

OCEANA COUNTY DEVELOPMENT CORPORATION

Shelby Acres Sale Selection and Approval Procedures

Introduction

The purpose of this document is to describe the general procedure and process for the application and selection of those individuals who may be interested in purchasing a home in the Shelby Acres development.

General Concept

Because the homes in the Shelby Acres development will be offered for sale at below market prices, it is anticipated that demand for the homes will exceed the supply available. If that occurs, the selection process described in this document will be employed. The general concept is that interested parties will complete and submit an application and, assuming all conditions for eligibility are satisfied, will be placed into a pool from which buyers will be selected in a random, lottery-style drawing and ranked sequentially in the order selected. Those selected will be offered, in the sequence selected, the opportunity to purchase a home in the development until all available homes in that drawing have been allocated. The precise procedure is described in greater detail below.

Definitions

Applicant means any one or more individuals who indicate their interest in purchasing a home by completing and submitting an application form and all required supporting documentation.

Drawing means the process whereby Applicants in a particular Pool are selected sequentially in a random lottery-type process. To participate in a Drawing, an Applicant must be pre-qualified for financing.

Pool means all Applicants seeking to be selected for a particular Model home in any given Phase.

Model refers to the particular style or type of home. In the first Phase (Phase I), three different such Models will be constructed and made available in the development, described as "Tamarack," "Elm," and "Aspen," respectively. Descriptions and floorplans of these Models are available for viewing on the Shelby Acres website. Applicants will be required to identify, in their applications, the Model of home for which they are applying. Applicants can apply for only one Model per Phase.

Phase means those homes available for purchase in the development at the time of each Drawing. As the project develops, it is anticipated that additional homes will be constructed and made available for purchase in future Phases. Several such Phases are contemplated.

Low Income Applicants shall mean those Applicants whose income levels qualify as extremely low income, very low income, and low income for the county as set forth in the tables and charts produced by MSHDA.

Selection Procedure

The selection process will involve the following sequential steps:

1. *Invitations for Applications.* Interested buyers will be invited to complete and submit an application by a specified deadline.
2. *Collection and Review of Applications.* A committee of Oceana County Development Corporation ("OCDC") will collect and review the applications and follow up where necessary to obtain any missing or incomplete information. Applicants will be divided into three separate Pools, one for each Model type home available in that Phase.
3. *Background Check.* The committee will undertake a due diligence verification process, confirming represented income levels and eligibility for participation in the Drawing.
4. *Lottery Drawing.* At the scheduled and published date and time, a random lottery-style Drawing from among the Applicants in each Pool shall take place to determine the Applicants who will be offered the opportunity to purchase a home of the applicable Model in that Phase. There shall be a separate Drawing for each of the three Pools available (one Pool for each of the three available Models) in each Phase. To be qualified for selection, all pre-qualified buyers and/or their agents must be at the lottery Drawing for their Model of home.
5. *Set Aside for Low Income Applicants.* With the exception of the Drawings in the Initial Phase (see below), each Drawing shall be for seven available homes of each of the three Models. Of those seven homes, three shall be dedicated to Low Income Applicants and the other four to all other Applicants; provided, however, that if there are an insufficient number of selected Low Income Applicants to purchase all of the three homes set aside for low income buyers, those homes shall be added to the other four homes and made available for purchase by the other selected Applicants in that Pool.
6. *Two Separate Lists.* In each Drawing, two separate lists shall be prepared for each Pool, each list reflecting the Applicants selected in sequential order. One list shall consist of the first three Applicants selected who are Low-Income Applicants (the "First List"). The other list shall consist of those other Applicants selected in the Drawing equal to the number of homes remaining for sale in that Drawing, plus an additional two selected Applicants (referred to as the "Back-up Applicants") from the Pool (together, the "Second List").
7. *First List.* In each Drawing, the Applicants who comprise the First List, in the sequence selected, shall have the first choice of those homes of that Model available in that Phase. In the event there are an insufficient number of Low Income Applicants selected in the Drawing to acquire all three available homes, or if any of those Applicants on the First List elect not to purchase a home, the unsold home(s) shall be added to the other four homes available to Applicants selected in the Second List.

8. *Second List.* After the Applicants on the First List have selected their homes, the Applicants on the Second List shall be offered, in the sequence selected, the opportunity to purchase one of the remaining homes of that Model available in that Phase.
9. *Offer to Purchase.* Each of the selected Applicants shall have seven days after the date of the Drawing in which to execute and enter into an approved purchase agreement for the indicated Model. If a selected Applicant fails to execute and enter into a signed purchase agreement for the selected Model within the seven days, the opportunity to purchase a home of the selected Model shall then be extended to the first of the two Back-up Applicants in the selection sequence, who shall similarly be given seven days to execute and enter into a purchase agreement for that Model of home. If the first Back-up Applicant declines to purchase, then the offer to purchase shall be extended to the second Back-up Applicant, who shall similarly have seven days in which to enter into and execute a purchase agreement for the home. Any homes in the Phase that remain unsold after completion of this process may be sold by OCDC in any manner it so chooses.
10. *Initial Phase.* The initial Phase drawing will follow the same pattern as described above, except that the Drawing for the Tamarack Model will be for nine available homes rather than the normal seven homes, and the Drawings for the Elm and Aspen Models shall be for six homes rather than the usual seven homes. Of the nine initial Tamarack Model homes available, four will be set aside for Low Income Applicants (rather than the usual three). Of the six initial Elm and six initial Aspen Model homes, three of each Model will be set aside for Low Income Applicants. In all other respects, the initial Drawing will follow the procedure described in the previous paragraphs above for all other Drawings.

Downpayment Assistance

As indicated earlier, persons interested in purchasing a home in Shelby Acres will be required to be pre-qualified from a mortgage lender. In the process of becoming pre-qualified, a prospective buyer may apply for downpayment assistance by completing the Oceana County Development Corporation Downpayment Assistance Application form. Downpayment assistance for qualifying buyers will be made available at the following levels (percentage of purchase price):

<i>Extremely low income:</i>	25%
<i>Very low income:</i>	20%
<i>Low income:</i>	15%
<i>Low to median income:</i>	10%
<i>Above median income:</i>	0%

Approvals for downpayment assistance will be made by the OCDC Downpayment Assistance Committee.

To receive downpayment assistance from OCDC, purchasers will be required to maintain their ownership of their Shelby Acres home for a minimum of five years.

Notices; Reporting

All Applicants participating in a drawing shall receive prompt notice of their sequential position following each drawing. In addition, OCDC shall provide some form of public notification (whether on its website or through other communication) of a public listing of the results of the random sequential drawings.

Recordkeeping

OCDC shall keep records of its compliance with the procedures described in this document.

Change in Procedures

OCDC reserves the right to change the procedures described in this document at any time, and in any manner, by providing public notice thereof. Due to the unique nature of each building site, such changes may very well include in the number or style of each Model of home available in any particular Drawing. Any changes in procedure shall not, however, infringe upon any contractual rights that a buyer may have by having entered into a purchase agreement with OCDC.

Questions

Any questions regarding the procedures described in this document should be directed to:

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