in habitable condition (as determined by the appraisal report) if the owner agrees to make repairs equal to at least 10% of the acquisition price of the house within the construction term and borrows the funds along with the acquisition loan. For homes with sales prices of $200,000 or more, the borrower must commit to making at least $20,000 of improvements. Ratios and home values must meet the program guidelines. The loans will remain at M&T Banks rehab rate until work and the construction term are completed.

c. Loans are available to finance acquisitions of properties which are not in habitable condition (as determined by the appraisal reports) if the owner agrees to make repairs to bring the property to habitable code condition within the construction term and borrows the rehab funds along with the acquisition loan. Ratios and loan-to-values must meet the program guidelines. The loans will remain at M&T Bank's rehab rate until work and the construction term are completed.

13. Upon loan settlement, the lender will advance the lesser of 20% of the rehab cost or $15,000 if a contractor is being utilized. 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.

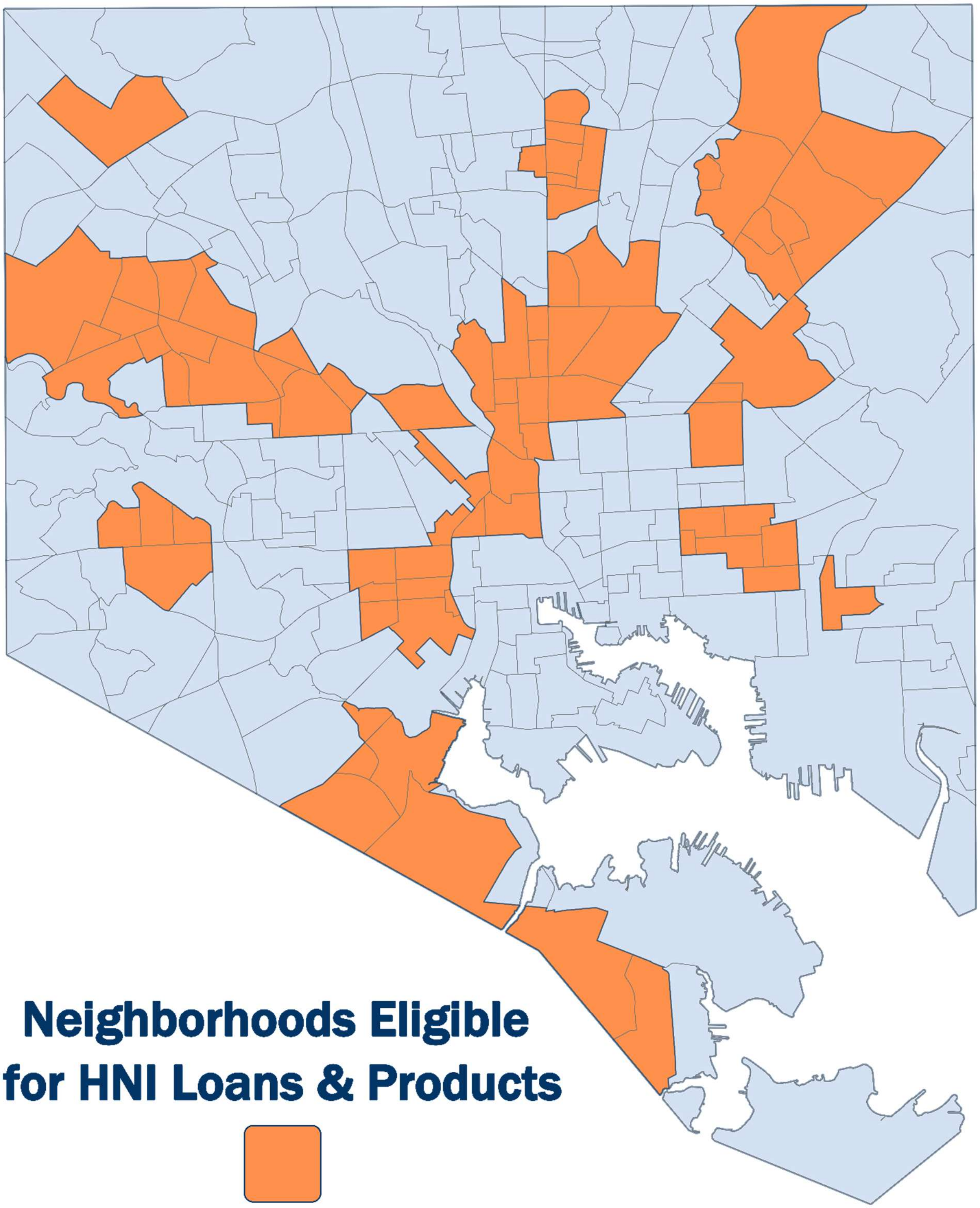
17. The borrower agrees that any payment delinquency or default may be reported by the lender to the referring neighborhood organization, to Healthy Neighborhoods, Inc., and to any loan pool guarantor, insurer or Healthy Neighborhoods neighborhood partner.

18. In the Midtown Belvedere and Mount Vernon neighborhoods, financing will only be offered for properties whose renovations will meet the standards of the Maryland Historic Tax Credit.

19. Borrowers who own residential rental properties are not eligible for financing under this program, unless otherwise granted an exception at the program's discretion.

20. 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.*