POLICIES OF THE MISSOURI HOUSING DEVELOPMENT COMMISSION

Policies Effective
07/15/2026

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I. GENERAL INFORMATION AND POLICIES

A. **Introduction**

Adopted 8/28/2009, and Revised 07/15/2026

The Missouri Housing Development Commission (MHDC) policies, contained within this document, have been formally adopted by the Board of Commissioners of MHDC and are applicable agency-wide, including the Board itself, its committees, officers, and all organizational personnel, or "Employees". These policies establish the governing framework for agency operations and decision-making. The Commission delegates to the Executive Director and the Executive Director's designee(s) the authority to develop, implement, and maintain programmatic or operational policies and procedures in separate documents, provided such policies are consistent with and subordinate to the provisions set forth herein.

In the event of any inconsistency or conflict between a Commission-adopted policy and programmatic or operational policy or procedure, the provisions of the Commission-adopted policy shall prevail. Programmatic and operational policies are intended to supplement, not supersede, the governing policies adopted by the Commission.

All policies included herein shall bear the date that the Commission has approved, revised, or removed each policy. Specifically, and intentionally excluded from these policies are all board-level formal resolutions relating to specific projects, any matters relating to bond indentures and bond issues (single-family and multifamily) all of which shall remain in effect.

B. Overview Statement

Adopted 8/28/2009, and Revised 07/15/2026

MHDC is an independently funded governmental instrumentality and a body corporate and politic formed to implement the provisions of Chapter 215 (State Housing) of the Revised Statutes of Missouri (RSMo), as amended, and Appendix B(1) thereto. MHDC was created for the purpose of increasing the availability of safe, decent, and sanitary affordable housing for low to moderate-income Missourians, and its role is to administer state and federal housing programs.

C. Standards of Conduct

Adopted 7/31/2009 and Revised 4/29/2016, and 07/15/2026

All Commissioners and Employees of MHDC are responsible for adhering to the Standards of Conduct for Commissioners and Employees of the Missouri Housing Development Commission, as amended.

D. **MHDC Standards of Conduct Violation Review Process**

Adopted 8/28/2009, and Revised 07/15/2026

Below outlines the process for reviewing sections 9, 10, 17, and the Contact with Commissioners and Employee Policy in the MHDC Standards of Conduct. Any suspension or debarment contemplated under the Standards of Conduct ("SOC") shall be taken up in accordance with the formally promulgated administrative rules relating to suspension and debarment then in place. The reason why the formal rules must be followed is that it is imperative that MHDC, as an instrumentality of the state, affords due process to any party which MHDC may desire to suspend or debar. The process described below in relation to the four sections of the SOC shall determine the process Counsel will take in determining when to bring matters to the Commission for a vote on whether or not to initiate the formal suspension and/or debarment procedures identified in the administrative rules.

The Counsel is authorized by the Commission to assess those matters brought to his/her attention for the express purpose of determining whether or not the matter rises to a violation of the SOC. In doing so, the Counsel is empowered to engage outside counsel to investigate any matter where the Counsel deems that the use of independent counsel would be in the best interest of MHDC. This overarching principle will be universally applied in regards to reviewing potential violations of Sections 9, 10, 17 and the Contact with Commissioners and Employees Policy in the MHDC SOC.

1. **Section** 9

   Section 9 of the MHDC SOC states that, "Commissioners and Employees shall not engage in business with MHDC or state government, hold Financial Interests, or engage in outside employment when such actions are inconsistent with the conscientious performance of their official MHDC duties." This provision is not a prohibition on engaging in business with MHDC or state government, holding Financial interests, or engaging in outside employment; rather, it is a provision which turns on whether such activities are inconsistent with the conscientious performance of the Commissioner's or Employee's official MHDC duties. Upon receiving notice from any source that a Commissioner or Employee is engaged in business with MHDC or state government, holds Financial Interests or is engaging in outside employment which the reporting individual or entity posits is inconsistent with the conscientious performance of his/her official MHDC duties, the Counsel shall follow the following procedures:

   a) Collect the name and contact information for the individual providing the information. If the party providing the information is unwilling to provide such information, the Counsel will weigh this information when determining the veracity of the report.

   b) Research the factual veracity of the report.

   c) Determine whether or not the business with MHDC or state government, holding of Financial Interests, or engagement of outside employment is inconsistent with the conscientious performance of the Commissioner's or Employee's official MHDC duties. The general standard to be applied to the facts would be a reasonable person standard (for example: would a reasonable person determine that this business relationship is inconsistent with the conscientious performance of the Commissioner's or Employee's official MHDC duties).

   d) Upon completion of step "c," the Counsel will draft a memorandum explaining the report, the factual findings regarding the business activity, and their determination regarding whether or not the business activity rises to the level of being inconsistent with the conscientious performance of the Commissioner's or Employee's official MHDC duties.

   e) In the event that the Counsel's memorandum includes a determination that the business activities are not inconsistent with the Commissioner's or Employee's official MHDC duties, the Counsel shall retain a copy of the memorandum and take no further action.

f) In the event that the Counsel's memorandum includes a determination that the business activities are inconsistent with the Commissioner's or Employee's official MHDC duties, the Counsel shall then determine whether or not the Commissioner or Employee willfully violated this provision. The "willfully" standard which the Counsel shall use will be "Did the Commissioner or Employee have actual knowledge that their business activities were inconsistent with the Commissioner's or Employee's official MHDC duties?". If the Counsel determines that the Commissioner or Employee willfully violated the provisions of this section, he or she shall provide the factual analysis which resulted in the determination as part of the memo generated under step "d" of this process. The Counsel shall provide the Chair with a copy of the memorandum generated under step "d," along with a determination whether or not the Commissioner or Employee willfully violated the provisions of this section and any evidence collected during the review of the business relationship in question and the willful violation determination. Upon receipt of the determination memo which includes a finding that the business activities are inconsistent with the Commissioner's or Employee's official MHDC duties and that the Commissioner or Employee willfully violated the provisions of this section, the Chair shall include the matter discussed therein on the agenda for the next meeting of the full Commission.

In the event that the business relationship in question involves the Counsel, this procedure shall be referred to the Director who shall engage outside counsel to follow the above described steps. In the event that the business relationship in question involves the Chair, procedure step "f" shall be brought directly to the full Commission for consideration. Commissioners and Employees are encouraged to seek an opinion of Counsel regarding any business relationship which may be a potential violation under Section 9.

2. **Section** 10

Section 10 of the SOC addresses certain limitations on MHDC Commissioners and Employees vis-á-vis future employment. This section contains three distinct ideas.

One idea addressed in Section 10 is an informational reference to Section 105.454(5-6), RSMo., which is intended to reasonably apprise Commissioners and Employees that state law exists which addresses how Commissioners and Employees must conduct their business following termination of their relationship with MHDC as it pertains to future business which may come before the Commission.

Another idea addressed in Section 10 is a responsibility for all Interested Parties as a part of any application under any Competitive Matter to disclose the names of any former Commissioners and Employees whom they employ and/or with whom they have a contractual relationship.

The final idea addressed in Section 10 is that Limited Individuals are not allowed to accept an offer of employment while they retain their position with MHDC. If it is determined that a Limited Individual establishes an employee relationship with an Interested Party, during their term of employment the Interested Party shall be debarred for two years from the date on which the Commission determines that the entity established the prohibited relationship. Upon receiving notice from any source that a Limited Individual has established a prohibited relationship, the Counsel shall follow the following procedures:

a) Collect the name and contact information for the individual providing the information. If the party providing the information is unwilling to provide such information, the Counsel will weigh this information when determining the veracity of the report.

b) Research the factual veracity of the report.

c) Determine whether or not the prohibited employee relationship was established while the Limited Individual retained his/her position with MHDC.

d) Upon completion of step "c," the Counsel will draft a memorandum explaining the report and the factual findings regarding the prohibited relationship in question.

e) In the event that the Counsel's memorandum includes a determination that the employment relationship was not entered into while the Limited Individual retained their position with MHDC, the Counsel shall retain a copy of the memorandum and take no further action.

f) In the event that the Counsel's memorandum includes a determination that the employment relationship was entered into while the Limited Individual retained their position with MHDC, the Counsel shall report the matter to the Chair for inclusion on the agenda at the next meeting of the full Commission. The Counsel shall provide the Chair a copy of the memorandum generated under step "d" and any evidence collected during the review of the business relationship in question.

In the event that the employment relationship in question involves the Counsel, this procedure shall be referred to the Director who shall engage outside counsel to follow the above described steps. In the event that the business relationship in question involves the Chair, procedure step "f" shall be brought directly to the full Commission for consideration.

3. <u>**Section** 17</u>

Section 17 requires all applicants under a Competitive Matter to disclose the Owner and if applicable, the composition of its Development Team. If an applicant under a Competitive Matter is determined to have willfully failed to comply with this requirement, he/she will be suspended or debarred from applying under a Competitive Matter for a period of two years from the time a violation of this provision is determined. Upon receiving notice from any source that an applicant has violated the disclosure requirements under Section 17, the Counsel shall follow the following procedures:

a) Collect the name and contact information for the individual providing the information. If the party providing the information is unwilling to provide such information, the Counsel will weigh this information when determining the veracity of the report.

b) Research the factual veracity of the report.

c) Determine whether or not the application disclosure submitted by the applicant failed to disclose a party which should have been disclosed under Section 17.

d) Upon completion of step "c," the Counsel will draft a memorandum explaining the report, the factual findings regarding Section 17 disclosure(s) in question.

e) In the event that the Counsel's memorandum includes a determination that there was not an improper withholding of a Section 17 disclosure, the Counsel shall retain a copy of the memorandum and take no further action.

f) In the event that the Counsel's memorandum includes a determination that there was a Section 17 disclosure withheld, the Counsel shall then determine whether or not the applicant willfully violated Section 17 by knowingly not providing the disclosure. The "willfully" standard which the Counsel shall use will be "did the applicant have actual knowledge that they had a business relationship with the party which needed to be disclosed under Section 17." If the Counsel determines that the applicant willfully violated the provisions of this section, he or she shall document this in addition to the memo generated under step "d" of this process. The Counsel shall provide the Chair with a copy of the memorandum generated under step "d," along with a determination whether or not the Commissioner or Employee willfully violated the provisions of this section and any evidence collected during his/her review of the Section 17 disclosures in question and subsequent "willful violation" determination. The Chair, upon receipt of the determination memo from the Counsel which includes a finding that the applicant willfully violated Section 17 of the SOC, the Chair shall include the matter discussed therein on the agenda for the next meeting of the full Commission.

4. Contact With Commissioners and Employees Policy

The SOC establishes rules regarding communication initiated by an Interested Party in relation to a Competitive Matter. If there is a violation of this process, the Interested Party's application, bid, response, etc., maybe disqualified. If Counsel is notified of a potential violation under the Contract with Commissioner and Employees Policy, the following procedure shall be followed:

a) Collect the name and contact information for the individual providing the information. If the party providing the information is unwilling to provide such information, the Counsel will weigh this information when determining the veracity of the report.

b) Research the factual veracity of the report.

c) Determine whether or not there was a violation of either the Disclosure Protocol or the Quiet Period Interested Party initiated communication moratorium.

d) Upon completion of step "c," the Counsel will draft a memorandum explaining the report and the factual findings regarding a violation of either the Disclosure Protocol or the Quiet Period Interested Party initiated communication moratorium.

e) In the event that the Counsel's memorandum includes a determination that there was not a violation of either the Disclosure Protocol or the Quiet Period Interested Party initiated communication moratorium, the Counsel shall retain a copy of the memorandum and take no further action.

f) In the event that the Counsel's memorandum includes a determination that there was a violation of either the Disclosure Protocol or the Quiet Period Interested Party initiated communication moratorium, the Counsel shall provide the Chair with a copy of the memorandum generated under step "d," and any evidence collected during his/her review of the violation in question. Upon receipt of the determination memo that Chair shall place the matter on the agenda at the next meeting of the full Commission. In the event that the communication which resulted in the violation of either the Disclosure Protocol or the Quiet Period Interested Party initiated communication moratorium was the Chair, the procedure "f" shall be brought directly to the full Commission for consideration.

E. **No Solicitation**

Adopted 8/28/2009, Revised 07/15/2026

For purposes of this policy, solicitation is defined as the receipt of or request for any donated goods or services.

No solicitation, as defined above, of vendors or other third parties shall be conducted by any employee of the Missouri Housing Development Commission.

F. Sunshine Law

Adopted 8/28/2009, Revised 07/15/2026

The Missouri Housing Development Commission shall comply with the Sunshine Law of the state of Missouri as described in Chapter 610, RSMo, with the intent that the meetings and records of this Commission shall be open to the public unless otherwise provided by law.

In matters relating to the costs associated with the production of information for requests made under the provisions of the Sunshine Law, it is the policy of MHDC to seek payment for only those requests which result in costs in excess of $10.

The Executive Director of MHDC shall appoint the MHDC Custodian of Records.

G. Eligibility to Do Business with MHDC

Adopted 8/28/2009, and Revised 07/15/2026

Guidelines to determine when a recipient of MHDC funding is ineligible, due to past activities, to do business with the Commission:

1. MHDC may negatively evaluate an applicant for a funding award for non-compliance of prior funding awards, or existing loans that are in default, which may result in MHDC not awarding funding to an applicant.
2. MHDC funding will not be awarded to an applicant who has knowingly made fraudulent certifications or misrepresentations to the Commission.
3. Those persons who have been indicted for fraudulent action, until such time as their case is adjudicated, shall not be allowed to be a party to any MHDC funding awards going forward in any capacity, including but not limited to: owner, board member, key principal, development team, or employee of any applicant seeking MHDC funding. Parties that have been convicted of fraudulent activities shall be suspended from all MHDC funding activity under the Commission's control.
4. Persons or entities who have been banned from doing business with federal housing partners of MHDC, which includes but is not limited to: the U.S. Department of Housing and Urban Development (HUD), U.S. Department of Agriculture, and U.S. Department of the Treasury, shall not be allowed to participate in any MHDC funding in any capacity.
5. Those persons who have been banned from doing business with MHDC shall not be allowed to receive or utilize any new MHDC funding in any capacity until such time as MHDC has confirmed that all conditions for reinstatement have been met.
6. MHDC funding awards may be denied to applicants who have serious and/or repeated non-performance or non-compliance issues in Missouri or any other state before or after the time of application.

Other items may be identified to impact eligibility to do business with MHDC during the fiscal and physical review of an application for MHDC funding, the administration of business, or in other ways that may come to the attention of MHDC. The determination of an individual or an entity's eligibility to do business is at the sole and complete discretion of MHDC.

H. Exigent Circumstances

Adopted 8/28/2009, and Revised 07/15/2026

In the event of exigent circumstances, the Executive Director or their designee is authorized to take any appropriate action(s) to carry out any approved policy of the Commission.

I. Business Judgment

Adopted 8/28/2009

In the event that there is a matter, circumstance, or situation which does not specifically fit within a proscribed statute, regulation, or policy of MHDC, the Commissioners and staff shall always act in a manner which is compliant with the Business Judgment Rule. The Business Judgment Rule is a concept under which the Commissioners and staff of the organization are clothed with the presumption of being motivated in their conduct by a bona fide regard for the interests of the organization. The Business Judgment Rule requires that Commissioners and staff act in good faith, with the care that an ordinarily prudent person, in a like position, would exercise under similar circumstances and in a manner reasonably believed to be in the best interests of the organization.

J. Professional Services

Adopted 12/18/2009, Revised 07/15/2026

In the event that there is a need to obtain professional services for any staff member in connection with his/her role with the Missouri Housing Development Commission, a letter of engagement outlining the scope of the work and the amounts to be charged, including a ceiling of the estimated charges, shall be presented to the Chairman of the Commission for approval prior to incurring the expense. To the extent that the professional services are a result of an action involving the Chairman, the letter of engagement for the professional services shall be submitted to the Commission as a whole for approval. All requests for payment for professional services shall be invoiced directly to MHDC and shall be paid directly by MHDC.

II. MHDC-ADMINISTERED PROGRAM POLICIES

Adopted 07/15/2026

The Divisions responsible for the administration of funding sources shall develop guides, forms, and processes to responsibly administer his/her respective programs. MHDC guidebooks, processes and procedures shall govern the activities and performance of the program fund recipients seeking and receiving MHDC-administered funding.

Guides, forms, and processes shall be revised as needed to incorporate updates to federal and state regulations, and industry standards, and to implement program process improvements. Allocation plans and Notices of Funding Availability (NOFAs) created for the administration of MHDC funding programs shall be brought to the Commission for review and approval.

A. Workforce Eligibility

Adopted 9/17/2010, Revised 07/15/2026

The Missouri Housing Development Commission ("MHDC") hereby establishes a workforce eligibility policy. This policy replaces any and all prior MHDC policies regarding workforce eligibility, including the Workforce Eligibility Policy (passed on March 17, 2006), the Policy for Bond Financed Multifamily Developments (passed on May 2, 2006), the Workforce Eligibility Policy clarification memorandum (passed on November 17, 2007) and all Workforce Compliance Handbooks.

This policy is applicable to all business entities who receive funding from the MHDC in the form of a grant, tax-credit(s) or loan(s) for the purpose of developing rental housing developments (collectively "Resources"). Other MHDC programs require workforce eligibility compliance as applicable and designated by the program.

1. Any Business **Entity** receiving Resources shall:

    a) Provide MHDC with a sworn affidavit which affirms, under penalty of perjury, that the Business Entity is enrolled and actively participating in a federal work authorization program and that the Business Entity does not knowingly employ any person who is an Unauthorized Alien in connection with the contracted services;

    b) Require their General Contractor to provide MHDC with a sworn affidavit which affirms, under penalty of perjury, that the General Contractor is enrolled and actively participating in a federal work authorization program, that the General Contractor does not knowingly employ any person who is an Unauthorized Alien in connection with the contracted services, and that the General Contractor's employees are lawfully present in the United States;

    c) Require that their General Contractor obtain, and make available for inspection by MHDC, from each subcontractor of any tier, a sworn affidavit which affirms, under penalty of perjury, that the subcontractor is enrolled and actively participating in a federal work authorization program, that the subcontractor does not knowingly employ any person who is an Unauthorized Alien in connection with the contracted services, and that the subcontractor's employees are lawfully present in the United States;

    d) Provide MHDC with documentation which shows to the satisfaction of MHDC that the Business Entity and their General Contractor have enrolled in a federal work authorization program. An example of a provision of documentation which meets this requirement is a copy of the E-Verify memorandum of understanding;

    e) Require their General Contractor to obtain, make available for inspection by MHDC, and provide copies as requested, from each subcontractor of any tier, documentation which shows to the satisfaction of MHDC that the subcontractor has enrolled in a Federal Work Authorization program.

    f) Require a provision which stipulates that "the Contractor shall comply with all applicable federal, state and local labor laws and is not Knowingly in violation of RSMo §285.530(1) and shall not henceforth be in such violation" to appear in its contract with the general contractor, in contracts between the general contractor and subcontractors, and contracts between subcontractors of any tier.

    g) Require a provision which stipulates that the Contractor shall comply with RSMo. §285.230, §285.233, §285.234, §285.500 – 285.515, and §285.550.

h) Require a provision which stipulates that the Contractor for the purposes of construction of an MHDC project and any subcontractor to such contractor shall provide a ten-hour Occupational Safety and Health Administration (OSHA) construction safety program for their on-site employees which includes a course in construction safety and health approved by OSHA or a similar program approved by the department which is at least as stringent as an approved OSHA program, unless such employees have previously completed the required program. All employees who have not previously completed the program are required to complete the program within sixty days of beginning work on such construction project.

2. <u>The terms capitalized herein shall have the following meaning:</u>

a) **Business Entity** - any person or group of persons performing or engaging in any activity, enterprise, profession, or occupation for gain, benefit, advantage, or livelihood. The term "business entity" shall include but not be limited to self-employed individuals, partnerships, corporations, contractors, and subcontractors. The term "business entity" shall include any business entity that possesses a business permit, license, or tax certificate issued by the state, any business entity that is exempt by law from obtaining such a business permit, and any business entity that is operating unlawfully without such a business permit. The term "business entity" shall not include a self-employed individual with no employees or entities utilizing the services of direct sellers as defined in subdivision (17) of subsection 12 of section 288.034, RSMo.

b) Contractor - a person, employer, or business entity that enters into an agreement to perform any service or work or to provide a certain product in exchange for valuable consideration. This definition shall include but not be limited to a general contractor, subcontractor, independent contractor, contract employee, project manager, or a recruiting or staffing entity.

c) Employees - any person performing work or service of any kind or character for hire within the state of Missouri.

d) **Federal Work Authorization Program** - any of the electronic verification of work authorization programs operated by the United States Department of Homeland Security or an equivalent federal work authorization program operated by the United States Department of Homeland Security to verify information of newly hired employees, under the Immigration Reform and Control Act of 1986 (IRCA), P.L.99-603.

e) Knowingly - a person acts knowingly or with knowledge.

f) Unauthorized Alien - an alien who does not have the legal right or authorization under federal law to work in the United States, as defined in 8 U.S.C. 1324a(h)(3).

B. Funding Commitments

Adopted 8/28/2009, and Revised 07/15/2026

Commission approval for funding governed by Notices of Funding Availability (NOFA) and Allocation Plans is valid only for applications submitted in accordance with program guidelines and deadlines established for the NOFA in effect at the time of application submission.

C. Program Fees

Adopted 8/28/2009, and Revised 07/15/2026

MHDC shall have the right to set and impose fees for application processing, reservation/allocation of tax credits, compliance monitoring, loan origination, construction inspection, and other reasonable and necessary fees related to the administration of its programs. The fees shall be reviewed and determined periodically and published in program guidance available on MHDC's website.

D. **Modification of Approved** Funding

Adopted 8/28/2009, and Revised 07/15/2026

For any MHDC-administered or controlled resource not otherwise governed by applicable statutes, regulations, or Commission-approved controlling documents, staff shall have the discretion to modify a funding award, with an increase not to exceed ten percent (10%) of the original Commission-approved award amount, based on a determination that:

1. Sufficient applicable funds are available;
2. The modification is consistent with the intent and eligibility requirements of the funding;
3. The funds are allowable in the respective Allocation Plan or the Notice of Funding Availability (NOFA) period under which the original approval was given; and
4. The increase is not otherwise restricted or prohibited.

Requests for increases greater than 10% of the original Commission-approved funding award must be presented to the Commission for review and approval. Staff may present the request with a recommendation to approve or deny it.

E. Income Limits

Adopted 8/28/2009, Revised 07/15/2026

The income limits for those programs controlled by the Commission are allowable up to 150% of the statewide area median income ("AMI") or 150% of the AMI of the Standard Metropolitan Statistical Area ("SMSA"), if higher, unless otherwise restricted by the administering program regulations.

F. Servicing Workout Agreement

Adopted 8/28/2009, and Revised 07/15/2026

Staff are charged with managing the multifamily and single-family portfolio and with ascertaining developments which pose a risk of loss to the Commission. Staff are charged with developing and implementing strategies which will minimize the risk of loss to the Commission. Staff shall develop guides, forms and processes and enter into servicing workout agreements to achieve this goal.

G. Recapture of Funding and Withdrawal of Funding Commitments

Adopted 8/28/2009, and Revised 07/15/2026

MHDC, as the entity assigned by the Governor to serve as the housing finance agency for the state of Missouri, shall have the right in its sole discretion within the program rules, regulations, and governing statutes to exercise its authority to initiate a process which may result in the recapture of funding or the withdraw of funding commitments that may include but are not limited to the following circumstances:

1. Program non-compliance and/or inability to meet deadlines imposed by MHDC as detailed in allocation plans, program documents, agreements, and similar;
2. Discovery of intentional fraud by the applicant, or key members of the applicant's team, during the application process, or after the award of funding;

3. Discovery of the intentional omission of information, inaccurate data, or misleading statements regarding the eligible uses of MHDC-awarded funding;
4. Change in Funding Source Availability. All awards and funding commitments are contingent upon the continued availability of program funds. In the event that federal, state, or other funding sources are reduced, rescinded, or otherwise unavailable for program funding use, MHDC has the right in its sole discretion to withdraw, reduce, or recapture awards or funding commitments.

MHDC shall have no obligation to replace or otherwise provide alternative funding to cover any such loss or reduction of funds.

III. SINGLE FAMILY HOMEOWNERSHIP POLICIES

A. Use of Master Servicer

Adopted 8/28/2009

The Commission may employ a Master Servicer arrangement, which may consist of one or more firms, for purposes of administering and funding the origination of single-family residential loans for the Commission's Single Family homeownership programs. The Master Servicer arrangement shall provide administration for originations, securitization of loans, compliance and ongoing servicing of residential mortgage loans.

B. Federally Declared Disaster Areas

Adopted 8/28/2009, and Revised 07/15/2026

A waiver of the first-time homebuyer restriction may be granted to persons living in a federally declared disaster relief area. The amount of loans with the first-time homebuyer waiver may be limited to a portion of bond proceeds or other funding resources within limits permitted by the Internal Revenue Code and any other applicable regulations. All other program restrictions will apply. These funds may be held for a certain time period or set aside for the disaster relief victims, subject to regulatory requirements.

IV. FINANCIAL POLICIES

A. **Audit Committee Charter**

Adopted 5/2/2006 and Ratified 8/28/2009, and Revised 9/20/2013, 4/17/2015, 5/27/2016, and 07/15/2026

Audit Committee Purpose and Authority

The Audit Committee (the “Committee”) is appointed by the Commission Chairman to monitor: (1) the internal control over financial reporting of the Missouri Housing Development Commission (the “Commission”), including the Missouri Housing Trust Fund, and the audit of its financial statements; (2) the Independent auditor's qualifications and independence; and (3) the compliance by the Commission with legal and regulatory requirements.

Committee Membership

The Committee shall consist of no fewer than three members of the Commission. All members of the Committee shall be able to read and understand financial statements. The members of the Committee shall be appointed by the Commission Chairman and shall serve until their successors are duly appointed.

Meetings

The Committee shall meet as often as it determines, but not less frequently than twice annually. The Committee shall meet at least annually with management and the Independent auditor in separate executive sessions. The Committee may request any officer or employee of the Commission, or the Commission's outside counsel, financial consultants or Independent auditor, to attend a meeting of the Committee or to meet with any members of the Committee. All meetings will be in accordance with the requirements of the Missouri Sunshine Law.

Responsibilities And **Duties**

The Committee shall oversee the process of the appointment of the independent auditor to be recommended for engagement by the Commission. The Independent auditor shall report directly to the Committee. The Committee shall be empowered to investigate any matter within its scope of responsibilities and shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal firms, accounting firms, or other advisors or consultants in fulfillment of responsibilities under this Charter.

The Committee shall make regular reports to the Commission. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Commission for approval.

A guideline of the Committee's responsibilities is provided in the attached Audit Committee Responsibilities Calendar. This Calendar will be updated annually to reflect changes in regulatory requirements, authoritative guidance, and evolving oversight practices.

Limitation of Audit **Committee's** Role

While the Committee has the responsibilities and power set forth in this Charter, it is not the duty or responsibility of the Committee to (1) plan or conduct audits or (2) to determine that the financial statements present fairly, in all material respects, the financial position of the Commission and the results of its operations and its cash flows, in conformity with accounting principles generally accepted in the United States of America. These are the responsibilities of independent auditors and Commission management, respectively; nor is it the duty or responsibility of the Committee to conduct investigations or to assure compliance with laws and regulations.

Audit Committee Responsibilities Calendar

Responsibility		Spring	Fall	As Needed
1.	The agenda for the Committee meetings will be prepared in consultation between the Committee Chair, the Director of Finance and the independent auditor.	X	X	X
2.	Oversee the appointment of the independent auditor.		X	X
3.	Review with the independent auditor and management, the audit scope and plan of independent audit.	X		
4.	Review with management and the independent auditor at the completion of the annual audit: The annual financial statements, related disclosures and managements discussion and analysis. The independent auditor's judgment of Commission accounting policies. The Single Audit of Federal Awards administered by the Commission. Significant changes required in the audit plan. Difficulties or disputes with management encountered during the audit.		X	
5.	Discuss with management and the independent auditor: Significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including significant changes in the selection or application of accounting principles. Any major issues as to the adequacy of Commission internal controls and special steps adopted in light of any material internal control deficiencies identified.		X	X
6.	Review and discuss with management and/or the independent auditor: • All critical accounting policies and practices to be used. • All alternate treatments of financial information within generally accepted accounting principles discussed with management and ramifications of the use of such treatments. • Other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences with management's responses.		X	
7.	Facilitate the resolution of any disagreements between management and the independent auditor about financial reporting.			X
8.	Discuss with management and the independent auditor the effects of regulatory or accounting initiatives.	X	X	X

9.	Discuss with the independent auditor the matters required by applicable regulatory guidance, such as AICPA Auditing Standards Board AU-C Section 260 The Auditor's Communication with Those Charged With Governance, Title 2 U.S. Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and U.S. Government Accountability Office's Government Auditing Standards.	X	X	X
10.	Review with the independent auditor the management letter and any significant control deficiencies or material weaknesses identified in the normal course of the audit engagement including management's responses thereto.		X	X
11.	Inquire of the Executive Director and Director of Finance regarding the fiscal health of the Commission with regular measures.	X	X	X
12.	Review with General Counsel legal and regulatory matters that may have, in management's opinion, a material impact on financial statements and compliance with federal, state and local laws and regulations.		X	X
13.	Review procedures for receipt, retention and treatment of complaints received by the Commission regarding accounting, internal controls, auditing matters or suspected fraud submitted to the Commission. Review submissions, status and resolution.	X		X
14.	Review procedures for the confidential, anonymous submission of concerns regarding questionable accounting or auditing matters or suspected fraud. Review submissions, status and resolution.	X		X
15.	Review and evaluate the performance of the independent auditor. Consider the rationale for employing other audit firms for services the Commission or independent auditor determine would not be appropriate for the independent audit firm to perform. Determine if any other non-audit work performed by the independent auditor does not violate the requirement that the independent auditor not provide services involving management functions or audit their own work.		X	X
16.	Review the Committee's effectiveness and discuss recommendations for improving the effectiveness of the Committee with the Commission.	X		X
17.	Review and update the Audit Committee Charter and Responsibilities Calendar and recommend proposed changes to the Commission.	X		X
18.	Meet with the independent auditor in executive session to discuss any matters the Committee or independent auditor believes should be discussed privately with the Audit Committee.	X		X
19.	Meet with management in executive session to discuss any matters the Committee or management believes should be discussed privately with the Audit Committee.		X	X

B. Investment Policy and Guidelines

Adopted 5/23/2008 and Ratified 8/28/2009, and Revised 8/4/2011 and 7/18/2025

1. Scope

   This policy applies to the investment of certain funds of the Missouri Housing Development Commission (the "Commission").

   Funds held by a trustee or similar party in connection with bonds, notes, or other financing instruments issued by or on behalf of the Commission (collectively, "Bonds") shall be invested in accordance with the resolutions, indentures or other applicable legal documents (the "Financing Documents") authorizing the issuance of such Bonds. The investment of Bond proceeds shall not be governed by this policy unless the Financing Documents fail to provide direction for the investment of such proceeds.

   Investment through external programs, facilities and professionals operating in a manner consistent with this policy will constitute compliance.

2. **General Objectives**

   The primary objectives of investment activities, listed in priority order, shall be safety, liquidity, and yield:

   a. Safety

      Preservation of principal is the foremost objective of the Commission's investment program. Investments shall be managed in a manner that safeguards the capital of the overall portfolio by mitigating exposure to undue credit risk and interest rate risk.

      i. Credit Risk

         For the purposes of this policy, credit risk refers to the risk of loss resulting from the failure of an issuer, borrower, or counterparty to meet its financial obligations in full and on time. This includes the risk that the principal or interest on an investment may not be repaid as agreed due to default or other adverse credit events.

         The Commission will minimize credit risk by:

         (b) Conducting due diligence and prequalifying custodial banks, depository institutions, brokers/dealers, intermediaries, and advisors with which the Commission does business;

         (c) Diversifying the investment portfolio to limit exposure to losses on individual securities; and

         (d) Establishing and maintaining a minimum credit quality standard for all authorized investments.

      ii. Interest Rate Risk

         For the purposes of this policy, interest rate refers to the potential of decline in the market value of fixed-income securities resulting from changes in prevailing interest rates. As rates rise, the value of existing securities falls, resulting in unrealized losses when marked to market, or realized losses if sold before maturity. While unrealized losses are to be expected from time to time as markets fluctuate, realized losses reflect a permanent reduction in capital and should be avoided unless necessary to meet liquidity needs or mitigate greater financial risk.

The Commission will manage interest rate risk by aligning the maturity structure of its investment portfolio with projected cash flow requirements for scheduled disbursements and ongoing operations. This strategy takes into account both current and anticipated cash balances to ensure funds are available when needed, thereby reducing the likelihood of selling securities prior to maturity.

While longer-term investments may increase exposure to market value fluctuations due to interest rate movements, such exposure may be considered acceptable when maturities are appropriately matched to known or reasonably expected cash flow needs. When consistent with the Commission's liquidity requirements and risk tolerance, the portfolio may be strategically positioned along the yield curve to prudently capture higher returns without compromising operational liquidity.

b. Liquidity

The Commission's investment portfolios shall remain sufficiently liquid to meet all operating requirements and disbursement schedules that may be reasonably anticipated. This is accomplished by structuring its portfolios so that securities mature concurrent with cash needs to meet anticipated demand (i.e., static liquidity). Furthermore, since all possible cash demand cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (i.e., dynamic liquidity). A portion of the portfolio also may be placed in bank deposits or repurchase agreements that offer same-day liquidity for short-term funds.

i. General Funds

"General Funds" are funds held or invested by the Commission that generally are not required for immediate disbursements, provided that General Funds shall not include any amounts expended or loaned by the Commission to carry out or effectuate its purpose as permitted in RSMo §215.030, nor shall it include Bond Funds as defined herein. General Funds include funds available for transfer from the Commission's custodial or financial institution to the operating fund for Commission expenses and costs, and certain other escrow, program or trust accounts held or invested by the Commission from time to time, as available for designated purposes. Investments for the General Funds shall be structured in a manner to enable the Commission to meet anticipated expenditures as well as reasonably unanticipated expenses.

ii. Bond Funds

For the purpose of this Investment Policy, "Bond Funds" are proceeds of Bonds that are not otherwise directed for investment by the trustee pursuant to Financing Documents. The investment and administration of Bond Funds shall be conducted in accordance with the following provisions:

(a) Bond Funds may generally be invested consistent with the provisions of this policy without yield restriction. The Investment Manager shall monitor Bond Fund accounts with respect to the transaction generating such funds and shall maintain adequate records to satisfy any arbitrage requirements under the federal tax laws and take appropriate steps in the event any Bond Funds become subject to arbitrage restrictions.

(b) Bond Funds shall be held in separate depository accounts and investment portfolios and will not be commingled with other investment funds or funds of the Commission.

(c) A portion of Bond Fund investments may be continuously invested in readily available funds such as in bank deposits, money market funds (provided that such money market funds invest solely in securities or other investment types permitted under state statute and this policy), or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

c. Yield

The investment portfolio shall be structured to achieve a market rate of return over budgetary and economic cycles, while adhering to the portfolio's risk constraints and liquidity requirements. Return on investment is a secondary objective, subordinate to the primary goals of safety and liquidity. Investments will be limited to relatively low-risk securities, with the expectation of earning a reasonable return commensurate with the level of risk assumed.

Securities shall generally be held to maturity, except under the following circumstances:

i) The credit quality of a security has deteriorated, and early sale is warranted to minimize the potential loss of principal;

ii) A sale, in conjunction with a purchase of a comparable security, would enhance the portfolio's quality, yield, diversification, or duration alignment;

iii) Opportunities to generate economic returns to the Commission by applying investment sale proceeds to redeem outstanding bonds; or

iv) A sale is necessary to meet the portfolio's liquidity requirements.

3. Standards of Care

a. Prudence

Investment officials shall adhere to the "prudent person" standard of care, applied in the context of managing the overall portfolio. This standard requires that investments be made with sound judgment and care under circumstances then prevailing that a prudent person of discretion and intelligence would exercise in the management of their own affairs. Investments shall be made not for speculation, but with consideration for the probable safety of capital and the expected return with regard to relevant liquidity needs.

b. Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall comply with all provisions of Commission's Standards of Conduct.

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the Commission's investment portfolios. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with which business is conducted on behalf of the Commission.

c. **Delegation of Authority**

Authority to manage the investment program is granted to the Director of Finance (Chief Financial Officer), hereinafter referred to as the Investment Manager. Responsibility for the operation of the investment program is hereby delegated to the Investment Manager, who shall act in accordance with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Investment Manager. The Investment Manager shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

4. **Executing Transactions**

a. Authorized Financial **Institutions** and Broker/Dealers

The Commission shall establish and maintain a list of custodial and depository institutions authorized to provide depository and custodial services for the Commission. In addition, the Commission shall also prepare and maintain a list of approved security broker/dealers to facilitate investment transactions.

i. **Financial Institutions**

The Commission shall periodically select and approve financial institutions for the deposit and safekeeping of Commission funds through a competitive selection process. The Commission prefers to invest its funds in-state with or through Missouri institutions when the terms from such institutions are equal to or higher than terms available from out-of-state institutions. The Commission shall select those financial institutions that, in its opinion, will be most commensurate with the safety of Commission funds. The Commission shall employ a formal, competitive procurement process for selecting financial institutions for the deposit and safekeeping of Commission funds and for other banking-related services.

ii. Brokers/Dealers

Investments will be made through banks or securities dealers who have been approved by the Commission. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule). Such securities dealers and banks shall have been subjected to an appropriate investigation by the Investment Manager, which shall include, among other things, a review of the firm's financial statements and the background of the sales representative. All authorized broker/dealers must be fully licensed and registered FINRA Broker/Dealers or exempt banks.

Criteria used to select securities dealers will include:

(a) Proof of Financial Industry Regulatory Authority (FINRA) certification.

(b) Proof of state registration.

(c) Financial strength and capital adequacy of firm.

(d) Scope and quality of services provided by firm.

(e) Resume, reputation and qualifications of sales representative.

(f) Due diligence and references, as applicable.

(g) State government experience or expertise.

In the event that the Commission engages an external investment manager, such manager shall be prohibited from executing trades on behalf of the Commission with itself or any of its affiliates in a principal capacity. An exception to this prohibition may be permitted only when such principal transaction is determined to achieve the best execution for the Commission or provide a clearly demonstrable advantage relative to reasonably available alternatives (e.g., the principal transaction represents the most favorable bid among independent, unaffiliated counterparties).

b. Internal Controls

The Investment Manager shall establish and maintain an internal control framework designed to safeguard the Commission's assets from loss, theft, or misuse. This framework shall provide reasonable assurance that its objectives are being achieved and is subject to review by the Commission's independent auditor. The concept of reasonable assurance acknowledges that: (1) the cost of controls should not exceed the expected benefits, and (2) determining costs and benefits involves the use of management's judgment and estimates.

<u>The internal controls shall address the following points:</u>

i) Control of collusion.

ii) Separation of transaction authority from accounting and recordkeeping by requiring that the individuals maintaining the accounts and records shall not have authority to execute investment transactions.

iii) Custodial safekeeping.

iv) Avoidance of physical delivery securities.

v) Clear designation of authority to subordinate staff members.

vi) Written or electronic confirmation of transactions for investments and wire transfers.

vii) Applicable wire transfer agreement with the custodial or depositor institution.

c. Delivery vs. Payment

All trades where applicable will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in eligible financial institutions prior to the release of funds. All securities shall be perfected in the name of, or on behalf of, the Commission, and shall be held by a third-party custodian as evidenced by safekeeping receipts.

d. Best **Execution**

Purchases and sales of investments shall be executed in a manner designed to achieve the best overall economic value for the Commission.

5. <u>Authorized Investments</u>

a. Investment Types

In accordance with and subject to restrictions imposed by the Missouri Constitution, the laws of the state of Missouri and specifically, the provisions of RSMo §215.030 (as may be amended from time to time), the following list represents the entire range of authorized investments for the Commission's General Funds.

i) <u>Obligations of the State of Missouri.</u> The Commission may invest in state of Missouri obligations for which the principal and interest are guaranteed by the state of Missouri.

ii) United States Treasury Securities. The Commission may invest in obligations for which the repayment of principal and interest is secured by the full faith and credit of the United States government.

iii) United States Government Instrumentality Obligations. The Commission may invest in obligations issued or guaranteed by any agency of the United States Government and obligations of corporations with public purposes created by Congress that are rated at least as high as the U.S. sovereign credit rating by at least one nationally recognized credit rating agency.

iv) Repurchase Agreements. The Commission may invest in contractual agreements between the Commission and banks or primary government securities dealers to purchase U. S. Treasury and government agency securities (subject to the limitations described above) while simultaneously agreeing to resell the securities at predetermined dates and prices ("Repurchase Agreements"). Repurchase Agreements may be entered into for periods of 90 days or less, which may include overnight and open repurchase agreements. Repurchase Agreements shall be collateralized as set forth in this policy. The market value of all repurchase agreement collateral will be reviewed each business day to determine collateral adequacy.

v) Collateralized Public Deposits. The Commission may invest in instruments issued by financial institutions which state that specified sums have been deposited for specified periods of time at specified rates of interest ("Certificates of Deposit").

All Certificates of Deposit purchased shall be insured by the FDIC, or to the extent that such Certificate of Deposit purchased is in excess of the limit of the FDIC insurance, such Certificate of Deposit shall be collateralized by approved securities as set forth in this policy.

The maximum maturity of a deposit will be five years. The Commission will determine the minimum maturity guidelines.

A financial institution will be eligible to receive total collateralized deposits of Commission funds, including Certificates of Deposit and demand deposit accounts, in an amount not to exceed 10% of such institution's equity capital.

b. Security Selection

The following list represents the entire range of United States Treasury Securities, United States Government Instrumentality Obligations, and state of Missouri Obligations that shall be authorized for the investment of General Funds by the Commission.

Additionally, the following definitions and guidelines should be used in purchasing the instruments:

i) Coupon and Zero Coupon Obligations. These include obligations with no embedded options (with the exception of embedded put and call options) and with final maturities of ten (10) years or less.

ii) Discount Notes and Stripped Obligations. Purchased at a discount with maximum maturities of ten (10) years or less.

iii) Step-Up Obligations. The coupon rate is fixed for an initial term. Thereafter, on a predetermined date(s), the coupon rate rises to a new, fixed rate for the remaining term of the obligation. Restricted to obligations with final maturities of ten (10) years or less.

iv) Floating Rate Securities. The coupon rate floats off one index. This is restricted to coupons with no interim caps that reset at least quarterly and with final maturities of ten (10) years or less.

v) Mortgage-Backed Obligations. Restricted to securities, other than those generated through the Commission's homeownership programs, with final maturities of ten (10) years or less. The Commission's mortgage asset investments, including mortgage-backed obligations backed by pools of the Commission's homeownership program mortgages, are not limited to ten years for final maturity.

c. Bond Funds

Bond funds may be invested in such investments as the Commission may determine, provided that, on the date of issuance of the related Bonds, such Bonds meet the rating standards described in RSMo § 215.030 (as may be amended from time to time). If such Bonds do not meet the applicable rating standards, the investment of Bond Funds shall be limited in the same manner as the investment of General Funds under this policy, as described in subparagraphs A and B fo this Section V. In addition, all investments acquired with Bond Funds shall be at fair market value (as set forth in Treasury Regulations § 1.148-5(d)(6)).

d. Investment **Restrictions** and Prohibited Transactions

To provide for the safety and liquidity of the Commission's funds, it's investment portfolios will be subject to the following restrictions:

i) Borrowing for investment purposes ("Leverage") is prohibited.

ii) Investment in instruments known as structured notes (e.g. inverse floaters, leveraged floaters, and equity-linked securities) and any instrument which is commonly considered a "derivative" instrument (e.g. options, futures, swaps, caps, floors and collars), are prohibited unless approved in writing by the Executive Director.

iii) Contracting to sell securities not yet acquired in order to purchase other securities for purposes of speculating on developments or trends in the market is prohibited.

iv) Reverse repurchase agreements are prohibited.

e. Collateralization

Collateralization will be required to secure investments in Certificates of Deposit and Repurchase Agreements.

The market value (including accrued interest) of the collateral for repurchase agreements must be at least 100% for U.S. Treasury securities and should be at least 101% for all other approved securities, which shall be marked to market daily.

For certificates of deposit, the market value of collateral must be at least 102% (105% for pledged mortgage backed obligations) or greater of the amount of certificates of deposits plus demand deposits plus any accrued interest on the certificates of deposit and demand deposits with the depository, less the amount, if any, which is insured by the FDIC.

All securities which serve as collateral must be Suitable and Authorized Investments (as set forth in this policy) excluding the final maturity requirements and must be safekept at a non-affiliated custodial facility. Institutions pledging collateral pursuant to this policy must, in conjunction with the custodial agent, furnish the necessary custodial receipts within five business days from the settlement date. The right of collateral substitution is granted.

The Commission shall have a depository contract and pledge agreement with each safekeeping bank that will comply with applicable laws, such as the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA). This will ensure that the Commission's security interest in collateral pledged to secure deposits is enforceable against the receiver of a failed institution.

In lieu of or in addition to collateral as set forth above, a depository institution may provide a surety bond issued by an insurance company licensed in Missouri whose claims-paying ability is rated at least as high as the U.S. sovereign credit rating by at least one nationally recognized statistical rating agency; or an irrevocable standby letter of credit issued by a Federal Home Loan Bank possessing a rating at least as high as the U.S. sovereign credit rating issued by at least one nationally recognized statistical rating agency. The face amount of a surety bond shall be at least equal to the portion of the deposit, including accrued interest, to be secured by the surety bond.

f. Repurchase Agreements
Subject to the provisions included in this investment policy, the Commission may enter into repurchase agreements through approved broker/dealers, subject to the following:

i) Securities for which repurchase agreements will be transacted will be limited to U.S. Treasury securities and securities of any government instrumentality that are eligible to be delivered via the Federal Reserve's Fedwire book entry system.

ii) Securities will be delivered to the Commission's designated custodian. Funds and securities will be transferred on a delivery vs. payment basis.

iii) Securities purchased in a repurchase agreement shall have a market value not less than 100% for U.S. Treasury securities or 101% for all other approved securities of the principal amount plus interest accrued to the date of the repurchase. Such market value shall be recalculated daily.

6. Investment Parameters

a. **Diversification**
The Commission's investments shall be diversified to mitigate the risk of loss resulting from over concentration of assets in specific maturity, specific obligor, or specific class of securities. Diversification strategies shall be established and periodically reviewed. At a minimum, the Commission shall adhere to the following:

Investment Type	Maximum Allocation	Maximum Maturity
U.S. Treasury Securities	100%	10 years
U.S. Government Instrumentality	100%	10 years
Obligations of the State of Missouri	60%	10 years
Collateralized Certificates of Deposit	60%	5 years
Collateralized repurchase agreements	50%	90 days

b. **Maximum Maturities**

To the extent reasonable and practical, the Commission shall attempt to match its investments with anticipated cash flow requirements, provided that all investments shall mature and become payable not more than ten (10) years from the date of purchase. The Commission will target a weighted average maturity of no more than five years for its investment of General Funds.

7. **Reporting**

a. Methods

The Investment Manager shall maintain records of daily investment activity and shall include copies of all confirmations of transactions.

The Investment Manager shall prepare monthly reports which includes a list of individual securities held at the end of the month, accrued interest and portfolio activity for the month with statistics on total return for the portfolios.

In addition, the Investment Manager shall prepare and provide the Executive Director an investment report semi-annually in a manner that will allow the Executive Director to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report will include the following:

i) Listing of individual securities (with the market value) held at the end of the reporting period.

ii) Average weighted yield to maturity of portfolio on investment as compared to applicable benchmarks.

iii) Listing of investments by maturity date.

iv) Percentage of the total portfolio that each type of investment represents.

v) At least semi-annually, the unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities in accordance with generally accepted accounting principles.

b. Performance Standards

The investment portfolio will be managed in accordance with the parameters specified within this policy. A series of appropriate benchmarks may be established against which portfolio performance shall be compared on a regular basis.

c. Marking to Market

The market value of the portfolio shall be calculated monthly and a statement of the market value of the portfolio shall be issued to the Executive Director at least semi-annually. This will ensure that review of the investment portfolio, in terms of value and price volatility, has been performed.

C. **Innovative Ideas**

Adopted 8/28/2009, and Revised 07/15/2026

If, in its sole discretion, the Commission determines that a new idea for a financing structure or an innovative program would result in increasing the state's affordable housing stock, the Commission will consider that the individual(s) or firm proposing the new idea or innovative program has a priority interest. If the Commission chooses to proceed with the new or innovative idea, the Commission will utilize the services of the individual(s) or firm who brought the idea or program to the Commission for at least the first issue of financing, or as long as that individual(s) or firm can complete the transaction at a reasonable cost as determined by the Commission upon advice from the Commission's consultants and professional staff.

D. Financial Viability

Adopted 8/28/2009, and Revised 07/15/2026

In order to sustain its continued affordable housing mission and to support its public purpose endeavors, the Missouri Housing Development Commission will strive to make reasonable financial returns to sustain continued prudent growth of the Commission's net assets, evaluated by financial measures such as rating agency profitability ratios. The Commission's net assets provide resources for supporting the Commission's homeownership program, multi-family programs, debt and other obligations. In addition, the Commission's net assets support MHDC's Issuer Credit Rating, which enhances MHDC's efforts to raise funds in the capital markets. Finally, certain levels of net assets may be reserved or designated by the Commission to provide for specific affordable housing needs in the state.

E. Disposal of Surplus Items

Adopted 8/28/2009, and Revised 07/15/2026

For all items that are determined to be of no value to MHDC, upon written authorization by the Executive Director or the Director of Operations, said surplus items may be donated to a not-for-profit organization with whom MHDC partners. Eligible not-for-profit organizations will be notified of the availability of surplus items by the office disposing of the items. The items will be given on a first-come, first-served basis to the eligible agencies. Any items that are not donated may be disposed of in the most efficient manner.

F. Debt Management Policy

Adopted 8/28/2009, Revised 07/15/2026

1. **Introduction and Purpose**

   This *Debt Management Policy* guides MHDC's structuring, issuance and management of debt. The Commission's development of this policy reflects the goals expressed in its mission statement of strengthening communities and the lives of Missourians through the financing, development and preservation of affordable housing. Because much of the financing of affordable housing by the Commission is funded through the issuance of bonds and other debt, this policy directly furthers that mission.

   Participants in the municipal debt market – including rating agencies and bond investors – appreciate issuers that take an organized and thoughtful approach to their debt management. A single policy cannot, however, envision every possible debt-related nuance or contingency that may occur in the future. As such, this document should be considered a framework to guide the Commission's routine debt-related practices regarding the structuring, sale, and ongoing management of the Commission's debt. But this policy is not intended to serve as a set of rigid guidelines that might prevent the Commission from taking important action or making changes to its routine practices from time to time.

2. Policy Framework

   Through its adoption of this policy, the Commission is establishing guidelines with regard to the issuance of debt to fund loans for single-family homebuyers or home owners and to fund loans for multifamily housing projects. The Commission does not intend to issue debt for other purposes and this policy is not intended as a guide for debt other than that issued to support its single family and multifamily lending programs.

   Guiding Principles for Debt Management Policy

   a) The Commission seeks to issue debt for its single family and multifamily programs at the lowest overall interest and financing costs, taking into account program objectives and preserving and enhancing the financial strength and health of the Commission.

   b) The Commission desires to establish practices and procedures to optimize its access to the capital markets and provide for broad distribution of its debt to retail and institutional investors.

   c) The Commission has historically maintained a conservative approach to its debt and underlying assets and desires to continue those practices.

3. General Provisions

   a. Issuance of Debt

      All bonds, notes or other debt of the Commission shall be authorized by the governing body of the Commission.

b. Maximum Amount of Debt

The maximum amount of single-family bonds and multifamily bonds issued by the Commission will be governed by the market demand for qualifying single-family and multifamily loans, the availability of private activity bond allocation to support the issuance of the tax-exempt bonds and the amount of taxable debt that can be issued, which may be issued separately or to supplement the tax-exempt debt. The Commission shall not have outstanding at any one time an aggregate principal amount of debt in excess of the amount authorized by Missouri statutes, excluding any debt not subject to such limitation by the terms of the statutes.

c. **Credit Ratings**

The Commission will issue its debt in a manner that will seek to maintain or enhance its issuer credit rating. The Commission will seek to structure its single-family bonds and multifamily bonds to achieve ratings at the level desired by the Commission with limited reliance upon the Commission's general creditworthiness. The Commission will guarantee its single-family bonds or multifamily bonds only in limited cases in which the guarantee is required to market the bonds or to support a rating at the level desired by the Commission.

i) Single Family Bonds: Consistent with the requirements of the Commission's established Indentures of Trust, the Commission will obtain an applicable rating by a recognized rating agency that provides a rating for the bonds issued pursuant to its homeownership loan programs. In the event the Commission shall establish any other single-family bond programs those bonds shall be rated as applicable by a recognized rating agency providing a rating on the bonds, except that this requirement may be waived by the governing body of the Commission for privately placed single-family bond issues when the investor provides an investment letter to the Commission certifying the sophistication of the investor and, as appropriate, due diligence conducted by the investor on its own behalf.

ii) Multifamily Bonds: Consistent with the requirements of the Commission's established Trust Indentures, the Commission will obtain an applicable rating by a recognized rating agency that provides a rating for the Multifamily Housing Revenue Bonds of the Commission. In the event the Commission shall establish any other multifamily housing bond programs under a separate indenture those bonds shall also be rated by a recognized rating agency providing a rating on the bonds, except that this requirement may be waived by the governing body of the Commission for privately placed multifamily issues with a sophisticated institutional investor or when the investor provides an investment letter (described above) to the Commission.

d. Credit Enhancement

The Commission may use bond insurance or other credit enhancement for its bonds in the event a cost-benefit analysis shows it would be economically advantageous to do so or market conditions otherwise warrant.

4. Structure of Debt

a. Maximum Maturity

Generally, the Commission will structure its debt to mature at approximately the same time as the underlying loan or loans. In the case of single-family bonds, the bonds will mature approximately 30 years after the end of the loan origination period. This period may be extended in the event the Commission elects to fund new loans from prepayments within a particular bond issue, subject to applicable laws. Multifamily bonds shall generally mature on the bond principal payment date following the final payment date on the underlying loan, subject to rating agency or investor requirements for payment lags.

b. Scheduled **Amortization**

The Commission generally will use debt service structures that reflect the scheduled amortization of the underlying loan or loans. The Commission may consider amortization structures for single-family bonds that anticipate a minimum level of prepayments on the underlying loans. Generally, the assumed level of prepayments should be lower than the level of prepayments experienced by MHDC on any prior issues for the preceding 10 years, or at a level otherwise determined to be prudent and appropriate by Commission Staff or its financial advisors based on prevailing market conditions. In determining whether or not to assume any level of prepayments when developing the amortization structures for single-family bonds, the Commission will only utilize a structure relying on prepayments when the reduced interest cost enables the Commission to offer mortgage loans at sufficiently more attractive levels to justify any risks borne by the Commission.

c. Capitalized Interest

The Commission will structure bonds with capitalized interest to the extent necessary to support the rating on the bonds and may include amounts necessary to fund negative arbitrage on bond proceeds in amounts to cover payment lags on the mortgage loans.

d. **Optional Redemption**

The Commission generally will structure its bond transactions to include optional redemption provisions, unless the selective use of non-callable debt offers sufficient interest rate savings. The factors the Commission will consider in evaluating the use of non-callable debt includes the foregone potential interest rate savings in an economic refunding, the inability to redeem the bond to recycle the tax-exempt authority for future issues and the inability to reduce outstanding debt generally. The Commission may consider structuring its bonds with shorter than standard optional redemptions to improve future flexibility and refunding opportunities.

e. Mandatory Redemption

Bond issues will contain the mandatory redemption provisions consistent with marketing the bonds to obtain the lowest overall interest rate on the issue. These redemption provisions may include, without limitation, sinking fund requirements, redemptions due to prepayments and surplus revenues, planned amortization class redemption structures and super-sinkers.

f. Yield **Differential**

Because the Commission funds much of its operations with the interest differential between its bonds and the mortgage loans underlying its bonds, it will continue to seek to obtain an adequate differential to support its operations.

i) Single Family Bonds. For single-family tax-exempt bonds, the Commission will seek to obtain the differential permitted under federal tax law, subject to offering rates on its mortgage loans that will provide a reasonable advantage relative to similar loans, if any, available to borrowers through private lenders and with due regard to potential rapid prepayments of loans with above-market interest rates. The Commission recognizes that the value of this differential varies from issue to issue due, in particular, to the costs of the transaction and any negative arbitrage on bond and asset payment amounts prior to their expenditure. To the extent feasible and consistent with its mission, the Commission will seek to have a positive residual for all single-family transactions at reasonably anticipated prepayment speeds.

ii) Multifamily Bonds. For multifamily bonds for which the Commission shall provide risk-share insurance or other enhancement of the underlying mortgage loan or the bonds, the Commission will seek to obtain at least a 50 basis points differential (to the extent permitted under federal tax law) subject to offering rates on its mortgage loans that will provide a reasonable advantage to similar loans, if any, available to borrowers. For multifamily bonds for which the Commission serves as a conduit issuer, the Commission will seek to obtain fees at settlement or through a differential in accordance with the following table:

Conduit Issues – Preservation of Existing Housing		
Payment Method (at option of borrower)	Up-Front Amount (% of Bonds)	Differential in Rate Between Bonds and Loan
Method 1 *	0.50%	0.00%
Method 2	0.25 %	0.05%
Method 3	0.00%	0.10%

Conduit Issues – New Construction		
Payment Method (at option of borrower)	Up-Front Amount (% of Bonds)	Differential in Rate Between Bonds and Loan
Method 1 *	0.50%	0.00%
Method 2	0.00%	0.25%

* Fee is due with settlement per Method 1 for conduit issues with a short-term final maturity, such as 18-24 months. Fees for conduit issues with longer-term maturities may be paid according to Method 1 or the other methods listed above.

g. Tax-Exempt and Taxable Bonds.

One of the principal ways that the Commission provides advantages to borrowers in connection with the financing, development and preservation of affordable housing is through its ability to issue tax-exempt bonds. To the extent of demand for the mortgage loans of the Commission and of available allocations of volume cap, the Commission will maximize its issuance of tax-exempt bonds for these purposes so long as the tax-exemption enables the Commission to provide affordable mortgage loan rates and programmatic assistance for borrowers. To supplement the issuance of tax-exempt bonds the Commission may issue taxable bonds in conjunction with the issuance of tax-exempt bonds when the addition of the taxable bonds will not unduly burden the mortgage loan rates and the additional funding available through the taxable bonds will enable the Commission to further its mission. In addition, if market conditions warrant and MHDC can provide programmatic resources, MHDC may issue taxable bonds or sell taxable obligations on a stand-alone basis in order to further its mission.

h. Refunding Bonds.

The Commission generally will consider refunding opportunities either to achieve present value savings or to preserve tax-exempt volume cap when permitted by federal tax law.

For those refunding issues based upon present value savings the Commission shall compare the present value of the existing bonds if they are not refunded to the present value increase attributable to the refunding for the bond issue incorporating the refunding. Generally, the Commission may undertake those refunding transactions that produce reasonable present value savings. In addition, in those instances in which the refunding transaction is being incorporated into a larger issue that will fund new mortgage loans, the Commission may consider a refunding with smaller savings, or a present value cost, if the refunding enables the Commission to further its mission through a lower interest rate on the mortgage loans or a reduced contribution to fund the bond issue.

For those refunding issues based upon preservation of tax-exempt volume cap, the Commission shall only refund prior tax-exempt bonds of the Commission in an amount not to exceed the principal amount of repaid and prepaid mortgage loans originally financed by such prior tax-exempt bonds of the Commission, when permitted by federal tax law.

The Commission will not undertake any refunding issue that may legitimately jeopardize its reputation in the investment community.

5. Variable Rate Bonds

This section titled 'Variable Rate Bonds' pertains to the Commission's issuance of debt, excluding multifamily bonds for which the Commission serves as a conduit issuer.

a. Preference for Fixed Rate Issues

Except as provided below, the Commission generally will pursue traditional, fixed-rate bond structures whenever feasible. Synthetic fixed-rate structures or other variable rate structures with or without an interest rate hedge may be considered in the event a traditional fixed rate structure is deemed infeasible or impractical for meeting the Commission's goals or accomplishing its mission, provided that any such variable rate financing is consistent with state law, is permitted under the appropriate indenture, and subject to the adoption of a Derivatives Policy by the Commission.

Adding variable rate exposure increases program complexity and introduces new variables and risks that do not exist in a traditional fixed-rate program. In periods of market disruption or financial stress, these interdependencies may behave in unanticipated ways, increasing the potential for adverse outcomes that are difficult to predict or mitigate. Accordingly, the Commission should exercise particular prudence and work closely with its financial advisors and bond counsel to carefully consider the incremental benefits of variable rate debt against the added complexity and new risks that variable rate debt entails.

i. Limits on Amount of Variable Rate Bonds.

The amount of variable-rate bonds shall be limited to that amount necessary for a particular bond issue to enable the Commission to obtain mortgage lending rates compatible with its mission. For each issue that includes tax-exempt variable rate bonds, the mortgage lending rate shall be sufficient that the Commission would satisfy the yield differential goals of this policy in the event the variable-rate bonds bear interest throughout the term of the issue at the average of the Securities Industry and Financial Markets Association's seven-day high-grade market index comprised of tax-exempt Variable Rate Demand Obligations (the "SIFMA Index"), plus at least 0.25%, during the most recent 20 year period, or such shorter time as the SIFMA Index has been available prior to the issue. In the event the SIFMA Index is discontinued, another applicable publicly available index shall be used. For each issue that includes taxable variable rate bonds, the mortgage lending rate shall be sufficient that the Commission would satisfy the yield differential goals of this policy in the event the variable-rate bonds bear interest throughout the term of the issue at the average Secured Overnight Financing Rate (SOFR), calculated on a daily simple basis (in arrears), as published by the Federal Reserve Bank of New York (or 30-Day LIBOR for such preceding period during which SOFR was unavailable), or a successor benchmark, plus at least 0.25%, during the most recent 20-year period. Further, the Commission shall limit the issuance of any new variable-rate bonds such that if (i) all the tax-exempt variable-rate bonds of all issues then outstanding (including any new prospective variable rate issuance) were to bear interest at the highest average rate during any 52-week period since the inception of the SIFMA Index until all such variable-rate bonds are no longer outstanding and (ii) all the taxable variable-rate bonds of all issues then outstanding (including any new prospective variable rate issuance) were to bear interest at the highest average rate during any 52- week period since the inception of SOFR until all such variable-rate bonds are no longer outstanding, the surpluses available from all bond issues under the same indenture using standard rating agency assumptions would be sufficient to pay the expected draws on such surpluses to support the variable-rate bonds at those interest rates.

ii. **Redemption Flexibility for Variable Rate Bonds**

In addition, any variable -rate bonds issued shall be included in a structure, which may include over-collateralization of the bond issue through funds contributed by the Commission, that provides the Commission reasonable flexibility to redeem either the fixed-rate bonds of that issue or the variable- rate bonds of that issue from loan prepayments depending upon market conditions at the time of the redemption in order to enable the Commission to reduce its exposure to variable-rate bonds based on prevailing interest rates or when the Commission otherwise deems it advantageous.

iii. **Limitations on Types of Variable Rate Bonds**

The Commission will not issue variable-rate bonds with rate setting based on an auction process without approval of the governing body of the Commission. For variable-rate bonds with a Liquidity Facility (described below), the Commission will utilize a structure that permits the conversion and remarketing of the variable-rate bonds to a fixed rate for the remainder of its term. Variable-rate bonds, including those for which the rate is based upon an index, shall be subject to optional redemption at least semi-annually unless the governing body of the Commission shall approve otherwise.

b. **Liquidity Facilities**

When obtaining the assurance of available funds for variable-rate demand bonds tendered by investors ("Liquidity Facilities"), whether or not the variable-rate demand bonds are hedged, the Commission shall utilize Liquidity Facilities with providers rated as applicable by the rating agency providing the rating on the variable-rate bonds. In addition, subject to prudent cost considerations, the Commission shall seek to obtain the longest initial term possible on each Liquidity Facility in order to reduce the risk of non-renewal or that the renewal is more expensive than the initial term. Because historically most of the outstanding loan balances for its single-family bonds have been reduced to 20%, or less, of the original balance within seven years, the Commission shall seek to obtain an initial term of seven years whenever possible, subject to prudent cost considerations. In order to provide the Commission sufficient time to obtain a substitute Liquidity Facility, the renewal provisions of any Liquidity Facility shall provide the Commission reasonable notice, under the circumstances, that the facility will not be renewed. The Commission will seek to diversify its exposure to various Liquidity Facility providers to avoid undue concentration of risk with one or more providers. The Commission will incorporate input from any rating agency rating its bonds in evaluating its risk concentration.

6. **Transaction** Professionals and **Underwriting** Team

The Commission will appoint its finance team using a periodic competitive selection process. To promote continuity over time, the Commission may use various members of its finance team for multiple engagements. Selection criteria will include, but not be limited to, professional expertise, experience, capacity and cost. Cost will be an important but not sole factor in selection of professionals.

a. Financial Advisors

The Commission uses the expertise of its financial advisors in developing its bond structure, providing independent advice to the Commission, working with staff on various issues related to its bond issues and its mortgage program and assisting with the Commission's strategic planning. The financial advisors participate in negotiating the interest rates, structuring details and bond couponing with the underwriting team. The Commission's financial advisors may not serve as a senior or co-managing underwriter during their term of service. The Commission's financial advisors must have demonstrated experience and expertise in the area of tax-exempt and taxable housing bonds.

b. Bond Counsel

The Commission's bond counsel prepares the legal documents associated with each bond issue, delivers legal opinions regarding the Commission's authority to issue its bonds and, as applicable, the tax-exempt status of those bonds, coordinates the closing of each bond issue and assists the Commission generally with legal matters related to its bonds. The Commission's bond counsel must have demonstrated experience and expertise in the area of tax-exempt and taxable housing bonds and Missouri law regarding the issuance of bonds.

c. **Underwriting** Team

For single-family bond issues marketed via negotiated sale, the Commission generally will use a multi-manager underwriting team structure for negotiated transactions, typically including book-running senior managers, co-managers and a selling group. The size and the composition of the underwriting team will be determined as appropriate for the type of bond structure to be marketed.

i) Senior Managers

The Commission will select two or three firms to serve as rotating book-running manager of the underwriting team. The book-running manager will participate in the structuring and design of an issue, including providing advice about particular structures, ideas and couponing strategies to enable the Commission to achieve its objectives for a bond issue. Generally, the senior managers will have demonstrated expertise in the structuring, marketing and sale of tax-exempt and taxable housing bonds as a book-running manager.

ii) Co-Managers

The Commission will select a number of firms, such as four to six, to serve as co-managers for the underwriting team. The co-managers will support the senior managers and broaden the distribution capabilities of the senior managers, particularly with regional, local and retail investors. Generally, the co-managers will have housing bond expertise, a large sales force concentrating on individual investors or other characteristics that enhance the underwriting team on behalf of the Commission.

iii) Selling Group

The Commission may appoint other firms responding to its Requests for Proposals for underwriters to its Selling Group. The role of the selling group is to generate additional distribution capabilities among retail investors.

iv) Remarketing Agent

The Commission will utilize firms as remarketing agents with demonstrated experience and capacity as remarketing agents. In selecting a firm as remarketing agent the Commission's preference will be firms that already serve the Commission as a Senior Manager or Co-Manager.

v) Underwriting Rules

The Commission generally will use underwriting rules for negotiated transactions that provide an incentive for each member of the underwriting team to aggressively market the Commission's bonds.

vi) Pricing by Underwriters

The Commission expects its underwriting team to justify its pricing scales through comparisons to market indices, as well as to comparable sales in the municipal marketplace shortly before the Commission's scheduled sale.

For multifamily issues, if a developer brings a transaction to the Commission that includes their selected underwriter, the underwriter must be named at the time of approval of the development by the Commission. The proposed financing, including the underwriting team, will be accepted or rejected by the Commission as presented. If a selected underwriter is not presented to the Commission at the time of project approval or, if MHDC is asked to provide credit enhancement, then the developer must use the MHDC underwriting team or, for smaller issues, a member of the MHDC underwriting team. The Commission will generally appoint one or more of the senior managers for the single-family underwriting team to serve as the managers for multifamily issues. The Commission will typically alternate the appointment of the book-running managers among the senior managers unless market conditions or capabilities among the senior managers shall warrant a different selection. MHDC's Bond Counsel selected as provided above will serve as bond counsel for all transactions, including those brought to the Commission by a developer.

d. Trustee

The trustee serves as a fiduciary on behalf of the bondholders and generally holds proceeds of the bonds, the mortgage loans or related securities and the loan repayments prior to the prepayment of the bonds.

The Commission values supporting local and regional firms and generally will seek to include a number of these firms as members of its professional team.

7. <u>**Marketing** of Bonds</u>

a. Retail **Distribution**

To create opportunities for Missouri residents to buy the Commission's bonds and as a strategy to reduce its borrowing costs on negotiated sales, the Commission may use a retail only order period before the bonds are made available to institutional buyers. Use of a retail-only order period will be evaluated based on market conditions and will not apply to issues of less than $10 million, issues sold by private placement or to particular bonds or maturities deemed by the underwriting team, in consultation with the financial advisors and Commission staff, as not suitable for sale to individual investors. Historically, highly structured bonds, such as bonds sold at a premium, planned amortization class bonds, super-sinkers and other bonds with unusual redemption characteristics have been excluded from retail distribution.

b. Method of Sale

The Commission may pursue competitive, negotiated or private placement financings. The Commission recognizes that single-family bond issues that involve a variety of different bond components, such as planned amortization class bonds, super-sinker and other maturities sold based on their average life are difficult to market efficiently using a competitive sale process. In addition, a competitive sale cannot be structured in a manner that assures retail distribution of bonds. Because of the structured nature of its single-family bond issues, in order to generate cash assistance and minimize the overall cost of funds, the Commission anticipates that single-family bonds will be sold through negotiated sale or private placement, depending on the approach expected to effectively achieve the Commission's objectives for its bond financed programs. Any transactions sold by competitive sale will be administered electronically.

8. **Preserving Private Activity Bond Cap** – Single Family Program

Volume cap refers to the annual federal limit on the amount of tax-exempt private activity bonds that may be issued within a state, including tax-exempt bonds used to finance qualified mortgage loans under the Commission's single family programs. In order to preserve volume cap and thereby allow the Commission to issue the most amount of tax-exempt single family bonds each year, the Commission may implement certain strategies, including, but not limited to, blending the issuance of tax-exempt and taxable bonds, using loan repayments or prepayments from existing loans to finance new loans ("loan recycling"), or utilizing a replacement refunding structure. The Commission shall seek to administer such strategies in a manner that maximizes volume cap preservation while minimizing associated costs.

9. Investment of Bond Proceeds

Because the rating on single-family bonds and multifamily bonds requires assumptions about investment rates on bond proceeds and on repayment amounts, the Commission will seek to obtain investments that permit it to obtain the requisite ratings on those issues while minimizing its contributions to transactions and to maximize residual amounts within the yield differential guidelines. The Commission may invest bond proceeds in any investments permitted by law and the resolutions, indentures, or other applicable legal documents authorizing the issuance of such bonds.

a. Bidding of Investments

For bond proceeds to be invested in structured investment products, placement will be bid in accordance with IRS regulations, with the guidance of bond counsel.

b. **Concentration of Investments**

The Commission will seek to diversify its exposure to various investment providers to avoid undue concentration of risk with one or more providers. The Commission will incorporate input from any rating agency that is rating its bonds in evaluating its risk concentration.

10. Post Issuance Debt Management

a. Secondary Market Disclosure

The Commission will provide regular disclosure reports to the Municipal Securities Rulemaking Board (MSRB), through its Electronic Municipal Market Access (EMMA) website, of the current status of single-family bonds and multifamily bonds and annual disclosure of its fiscal year-end financial statements. In addition, the Commission will comply with all other secondary market disclosure requirements as provided in its Continuing Disclosure Agreements and will rely on the advice of bond counsel in its secondary market disclosure activities.

b. Financial **Reporting** Compliance

The Commission will seek to produce annual audited financial statements within 120 days following the end of each fiscal year and shall provide annual audited financial statements to the MSRB within the time frames required by its Continuing Disclosure Agreements. The Commission will seek to prepare its financial statements in accordance with generally accepted accounting principles.

c. Arbitrage Compliance

The Commission shall engage its bond counsel or other professional firm to provide rebate and other arbitrage compliance services to assure the Commission satisfies federal tax law requirements regarding investment earnings on proceeds of its bonds and maximum yield differentials between the rates on its bonds and the underlying loans.

G. Tax-Advantaged Financing Compliance Procedure

Adopted 2/15/2013, Revised 07/15/2026

1. **Article 1** – Generally Applicable Provisions

   a. Purpose and Scope

      i. Purpose of Compliance Procedure.

         (a) The Missouri Housing Development Commission ("MHDC") issues Tax- Advantaged Bonds and loans or otherwise makes the proceeds of Tax-Advantaged Bonds available to Borrowers to fund Costs of Projects. MHDC understands that Borrowers benefit from lower borrowing costs associated with Tax-Advantaged Bonds, but that in exchange for the right to issue Tax-Advantaged Bonds, federal tax law imposes ongoing requirements on MHDC and Borrowers that each must comply with in order to maintain the federal tax status of the Tax-Advantaged Bonds. These ongoing requirements focus on (1) the investment, use and expenditure of proceeds of Tax-Advantaged Bonds and related funds and (2) restrictions on ownership and use of Projects.

         (b) MHDC recognizes that the Internal Revenue Service (IRS) previously stated that all issuers of Tax-Advantaged Bonds should have a separate written policy and procedure regarding ongoing compliance with the federal tax requirements for Tax-Advantaged Bonds.

         (c) MHDC is committed to full compliance with federal tax requirements applicable to Tax-Advantaged Bonds that it issues. In order to comply with the IRS directive related to tax compliance and documentation, this Tax-Advantaged Financing Compliance Procedure (the "Compliance Procedure") is adopted by MHDC to assist in complying with federal tax requirements applicable to (a) residential rental housing project bonds issued under Code § 142(d) or Code § 145, (b) single-family mortgage revenue bonds issued under Code § 143, and (c) other Tax-Advantaged Bonds issued pursuant to available MHDC programs.

      ii. Scope of Compliance Procedure; Conflicts.

         This Compliance Procedure applies to all Tax- Advantaged Bonds currently outstanding and all Tax-Advantaged Bonds issued in the future. If the provisions of this Compliance Procedure conflict with a Tax Compliance Agreement or any other specific written instructions of Bond Counsel, the terms of the Tax Compliance Agreement or specific written instructions of Bond Counsel will supersede and govern in lieu of this Compliance Procedure. Any exception to this Compliance Procedure required by Bond Counsel as part of a future Issue will be incorporated in the Tax Compliance Agreement for the future Issue. Any requirements imposed on MHDC in the Tax Compliance Agreement will be noted by the Bond Compliance Officer and incorporated into the Annual Compliance Checklist.

      iii. Tax-Advantaged Bond File.

         For each Issue of outstanding Tax-Advantaged Bonds, as soon as practical, the Bond Compliance Officer will attempt to assemble any missing components of the Tax-Advantaged Bond File to the extent available.

iv. **Correcting Prior Deficiencies in Compliance**.

If the Bond Compliance Officer discovers a deficiency in compliance with a Tax Compliance Agreement for an outstanding Issue, the Bond Compliance Officer will take the steps listed in Subsection 2.1.4 or 3.1.3, as applicable, to correct the prior deficiencies in compliance.

v. Amendments.

This Compliance Procedure may be amended from time-to-time by MHDC upon request of the Bond Compliance Officer.

b. Bond Compliance Officer

i. **Duties.**

The Bond Compliance Officer is responsible for implementing this Compliance Procedure. The Bond Compliance Officer will work with other employees of MHDC to assist in implementing this Compliance Procedure. The Bond Compliance Officer will consult with Bond Counsel, legal counsel, accountants, tax return preparers and other outside experts to the extent necessary to carry out the purposes of this Compliance Procedure.

ii. Training Programs.

When appropriate, the Bond Compliance Officer and/or other employees of MHDC, under the direction of the Bond Compliance Officer, will attend training programs offered by the IRS or other industry professionals regarding tax-advantaged financing that are relevant to MHDC.

iii. Change in Bond Compliance Officer.

Any time an individual acting as the Bond Compliance Officer passes the responsibilities for carrying out the provisions of this Compliance Procedure to another individual, MHDC will ensure the incoming individual acting as Bond Compliance Officer is trained on how to implement the policies and procedures included in this Compliance Procedure to ensure MHDC's continued compliance with the provisions of this Compliance Procedure and all Tax Compliance Agreements for any outstanding Tax-Advantaged Bonds.

c. **Definitions**

Capitalized words and terms used in this Compliance Procedure have the meanings set forth below.

<u>"Annual Compliance Checklist"</u> means a questionnaire and/or checklist described in **Subsection** 2.2.1 that is completed each year by the Bond Compliance Officer or by an independent party and reviewed by the Bond Compliance Officer.

<u>"Bond Compliance Officer"</u> means MHDC's Director of Finance or other such person appointed by MHDC.

<u>"Bond Counsel"</u> means, for each Issue, a law firm selected by MHDC to provide a legal opinion regarding the tax status of interest on that Issue as of the issue date of that Issue or the law firm selected to advise MHDC on matters referenced in this Compliance Procedure.

<u>"Bond File"</u> means documents and records which may consist of paper and electronic medium, maintained by the Bond Compliance Officer for the Tax-Advantaged Bonds. The Bond File will include the following information (if applicable):

i) Bond Transcript

ii) Final Written Allocation and/or all available accounting records related to the Projects showing expenditures allocated to the proceeds of the Tax-Advantaged Bonds and expenditures allocated to other sources of funds

iii) All rebate and yield reduction payment calculations performed by the Rebate Analyst and all investment records provided to the Rebate Analyst for purposes of preparing such calculation

iv) IRS Forms 8038-T – Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, together with proof of filing and payment of rebate

v) Investment agreement bid documents (unless included in the Bond Transcript) including:

vi) Bid solicitation, bid responses, certificate of broker

vii) Written summary of reasons for deviations from the terms of the solicitation that are incorporated into the investment agreement

viii) Copies of the investment agreement and any amendments

ix) Any item required to be maintained by the terms of the Tax Compliance Agreement or the Land Use Restriction Agreement, including any corporate leases or service contracts involving the Projects, as specified in the Tax Compliance Agreement

x) Any opinion of Bond Counsel regarding the Tax-Advantaged Bonds not included in the Bond Transcript

xi) Any correspondence with the IRS relating to the Tax-Advantaged Bonds including all correspondence relating to an audit by the IRS of the Tax-Advantaged Bonds or any proceedings under the Bonds Voluntary Closing Agreement Program (VCAP)

xii) Any available questionnaires or correspondence substantiating the use of the Projects in accordance with the terms of the Tax Compliance Agreement for the Tax-Advantaged Bond issue

xiii) IRS Forms 8703 – Annual Certification of a Residential Rental Project.

<u>“Bond Restricted Funds”</u> means Borrower funds, accounts, investments or cash or portions of funds, accounts or investments that are subject to arbitrage rebate and/or yield restriction rules.

<u>“Bond Transcript”</u> means the “transcript of proceedings” or other similar document assembled by Bond Counsel in connection with the issuance of the Tax-Advantaged Bonds.

<u>“Borrower”</u> means, for each Issue, the person(s) or entity that receives proceeds of that Issue and is (are) required, directly or indirectly, to pay principal of and interest on the bonds of that Issue.

<u>“Code”</u> means the Internal Revenue Code of 1986, as amended and the applicable regulations and ruling thereunder.

<u>“Compliance Procedure”</u> means this Tax-Advantaged Financing Compliance Procedure.

<u>“Cost” or “Costs”</u> means all costs and expenses paid for the acquisition, rehabilitation, design, construction, equipping or improvement of a Project detailed in a Tax Compliance Agreement for the Tax-Advantaged Bond issue.

"Final Written Allocation" means a final written allocation of Tax-Advantaged Bond proceeds and other amounts contributed to a Project financed, in part, or in whole, with Tax-Advantaged Bond proceeds prepared by the Bond Compliance Officer pursuant to **Subsection** 2.1.3 of this Compliance Procedure. In the absence of such an allocation, the Borrower accounting records relating to the Project and the Tax Compliance Agreement for the Tax-Advantaged Bond issue will be considered the final written allocation of Tax-Advantaged Bond proceeds.

"Governing Body" means the Board of Commissioners of MHDC.

"Issue" means an "issue" of Tax-Advantaged Bonds, as defined under Regulations § 1.150-1(c).

"Land Use Restriction Agreement" means, for each Issue (if applicable), the Land Use Restriction Agreement, or other written certification or agreement of MHDC and/or Borrower setting out representations and covenants for satisfying the post-issuance tax compliance requirements applicable to the Project financed by that Issue.

"MHDC" means the Missouri Housing Development Commission.

"Placed In Service" means that date when the Project is complete and is actually used at a level substantially as originally designed.

"Project" means all tangible and intangible property financed in whole, or in part, with Tax-Advantaged Bonds that is functionally related or integrated in use, that is located on the same physical site or proximate sites, and that is expected to be Placed In Service within a one-year period, including, but not limited to, single family residences and multifamily housing facilities.

"Rebate Analyst" means the Rebate Analyst selected pursuant to the Tax Compliance Agreement.

"Tax-Advantaged Bonds" means any bond or note of MHDC, or any other debt obligation of MHDC, the proceeds of which either were or will be loaned or otherwise made available to a Borrower, and the interest on which is either (1) excludable from gross income for federal income tax purposes or (2) taxable to the bond owners, but is based on a lower borrowing cost due to the advantages of a federal subsidy program. "Tax Compliance Agreement" means, for each Issue, the Federal Tax Certificate, Tax Compliance Agreement, Arbitrage Agreement, or other written certification or agreement of MHDC and/or Borrower setting out representations and covenants for satisfying the post-issuance tax compliance requirements for that Issue.

"Trustee" means, for each Issue, the corporate trustee named in a trust indenture or other similar document included in the Bond Transcript for that issue.

"Voluntary Closing Agreement Program" means the program by which the IRS assists governmental issuers in resolving violations of the federal tax laws applicable to their Tax-Advantaged Bonds.

2. **<u>Article 2 - Provisions Applicable to Non-Single Family Mortgage Revenue Bonds</u>**

a. Compliance Procedures

i. Tax Review with Bond Counsel.

Prior to the sale of Tax-Advantaged Bonds other than single family mortgage revenue bonds, the Bond Compliance Officer and Bond Counsel will review this Compliance Procedure together with the draft Tax Compliance Agreement and draft preliminary cost allocation plan for the Project to ensure that any tax compliance issues in the new financing are adequately addressed by this Compliance Procedure and/or the Tax Compliance Agreement. If Bond Counsel determines that this Compliance Procedure conflicts with the Tax Compliance Agreement, or must be supplemented to account for special issues or requirements for the Tax-Advantaged Bonds, the Bond Compliance Officer will ask Bond Counsel to include the written modifications or additions in the final Tax Compliance Agreement. The Bond Compliance Officer will request Bond Counsel to prepare a form of Annual Compliance Checklist for use in monitoring the ongoing compliance requirements for the Tax-Advantaged Bonds.

ii. **Accounting and Record Keeping.**

(a) <u>Accounting.</u> The Bond Compliance Officer will work with the Borrower to establish separate accounts or subaccounts to record expenditures for Costs of each Project. Where appropriate, the Bond Compliance Officer may identify certain accounts established as part of the Borrower's financial records for this purpose. In recording Costs for the Project, the accounting system will include the following information: (1) identity of person or business paid, along with any other available narrative description of the purpose for the payment, (2) date of payment, (3) amount paid, and (4) invoice number or other identifying reference.

(b) <u>Bond File.</u> The Bond Compliance Officer will be responsible for assembling and maintaining the Bond File for each Issue.

iii. **Final Allocation of Bond Proceeds.**

(a) <u>Bond Compliance Officer Responsible for Final Written Allocation</u>; Timing. The Bond Compliance Officer is responsible for making the allocation of Tax-Advantaged Bond proceeds to expenditures and the identification of the Project. This process will be memorialized in the Final Written Allocation. The Bond Compliance Officer will commence this process as of the earliest of (1) the date the Project has been substantially completed, (2) the date the Tax-Advantaged Bond proceeds have all been allocated to expenditures or (3) four and one-half years following the issue date of the Tax-Advantaged Bonds. To the extent necessary, the Bond Compliance Officer should consult outside counsel, including Bond Counsel, to assist in completing the Final Written Allocation.

(b) <u>Contents and Procedure.</u> The Bond Compliance Officer will review the Tax Compliance Agreement and, if necessary, contact Bond Counsel to seek advice regarding any special allocation of Tax-Advantaged Bond proceeds and other money of the Borrower to the Costs of the Project. If no special allocation is required or recommended, the Bond Compliance Officer will allocate Costs of the Project to the proceeds of the Tax-Advantaged Bonds in accordance with the accounting records. Each Final Written Allocation will contain the following: (1) a reconciliation of the actual sources and uses to Costs of the Project, (2) the percentage of the costs of the Project financed with proceeds of the Tax-Advantaged Bonds (sale proceeds plus any investment earnings on those sale proceeds), (3) the Project's Placed in Service date, and (4) the estimated economic useful life of the Project.

iv. **Correcting Prior Deficiencies in Compliance**.
If the Bond Compliance Officer determines there is any deficiency in compliance with the Tax Compliance Agreement for the outstanding Tax-Advantaged Bonds, the Bond Compliance Officer will consult with Bond Counsel concerning the effect of the noncompliance and will follow the recommendations of Bond Counsel regarding steps necessary to remediate the noncompliance. To the extent remediation of the noncompliance requires MHDC to submit a request under the Voluntary Closing Agreement Program offered by the IRS, the Bond Compliance Officer will undertake such step only after reporting the violation and obtaining the approval of the Governing Body.

b. Ongoing Monitoring Procedures

i. Annual Compliance Checklist.
The Bond Compliance Officer will cause an Annual Compliance Checklist to be completed each year for each Project. The Annual Compliance Checklist will be completed for the purpose of identifying potential violations of the Tax Compliance Agreement, the Land Use Restriction Agreement (if applicable), and this Compliance Procedure and updating the Bond File. The Bond Compliance Officer will refer any responses indicating a violation of the terms of the Tax Compliance Agreement or the Land Use Restriction Agreement to legal counsel or Bond Counsel and, if required by legal counsel or Bond Counsel, will follow the procedure set out in Subsection 2.1.4 to remediate the non-compliance.

ii. Arbitrage and Rebate Compliance.
The Bond Compliance Officer will monitor the investment of Bond Restricted Funds and provide investment records to the Rebate Analyst on a timely basis. The Bond Compliance Officer will follow the directions of the Rebate Analyst with respect to the preparation of and the timing of rebate or yield reduction computations and, where necessary, signing and filing of any necessary IRS forms. All rebate or yield reduction computations will remain on file in the Bond File held by MHDC.

3. **Article** <u>3 - Provisions Applicable to Single Family Mortgage Revenue Bonds</u>

a. Compliance Procedures

i. Tax Review with Bond Counsel.

(a) Prior to the sale of Tax-Advantaged Bonds that constitute single family mortgage revenue bonds, the Bond Compliance Officer and Bond Counsel will review this Compliance Procedure together with the draft Tax Compliance Agreement to ensure that any tax compliance issues in the new financing are adequately addressed by this Compliance Procedure and/or the Tax Compliance Agreement. If Bond Counsel determines that this Compliance Procedure conflicts with the Tax Compliance Agreement, or must be supplemented to account for special issues or requirements for the Tax-Advantaged Bonds, the Bond Compliance Officer will ask Bond Counsel to include the written modifications or additions in the final Tax Compliance Agreement.

(b) Prior to any use of Tax-Advantaged Bond proceeds or other MHDC funds to acquire either single family mortgage loans or securities backed by single family mortgage loans, the Bond Compliance Officer (or another designated person under the direction of the Bond Compliance Officer) will review the documentation regarding those loans to ensure that the applicable requirements of Code section 143, in particular subsections (c), (d), (e), and (f), have been satisfied.

ii. Bond File.

The Bond Compliance Officer will be responsible for assembling and maintaining the Bond File for each Issue.

iii. **Correcting Prior Deficiencies in Compliance**.

If the Bond Compliance Officer determines there is any deficiency in compliance with the Tax Compliance Agreement for the outstanding Tax-Advantaged Bonds, the Bond Compliance Officer will consult with Bond Counsel concerning the effect of the noncompliance and will follow the recommendations of Bond Counsel regarding steps necessary to remediate the noncompliance. To the extent remediation of the noncompliance requires MHDC to submit a request under the Voluntary Closing Agreement Program offered by the IRS, the Bond Compliance Officer will undertake such step only after reporting the violation and obtaining the approval by the Governing Body.

b. Ongoing Investment Monitoring Procedures

i. **Effective Rate of Interest on Qualified Mortgage Loans.**

The Bond Compliance Officer will monitor the effective rate of interest on its qualified mortgage loans provided under an Issue of Tax-Advantaged Bonds to ensure the effective rate of interest on such loans does not exceed bond yield by more than 1.125% (or such other percentage as shall be permitted under the Code). Prior to the final acquisition of qualified mortgage loans for an Issue of Tax-Advantaged Bonds, the Bond Compliance Officer will follow the directions of its financial advisor or Bond Counsel, as applicable, to ensure compliance with this requirement.

ii. Arbitrage and Rebate Compliance.

The Bond Compliance Officer will monitor the investment of Bond Restricted Funds and provide investment records to the Rebate Analyst on a timely basis. The Bond Compliance Officer will follow the directions of the Rebate Analyst with respect to the preparation of and the timing of rebate yield reduction computations and, where necessary, signing and filing of any necessary IRS forms. All rebate or yield reduction computations will remain on file in the Bond File held by MHDC.

H. **Bond Financed Multifamily Rental Developments**

Adopted 8/28/2009, and Revised 07/15/2026

In order to comply with requirements and regulations governing the allocation of the federal LIHTC and the state LIHTC, MHDC hereby adopts the following policy.

1. If MHDC is the issuer of the bonds, MHDC will not allocate federal housing tax credits or state housing tax credits in connection with any tax exempt bond financed transaction unless the owner and its principles agree to comply with IRC section 42, and all relevant Missouri statutes, and all rules and regulations promulgated thereunder, all federal, state and local labor laws, including any prevailing wage requirements, all MHDC requirements as set forth in the Qualified Allocation Plan and the MHDC Workforce Eligibility Policy.

2. If MHDC is not the issuer of the bonds in connection with any tax exempt bond financed transaction, but receives an application and/or request to allocate the federal housing tax credits and/or the state housing tax credits, MHDC will not issue any tax credits unless the owner and its principles agree to comply with IRC section 42, and all relevant Missouri statutes, and all rules and regulations promulgated thereunder, all federal, state and local labor laws, including any prevailing wage requirements, all MHDC requirements as set forth in the Qualified Allocation Plan and the MHDC Workforce Eligibility Policy.
3. The local bond issuer shall agree to require in the bond documents that the owner and its principles comply with relevant Missouri statutes, all federal, state and local labor laws, including any prevailing wage requirements and the MHDC Workforce Eligibility Policy.

V. PROCUREMENT POLICIES

A. Commission-Approved Services

Adopted 8/28/2009, and Revised 07/15/2026

The following contractual services are formally bid and selected by the board of Commissioners through a Request for Proposal (RFP) process:

- Bond Counsel
- Bond Trustee
- Commercial Banking
- Financial Advisors
- Independent Auditors
- Master Servicer
- Bond Underwriters

For the selection of Independent Auditors, the Audit Committee is involved in the RFP process and the recommendation that is made to the Board of Commissioners.

The RFP process is conducted periodically as outlined in each request for proposal, such as every 3 to 5 years. In the case of the Bond Trustee, trustee and paying agent services are bid in conjunction with the onset of each trust indenture.

B. Procurement Processes

Adopted 8/28/2009, and Revised 6/4/2025, and 07/15/2026

MHDC uses procurement processes with cost-comparison methods for the purchase of products and services.

1. <u>Formal Bidding and Informal Cost-Comparisons Methods</u>

   a. Formal Bidding
   A formal competitive bid procedure may be used for the procurement of any products or services, but must be used in the following circumstances, except under circumstances detailed in the “Exclusions and Exemptions” section of this policy:

      i) The estimated cost of the goods or services is $100,000 or greater; or

b. The services will be solicited under the Commission-**Approved Services section of this policy.** When the estimated cost of needed goods and services exceeds $100,000, the purchase or lease of the supplies, materials, equipment or services shall be purchased under formal written contract with selection made after evaluation of the products and services and pricing quoted. Notice inviting bids for the goods and services shall be provided in the manner and utilizing such medias to encourage fair and unbiased competition. The notice shall be designed to secure a reasonable distribution and a competitive bidding process and may include email, online listing services, website posting, and/or such other means as the deemed appropriate. The notice inviting formal competitive bids shall be distributed and/or posted at least five business days preceding the last date for receipt of bids or proposals and shall include a general description of the products or services to be leased or purchased. Said notice shall also state where bid forms may be obtained (if applicable), formal bid submission requirements, additional specifications, and the process for submission of a formal bid including submission deadline. Proposals and/or bids submitted shall be evaluated to make selection based on assessment of the products and services and pricing quoted.

   When the procurement is estimated to be one hundred thousand dollars ($100,000) or more, a formal competitive bidding method of solicitation must be utilized, unless exempted in this policy. Formal competitive bidding may be accomplished by utilizing an:

   i) Invitation for Bid (IFB): The IFB is a formal request for bids and should be used whenever specifications are detailed, specific, and provide for very limited flexibility on the part of the vendors; or

   ii) Request for Proposals (RFP): The RFP is used for complex requirements that preclude the use of specific specifications or requirements. An RFP will contain functional specifications for which the vendor must respond with a proposal.

c. Informal Cost-Comparison Methods

   All purchases of goods or services estimated with a cost of $3,000 to $99,999.99 should utilize an informal bidding process unless a formal bid process is required under the Commission-Approved Services section of the policy. Informal Bidding should be supported by three competitive price quotations utilizing the methods detailed below, except under certain circumstances as detailed under the "Exclusions and Exemptions" section of this policy:

   - Non-**Written Solicitation**: If a one-time purchase of a well-defined product is being made and can be obtained by internet, telephone bids, store visit, email, etc., the non-written solicitation method is recommended. Authorized staff must document and record the vendors contacted regarding the procurement of needed product/service, details about the product/service, date of contact, and the price(s) quoted by each vendor. Publicly available published product and price information, such as on a vendor's website, are deemed to meet the requirements for vendor contact.

   - **Request for Quotation (RFQ**): If an ongoing purchase of products that are easily defined, the Request for Quotation (RFQ) solicitation method is recommended. The RFQ is recommended for simplistic and well-defined services and products. The RFQ should be used when the evaluation of the bids will be based on objective criteria, such as the low bid meeting specification requirements.

d. **Exclusions and Exemptions**

   Certain purchases are specifically excluded from this formal bidding and informal cost-comparison methods process, including:

- Services that are specifically solicited and provided under the Commission-Approved Services Section in this policy are not required to undergo additional formal or informal cost-comparison processes other than those described in that Section;
- Acquisitions through other governmental contracts;
- Contracting with other governmental entities; and
- Professional services, including:
  - Attorneys;
  - Accountants; or
  - Technical assistance consulting;

  which are outside of the scope of services that are solicited and selected through the formal bid process under the Commission-Approved Services section in this policy.

For purchases requiring an informal or formal bidding process, those methods should be utilized except as exempted below, or otherwise deemed impossible or impractical. Written permission from the Executive Director should be provided prior to engaging in one of the following allowable exemptions, if at all practicable:

- Emergency Purchases.
- Existing Agency Contract. The product or service is available on an existing agency contract.
- Single Feasible Source. There is only a single feasible source for procurement for the product or service.
- Standardization. The business value of standardized products in connection with the purchase outweighs the business value of obtaining competitive price quotations.
- Recent Competitive Price Quotations. Competitive price quotations from a previous purchase transaction may be used for comparable purchase provided that the Competitive Price Quotations received in connection with the prior purchase or not more than 18 months old.
- Prior Supplier Performance. The business value of continuing an established business relationship with a supplier of goods or services based on the supplier's past experience, quality, price and service outweighs the business value of obtaining competitive price quotations. The requirement for obtaining competitive price quotations may be waived for a period not to exceed three years in connection with the prior supplier performance.
- Contractual Obligation. The requirement for competitive price quotations may be waived in order to allow compliance with an existing contractual obligation. The purchasing policy requirements should be observed when entering into new contractual obligations.
- Insufficient Lead Time. Insufficient lead time occurs when less than three suppliers are able to supply competitive price quotations and/or deliver the product or service by the required delivery date.
- Other Extraordinary Circumstances. The requirement for competitive price quotations is waived due to extraordinary circumstances.

e. Purchases with Federal Funding Resources

Purchases of goods and services using federal funding resources will follow the requirements of this purchasing policy and the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) or other applicable federal guidance. To the extent, there are conflicting requirements, such purchases with federal funding will follow the federal requirements.

f. **Selection of Supplier**

The final supplier selection will be based upon evaluation of the products and services and pricing quoted. Negotiations may be conducted with those vendors who provide potentially acceptable proposals, bids or price quotes.

g. Conflict of Interest

A conflict of interest situation may exist when personnel are in a position to influence the direction or decision of purchases pursuant to this policy in such a way that may lead to the personal financial gain of the individual or of his/her immediate family or other designee. Any conflict of interest, actual or potential, must be fully disclosed in writing by the requestor, consistent with the Standards of Conduct.

h. Personal Purchases

MHDC personnel shall not commingle personal purchases with MHDC transactions.

VI. PERSONNEL POLICIES

A. **Application of Personnel Policies to Employees**

Adopted 8/28/2009, and Revised 10/05/2018, and 07/15/2026

The Missouri Housing Development Commission employs individuals to fulfill its mission of providing affordable housing throughout the state of Missouri.

MHDC funds all employee salaries and related benefit expenses. MHDC employees are not on the state payroll system. MHDC manages its own payroll system and remits benefit-related expenses directly to benefit providers.

MHDC complies with all federal, state and local regulations concerning employment. MHDC makes independent employment decisions within the framework of applicable law.

MHDC will develop specific policies pertaining to various personnel issues and such policies will be appropriately communicated to employees. Such policies will, from time to time, be modified or removed as necessary for the efficient administration of business. Employees are expected to comply with all applicable MHDC Policies. MHDC's Personnel Policies shall apply to all employees, unless otherwise stated. These Policies are not a contract between employees and MHDC. Any verbal or written assurances that are inconsistent with MHDC's Policies are not binding unless approved by the Commission. The Executive Director of MHDC shall appoint the Chief Human Resources Officer.

B. Whistleblower

Adopted 8/28/2009, and Revised 07/15/2026

The "Whistleblower" law (RSMo §105.055) prohibits supervisors or managers from preventing employees from discussing operations of MHDC with the legislature or with the State Auditor. In addition, this policy strictly prohibits management from preventing employees from discussing operations of MHDC with a member of the MHDC Audit Committee or any MHDC Commissioner. Any employee who, in good faith, discloses information relating to prohibited activities such as violations of regulations or the law, mismanagement, gross waste of funds, abuse of authority, or substantial and specific dangers to public health and safety will not be subject to disciplinary action. Retaliation against any individual for disclosing or reporting such information is strictly prohibited and any individual perpetrating such retaliation is subject to disciplinary action up to and including termination of employment.

The law and this policy do not authorize employees to represent their opinions as opinions of MHDC nor does it permit employees to leave during work hours without following normal procedures. An employee may be subject to disciplinary action if he/she know the information disclosed to be false or if disclosure relates to some violation of his/her own, such as mismanagement, gross waste of funds, abuse of authority or endangerment of the public health or safety. This law does not allow employees to disclose information that is closed or confidential by law.

C. Grievances

Adopted 8/28/2009, and Revised 10/5/2018, and 07/15/2026

This grievance procedure is to help employees resolve disagreements surrounding work relationships, working conditions, and employment practices. Employees are encouraged to work with supervisors in resolving disputes; however, the Human Resources Manager and/or the Chief Human Resources Officer (together "Human Resources") and/or the Executive Director are available to assist in settling disputes through a professional, but informal conflict resolution process. The purpose of this policy is to establish a procedure for addressing these disagreements in a manner that does not adversely affect productivity.

A grievance is defined as any dispute over employment matters in which the appointing authority has complete or partial jurisdiction. To protest acts of harassment or unlawful discrimination, employees should refer to the complaint procedure.

The grievance procedure should resolve grievances quickly; it should settle disagreements at the level of the employee and supervisor; and it should correct the cause of the grievance to prevent similar complaints. Employees must follow these steps when submitting a grievance:

1) <u>Step 1</u> – Employees should attempt to resolve the dispute informally by verbally discussing the grievance with his/her immediate supervisor or manager. The employee may request that a representative of Human Resources be present to assist in addressing the dispute informally if desired.

2) <u>Step 2</u> – In the event the grievance is not resolved during Step 1, the employee may submit a written grievance to the employee's Director within 30 working days of the incident. The written grievance must include a statement of the facts surrounding the complaint, a listing of any applicable witnesses or evidence, and specific remedies sought. The Director will respond to the grievance in writing within 10 working days of receiving the written grievance and will simultaneously provide a copy of the written grievance and response to Human Resources.

3) Step 3 – In the event the grievance is not resolved during Step 1 or Step 2, the employee may request review by Human Resources. The employee must submit his/her written request for review to Human Resources within 10 working days of receiving a response pursuant to Step 2 together with a copy of the employee's written grievance and any supporting documents submitted during Step 2. The Director will review all documentation and may request to meet with any of the parties involved and will provide a final response within 10 working days.

Time limits are intended to ensure prompt attention to all grievances. Calculation of time frames begins the next working day after the event or receipt of the involved documentation. Any of the time limits specified in the procedure may be extended by mutual agreement of the involved parties.

Grievances should not become a part of any other permanent record, and will not be maintained in the employee's personnel file. Grievances will be maintained separately by Human Resources.

Supervisors maintaining copies of grievances should do so in a separate file.

Confidentiality is expected of all parties who are actual participants in the grievance proceeding.

Retaliation and/or coercion as a result of using the grievance procedure is strictly prohibited and any individual perpetrating such retaliation is subject to disciplinary action up to and including termination of employment.

D. Complaint

Adopted 8/28/2009, and Revised 07/15/2026

1. Employees must report all acts that violate the anti-harassment policy in writing to one of the following persons:
   a) The employee's supervisor
   b) The employee's manager
   c) Human Resources
   d) A member of management e. General Counsel
   e) The Executive Director

2) Supervisors, Managers, and Directors are required to report all known, suspected, or reported incidents of harassment or discrimination to Human Resources. In the event the complaint involves Human Resources, the complaint must be reported to the Executive Director. Failure of any supervisor, manager or Director to report any known, suspected or reported incidents of harassment or discrimination will result in disciplinary action up to and including termination.

3) Upon receipt of a complaint, Human Resources, will promptly conduct a thorough and impartial investigation of the complaint, maintaining confidentiality of the complainant to the extent reasonably practicable

4) The complainant will be informed when the investigation is concluded.

5) In the event the investigation results in a finding of wrongdoing, appropriate corrective action will be taken.

6) Retaliation against Individuals filing a discrimination or sexual harassment complaint or participating in the investigation of a complaint is strictly prohibited and any individual perpetrating such retaliation is subject to disciplinary action up to and including termination of employment.

Employees who may be involved in the investigation as witnesses or who may be asked to submit information for the fact-finding purposes are prohibited from disclosing the details of such participation in the investigation to any person.

E. Equal Employment Opportunity

Adopted 8/28/2009, and Revised 07/15/2026

The Missouri Housing Development Commission is committed to equal and fair employment practices and advancement opportunities to all employees and applicants without discrimination. MHDC provides equal employment opportunities, where employment is based upon each person's performance, abilities and qualifications without regard to race, color, religion, gender, age, national origin, ancestry, physical or mental disabilities, actual or perceived sexual orientation, gender identity, marital status, familial status, genetic information, veteran status or any other characteristic protected by applicable improperly governing law.

MHDC complies with all workforce eligibility laws, rules and regulations including the appropriate verification of employment eligibility of newly hired employees.

If any incident of discrimination in violation of this policy is observed, it is the responsibility of the employee to immediately report the incident to Human Resources. Retaliation against any party for reporting any incident, actual or suspected, is strictly prohibited. A representative of MHDC Human Resources will address any violation of this policy by conducting an appropriate investigation and providing appropriate corrective action as needed.

F. **Americans with Disabilities Act and Reasonable Accommodations**

Adopted 8/28/2009, and Revised 07/15/2026

In accordance with the requirements of the Americans with Disabilities Act of 1990, MHDC will not discriminate against individuals with disabilities on the basis of disability in employment, services, programs, or activities.

MHDC will abide by all applicable federal and state laws, regulations, rules, and guidelines regarding the provision of reasonable accommodations required to afford equal employment opportunity for employees who are or become disabled, who suffer on –the-job injuries, or who have known limitations due to pregnancy, childbirth, or related condition, to enable such employees to continue performing the essential functions of their jobs. Such reasonable accommodations will be provided in a timely and cost-effective manner. Employment opportunities shall not be denied because of the need to make reasonable accommodations to an individual's disability.

<u>Reasonable Accommodation</u> is defined as an effort on the part of the employer to accommodate an individual's disability by making adjustments to the application process, the job, or the work environment which will enable that individual to interview for or perform the essential functions of the job, but which does not involve undue hardship to the employer.

<u>Individual with a Disability</u> is one who: has a physical or mental impairment which substantially limits a major life activity or the capacity to work; has a record of such impairment; or is perceived or regarded as having such impairment.

<u>Qualified Individual with a Disability</u> is one whose experience, education and/or training enable the person, with or without reasonable accommodation, to perform the essential functions of the job.

<u>Undue Hardship</u> refers to any accommodation that would be unduly costly, extensive, substantial or disruptive or that would fundamentally alter the nature or operation of the business.

Essential Functions are those job duties which are primary or intrinsic to a given position. They do not include those duties which are marginal or incidental to the position. Employees that require a reasonable accommodation to perform the essential functions of the job due to a disability should contact Human Resources.

G. PUMP Act

Adopted 07/15/2026

In accordance with the Providing Urgent Maternal Protections for Nursing Mothers Act, MHDC will provide designated lactation spaces for new mothers and allow them time to express milk during their break and meal period (if possible) for up to one year following the birth of the child. Non-exempt employees should not record worked time for additional lactation breaks that do not run concurrently with normally scheduled meal and/or break periods. Break times will only be paid when required by law.

H. Family Medical Leave Act

Adopted 8/28/2009, and Revised 07/15/2026

MHDC provides unpaid Family and Medical Leave (FMLA) to eligible employees who need to take time off from work duties to meet family obligations that are directly related to childbirth, adoption, or placement of a foster child. Family and Medical Leave may also be requested to care for a child, spouse, or parent with a serious health condition. This also includes taking leave for one's own serious health condition.

In accordance with the Federal Family and Medical Leave Act of 1993, eligible employees are entitled to a maximum of 12 workweeks of FMLA during a rolling 12-month period of time that is calculated using the Lookback Method. Eligible employees are those who: have 12 months of cumulative service and have worked a minimum of 1,250 hours during the prior 12 months; have a qualifying reason for taking FMLA; and have a remaining balance of FMLA entitlement.

For any FMLA absence, an eligible employee will be required to use any available paid leave time concurrent with the start of the leave. All paid leave time shall be exhausted before an employee is eligible for unpaid leave.

Certification Requirements

- Leave due to a serious health condition shall require a written certification from a physician and must be supplied by the employee no later than 15 calendar days following a request.
- Leave to care for a child, spouse, or parent with a serious health condition shall require a written certification and a description of the care with an estimated length of time that the employee needs to care for the family member.

Employees may be required to recertify, by submitting additional physician certification, at the request of MHDC.

I. Anti-Harassment

Adopted 8/28/2009, and Revised 07/15/2026

MHDC is committed to providing a work environment that is free from all forms of discrimination and conduct that can be considered harassing, coercive, or disruptive, including sexual harassment, whether by employees, guests, or vendors. MHDC will not tolerate any actions, words, jokes, or comments based on a person's gender, race, color, national origin, age, religion, disability, or any other legally protected characteristic. This applies to all employees, including supervisors and managers. It also applies to all customers, vendors, contractors, sub-contractors, independent contractors, and other third-parties with whom we work (all of whom are designated for the terms of this policy as "Business Associates"). MHDC prohibits managers, supervisors, and employees from harassing subordinates or co-workers as well as the MHDC's Business Associates. Any such harassment will subject an employee to disciplinary action, up to and including immediate termination. MHDC likewise prohibits its Business Associates from harassing our employees.

This policy applies whether employees are on MHDC premises, at a MHDC-sponsored off-site event, working remotely, traveling on behalf of MHDC, or conducting MHDC business, regardless of location.

Sexual harassment is defined as unwanted sexual advances, or visual, verbal, or physical conduct of a sexual nature. This includes many forms of offensive behavior, including gender-based harassment of a person of the same gender as the harasser. The following is a partial list of examples of sexual harassment:

- Unwanted sexual advances.
- Offering employment benefits in exchange for sexual favors.
- Making or threatening reprisals after a negative response to sexual advances.
- Visual conduct that includes leering, making sexual gestures, or displaying of sexually suggestive objects or pictures, cartoons or posters.
- Verbal conduct that includes making or using derogatory comments, epithets, slurs or jokes.
- Verbal sexual advances or propositions.
- Verbal abuse of a sexual nature, graphic verbal commentaries about an individual's body, sexually degrading words used to describe an individual, or suggestive or obscene letters, notes, or invitations.
- Physical conduct that includes touching, assaulting, or impeding or blocking movement.
- Unwanted sexual advances (either physical or verbal), requests for sexual favors, and other verbal or physical conduct of a sexual nature constitute sexual behavior when:
    - Submission to such conduct is made either explicitly or implicitly a term or condition of employment
    - Submission or rejection of the conduct is used as a basis for making employment decisions; or
    - The conduct has the purpose or effect of interfering with work performance or creating an intimidating, hostile or offensive work environment.

If an employee experiences or witnesses sexual or other unlawful harassment in the workplace, the employee must follow the complaint procedure.

APPENDIX A - REMOVED SECTIONS

MULTI-FAMILY: *Removed 07/15/2026*	
Section	Adoption/Revised/Removed Date
Multifamily Housing Programs:	Adopted 8/28/2009, Removed 07/15/2026
Flood Plain:	Adopted 8/28/2009; Revised 4/18/2014, Removed 07/15/2026
Local Participation:	Adopted 8/28/2009, Removed 07/15/2026
Appeal Process:	Adopted 8/28/2009, Removed 07/15/2026
Homeownership:	Adopted 8/28/2009, Removed 07/15/2026
Displacement:	Adopted 8/28/2009, Removed 07/15/2026
Relocation:	Adopted 8/28/2009, Removed 07/15/2026
Developer Fee:	Adopted 8/28/2009, Removed 07/15/2026
Construction Inspections:	Adopted 8/28/2009, Removed 07/15/2026
Modification of Approved Financing:	Adopted 8/28/2009, Removed 07/15/2026
Construction Loan Program:	Adopted 5/13/2011, Removed 07/15/2026
Participation Agreements:	Adopted 8/28/2009, Removed 07/15/2026
Construction Completion Assurance:	Adopted 2/15/2013, Removed 07/15/2026
Surplus Cash/Owner Distribution:	Adopted 8/28/2009, Removed 07/15/2026
Administration of Low Income Housing Tax Credits:	Adopted 8/28/2009, Removed 07/15/2026
Commission Approval:	Adopted 8/28/2009, Removed 07/15/2026
Relocation Policy – HOME Program:	Adopted 8/28/2009, Removed 07/15/2026

Single-Family Homeownership Policies	
Section	Adoption/Revised/Removed Date
Availability of First Place Loan Funds in Rural Missouri:	Adopted 8/28/2009, Removed 07/15/2026
Refinance Policy for Tax-Exempt Financing:	Adopted 8/28/2009, Removed 07/15/2026
Refinance Policy for Taxable Financing:	Adopted 8/28/2009, Removed 07/15/2026