



# BMR LOTTERY PROGRAM

## Definitions

The following definitions apply to the lottery and the application process.

- **Preliminary Lottery Application:** The initial online registration and application to enter the lottery program.
- **Full Loan Application:** The full loan application (1003) completed with the lender post lottery, including all documentation requested by the lender and the City of Hayward.
- **Prospective Purchaser:** One who is interested in the BMR program but has not yet applied.
- **Qualified Applicant:** A Prospective Purchaser who has registered for the lottery using the Preliminary Lottery Application, completed in full, and who has been notified they are qualified based on their self disclosure and credit report, and is then invited to attend the lottery.
- **Participant:** One who has won the lottery and has been approved to participate in the purchase process due to: **a)** their self-disclosure on the Preliminary Lottery Application information, **b)** their invitation to enter the lottery, and **c)** their resulting ranking in the lottery; and **d)** who then proceeds to process their Full Loan Application. The information provided in the Preliminary Lottery Application will be verified during the loan application process and any misrepresentation could disqualify the Participant.
- **Conditional Loan Approval:** Loan approval subject to approval of the Participant's application by the City of Hayward, or subject to additional conditions required by the lender.
- **Formal Loan Approval:** Loan approval provided after the City approval of the Participant's Application, and after any additional documentation has been provided and approved as may be required by the lender or the City.

## Preliminary Application & Qualification for the Lottery

- Applications for the lottery program will be accepted beginning June 23, 2022 through August 19, 2022.
- Prospective Purchasers will be directed to the SoMi website to register for the lottery and to complete the Preliminary Lottery Application online.
- The Preliminary Lottery Application is a self-disclosure form and will require basic information be submitted by the Prospective Purchaser, including household size, annual income, current place of residence and place of employment among other details. The form is attached as Exhibit F.



# BMR LOTTERY PROGRAM

- The lender will notify the Prospective Purchaser within 48 hours via email whether they qualify and can participate in the lottery. Qualified Applicants will proceed to be invited to the lottery.
- If the Prospective Purchaser does not qualify they will be notified within 48 hours.
- For Prospective Purchasers without Internet access or who are uncomfortable with computers, the sales staff will assist them with their preliminary application in the sales center.

## The Lottery Process – Selection & Notification of Qualified Applicants

- The lottery for the release of BMR units will be held August 25, 2022 and results of the lottery will be posted online so that lottery applicants can look up their own results under their assigned lottery application number.
- The first seven Qualified Applicants will be notified by email, voice mail and text within 5 days of their results within the lottery.
- Qualified Applicants will be given five (5) days to respond to notification of the lottery results and their place in the lottery. The response must be delivered via email, telephone, or text.
- Qualified Applicants will be assigned a lottery application number as a means of identification, so their personal information is not available during the lottery.
- A preference will be given to current residents of the City of Hayward and/or Applicants who work in the City of Hayward.
- Applicants who indicate they live and/or work in the City of Hayward must provide their current address of residence and/or their place of employment in the Preliminary Lottery Application for verification. The information will be verified prior to the lottery and no preference will be applied if the Applicant states they qualify for the live/work preference but does not provide an address to verify.
- To indicate this preference for live or work in Hayward, the lottery will use a point system. The number 1 will be assigned to those who live or work in Hayward and the number 2 will be assigned to those who do not.
- After assignment of the number 1 or 2, all applicants will be entered into the lottery during which a random lottery number will be assigned to each applicant. Once the random numbers are assigned, the applicants will additionally be ranked by the point number indicating residence or employment in Hayward, and then in order of the random lottery number.



# BMR LOTTERY PROGRAM

- Upon notification of their place within the lottery, the 7 highest ranked Applicants in the lottery will be invited to submit a Full Loan Application to obtain a Conditional Loan Approval. Qualified Applicants must respond to the lender within 5 days of date notification is sent that they have been invited to submit a Full Loan Application or they will be disqualified and the opportunity to purchase will go to the next person in the lottery ranking.
- There are 7 BMR homes in the first phase, in Building B. Once all the homes in Building B have been purchased, the next phase of BMR homes (Phase II) will be scheduled for release.
- The second release (Phase II) may not take place until 2023. The price of the homes will be recalculated for Phase II based on current income limits at the time of sale, anticipated to be in 2023.
- Priority will continue to be given to prospects in Phase II based on the existing list of applicants and lottery results.
- Once the list is exhausted, the sales program for Phase II will revert to a first-come/first-serve basis and prospects must be pre-qualified and meet the eligibility requirements prior to purchase.
- Prospective Purchasers remain on an eblast list and are also followed up with via telephone by the sales team and the lender

## Financing & Title Requirements

- The household may obtain financing through one of the BMR Program Participating Lenders identified by the Builder or they may use a lender of their choice, provided that their chosen lender has approved the City Resale Restriction Agreement.
- Although using a lender of their choice, the Participant must still simultaneously process their loan with the Builder's lender of choice. This will allow them to proceed to close on the property, assuming they receive loan approval, in the event their lender of choice cannot perform.
- If Participant uses their lender of choice, their lender is required to submit the income eligibility analysis required by the City along with the Participant's Conditional Loan Approval and must provide any additional paperwork or verifications that may be required by the City.
- Co-signors and non-occupant borrowers are prohibited.



# BMR LOTTERY PROGRAM

## Full Application & Purchase/Sale Process

Once the Qualified Applicant has completed the lottery process and has been notified to proceed with the application process, they will become a Participant in the program. They will proceed with completing the Full Loan Application with one of the approved lenders for the BMR program. Qualified Applicants must complete all required applications/forms and provide all supporting documentation required by the Lender and the City of Hayward.

A list of minimum documentation required is listed under the section titled Lender Qualification and Loan Process. Certain fees may be associated with processing the loan, including an appraisal fee and a credit report fee. These fees are non-refundable in the event the Participant does not qualify.

Participants may also use a lender of their choice; however, the lender must have approved the City resale restriction documents. The Participant must also continue to complete the loan application process with one of the builder-approved lenders at the same time so that in the event their lender is not able to provide the loan, the Participant can complete the purchase with the builder approved lender, assuming they qualify.

If the Participant does not qualify for the loan, they will be provided formal notification via certified mail and via email by the lender. The Participant may appeal the denial if such appeal is warranted using the Grievance/Appeals Process below.

If the Participant qualifies under the lending guidelines, the conditional approval can be issued. The purchase and sale agreement will be signed by the Participant, and the purchase will be contingent upon the City approval of the Participant's application. This will be submitted to the City, along with all required signed addendums and the Participant's signed application, for the City's review and approval of the Participant's application. Once the City provides approval of the application, the City's approval is good for 6 months.

If more than 6 months expire and the Participant has not closed escrow for any reason, then the Participant will need to provide updated documents to re-certify income. Lender guidelines also require the lender to reverify income 60 days prior to the close of escrow. If income has changed within that time frame the buyer may become disqualified. If the buyer becomes disqualified in this manner, they will be notified within 3 business days via email, phone, certified mail, and text. There will be no grievance process for denial due to a change in income.

If the Lender updates the 1008, 1003, and Estimated Closing Statement/Loan Estimate prior to close, the Lender is required to forward that information to the City of Hayward so the City can update City documents with the correct information. Additionally, once the City approves the terms of the loan, if the principal amount increases or the interest rate is higher than what the City approved, the City may need to re-review the Application for compliance with the Program Guidelines.



# BMR LOTTERY PROGRAM

Once the Participant's application is approved by the City, the purchase contracts can be signed by the seller accepting the offer to purchase, and formal loan approval can be completed. Preparation for the closing will follow in line with the construction schedule.

## **Grievance/Appeals Process**

If the lender determines an applicant does not qualify, the Lender will provide such notice in written form via email and via certified mail.

The Participant will have 5 days from the date of the notice to provide a written appeal to the lender. Such written notice must contain the details of the reason they believe the denial is incorrect and they must provide a cure for the item(s) pertaining to the denial. Such notice must be delivered via email or hand-delivered to the lender office or the sales center, with a receipt for delivery signed by the recipient at the appropriate office.

If the written appeal requests time and a process to cure the denial, the Lender may consider the cure provided the time required for the cure does not exceed the escrow period, or is not more than 30 days from the date of the Lender's response to the Participant's appeal, whichever is less. The Lender will provide the response to the appeal to the Participant within 10 business days.