

City Recoverable Loan Term Sheet

1. This term sheet refers to the Deferred Loan in Section 2.5 of the Funding Cooperation Agreement between Healthy Neighborhoods, Inc. and the Mayor and City Council of Baltimore acting by and through the Department of Housing and Community Development.
2. Eligible Borrowers are owner occupants of a property containing 1-4 properly zoned residential units within the Healthy Neighborhoods program boundaries who are borrowing funds from the Healthy Neighborhoods loan pool for acquisition/rehab, refinance/rehab or home improvement.
3. Eligible Borrowers must be referred to the bank by a participating neighborhood organization that has pre-screened the borrower and explained the loan program.
4. Eligible Borrowers will be underwritten and approved by M&T Bank as a part of the loan application process.
5. Eligible Borrowers cannot earn more than 120% of the adjusted median income for the region.
6. The City Loan will match the rehab portion of a Healthy Neighborhoods loan up to a maximum grant of \$10,000.
7. City Loans subject to availability of funds. Funds will be committed to borrowers when their Healthy Neighborhoods loans are closed. Grants will not be used as a part of eligibility calculations.
8. Only applicants whose loans have not closed are eligible.
9. The proceeds of the loans will be used for home renovations, including visible exterior home renovations.
10. During the first five years of occupancy, the City Loans will be structured as recoverable grants and recorded as a second or third deed of trust against the property. The Eligible 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 Eligible Borrower. Said costs may be paid from the proceeds of the loan. City Loan will be reduced by 20% for each complete year that the borrower owns and occupies the property. No points, only third party costs will be charged on these funds.
11. Eligible Borrowers may hire a general contractor, 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 and 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. City Loan funds will be released pari passeau to the home renovation portion of the Healthy Neighborhoods loan.
13. If Eligible Borrower has begun renovations, but is unable to complete them within twelve months of loan closing, the renovation term may be modified and extended. If Eligible Borrower has failed to commence renovations within 12 months, the approval for the grant will be rescinded.
14. The Eligible 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., the Department, and to any loan pool guarantor.