

Exhibit G – BMR Program Lottery (Opportunity Drawing) Disclosures and Rules

Applicant Name: _____ Application ID number: _____

Co-Applicant Name: _____

General Rules and Opportunity Drawings Disclosures*

Initial Requirements:

1. Some Opportunities Drawings will require that the Applicant and Co-applicant must currently live and/or work in Morgan Hill (or for a certain period of time). Substantial evidence will be requested during the process.
2. Total Household annual gross income must not exceed the Area Median Income (AMI) for the specific Property.
3. Must have a BMR Application ID Number issued by HouseKeys for the Morgan Hill BMR Program
4. Applicants must have the funds and financing needed to afford and qualify for the home (speak to your loan officer) The loan officer must be approved by HouseKeys.
5. Applicants, Co-Applicants, Additional Co-Applicants, Married Couples, Domestic Partners AND anyone that can or will be on the title of the home must have already attended the HouseKeys Home Buyer Orientation (it's a free 1 1/2 hour class) since the Program Re-Launch date of August 3, 2015 and before filling out an Opportunity Drawing form. (We will verify attendance.)
6. Submit an "Opportunities Drawings Submission Form" by the Deadline published on our website or Opportunity Drawings form. Opportunity Drawings happen randomly. It's important that you check our website frequently so you don't miss an opportunity. If you see an Opportunity Drawing posted on our website (and you have an Application ID number and attended the HouseKeys Home Buyer Orientation) and you did not receive an Opportunities Drawings Notification, please email us before the deadline to enter the Opportunity Drawing at programs@housekeys.org and we will give you instructions. You can also reach us at (408) 684-8712.

Other disclosures:

A **Property Deadline** is established to be able to meet the timelines and goals established by the BMR Program and to avoid delaying closings and/or delaying opportunities to other applicants that are ready. If the applicant next in line (according to priority or runner up number) is unable to demonstrate the ability to fully qualify, doesn't have all the pre-approvals in place (including down payment assistance pre-approvals), and can't demonstrate the ability to afford the property (including all funds and/or gifts needed to buy) and prove full BMR eligibility, according to the BMR Program, HouseKeys will immediately move on to the next applicant regardless of which step/stage the applicant is in. **HouseKeys is unable to reserve or hold properties.**

An **Application File Deadline** is a deadline set for applicant(s) to submit items on a "BMR Application Package Needed" notice issued by HouseKeys Staff when the applicant's file is being reviewed by the BMR processor or BMR Underwriter. This deadline is issued and disclosed to each applicant by email. Applicants must respond and submit all the documentation (conditions) requested as instructed by HouseKeys in a timely manner. This means, the items must be received by HouseKeys by the deadline, (not postmarked or sent by). Not all applicants will receive an Application File Deadline, only those that are reached for review or clarification, typically those with the best priority numbers. The deadline is three (3) business days from the date the "BMR Application Package Needed" is sent out via email to the applicant. If the applicant submits an incomplete package by the deadline, the applicant could lose their priority number and we will move on to the next applicant. Other deadlines may be issued.

Rules: Applicants must demonstrate the ability to afford and qualify for the BMR Program by the time an Opportunity Drawing Forms is submitted, their personal **Application File Deadline** (issued by HouseKeys Staff while the applicant's file is being reviewed) and/or the **Property Deadline, whichever comes first**. The "ability to afford and qualify" means applicants must submit proof they have all the financing or funds needed to cover the full price of the home, including but not limited to first mortgage financing, bank statements or accounts showing the buyer's own minimum 3% contribution – not gift, loans or grants (seasoned for 6 months), additional down payment funds, down payment assistance (if applicable), grants (if applicable), gift funds (if applicable), closing costs and provide all the documentation required to determine BMR eligibility and over all qualification. This includes and is not limited to obtaining and submitting all the following items (by the deadlines as explained above) to HouseKeys:

- All the items on the BMR Document Checklist and complete BMR Application Package
- All the lender items (including Verification of Employment (VOE) forms for ALL household members 18 and older even if they are not going to be on the loan) from an approved HouseKeys Loan Officer
- Pre-approval letter for the first mortgage loan from an approved HouseKeys Loan Officer
- Pre-approval letter for all down payment assistance programs, grants, funds (must be compatible with the BMR Program) - **Keep in mind that some Down Payment Assistance Programs/Agencies need several weeks (or more) to process an application.**
- **Buyer's Down Payment Requirement** (at least 3% of purchase price) – This money must come from the buyer's **own** funds and must be seasoned for at least 6 months. It can't be a gift, grant or a loan. Proof that these funds are readily (liquid) available must be shown at time of Opportunity Submission. No contingent sales. All funds must be liquid and available.
- Proof of sufficient funds to close (**Estimated** funds needed to close approx. 6% or MORE of the purchase price) - this figure includes the 3% down payment.
- The applicants must demonstrate they have enough purchase power to afford the home with acceptable ratios: maximum 40%/45%. Some down payment assistance providers/lenders could require lower front end ratios- e.g. 38%
- If using a gift: gift letter(s) with complete donor's bank statements with sufficient funds to cover the gift (must be submitted with the BMR Application Package)
- Two months reserves, if applicable (some down payment assistance programs require reserves, please check with them)
- Any and all documents requested by HouseKeys to clarify eligibility and qualification
- Must meet all the BMR eligibility requirements (e.g. acceptable ratios, first time homebuyers, AMI, etc.)
- **Only one Opportunities Drawing entry per household.** If more than one is submitted (in the same opportunity), the applicant will have to use the worst priority number obtained and the better priority numbers issued to the household will be null and void
- Applicants are not allowed to participate in more than one Opportunities Drawings a time or have two active priority numbers. **In addition, if the applicants enter a different Opportunity Drawing all the previous Opportunity Drawing entries are null and void immediately.**
- Non Borrowing Spouses or partners must provide a tri-merge credit report (ask your loan officer to provide the report) and will be required to sign the BMR legal documents and be on title.
- The City allows a non-borrowing spouses. A non-borrowing spouse needs to be on Title, the 1st Mortgage DOT, the Excess Sales Note, the Excess Sales DOT and the Restrictions. A non-borrowing spouse needs to sign the 1st mortgage note. The non-borrowing spouse needs to be on all the down payment documents, if any.

