

## **Conditional Reservation Agreement**

January 6, 2023

The MHDC Board of Commissioners approved financing for the development listed below on December 9, 2022. MHDC will not consider that a reservation has been made until the conditions, requirements and assumptions of this document have been agreed to by both the development owner and MHDC.

Sections I-VI below and all referenced and attached exhibits constitute this agreement ("Conditional Reservation"). MHDC reserves the right to rescind this Conditional Reservation if, in MHDC's sole opinion, performance has not been demonstrated concerning the requirements of this reservation and any other applicable laws and regulations, or if necessitated by any actions taken by the state and federal government which may affect the amount or the availability of Tax Credits or Loan Funds, as outlined herein, or if there is any material adverse change in the financial condition of the owner, the developer, or the management company.

### **I. Development Information**

#### **Project Information**

|                            |                       |
|----------------------------|-----------------------|
| Development Number         | 22-084-HMT            |
| Development Name           | Blue Hills Apartments |
| Development Address        | 5015 Garfield Avenue  |
| Development City, Zip Code | Kansas City, MO 64130 |
| Development County         | Jackson               |

|                                    |                  |
|------------------------------------|------------------|
| Total Units                        | 45               |
| Affordable Units                   | 31               |
| Workforce Units                    | 0                |
| Market Rate Units                  | 14               |
| Permanent Supportive Housing Units | 0                |
| Vulnerable Population Units        | 0                |
| Population Being Served            | Family           |
| Development Type                   | New Construction |

#### **Ownership Information**

|                       |                          |
|-----------------------|--------------------------|
| Owner Name            | Blue Hills Townhomes, LP |
| Owner Address         | 220 NW Executive Way     |
| Owner City, State Zip | Lee's Summit, MO 64063   |
| Owner Contact         | Matt Fulson              |
| Owner Phone           | 816-246-9220             |
| Owner E-Mail          | matt@fulsonhousing.com   |

#### **Developer Information**

|                   |                                |
|-------------------|--------------------------------|
| Developer Name    | Missouri Housing Partners, LLC |
| Developer Address | 220 NW Executive Way           |

Developer City, State Zip  
Developer Contact  
Developer Phone  
Developer E-Mail

Lee's Summit, MO 64063  
Matt Fulson/Bryan Drew  
816-246-9220  
bryan@fulsonhousing.com

Please review the information above carefully and make sure what is presented is accurate and indicates the appropriate person(s) you wish to be contacted regarding the development.

## **II. Funding Information**

The funding information described in this section and in the MHDC Form 2013 attached as Exhibit A is based upon the information you provided in your application. Numbers and assumptions may have been adjusted to meet MHDC underwriting standards, policies and/or market conditions. The income, operating and development assumptions found in this Conditional Reservation represent what has been approved by MHDC. Any changes must be approved by MHDC and could lead to a reduction in the funding amounts described in this Conditional Reservation. Please contact your underwriter for questions regarding the information found in this Conditional Reservation.

### **A. Tax Credits Awarded by MHDC**

An annual federal low-income housing tax credit of: **\$900,000**

An annual state low-income housing tax credit of: **\$405,000**

Your approval reflects State LIHTC pricing used for the Sate LIHTC Accelerated Redemption Pilot Program.

Information regarding your award of low-income housing tax credits is further and more completely explained in the carryover allocation agreement ("Carryover Agreement"). The Carryover Agreement is a binding commitment pursuant to section 42 of the Internal Revenue Code ("IRC").

The tax credit amount(s) awarded was determined in accordance with the MHDC underwriting standards described in the Qualified Allocation Plan ("QAP"). The tax credit amount(s) will subsequently be reviewed, in accordance with Section 42(m)(2) of the IRC, using the same underwriting standards as in the QAP and may be reduced at that time. All contracts executed prior to the issuance of IRS Form 8609 must provide for possible adjustments in the tax credit amount(s).

Please note that if your development contains non-tax credit units, they must be distributed throughout the development, and no building can solely contain non-tax credit units. If you have a scattered site project that contains non-tax credit units, please contact your underwriter as soon as possible to discuss.

B. Loan Funds Provided by MHDC

|                   |                    |
|-------------------|--------------------|
| MHDC Fund Balance | <b>\$7,900,533</b> |
| MHDC HOME Funds   | <b>\$500,000</b>   |

|                     |                 |
|---------------------|-----------------|
| Source              | Fund Balance    |
| Type (Construction) | Hard-Amortizing |

|                            |           |
|----------------------------|-----------|
| Construction Amount        | 7,900,533 |
| Construction Interest Rate | 2.75%     |
| Construction Term          | 24 months |
| Lien Position              | 1st       |

|                            |           |
|----------------------------|-----------|
| MHDC Home- Construction    |           |
| Construction Amount        | 500,000   |
| Construction Interest Rate | 1.00%     |
| Construction Term          | 24 months |
| Lien Position              | 2nd       |

|                  |                 |
|------------------|-----------------|
| Source           | Fund Balance    |
| Type (Permanent) | Hard-Amortizing |

|                         |            |
|-------------------------|------------|
| Permanent Amount        | 700,000    |
| Permanent Interest Rate | 3.00%      |
| Permanent Term          | 240 months |
| Permanent Amortization  | 360 months |

|               |     |
|---------------|-----|
| Lien Position | 1st |
|---------------|-----|

|                         |                 |
|-------------------------|-----------------|
| MHDC Home Funds         |                 |
| Permanent Amount        | 500,000         |
| Permanent Interest Rate | 0.00%           |
| Permanent Term          | 240 months      |
| Permanent Amortization  | 360 months      |
| Lien Position           | 2 <sup>nd</sup> |

Your MHDC HOME, construction loan will be in a secondary lien position during construction. Once the primary construction loan is repaid and your MHDC construction loan converts to a permanent loan, the MHDC loan will be in first position.

C. Funding Changes

The amount and nature of the funding found in this Conditional Reservation is based upon the assumptions for sources and uses as described in the MHDC Form 2013 attached as exhibit A. If subsequent to the acceptance of this Conditional Reservation changes in the sources and uses result in a need for additional funding, MHDC may not be able to provide any increase to the approved amounts. You will be responsible for filling any further gaps as a result of development changes, but in no circumstance will MHDC proceed with closing and funding if there is an unfilled gap between sources and uses. All changes to the development, including assumptions about sources and

uses, must be communicated to and approved by MHDC. MHDC expects all developers to carefully consider costs and contain their budgets regardless of availability of sources without compromising quality.

The funding amounts reserved were determined in accordance with the QAP. This amount will subsequently be reviewed in accordance with Section 42(m)(2) of the IRC, using the same underwriting standards used in making this Conditional Reservation. As your development progresses through the various MHDC funding stages it will be underwritten using the standards outlined in the QAP and in accordance with all applicable guidelines and regulations. Due to the nature of the funding process, the amounts, terms and conditions of the financing sources described in this Conditional Reservation are subject to change. Therefore, all contracts executed prior to the issuance of IRS Form 8609 must allow for possible adjustment in funding amounts.

### **III. Fees**

The following fees are due as described below. These fees are estimates based on the information provided to date and are subject to change if changes in deal structure or terms are made and/or approved by MHDC. Depending on the nature of any specific transaction, additional fees may be charged.

#### **A. Due with the return of this Conditional Reservation:**

|                                 |         |
|---------------------------------|---------|
| MHDC Third Party Appraisal Fee: | \$6,500 |
|---------------------------------|---------|

The appraisal has already been ordered unless the developer requested it be postponed. Please note that if the site changes at any point, MHDC may order another appraisal. Developers will be charged for the additional work.

|  |         |
|--|---------|
| MHDC Third Party Construction Cost Analysis Fee: | \$5,000 |
|--|---------|

#### **B. Due with the return of the executed Firm Commitment:**

|  |          |
|--|----------|
| Tax credit fee (7% of annual federal credit amount): | \$63,000 |
|--|----------|

#### **C. Due at closing:**

|                             |          |
|-----------------------------|----------|
| MHDC construction loan fee: | \$79,005 |
|-----------------------------|----------|

|                                   |          |
|-----------------------------------|----------|
| MHDC construction inspection fee: | \$13,500 |
|-----------------------------------|----------|

|                          |     |
|--------------------------|-----|
| MHDC permanent loan fee: | \$0 |
|--------------------------|-----|

D. Due after the last building is placed in service and prior to the submission of cost certification:

Tax credit monitoring fee (\$300 per tax credit, workforce housing, and common use unit): \$9,300

#### **IV. Funding Requirements**

A. Requirements

All developments that receive funding from MHDC are subject to all the applicable requirements found in this Conditional Reservation Agreement, the QAP, and any regulations that govern the financing described in section II above. The requirements for your development are subject to change during the funding process. If you have any questions regarding the requirements for your development, please contact your underwriter.

Below you will find a list of the various requirements for developments financed by MHDC. Boxes that are checked indicate requirements applicable to your development.

☒ Carryover Requirement

☒ Environmental Review Requirement  
Please use the environmental review checklist found in Exhibit B.

☒ Firm Submission Requirement  
Please use the firm submission checklist found in Exhibit C.

☐ Relocation Requirement

☒ Section 3 Requirement

☒ MBE/WBE Requirement

☒ Construction Period Requirements

☒ Financing Requirement

☒ Participant Conduct Certification Requirement

Please read, sign and return with this Conditional Reservation the certification found in Exhibit D.

For more information on each requirement, including deadlines, please consult the FY2022 Requirements for MHDC Financed Developments ("MHDC Requirements FY2022") attached as Exhibit E of this document. Please note this is not a comprehensive list of MHDC requirements.

## B. Housing Priorities

It was represented in your application that the housing priority(ies) checked below would be met. Failure to qualify for the chosen priority(ies) may result in the cancellation of this Conditional Reservation and will affect future funding decisions.

☐ Non-Profit Involvement Set-aside Priority

☐ HOME CHDO Set-aside

☐ Set-Aside Preference

☐ Permanent Supportive Housing

☐ IEH Priority

☐ Vulnerable Population Priority

☒ Service-Enriched Housing Priority

☐ Veterans Housing Priority

☒ MBE/WBE Preference

☐ Preservation Priority

☐ Workforce Housing Priority

☐ Opportunity Area Priority

☒ Opportunity Zone Priority

## C. Waivers

Waivers of some requirements, deadlines or documents may be allowed at the sole discretion of MHDC. Certain requirements, deadlines and documents cannot be waived under any circumstance. A request for a waiver of any requirement or deadline should be submitted to your underwriter as soon as possible and in no event later than two weeks before the date in which the requirement or deadline is scheduled. The first step in requesting a waiver is to contact your underwriter to discuss the situation. Waivers will be granted only for good cause as determined in the sole opinion of MHDC.

## **V. Special Conditions**

The following conditions or items of note are relevant to your development and you need to be aware of their impact on your funding and standing with MHDC.

### **Service-Enriched Housing**

You represented your development proposal will provide social services to the tenants of your development. It is therefore a requirement of your funding that the anticipated services be provided to the tenants. Failure to do so may result in the recapture of your funding and will affect future funding applications.

### **AMI Restrictions**

You have elected to set aside seven (7) of the dwelling units (15.5% of the total units) located in the Development for households at or below thirty percent ((30%) of Area Median Gross Income at the time of initial move-in.

### **Green Building**

Development Type: New Construction

All new construction must be designed and built to achieve green building certification from one of the approved green building rating systems, while rehabilitation and conversion proposals can elect to meet this requirement as well.

You represented your development proposal will be designed and built based on the following green building rating system:

- ☐ LEED
- ☒ Enterprise Green Communities
- ☐ NGBS National Green Building Program

To be certified: No

It is therefore a requirement for funding of this development that it is designed and built in the manner proposed. Failure to do so may result in the recapture of your funding and will affect future funding applications.

### **MBE/WBE Preference**

You represented your development proposal will meet the MBE/WBE Preference requirements as indicated by MHDC, and the information represented as a part of your original application. It is therefore a stipulation of your funding that you commit to the information as represented in your application. Additionally, you must also meet the participation guidelines of 10% MBE and 5% WBE companies in the area of hard costs and soft costs. Failure to do so may result in the recapture of your funding and will affect future funding applications.

## **HOME/HOME ARP/HTF funding**

Neither the recipient nor any participant in the development process, including public or private nonprofit or for-profit entities, or any of their contractors, may commit HUD assistance on any activity or project until HUD has approved the recipient's Request for Release of Funds (RROF) and the related certification from the state.

No participant in the development process, including contractors, may commit non-HUD funds or undertake an activity or project if the activity or project would have an adverse environmental impact or limit the choice of reasonable alternatives. Choice limiting activities include acquisition of real property, demolition, construction, leasing, repair, or rehabilitation activities.

If the application was awarded points for requesting HTF, the owner will be required to sign at closing a Regulatory Agreement with an affordability term of thirty (30) years.

## **VI. Timing and Other Considerations**

The timing deadlines applicable to each of the requirements for your development are important. Missing a deadline without a waiver may result in a loss of funding and will result in the owner/developer being placed on the participant watch list. The participant watch list will be given to commissioners and will impact the consideration of any future funding requests presented by the owner/developer.

This reservation requires that you to meet two deadlines. First, you must submit the documentation required for the firm submission requirement before 4:30 p.m. Central on March 31, 2023. Second, you are required to have an investor limited partner and an executed amended and restated partnership agreement or operating agreement ("Executed Agreement") in place by closing date and Closing must occur by June 30, 2023. The Executed Agreement must be deemed, in MHDC's sole opinion, to evidence the commitment of tax credit equity that your funding approval was predicated upon. Failure to close by the deadline may result in rescission of any and all types of financing provided for in this Conditional Reservation or in future agreements between MHDC and the owner regarding the Development.

This Conditional Reservation expires at 4:30 p.m. Central on March 31, 2023, unless the documentation for firm commitment has been received by MHDC or the Reservation has been extended in writing by MHDC prior to termination. This Conditional Reservation is made specifically for the site(s) described in the original application and to the owner listed in Section I above, and the Conditional Reservation cannot be transferred to another site or owner without written approval of MHDC. Transfer of this Conditional Reservation to another site and/or owner without the written consent of MHDC will result in the immediate termination of this Conditional Reservation and the financing contemplated within.



In issuing this Conditional Reservation, MHDC has relied upon information and representations submitted by the owner/developer, and does not constitute a representation, warranty, guaranty or implication as to the qualification for tax credits, loan funds or the feasibility and/or viability of the development and cannot be relied upon as such by any owner, developer, investor or other third party. MHDC's acceptance of the certifications and representations required in the Conditional Reservation process, do not constitute a representation as to compliance with the Internal Revenue Code, or any other laws and regulations governing the financing described in this Conditional Reservation. MHDC, its members, employees, agents, officers, successors and assigns shall not be held liable for any matter relating to this Conditional Reservation.

The undersigned acknowledges that they possess the proper authority to legally obligate the ownership entity which applied to MHDC and was selected for funding vis-à-vis the development identified above and is now responsible for its construction and operation. In the event the undersigned is not the proper and legal representative of the development's ownership, this agreement shall be null and void and shall result in the failure of a condition precedent to MHDC's execution of this Conditional Reservation.

To the extent that any requirement identified in this Conditional Reservation is not, in the sole discretion of MHDC determined to be satisfactory to achieve minimum compliance with any programmatic requirement of any funding or tax credit source referenced herein, the owner and MHDC agree that MHDC may interlineate any necessary change into this agreement for the purpose of programmatic compliance.

#### **GENERAL PROVISION:**

MHDC hereby reserves the right, without penalty, and in its sole discretion, to cancel this Reservation or to amend, modify or change any of the covenants, terms and conditions herein in the event of any of the following: (i) any changes, amendments or modifications are made with regard to any of the information, representations or materials submitted to MHDC in the Mortgagor's Application, (ii) MHDC determines the Mortgagor has misrepresented or failed to disclose information in the Mortgagor's Application (whether intentional or unintentional) which MHDC deems material to its decision to award loan funds/tax credits to Mortgagor, material to the amount of loan funds/tax credits awarded and/or material to the terms and conditions on which such loan funds/tax credits are to be provided, or (iii) MHDC becomes aware of any other information, or any other events occur, prior to the closing of the loan funds and/or issuance of tax credits provided for under this Reservation which MHDC was not expressly made aware of by Mortgagor prior to selecting the Mortgagor's Application for an award of funding/tax credits, and which MHDC determines, in its sole discretion, to have a material impact on MHDC's decision to provide loan funds/tax credits to Mortgagor, on the amount of loan funds/tax credits so awarded, and/or the terms and conditions on which such loan funds/tax credits are to be provided.

**Time is of the essence in this agreement.**

Please acknowledge your acceptance of all terms and conditions of this Conditional Reservation by signing and returning an executed copy and including the signed Participant Conduct Certification and signed Worker Eligibility Affidavit to your underwriter by 4:30 p.m. Central on January 20 , 2023. Please direct any questions regarding this Conditional Reservation and the MHDC process to your underwriter, **Rob Lovell** at **816.759.8055**.

## **VII. Exhibits to this Conditional Reservation**

- Exhibit A: MHDC Form 2013, Development Budget, Sources of Funds, 15 year Pro Forma, and HOME and/or HTF Unit Analysis
- Exhibit B: Environmental General Requirements Memo
- Exhibit C: Firm Submission Checklist
- Exhibit D: Participant Conduct Certification
- Exhibit E: MHDC Requirements FY 2022

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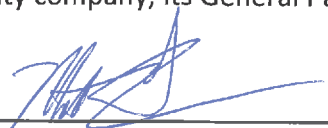
ACCEPTANCE OF CONDITIONAL RESERVATION DATED January 6, 2023:

I hereby state that I have reviewed, understand, and agree to abide by the terms and conditions of this Conditional Reservation and the attached exhibits.

**Owner**

**BLUE HILLS TOWNHOMES, LP**, a Missouri limited partnership

By: **BLUE HILLS FULSON GP, LLC**, a Missouri limited liability company, its General Partner

By:   
Matt R. Fulson, Authorized Manager

**MISSOURI HOUSING DEVELOPMENT COMMISSION**

By:   
Jennifer Schmidt  
Director of Operations

I hereby state that this Conditional Reservation has been made this 18<sup>th</sup> of January, 2023.



**Estimate of Replacement Costs**

|   |                     |
|---|---------------------|
| 1) Site Work  | \$750,000           |
| 2) Off-Site Improvement                               | \$0                 |
| 3) Building Demolition                                | \$0                 |
| 4) Interior Demolition                                | \$0                 |
| 5) New Construction                                   | \$7,289,474         |
| 6) Rehabilitation                                     | \$0                 |
| 7) Accessory Building                                 | \$250,000           |
| 8) Bonding  | \$0                 |
| 9) Permits  | \$0                 |
| 10) General Requirements                              | \$497,368           |
| 11) Builder's Overhead                                | \$165,789           |
| 12) Builder's Profit                                  | \$497,369           |
| 13) <b>Total Construction Costs (lines 1-12)</b>      | <b>\$9,450,000</b>  |
| 14) Paid by owner - Construction Costs                |                     |
| 14a) _____  | \$0                 |
| 14b) _____  | \$0                 |
| 15) <b>Total Construction Costs (lines 13-14)</b>     | <b>\$9,450,000</b>  |
| 16) Architect's & Engineering Fee (Design)            | \$283,500           |
| 17) Architect's Fee (Supervision)                     | \$94,500            |
| 18) Soil Report                                       | \$15,000            |
| 19) Survey  | \$21,200            |
| 20) Engineering                                       | \$100,000           |
| 21) <b>Total For All Improvements (lines 15-20)</b>   | <b>\$9,964,200</b>  |
| 22) Construction Loan Interest                        | \$200,038           |
| 23) Construction Period R. E. Taxes                   | \$20,000            |
| 24) Construction Period Insurance                     | \$10,000            |
| 25) MHDC Rental Production Application Fee            | \$2,000             |
| 26) MHDC Construction Loan Fee                        | \$79,005            |
| 27) Other Construction Loan Fee                       | \$0                 |
| 28) MHDC Construction Inspection Fee                  | \$13,500            |
| 29) Other Construction Inspection Fee                 | \$0                 |
| 30) MHDC Permanent Financing Fee                      | \$0                 |
| 31) Other Permanent Financing Fee                     | \$7,000             |
| 32) Environmental Study                               | \$6,000             |
| 33) Market Study                                      | \$3,500             |
| 34) Appraisal   | \$6,500             |
| 35) Title, Recording & Disbursing (Construction Loan) | \$30,000            |
| 36) Title, Recording & Disbursing (Permanent Loan)    | \$10,000            |
| 37) Legal Costs (Construction)                        | \$40,000            |
| 38) Legal Costs (Permanent)                           | \$10,000            |
| 39) Organization (Legal/Fees)                         | \$10,000            |
| 40) Cost Certification                                | \$10,000            |
| 41) Accountant's Fee                                  | \$0                 |
| 42) Prepaid MIP (Risk Share only)                     | \$0                 |
| 43) Contingency                                       | \$567,000           |
| 44) Environmental Abatement                           | \$0                 |
| 45) Historic Credit Fees                              | \$0                 |
| 46) Relocation  | \$0                 |
| 47) FF & E  | \$30,000            |
| 48) Other: (Describe) MHDC Cost Analysis              | \$5,000             |
| 49) Other: (Describe) _____                           | \$0                 |
| 50) Other: (Describe) _____                           | \$0                 |
| 51) Other: (Describe) _____                           | \$0                 |
| 52) Other: (Describe) _____                           | \$0                 |
| 53) <b>Replacement Cost w/o Acq (lines 21-52)</b>     | <b>\$11,023,743</b> |
| 54) Legal Acquisition & Recording                     | \$5,000             |
| 55) Acquisition Cost of Buildings                     | \$0                 |
| 56) Other Acquisition Related Costs                   | \$0                 |
| 57) Land  | \$89,691            |
| 58) <b>Total Acquisition Cost (lines 54-57)</b>       | <b>\$94,691</b>     |
| 59) <b>Total Replacement Cost (lines 53-57)</b>       | <b>\$11,118,434</b> |
| 60) Consultant's Fee (Before Completion)              | \$0                 |
| 61) Consultant's Fee (At/After Completion)            | \$0                 |
| 62) Developer's Fee (Before Completion)               | \$150,000           |
| 63) Developer's Fee (At/After Completion)             | \$737,500           |
| 64) Tax Credit Allocation Fee (7%)                    | \$63,000            |
| 65) Tax Credit Monitoring Fee                         | \$9,300             |
| 66) AHAP Application & Reservation Fee                | \$0                 |
| 67) Other: (Describe) _____                           | \$0                 |
| 68) Other: (Describe) _____                           | \$0                 |
| 69) Other: (Describe) _____                           | \$0                 |
| 70) Other: (Describe) _____                           | \$0                 |
| 71) Other: (Describe) _____                           | \$0                 |
| 72) Bond Related Costs (see Tab XIII)                 | \$0                 |
| 73) Syndication Costs (see Tab X)                     | \$50,000            |
| 74) Lease-up/Marketing (from FIN-117, cash reserve)   | \$20,000            |
| 75) Operating Reserve (cash escrow)                   | \$165,000           |
| 76) Replacement Reserve (cash escrow)                 | \$27,000            |
| 77) Other Escrow(s): _____                            | \$0                 |
| 78) Other Escrow(s): _____                            | \$0                 |
| 79) Other Escrow(s): _____                            | \$0                 |
| 80) Other Escrow(s): _____                            | \$0                 |
| 81) Other Escrow(s): _____                            | \$0                 |
| 82) <b>Total Development Cost (lines 59-81)</b>       | <b>\$12,340,234</b> |

**Estimate of Annual Expenses**

|   |               |                  |
|---|---------------|------------------|
| 1) Conventions & Meetings                       | #6203         | \$1,000          |
| 2) Management Consultants                       | #6204         | \$0              |
| 3) Advertising & Marketing                      | #6210         | \$1,000          |
| 4) Other Renting Expenses                       | #6250         | \$0              |
| 5) Office Salaries                              | #6310         | \$0              |
| 6) Office Expenses, Supplies & Postage          | #6311         | \$2,000          |
| 7) Office or Model Apt. Rent                    | #6312         | \$0              |
| 8) Leased Furniture                             | #6313         | \$0              |
| 9) Management Fees                              | #6320         | \$24,300         |
| 10) Manager or Superintendent Salaries          | #6330         | \$40,435         |
| 11) Administrative Rent Free Unit               | #6331         | \$0              |
| 12) Legal Expenses (Project)                    | #6340         | \$1,000          |
| 13) Audit Expenses (Accounting)                 | #6350         | \$14,000         |
| 14) Telephone                                   | #6360         | \$2,500          |
| 15) Bad Debts                                   | #6370         | \$2,000          |
| 16) Misc. Administrative Expenses               | #6390         | \$2,000          |
| 17) <b>Total Administrative Expenses</b>        | <b>#6263T</b> | <b>\$90,235</b>  |
| 18) Electricity                                 | #6450         | \$15,000         |
| 19) Water                                       | #6451         | \$26,000         |
| 20) Gas   | #6452         | \$0              |
| 21) Sewer                                       | #6453         | \$26,000         |
| 21) Cable T.V. / Internet Access                | #6454         | \$3,000          |
| 22) <b>Total Utilities Expenses</b>             | <b>#6400T</b> | <b>\$70,000</b>  |
| 23) O & M Payroll                               | #6510         | \$35,381         |
| 24) O & M Supplies                              | #6515         | \$7,500          |
| 25) O & M Contracts                             | #6520         | \$10,750         |
| 26) O & M Rent Free Unit                        | #6521         | \$0              |
| 27) Garbage & Trash                             | #6525         | \$4,700          |
| 28) Security Payroll / Contract                 | #6530         | \$4,000          |
| 29) Security Rent Free Unit                     | #6531         | \$0              |
| 30) Heating & Cooling Repair Contract           | #6546         | \$2,500          |
| 31) Snow Removal (Supplies & Contracts)         | #6548         | \$2,500          |
| 32) O & M Tools & Equipment                     | #6571         | \$1,500          |
| 33) Pool (Supplies, Maintenance & Contracts)    | #6520         | \$0              |
| 34) Exterminating                               | #6515         | \$2,100          |
| 35) Elevator Maintenance                        | #6520         | \$0              |
| 36) Vacant Unit Prep (Carpets, Painting, Etc.)  | #6580         | \$3,000          |
| 37) Misc. Operating & Maintenance Exp.          | #6590         | \$0              |
| 38) <b>Total Operating &amp; Maint Expenses</b> | <b>#6500T</b> | <b>\$73,931</b>  |
| 39) Real Estate Taxes                           | #6710         | \$0              |
| 40) Property & Liability Insurance              | #6720         | \$26,400         |
| 41) Health Insurance                            | #6723         | \$6,885          |
| 42) Workers Comp                                | #6722         | \$0              |
| 43) MIP Insurance                               | #6850         | \$0              |
| 44) Fidelity Bond                               | #6721         | \$100            |
| 45) Other Tax Assessments                       |               | \$1,449          |
| 46) Other: (Describe) _____                     |               | \$10,000         |
| 47) <b>Total Fixed Expenses</b>                 |               | <b>\$44,834</b>  |
| 48) Replacement Reserves                        |               | \$13,500         |
| 49) <b>Total Expenses</b>                       |               | <b>\$292,500</b> |
| 50) No. of Units                                |               | 45               |
| 51) <b>Expenses per Unit</b>                    |               | <b>\$6,500</b>   |

**Annual Income Computations**

|  |                  |
|--|------------------|
| 1) Estimated Project Gross Income                  | \$410,460        |
| 2) Occupancy (93% family or 95% elderly)           | 93%              |
| 3) <b>Effective Gross Income (line 1 X line 2)</b> | <b>\$381,728</b> |
| 4) Total Project Expenses                          | \$292,500        |
| 5) <b>Net Income to Project (line 3 - line 4)</b>  | <b>\$89,228</b>  |
| 6) MHDC Debt Service                               | \$35,415         |
| 7) Other Hard Debt Service                         | \$0              |
| 8) Total Hard Debt Service                         | \$35,415         |
| 9) Cash Flow (line 5 - line 8)                     | \$53,813         |
| 10) <b>Debt Service Coverage (hard debt)</b>       | <b>2.52</b>      |

| <b><u>Debt Service Information</u></b> |                   |                       |                      |                             |                            |                         |                       |                              |
|--|-------------------|-----------------------|----------------------|-----------------------------|----------------------------|-------------------------|-----------------------|------------------------------|
| <b>Lien Position</b>                   | <b>Source</b>     | <b>Amount of Loan</b> | <b>Interest Rate</b> | <b>Amort Period (Years)</b> | <b>Term Period (Years)</b> | <b>Annual P &amp; I</b> | <b>Soft/Hard Debt</b> | <b>% Dist From Cash Flow</b> |
| 2nd                                    | MHDC HOME         | \$500,000             | 0.000%               | 0                           | 0                          | \$0                     | Soft                  |                              |
| 1st                                    | MHDC Fund Balance | \$700,000             | 3.000%               | 30                          | 20                         | \$35,415                | Hard                  | N/A                          |
|  | MHDC Select       |                       |                      |                             |                            |                         |                       | N/A                          |
|  | MHDC Select       |                       |                      |                             |                            |                         |                       | N/A                          |
|  | MHDC Select       |                       |                      |                             |                            |                         |                       | N/A                          |
|  |                   |                       |                      |                             |                            |                         |                       | N/A                          |
| 3rd                                    | KCMO CDBG         | \$390,000             | 1.000%               | 0                           | 0                          | \$0                     | Soft                  |                              |
| 4th                                    | KCMO TRUST FUND   | \$600,000             | 1.000%               | 0                           | 0                          | \$0                     | Soft                  |                              |
|  |                   |                       |                      |                             |                            |                         |                       | N/A                          |
|  |                   |                       |                      |                             |                            |                         |                       | N/A                          |
|  |                   |                       |                      |                             |                            |                         | N/A                   | N/A                          |

| <b><u>Tax Credit Proceeds</u></b>   |                             |              |              |                |                       |             |  |  |  |
|-------------------------------------|-----------------------------|--------------|--------------|----------------|-----------------------|-------------|--|--|--|
|                                     | <b>Annual Credit Amount</b> | <b>Years</b> | <b>Price</b> | <b>Owner %</b> | <b>Total Proceeds</b> |             |  |  |  |
| Proceeds from Federal T.C.          | \$900,000                   | X 10         | X 0.830      | X 99.98%       | =                     | \$7,468,506 |  |  |  |
| Proceeds from State T.C.            | \$405,000                   | X 10         | X 0.650      | X 100.00%      | =                     | \$2,632,500 |  |  |  |
| Proceeds from Historic Federal T.C. | \$0                         | X 1          | X 0.000      | X 0.00%        | =                     | \$0         |  |  |  |
| Proceeds from Historic State T.C.   | \$0                         | X 1          | X 0.000      | X 0.00%        | =                     | \$0         |  |  |  |

| <b><u>Total Sources ( "X" Indicates if MHDC HOME Funds are used )</u></b> |                                     |              | <b><u>Construction Period Funding Gap</u></b>           |   |              |
|---|-------------------------------------|--------------|---|---|--------------|
| 1. MHDC HOME  | <input checked="" type="checkbox"/> | \$500,000    | 1. Costs (Line 82)                                      | + | \$12,340,234 |
| 2. MHDC Fund Balance  | <input type="checkbox"/>            | \$700,000    | 2. MHDC Construction Loan Proceeds                      | - | \$7,900,533  |
| 3.  | <input type="checkbox"/>            | \$0          | 3. Other Construction Loan Proceeds                     | - | \$1,490,000  |
| 4.  | <input type="checkbox"/>            | \$0          | 4. Tax Credit Equity Paid During Construction           | - | \$2,020,201  |
| 5.  | <input type="checkbox"/>            | \$0          | 5. Dev Fee Paid After Construction Complete             | - | \$737,500    |
| 6.  | <input type="checkbox"/>            | \$0          | 6. Consultant Fee Paid After Construction Complet       | - | \$0          |
| 7. KCMO CDBG  | <input type="checkbox"/>            | \$390,000    | 7. Operating Reserve (escrow)                           | - | \$165,000    |
| 8. KCMO TRUST FUND  | <input type="checkbox"/>            | \$600,000    | 8. Replacement Reserve (escrow)                         | - | \$27,000     |
| 9.  | <input type="checkbox"/>            | \$0          | 9. Other (describe):                                    | - |              |
| 10.   | <input type="checkbox"/>            | \$0          | 10. <b><u>Total Construction Period Funding Gap</u></b> | = | \$0          |
| 11. Total LIHTC Equity  |                                     | \$10,101,006 |   |   |              |
| 12. Total Historic T.C. Equity  |                                     | \$0          |   |   |              |
| 13. Total AHAP T.C. Donation  |                                     | \$0          |   |   |              |
| 14. Trust Fund  |                                     | \$0          |   |   |              |
| 15. General Partner Equity  |                                     | \$0          |   |   |              |
| 16. Deferred Developer's Fee  |                                     | \$49,228     |   |   |              |
| 17. <b><u>Total Sources</u></b>   |                                     | \$12,340,234 |   |   |              |

**MHDC Comments:**

1  
2  
3  
4  
5  
6  
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| TOTAL DEVELOPMENT COSTS  |                      |                               |                   |                     |  |
|--|----------------------|-------------------------------|-------------------|---------------------|--|
| Itemized Cost  | Total Development \$ | 4% Acquisition Adjusted Basis | 4% Adjusted Basis | 9% Adjusted Basis   | Fed Historic Adjusted Basis              |
| 1) Site Work   | \$750,000            | N/A                           | \$0               | \$750,000           | \$0                                      |
| 2) Off-Site Improvement  | \$0                  | N/A                           | N/A               | N/A                 | \$0                                      |
| 3) Building Demolition   | \$0                  | N/A                           | N/A               | N/A                 | \$0                                      |
| 4) Interior Demolition   | \$0                  | N/A                           | \$0               | \$0                 | \$0                                      |
| 5) New Construction  | \$7,289,474          | N/A                           | \$0               | \$7,289,474         | \$0                                      |
| 6) Rehabilitation  | \$0                  | N/A                           | \$0               | \$0                 | \$0                                      |
| 7) Accessory Building  | \$250,000            | N/A                           | \$0               | \$250,000           | \$0                                      |
| 8) Bonding   | \$0                  | N/A                           | \$0               | \$0                 | \$0                                      |
| 9) Permits   | \$0                  | N/A                           | \$0               | \$0                 | \$0                                      |
| 10) General Requirements   | \$497,368            | N/A                           | \$0               | \$497,368           | \$0                                      |
| 11) Builder's Overhead   | \$165,789            | N/A                           | \$0               | \$165,789           | \$0                                      |
| 12) Builder's Profit   | \$497,369            | N/A                           | \$0               | \$497,369           | \$0                                      |
| 13) <b>Total Construction Contract Cost (1-12)</b>                               | <b>\$9,450,000</b>   | <b>\$0</b>                    | <b>\$0</b>        | <b>\$9,450,000</b>  | <b>\$0</b>                               |
| 14) Paid by owner-Construction Costs (Describe)                                  |                      |                               |                   |                     |  |
| 14a)   |                      | N/A                           |                   |                     |  |
| 14b)   |                      | N/A                           |                   |                     |  |
| 15) <b>Total Construction Cost (13-14)</b>                                       | <b>\$9,450,000</b>   | <b>\$0</b>                    | <b>\$0</b>        | <b>\$9,450,000</b>  | <b>\$0</b>                               |
| 16) Architect & Engineering Fee-Design   | \$283,500            | N/A                           |                   | \$283,500           |  |
| 17) Architect Fee - Supervision  | \$94,500             | N/A                           |                   | \$94,500            |  |
| 18) Soils Report   | \$15,000             | N/A                           |                   | \$15,000            |  |
| 19) Survey   | \$21,200             | N/A                           |                   | \$21,200            |  |
| 20) Engineering  | \$100,000            | N/A                           |                   | \$100,000           |  |
| 21) <b>Total for all Improvements (lines 15-20)</b>                              | <b>\$9,964,200</b>   | <b>\$0</b>                    | <b>\$0</b>        | <b>\$9,964,200</b>  | <b>\$0</b>                               |
| 22) Construction Loan Interest   | \$200,038            | N/A                           |                   | \$150,029           |  |
| 23) Construction Period R.E.Taxes  | \$20,000             | N/A                           |                   | \$5,000             |  |
| 24) Construction Period Insurance  | \$10,000             | N/A                           |                   | \$10,000            |  |
| 25) MHDC Rental Production Application Fee                                       | \$2,000              | N/A                           | N/A               | N/A                 | N/A                                      |
| 26) MHDC Construction Loan Fee   | \$79,005             | N/A                           |                   | \$79,005            |  |
| 27) Other Construction Loan Fee  |                      | N/A                           |                   |                     |  |
| 28) MHDC Construction Inspection Fee   | \$13,500             | N/A                           |                   | \$13,500            |  |
| 29) Other Construction Inspection Fee  |                      | N/A                           |                   |                     |  |
| 30) MHDC Permanent Financing Fee   |                      | N/A                           | N/A               | N/A                 | N/A                                      |
| 31) Other Permanent Financing Fee  | \$7,000              | N/A                           | N/A               | N/A                 | N/A                                      |
| 32) Environmental Study  | \$6,000              | N/A                           |                   | \$6,000             |  |
| 33) Market Study   | \$3,500              | N/A                           |                   | \$3,500             |  |
| 34) Appraisal  | \$6,500              | N/A                           |                   | \$6,500             |  |
| 35) Title Recording & Disbursing (Construction Loan)                             | \$30,000             | N/A                           |                   | \$30,000            |  |
| 36) Title Recording & Disbursing (Permanent Loan)                                | \$10,000             | N/A                           | N/A               | N/A                 |  |
| 37) Legal (Construction)   | \$40,000             | N/A                           |                   | \$40,000            |  |
| 38) Legal (Permanent)  | \$10,000             | N/A                           | N/A               | N/A                 |  |
| 39) Organization (Legal/Fees)  | \$10,000             | N/A                           | N/A               | N/A                 |  |
| 40) Cost Certification   | \$10,000             | N/A                           |                   | \$10,000            |  |
| 41) Accountant's Fee   |                      | N/A                           |                   |                     |  |
| 42) Prepaid MIP (Risk Share only)  |                      | N/A                           | N/A               | N/A                 |  |
| 43) Contingency  | \$567,000            | N/A                           |                   | \$538,650           |  |
| 44) Environmental Abatement  |                      | N/A                           |                   |                     |  |
| 45) Historic Credit Fees   |                      | N/A                           |                   |                     |  |
| 46) Relocation   |                      | N/A                           |                   |                     |  |
| 47) FF & E   | \$30,000             | N/A                           |                   | \$30,000            | N/A                                      |
| 48) Other:(Describe) MHDC Cost Analysis  | \$5,000              | N/A                           |                   | \$5,000             |  |
| 49) Other:(Describe)   |                      | N/A                           |                   |                     |  |
| 50) Other:(Describe)   |                      | N/A                           |                   |                     |  |
| 51) Other:(Describe)   |                      | N/A                           |                   |                     |  |
| 52) Other:(Describe)   |                      | N/A                           |                   |                     |  |
| 53) <b>Replacement Cost w/o Acq (lines 21-52)</b>                                | <b>\$11,023,743</b>  | <b>\$0</b>                    | <b>\$0</b>        | <b>\$10,891,384</b> | <b>\$0</b>                               |
| 54) Legal Acquisition & Recording  | \$5,000              |                               | N/A               | N/A                 | N/A                                      |
| 55) Acquisition Cost of Buildings  |                      |                               | N/A               | N/A                 | N/A                                      |
| 56) Other Acquisition Related Costs  |                      |                               | N/A               | N/A                 | N/A                                      |
| 57) Land   | \$89,691             | N/A                           | N/A               | N/A                 | N/A                                      |
| 58) <b>Acquisition Cost (lines 54-57)</b>  | <b>\$94,691</b>      | <b>\$0</b>                    | <b>\$0</b>        | <b>\$0</b>          | <b>\$0</b>                               |
| 59) <b>Total Replacement Cost (lines 53-57)</b>                                  | <b>\$11,118,434</b>  | <b>\$0</b>                    | <b>\$0</b>        | <b>\$10,891,384</b> | <b>\$0</b>                               |
| 60) Consultant's Fee (Before Completion)   |                      |                               |                   |                     |  |
| 61) Consultant's Fee (At/After Completion)                                       |                      |                               |                   |                     |  |
| 62) Developer's Fee (Before Completion)  | \$150,000            |                               |                   | \$150,000           |  |
| 63) Developer's Fee (At/After Completion)  | \$737,500            |                               |                   | \$737,500           |  |
| 64) Tax Credit Allocation Fee (7%)   | \$63,000             | N/A                           | N/A               | N/A                 | N/A                                      |
| 65) Tax Credit Monitoring Fee  | \$9,300              | N/A                           | N/A               | N/A                 | N/A                                      |
| 66) AHAP Application & Reservation Fee   |                      | N/A                           | N/A               | N/A                 | N/A                                      |
| 67) Other:(Describe)   |                      |                               |                   |                     |  |
| 68) Other:(Describe)   |                      |                               |                   |                     |  |
| 69) Other:(Describe)   |                      |                               |                   |                     |  |
| 70) Other:(Describe)   |                      |                               |                   |                     |  |
| 71) Other:(Describe)   |                      |                               |                   |                     |  |
| 72) Bond Related Costs (see Tab XII)   | \$0                  | N/A                           |                   |                     |  |
| 73) Syndication Costs (see Tab IX)   | \$50,000             | N/A                           | N/A               | N/A                 | N/A                                      |
| 74) Lease-up/Marketing (From FIN-117)  | \$20,000             | N/A                           | N/A               | N/A                 | N/A                                      |
| 75) Operating Reserve (cash escrow)  | \$165,000            | N/A                           | N/A               | N/A                 | N/A                                      |
| 76) Replacement Reserve (cash escrow)  | \$27,000             | N/A                           | N/A               | N/A                 | N/A                                      |
| 77) Other Escrow(s):   |                      | N/A                           | N/A               | N/A                 | N/A                                      |
| 78) Other Escrow(s):   |                      | N/A                           | N/A               | N/A                 | N/A                                      |
| 79) Other Escrow(s):   |                      | N/A                           | N/A               | N/A                 | N/A                                      |
| 80) Other Escrow(s):   |                      | N/A                           | N/A               | N/A                 | N/A                                      |
| 81) Other Escrow(s):   |                      | N/A                           | N/A               | N/A                 | N/A                                      |
| 82) <b>Total Development Costs (lines 59-82)</b>                                 | <b>\$12,340,234</b>  | <b>\$0</b>                    | <b>\$0</b>        | <b>\$11,778,884</b> | <b>\$0</b>                               |
| <b>Less federal grants which finance development costs</b>                       |                      |                               |                   |                     |  |
| <b>Less federal subsidies which finance development costs</b>                    |                      |                               |                   |                     |  |
| <b>Less Historic Tax Credit (Residential Portion Only)</b>                       |                      |                               |                   |                     |  |
| Subtotal Eligible Basis  |                      | \$0                           | \$0               | \$11,778,884        | \$0                                      |
| QCT, DDA or State Designated Increase (30%)                                      |                      | N/A                           | \$0               | \$3,533,665         |  |
| Total Eligible Basis   |                      | \$0                           | \$0               | \$15,312,549        |  |
| Multiplied by the Applicable Fraction  |                      | 100.00%                       | 100.00%           | 64.00%              |  |
| Total Qualified Basis  |                      | \$0                           | \$0               | \$9,800,031         | \$0                                      |
| Multiplied by the Applicable Percentage  |                      | 4.00%                         | 4.00%             | 9.00%               |  |
| MAXIMUM ELIGIBLE TAX CREDIT AMOUNT   |                      | \$0                           | \$0               | \$882,003           |  |
| TOTAL ELIGIBLE TAX CREDIT AMOUNT (ACQUISITION CREDITS + 4% CREDITS + 9% CREDITS) |                      |                               |                   | \$882,003           |  |
|  |                      |                               |                   |                     | Eligible Federal Historic Tax Credits    |
|  |                      |                               |                   |                     | Eligible State Historic Tax Credits      |
|  |                      |                               |                   |                     | Residential Portion Fed Historic Credits |

# XI. Proposed Sources of Funds

## Exhibit A-3

### Construction Financing / Bridge Loans / Equity proceeds during construction (DO NOT include deferred developer's fee)

| Lender / Source                            | Amount              | Interest Rate | Term (Months) |
|--|---------------------|---------------|---------------|
| MHDC                                       | \$7,900,533         | 2.750%        | 24            |
| Enter Non MHDC Construction Funding Below: |                     |               |               |
| Tax Credit Equity Paid During Construction | \$2,020,201         | N/A           | N/A           |
| MHDC Home                                  | \$500,000           | 1.000%        | 24            |
| CDBG Funds                                 | \$390,000           |               | 24            |
| CITY OF KC FUNDS                           | \$600,000           |               | 24            |
|  |                     |               |               |
|  |                     |               |               |
| <b>TOTAL</b>                               | <b>\$11,410,734</b> |               |               |

### Permanent Financing (Select order of lien position)

| Lender/Source     | Position | Amount    | Interest Rate | Amort. Period (Months) | Loan Term (Months) | Debt Type | Annual Debt Service |
|-------------------|----------|-----------|---------------|------------------------|--------------------|-----------|---------------------|
| MHDC HOME         | 2nd      | \$500,000 | 0.000%        |                        |                    | Soft      | \$0.00              |
| MHDC Fund Balance | 1st      | \$700,000 | 3.000%        | 360                    | 240                | Hard      | \$35,414.74         |
| MHDC Select       | Select   |           |               |                        |                    | N/A       | \$0.00              |
| MHDC Select       | Select   |           |               |                        |                    | N/A       | \$0.00              |
| MHDC Select       | Select   |           |               |                        |                    | N/A       | \$0.00              |
|                   | Select   |           |               |                        |                    | N/A       | \$0.00              |
| KCMO CDBG         | 3rd      | \$390,000 | 1.000%        |                        |                    | Soft      | \$0.00              |
| KCMO TRUST FUND   | 4th      | \$600,000 | 1.000%        |                        |                    | Soft      | \$0.00              |
|                   | Select   |           |               |                        |                    | N/A       | \$0.00              |
|                   | Select   |           |               |                        |                    | N/A       | \$0.00              |

You have a source with an interest rate greater than 0 and no entry for Amort Period or Loan Term. Please correct.

You have entered a source with a 0% or 'blank' interest rate. Please check to make sure this is correct.

### Missouri Housing Trust Fund

Please **DO NOT** use this form if you are **ONLY** applying for Missouri Housing Trust Funds.

AHAP Credit amount \$0 / 0.55 = \$0 (AHAP donation)

Will the AHAP donation be provided to the development as a loan or grant?

Select

(If provided as a loan, complete the financing information below)

|                             | Amount | Interest Rate | Amort. Period (Months) | Loan Term (Months) | Annual Debt Service |
|-----------------------------|--------|---------------|------------------------|--------------------|---------------------|
| AHAP Donation               | \$0    |               |                        |                    | \$0.00              |
| Missouri Housing Trust Fund | \$0    | Grant         | Grant                  | Grant              | \$0.00              |

### Sources Recap

| Source                               | Amount              |
|--------------------------------------|---------------------|
| Permanent Financing Proceeds         | \$2,190,000         |
| Federal LIHTC Equity Proceeds        | \$7,468,506         |
| State LIHTC Equity Proceeds          | \$2,632,500         |
| Federal Historic TC Equity Proceeds  | \$0                 |
| State Historic TC Equity Proceeds    | \$0                 |
| AHAP Donation Loan/Grant             | \$0                 |
| Missouri Housing Trust Fund Proceeds | \$0                 |
| General Partner Equity               | \$0                 |
| Deferred Developer's Fee             | \$49,228            |
| <b>Total Sources:</b>                | <b>\$12,340,234</b> |



# Exhibit A-4

Blue Hills Apartments

22-084-HMT

## 15 Year Cash-Flow Analysis (Income 2% Annual Increase - Expenses 3% Annual Increase - Replacement Reserves 3% Annual Increase)

|                             | Yr 1      | Yr 2      | Yr 3      | Yr 4      | Yr 5      | Yr 6      | Yr 7      | Yr 8      | Yr 9      | Yr 10     | Yr 11     | Yr 12     | Yr 13     | Yr 14     | Yr 15     |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total Potential Rent Income | \$410,460 | \$418,669 | \$427,043 | \$435,583 | \$444,295 | \$453,181 | \$462,245 | \$471,490 | \$480,919 | \$490,538 | \$500,348 | \$510,355 | \$520,563 | \$530,974 | \$541,593 |
| Other Income                | \$0       | \$0       | \$0       | \$0       | \$0       | \$0       | \$0       | \$0       | \$0       | \$0       | \$0       | \$0       | \$0       | \$0       | \$0       |
| Gross Potential Income      | \$410,460 | \$418,669 | \$427,043 | \$435,583 | \$444,295 | \$453,181 | \$462,245 | \$471,490 | \$480,919 | \$490,538 | \$500,348 | \$510,355 | \$520,563 | \$530,974 | \$541,593 |
| Vacancy Allowance           | \$28,732  | \$29,307  | \$29,893  | \$30,491  | \$31,101  | \$31,723  | \$32,357  | \$33,004  | \$33,664  | \$34,338  | \$35,024  | \$35,725  | \$36,439  | \$37,168  | \$37,912  |
| Effective Income            | \$381,728 | \$389,362 | \$397,150 | \$405,093 | \$413,194 | \$421,458 | \$429,888 | \$438,485 | \$447,255 | \$456,200 | \$465,324 | \$474,631 | \$484,123 | \$493,806 | \$503,682 |
| Operating Expenses          | \$279,000 | \$287,370 | \$295,991 | \$304,871 | \$314,017 | \$323,437 | \$333,141 | \$343,135 | \$353,429 | \$364,032 | \$374,953 | \$386,201 | \$397,787 | \$409,721 | \$422,013 |
| Replacement Reserves        | \$13,500  | \$13,905  | \$14,322  | \$14,752  | \$15,194  | \$15,650  | \$16,120  | \$16,603  | \$17,101  | \$17,614  | \$18,143  | \$18,687  | \$19,248  | \$19,825  | \$20,420  |
| Net Operating Income        | \$89,228  | \$88,087  | \$86,836  | \$85,470  | \$83,983  | \$82,371  | \$80,627  | \$78,747  | \$76,725  | \$74,554  | \$72,229  | \$69,742  | \$67,088  | \$64,260  | \$61,249  |
| Less Debt Service           | \$35,415  | \$35,415  | \$35,415  | \$35,415  | \$35,415  | \$35,415  | \$35,415  | \$35,415  | \$35,415  | \$35,415  | \$35,415  | \$35,415  | \$35,415  | \$35,415  | \$35,415  |
| DCR                         | 2.52      | 2.49      | 2.45      | 2.41      | 2.37      | 2.33      | 2.28      | 2.22      | 2.17      | 2.11      | 2.04      | 1.97      | 1.89      | 1.81      | 1.73      |
| Cash Flow                   | \$53,813  | \$52,673  | \$51,422  | \$50,055  | \$48,568  | \$46,956  | \$45,212  | \$43,332  | \$41,310  | \$39,139  | \$36,814  | \$34,327  | \$31,673  | \$28,845  | \$25,834  |

## Uses of Cash Flow

| Description             | Yr 1     | Yr 2     | Yr 3     | Yr 4     | Yr 5     | Yr 6     | Yr 7     | Yr 8     | Yr 9     | Yr 10    | Yr 11    | Yr 12    | Yr 13    | Yr 14    | Yr 15    |
|-------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 1.                      |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| 2.                      |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| 3.                      |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| 4.                      |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| 5.                      |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Distributable Cash Flow | \$53,813 | \$52,673 | \$51,422 | \$50,055 | \$48,568 | \$46,956 | \$45,212 | \$43,332 | \$41,310 | \$39,139 | \$36,814 | \$34,327 | \$31,673 | \$28,845 | \$25,834 |

**Deferred Dev Fee: \$49,228**

# HOME Unit Analysis

Exhibit A-5

|                    |                       |
|--------------------|-----------------------|
| Development Number | 22-084-HMT            |
| Development Name   | Blue Hills Apartments |
| Development County | Jackson               |

|       |                        |
|-------|------------------------|
| Date  | 1/6/2023               |
| Stage | Conditional Commitment |

## HOME-Assisted Unit Calculation

|                               |                     |
|-------------------------------|---------------------|
| Total Development Costs       | \$12,340,234        |
| less off-site costs           | \$0                 |
| less accessory building       | \$250,000           |
| less application fee          | \$2,000             |
| less MHDC Fees                | \$164,805           |
| less FF+E                     | \$30,000            |
| less const review & appraisal | \$11,500            |
| less reserves                 | \$212,000           |
| <b>Eligible HOME Costs</b>    | <b>\$11,669,929</b> |

|                   |                  |
|-------------------|------------------|
| MHDC HOME         | \$500,000        |
| Non-MHDC HOME     |                  |
| <b>Total HOME</b> | <b>\$500,000</b> |

**HOME funding %** **4.28%**

| Unit Method        | Development Units | HOME-Assisted Units |
|--------------------|-------------------|---------------------|
| 0 Bedroom Units    |                   | 0                   |
| 1 Bedroom Units    |                   | 0                   |
| 2 Bedroom Units    | 24                | 2                   |
| 3 Bedroom Units    | 21                | 1                   |
| 4 Bedroom Units    |                   | 0                   |
| 5 Bedroom Units    |                   | 0                   |
| <b>Total Units</b> | <b>45</b>         | <b>3</b>            |

| Cost Method     | Elevator 221(d)3 Limit | Maximum HOME Amount |
|-----------------|------------------------|---------------------|
| 0 Bedroom Units |                        | \$0                 |
| 1 Bedroom Units |                        | \$0                 |
| 2 Bedroom Units | \$250,530              | \$501,060           |
| 3 Bedroom Units | \$324,105              | \$324,105           |
| 4 Bedroom Units |                        | \$0                 |
| 5 Bedroom Units |                        | \$0                 |
| <b>Total</b>    |                        | <b>\$825,165</b>    |

|                              |          |
|------------------------------|----------|
| <b>Additional HOME Units</b> | <b>0</b> |
| <b>Total HOME Units</b>      | <b>3</b> |
| <b>MHDC HOME Units</b>       | <b>3</b> |
| <b>Non-MHDC HOME Units</b>   | <b>0</b> |

## HOME-Assisted Units

|                            |          |
|----------------------------|----------|
| High HOME Units            | 3        |
| Low HOME Units             | 0        |
| <b>HOME-Assisted Units</b> | <b>3</b> |

| Gross Rent Limits | Low HOME Rent Limit | High HOME Rent Limit |
|-------------------|---------------------|----------------------|
| Jackson County    |                     |                      |
| 0 Bedroom Units   |                     |                      |
| 1 Bedroom Units   |                     |                      |
| 2 Bedroom Units   | \$1,030             | \$1,030              |
| 3 Bedroom Units   | \$1,258             | \$1,365              |
| 4 Bedroom Units   |                     |                      |
| 5 Bedroom Units   |                     |                      |

- 12 or more HOME-assisted units trigger Davis-Bacon.
- HOME units must be distributed proportionately between bedroom types.
- Low-HOME units need not be distributed proportionately between bedroom types.
- Low-HOME units must be affordable to and occupied by households at or below 50% of the area median income.
- High-HOME units must be affordable to and occupied by households at or below 60% of the area median income.
- Total HOME units are calculated by taking the home funding % multiplied by the number of each unit type, then this # is used with the 221(d)3 limit to come up with a maximum HOME amount. If this results in a max HOME amount less than the total HOME, HOME units are added.



## Exhibit B: Environmental Requirements Memo

Approved Federal Funded Development

### General Information

|                                     |                      |                      |                |
|-------------------------------------|----------------------|----------------------|----------------|
| <b>Date:</b>                        | 12/12/2022           |                      |                |
| <b>Exhibit B Amended on:</b>        |                      |                      |                |
| <b>Development #:</b>               | 22-084-HMT           |                      |                |
| <b>Development Name:</b>            | Blue Hills Townhomes |                      |                |
| <b>Environmental Administrator:</b> | Jason Cline          | jason.cline@mhdc.com | (816) 759-2888 |
| <b>Underwriter:</b>                 | Rob Lovell           |                      |                |
| <b>Funding Sources:</b>             | HOME:                | Yes                  |                |
|                                     | HOME-ARP:            |                      |                |
|                                     | NHTF:                |                      |                |

### Development Information

|                                    |                  |
|------------------------------------|------------------|
| <b>Development Type:</b>           | New Construction |
| <b>Planned Occupancy:</b>          | Family           |
| <b>Original Construction Date:</b> | N/A              |
| <b># of Existing Buildings:</b>    | N/A              |
| <b>Demolition:</b>                 | No               |
| <b>Multi-phase Project:</b>        | No               |

### Environmental Review Information

|                                       |                   |
|---------------------------------------|-------------------|
| <b>Level of Review Determination:</b> | EA                |
| <b>Applicable Regulation:</b>         | 24 CFR part 58.36 |

Please review all information included in this memo and notify your assigned Environmental Administrator if you have conflicts or questions.

### Items for Submission to MHDC

Below is a list of items required in order to begin work on the Environmental Review. All items are due by February 28, 2023.

**Partner Worksheets:** Please submit the completed partner worksheet for each requirement listed below, and include applicable exhibits and maps from State and/or Federal sources. If information consultation is required, MHDC will complete as noted below.

- ☐ Airport Hazards
- ☐ Flood Insurance
- ☐ Clean Air Act
- ☐ Contamination and Toxic Substances
- ☐ Endangered Species
  - *Consultation:* MHDC will complete any applicable informal consultation.
- ☐ Environmental Justice

- ☐ Explosive and Flammable Operations
- ☐ Farmland Protection Policy Act
  - *Consultation:* MHDC will complete any applicable informal consultation.
- ☐ Floodplain Management
- ☐ Historic Preservation
  - *Consultation:* Include prepared Section 106 application and submit to MHDC. MHDC will complete the submission of application to the SHPO.
- ☐ Wetland Protection
- ☐ Wild and Scenic Rivers
  - *Consultation:* MHDC will complete any applicable informal consultation.

#### Reports:

- ☐ **Phase I Environmental Site Assessment (ESA) – in accordance with ASTM E1527-21 or current version**
  - Phase II ESA (if applicable) – in accordance with ASTM E1903-19 or current version
- ☐ **Lead Based Paint (LBP) Report – 24 CFR Part 35**
  - Required for structures built prior to January 1, 1978 in concurrence with HUD regulations
- ☐ **Asbestos Report – 24 CFR part 50.3**
  - Required for all structures on the property that will be demolished and rehabbed in concurrence with HUD regulations.
- ☐ **Radon Report – in accordance with HUD MAP 9.5.C or current version**
  - Required for all developments
- ☐ **Storm Water Pollution and Prevention Plan (SWPPP)**
  - Any site disturbing more than one acre of ground must obtain a Land Disturbance Permit [LDP] from the Missouri Department of Natural Resources (MDNR).

*For detailed information about each of the above listed requirements, please reference MHDC Form 1400: Environmental Review Guide: <https://mhdc.com/programs/hud-programs/environmental-review/>.*

#### Submission Guidance:

- All required documents should be submitted directly to your assigned Environmental Administrator, with CC to your assigned Underwriter.
- Please provide an electronic copy of each required document.
- Reference the MHDC Development Number (as listed above) on all documents.

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#### CONSULTATION:

Contact with state, federal and non-state/federal agencies must remain between MHDC and the agency. The developer or any part of the developer team must not contact any state, federal or other agency related to the Environmental Review process. MHDC must approve all formal consultations.

#### PROJECT SCOPE OF WORK:

If there are any changes to the scope of work, contact your assigned Environmental Administrator as soon as possible. If new circumstances and/or environmental conditions arise, or if site alternatives not considered originally are selected, these changes must be reassessed and the original finding reviewed for validity. In most cases resubmissions to the state, federal, and non-state/federal agencies will be required.

### CHOICE LIMITING ACTIONS:

HUD's regulations at 24 CFR part 58.22 prohibit developers and their partners from committing or spending HUD or non-HUD funds on any activity that could have an adverse environmental impact or limit the choice of reasonable alternatives prior to completion of an environmental review once a project has become "federal." This is known as "choice-limiting actions" which prohibits physical activity, including acquisition, rehabilitation, and construction, as well as contracting for or committing to any of these actions.

However, when the proposal is to receive **federal funding** the developer will need to cease further choice-limiting actions on the project, beginning when application is made to MHDC and up until the point the environmental review process is complete and HUD Release of Funds has been obtained. However, MHDC and HUD would prefer choice limiting actions to cease prior to submission of the application. These choice limiting actions including acquiring, leasing, repairing, rehabilitating, converting, or demolishing properties or undertaking any construction or pre-construction activities prior to environmental clearance. Federal and non-federal monies must not be committed to the project or any part of the project.

# 2022 FIRM SUBMISSION CHECKLIST MHDC LOANS

# EXHIBIT "C"

DEVELOPMENT NAME \_\_\_\_\_  
 DEVELOPER \_\_\_\_\_  
 UNDERWRITER \_\_\_\_\_

MHDC # \_\_\_\_\_  
 FIRM SUBMISSION DATE \_\_\_\_\_

Type "X" if item is provided, "N/A" if item is not applicable.

**Note: Please refer to Exhibit E previously sent with the Conditional Reservation for details of Firm Submission Checklist items. Please email the Firm Submission to your underwriter. Please note the only hard copy item required is the full size survey and surveyor's report. All others items are electronic only.**

Electronic  
Version

Hardcopy  
Version

|           |  |                                  |                  |
|-----------|--|----------------------------------|------------------|
| _____ 1a  | FIN-100 (Signed)   | PDF and Excel                    |                  |
| _____ 1b  | Exhibit A to the #2013 (if applicable to explain changes in operating expenses from Conditional and/or to explain other underwriting matters as needed)                      | Word or Excel                    |                  |
| _____ 2   | FIN-101 Identity of Parties  | Word and PDF                     |                  |
| _____ 3   | Signature blocks (architect, contractor, title company, investors and owner if changes have occurred since conditional reservation)  | Word                             |                  |
| _____ 4   | Organizational documents for the owner and partner/member entities   | PDF (for all documents under #4) |                  |
|           | <b>A. Mortgagor/Ownership Entity</b>   |                                  |                  |
|           | i. _____ Certificate of LP/Organization  |                                  |                  |
|           | ii. _____ LPA or Operating Agreement   |                                  |                  |
|           | iii. _____ Certificate of Good Standing  |                                  |                  |
|           | iv. _____ Articles of Organization/Incorporation (if applicable)   |                                  |                  |
|           | <b>B. GP / Managing Member (Please repeat for every entity that is not a natural person)</b>   |                                  |                  |
|           | i. _____ Certificate of LP/Organization v. _____ LPA, Operating Agreement or Bylaws  |                                  |                  |
|           | ii. _____ Articles of Incorporation / _____ as appropriate for type of legal structure Organization (if applicable)  |                                  |                  |
|           | iii. _____ Operating Agreement or Bylaws _____ as appropriate for type of legal structure  |                                  |                  |
|           | iv. _____ Certificate of Good Standing   |                                  |                  |
| _____ 5   | Certificates of Good Standing  |                                  |                  |
|           | A. _____ Architect C. _____ Title Company  | PDF                              |                  |
|           | B. _____ General Contractor D. _____ Management Company  | PDF                              |                  |
|           | E. _____ Surveyor F. _____ Environmental Firm  | PDF                              |                  |
| _____ 6   | Site control   | PDF                              |                  |
| _____ 7a  | Title commitment   | PDF                              |                  |
| _____ 7b  | Title commitment exception documents   |                                  |                  |
| _____ 8a  | Full-sized Survey  |                                  | Submit Hard Copy |
| _____ 8b  | Surveyor's Report (form HUD-91073M, or most current form - signed)   |                                  | Submit Hard Copy |
| _____ 9   | MHDC 3345: Plan Review Worksheet   | PDF and Excel                    |                  |
| _____ 10  | Site plan (Number each residential building 1, 2, 3, etc., if single-family homes, indicate market units with "MKT", label streets and clearly mark the property boundaries. | PDF                              |                  |
| _____ 11a | Full-size plans  | MHDC Hightail only               |                  |
| _____ 11b | Specifications   | MHDC Hightail only               |                  |
| _____ 12  | Scope of Work (only required if different from application's Scope of Work)  | MHDC Hightail only               |                  |
|           | <b><u>Note: Submittal of incomplete Plans &amp; Specs. will be set aside untill a complete set is provided</u></b>   |                                  |                  |
| _____ 13  | Development Characteristics Worksheet (Signed)   | PDF                              |                  |
| _____ 14  | Termite inspection report or MHDC Termite Certification  | PDF                              |                  |
| _____ 15  | Contruction Contract (If MHDC is NOT in the First Lien Position)   | PDF                              |                  |
|           | <b>Note:</b> If using the AIA form of construction contract, you must use the AIA A102, amended to incorporate all MHDC required language for the construction contract      |                                  |                  |
| _____ 16  | Equal Opportunity Certification (HUD 92010) (Signed)   | PDF                              |                  |
| _____ 17  | FIN-115: Mortgagor's and Contractor's Cost Breakdown (Signed)  | PDF and Excel                    |                  |
| _____ 18  | FIN-150: Construction Draw Schedule  | Excel                            |                  |
| _____ 19  | Updated financing commitments (Signed)   | PDF                              |                  |
| _____ 20  | Asset Management Documents   |                                  |                  |

## 2022 FIRM SUBMISSION CHECKLIST MHDC LOANS

## EXHIBIT "C"

DEVELOPMENT NAME \_\_\_\_\_  
 DEVELOPER \_\_\_\_\_  
 UNDERWRITER \_\_\_\_\_

MHDC # \_\_\_\_\_  
 FIRM SUBMISSION DATE \_\_\_\_\_

Type "X" if item is provided, "N/A" if item is not applicable.

**Note: Please refer to Exhibit E previously sent with the Conditional Reservation for details of Firm Submission Checklist items. Please email the Firm Submission to your underwriter. Please note the only hard copy item required is the full size survey and surveyor's report. All others items are electronic only.**

Electronic  
Version

Hardcopy  
Version

|           |   |                    |
|-----------|---|--------------------|
| _____ 20a | Exhibit A-2: Universal Entity Management Certification <b>(Signed)</b>        | PDF                |
| _____ 20b | Exhibit J: Authorized Representative Designation <b>(Signed)</b>              | PDF                |
| _____ 20c | Exhibit J-1: Management Authorized Representative Designation <b>(Signed)</b> | PDF                |
| _____ 20d | Exhibit L: Property Information Sheet   | PDF                |
| _____ 21  | Affirmative Fair Housing Marketing Plan <b>(Signed)</b>                       | PDF                |
| _____ 22  | PHA-approved utility allowance information                                    | PDF                |
| _____ 23  | Management/Maintenance Plan   | PDF or Word        |
| _____ 24  | Proposed lease agreement  | PDF                |
| _____ 25  | Lease-up narrative and budget (include FIN-117)                               | PDF, Excel or Word |
| _____ 26  | <b>Service-enriched and Set-aside Documents</b>                               |                    |
| _____ 26a | Service-enriched housing documentation  | PDF or Word        |
| _____ 26b | Set-Aside Preference / IEH housing documentation                              | PDF or Word        |
| _____ 27  | Relocation documents (Stage 2)  | PDF                |
| _____ 28  | Tax abatement, PILOT information  | PDF                |
| _____ 29  | Section 3 plan (If Applicable)  | PDF or Word        |
| _____ 30  | Homeownership plan  | PDF or Word        |
| _____ 31  | Legal Description   | WORD & PDF         |
| _____ 32  | <b>MBE/WBE Documents</b>  |                    |
| _____ 32a | MBE/WBE Detailed Utilization Plan <b>(Signed)</b>                             | WORD & PDF         |
| _____ 32b | Schedule of Participation (list of hard and soft costs MBE/WBE used)          | Excel              |
| _____ 32c | Copy of current Certifications for MBE/WBE firms to be utilized               | PDF                |

Participant Conduct Certification

TO: Executive Director  
Missouri Housing Development Commission ("MHDC")  
920 Main Street, Suite 1400  
Kansas City, Missouri 64105

Development Name: BLUE HILLS Apartment  
Location: KANSAS CITY, Missouri  
Development Number: J 22-084 (together the "Development")

Dear Executive Director:

The Development was approved by the MHDC at their meeting December 9, 2022. The Development was approved to receive funding in the form of a loan(s), bond issuance, federal Low Income Housing Tax Credits, state Low Income Housing Tax Credits or any combination of loan(s), bond issuance and/or tax credits (collectively or individually, the "Funding") conditioned upon and according to the terms set forth in the conditional reservation agreement, as may be amended from time to time and to which this Agreement is attached and incorporated into, as may be amended from time to time ("Conditional Reservation Agreement"). Furthermore, in order to induce MHDC to countersign the Conditional Reservation Agreement, MHDC requires the undersigned to execute this Participant Conduct Certification ("Agreement").

The undersigned certifies and agrees to the following:

1. That the undersigned possesses the proper authority to legally obligate the ownership entity which applied to MHDC and was selected for funding vis-à-vis the Development and is now responsible for its construction and operation. In the event the undersigned is not the proper and legal representative of the Development ownership, this Agreement shall be null and void and shall result in the failure of a condition precedent necessary to the Conditional Reservation Agreement.
2. That on September 17, 2010, the MHDC passed a revised workforce eligibility policy ("WEP"). This revised WEP 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. The WEP is represented in the 2010 Workforce Compliance Handbook effective as of September 17, 2010 ("2010 WCH") (the WEP and 2010 WCH are collectively referred to as the "MHDC Workforce Eligibility Policy") and that to the extent there are any inconsistent provisions between the WEP and the 2010 WCH, the 2010 WCH shall prevail. Owner further acknowledges the existence of and agrees to be bound by the MHDC Workforce Eligibility Policy. The MHDC Workforce Eligibility Policy is attached hereto and incorporated herein by reference (see Appendix "A"). The undersigned acknowledge that they have reviewed the MHDC Workforce Eligibility Policy and agree to abide by its provisions during the term of the Development regardless of the form or timing of Development Funding.
3. That best efforts shall be employed to use local vendors, suppliers, contractors and laborers when available and feasible.



4. That the undersigned has disclosed all Identity of Interest relationships (for definition of Identity of Interest please see Appendix "B") which existed at the time of application for the Development. Furthermore, the undersigned agrees to disclose any Identity of Interest which may come into being during the life of the Development including, but not limited to those between any member or the Development team, including but not limited to relationships between the owner/developer and the architect, managing agent, attorneys, and syndicators as well as between the contractor and all subcontractors, suppliers and vendors. Any Identity of Interest between the contractor and any subcontractor must be identified regardless whether or not there is an Identity of Interest between the owner/developer and the contractor. All Identity of Interest relationships must be disclosed as they arise on the MHDC form FIN-101 and provided to the MHDC underwriter assigned to the Development.
5. Any individual or entity which is awarded Missouri state and/or Federal low income housing tax credits ("LIHTC") and does not buy and sell LIHTC from unrelated awardees cannot resell their ownership interest for an amount greater than their contribution to the development, unless the full gain from the sale directly benefits the development as reflected in the sources and uses. Any individual or entity which violates this provision may, in the sole discretion of MHDC, be barred from further participation in any rental production programs and from responding to future NOFAs.
6. That failure to abide by any provision in this Agreement, may, in the sole discretion of MHDC, result in the non-allocation or revocation of Funding, in whole or in part.

ATTEST/WITNESS:

OWNER:

By: 

By: 

Date: 1.11.23

Date: 1.11.23

# Requirements for MHDC-Approved Developments

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## 2022 NOFA

## INTRODUCTION

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Congratulations on your award of MHDC financing. Within this document you will find the FY 2022 Requirements for MHDC Financed Developments. All requirements do not apply to each development. An effort has been made to indicate what types of financing structures must meet a specific requirement, but you are responsible for discussing requirements specific to your development with your underwriter.

### Waivers

Waivers of some requirements, deadlines or documents may be allowed at the sole discretion of MHDC. Certain requirements, deadlines and documents cannot be waived under any circumstance. A request for a waiver of any requirement or deadline should be submitted to your underwriter as soon as possible and in no event later than two weeks before the date in which the requirement or deadline is scheduled. The first step in requesting a waiver is to contact your underwriter to discuss the situation. Waivers will be granted only for good cause as determined in the sole opinion of MHDC. Waiver forms may be found at [www.mhdc.com](http://www.mhdc.com). FY-2022 Firm Submission Documents and Guidelines will be posted by February 3, 2023. (**Note:** Please use the “Request for Waiver” form if you need to request a waiver and NOT the “Application Waiver” form).

### Requirements

This document covers the important requirements and deadlines regarding your financing with MHDC. However, it may not be a complete list of the requirements that apply to your development. MHDC reserves the right to add further requirements as is necessary to meet the laws and regulations that govern your financing and MHDC’s own policies and procedures for the creation of affordable housing. This document specifically covers the following:

|  |           |
|--|-----------|
| <b>Carryover Requirement.....</b>                          | <b>2</b>  |
| <b>42(m) Requirement.....</b>                              | <b>5</b>  |
| <b>Environmental Review Requirement .....</b>              | <b>7</b>  |
| <b>Firm Submission Requirement .....</b>                   | <b>13</b> |
| <b>Section 3 Requirement.....</b>                          | <b>22</b> |
| <b>MBE/WBE Requirement.....</b>                            | <b>23</b> |
| <b>Relocation Requirement .....</b>                        | <b>26</b> |
| <b>Construction Period Requirement .....</b>               | <b>28</b> |
| <b>Financing Requirement .....</b>                         | <b>31</b> |
| <b>Participant Conduct Certification Requirement .....</b> | <b>37</b> |

## CARRYOVER REQUIREMENT

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### Does this apply to me?

All developments receiving a reservation of 9% Federal Low Income Housing Tax Credits must meet the carryover requirement to receive an allocation of credits. For developments with 9% Credit reservations which are receiving an allocation of State Low Income Housing Tax Credits, a signed State Low Income Housing Tax Credit Carryover Allocation Agreement is required.

### What do I have to do?

#### *Carryover Allocation Agreement*

A development receiving a conditional reservation of low-income housing tax credits ("LIHTC") must satisfy the requirements for a federal carryover allocation (as defined by Treasury Regulation § 1.42-6). The following items must be received in MHDC's Kansas City office and approved by MHDC staff:

#### 1. Tax Credit Fee

A check equal to 7% of the annual federal tax credit amount must be remitted. Please make the check payable to MHDC, include the development number and the development name on the check, and submit it with the executed Firm Commitment.

If you would like to transmit the fee by wire transfer, please contact Donna Lawhon (816.759.7220 or [dlawhon@mhdc.com](mailto:dlawhon@mhdc.com)) for wiring instructions.

If MHDC is providing additional funding (i.e. Fund Balance Loan, HOME, NHTF, etc.) and draw requests will be processed through MHDC's Construction Disbursement Department, the Tax Credit Fee can be included on the initial draw.

If, at cost certification, the amount of the annual federal credit increases by \$1,000 or more, a check for 7% of such increase will be due. Such additional amount must be received prior to the issuance of 8609s. If, at cost certification, the amount of the 4% LIHTC decreases, no refund will be given.

#### 2. Firm Submission

A complete firm submission package must be submitted to your underwriter before 4:30 p.m. CST on March 31, 2023.

#### 3. Carryover Allocation Agreement

The Federal and State Carryover Allocation Agreement will be executed with the Firm Commitment for Federal Low-Income Housing Tax Credits and State Low-Income Housing Tax Credits. The date the Federal Carryover Allocation Agreement is fully-executed, is the Effective Date. Any necessary changes to the Carryover Allocation Agreements may result in a modification. All modifications will be made once the Firm Commitment has been executed.

#### 4 Investor

All sources of tax-credit equity listed in the updated FIN-100 must have a commitment letter. The commitment letters must include the amounts, timing of capital contributions, reserve requirements, terms and fees associated with equity contributions. A minimum of 10% of tax credit equity must be invested in the development at closing and at least an additional 10% must be invested at or before 50% of construction completion for all MHDC approved developments.

Please see the *MHDC Guidelines for Preliminary Financing Commitments* in Developer's Guide located on MHDC's website for further details.

Failure to meet these deadlines may result in the rescission of any and all types of financing provided for in the carryover allocation agreement and conditional reservation agreement or in future agreements between MHDC and the owner regarding the development.

#### *Carryover 10% Test Submission:*

Internal Revenue Code ("IRC") § 42(h)(1)(E)(ii) requires that a minimum expenditure of 10% of the reasonably expected basis be made no later than twelve months after the Effective Date of the carryover allocation ("10% Test"). You must submit the following documentation no later than the end of the thirteenth month after the effective date in order to demonstrate that the required expenditure has been met. Staff recommends that the 10% test be completed and submitted following construction closing as soon as the 10% test is achieved. For example: If MHDC signs a Carryover Agreement on December 20, 2023, which becomes the Effective Date, the 10% test must be made no later than December 19, 2024, and must be submitted to MHDC on or before January 31, 2025.

Staff recommends the 10% Test be completed and submitted as soon as the 10% test is achieved.

#### *10% Test Submission Requirements*

##### 1. MHDC Form 3341: Development Financing Certification

Form 3341 completed by the owner of the development must be submitted electronically in excel format to LIHTC@mhdc.com. Please make sure the information on the 3341 is as accurate and as descriptive as possible.

2. MHDC Form 3342 Exhibit B: Owner Certification 10% Requirement of Reasonably Expected Basis and Costs Incurred

3. MHDC Form 3343: Carryover Allocation Fiduciary Certificate

An executed original form 3343 completed by a qualified professional unaffiliated with the ownership entity or consultant. An executed original Form 3342 Exhibit B completed by the owner of the development. In addition to submitting the original this form must also be submitted to [LIHTC@mhdc.com](mailto:LIHTC@mhdc.com) electronically in excel format.

4. Recorded Warranty Deed/Lease

**The recorded Warranty Deed/Lease must be submitted to [LIHTC@mhdc.com](mailto:LIHTC@mhdc.com) in PDF format.**

5. Note(s) and Recorded Deed(s) of Trust for non-MHDC Loan

**If applicable to the project the document(s) must be submitted to [LIHTC@mhdc.com](mailto:LIHTC@mhdc.com) in PDF format.**

*Placement in Service:*

A development receiving a carryover allocation in FY2023 is required by IRC § 42(h)(1)(E)(i) to complete the development and place it in service no later than December 31, 2025.

Timely progress toward completion of the development is a continuing condition of the carryover allocation.

The compliance monitoring fee of \$300 per LIHTC/-workforce/employee housing unit is due at the time when the last building in the development is placed in service.

*Cost Certification/8609:*

A cost certification for the owner and contractor that meets all the requirements of the *Cost Certification Guide* (MHDC Form 3300) must be submitted at the appropriate time. A request for issuance of IRS Form 8609 should be submitted to MHDC no later than the last day of the second full month following the date of substantial completion for the last building in the development. For example, if substantial completion of the last building in a development is May 15, then the cost certification should be submitted no later than July 31.

MHDC will not issue 8609s until all due diligence checklist items have been received and approved by MHDC; and if there is a loan from MHDC, MHDC will not issue 8609s until conversion of the loan to permanent status has occurred.

### **What if I have questions?**

Please direct any questions you have regarding the carryover process to MHDC's Tax Credit Administrator, Sabrina Smith (816-759-6833 or [ssmith@mhdc.com](mailto:ssmith@mhdc.com)), MHDC's Tax Credit Specialist, Donna Lawhon (816.759.7220 or [dlawhon@mhdc.com](mailto:dlawhon@mhdc.com)), or to your underwriter.

## **TAX CREDIT AUTHORIZATION AGREEMENT**

---

### **Does this apply to me?**

4% Credit developments that receive a conditional reservation of Federal LIHTC must sign a Federal 4% Tax Credit Authorization Agreement. For developments with 4% Credit reservations which are receiving an allocation of State LIHTC, a signed State 4% Authorization Agreement will be required.

### **What is it?**

The Federal 4% Authorization defines the estimated amount of Federal LIHTC that will be allocated at 8609 issuance authorized to the development, the low-income unit set-asides, the percentages of median income to be served, the special housing needs or vulnerable persons units committed to, if any, the Building Identification Number(s)(BINs), and any other such requirements as MHDC may choose to include.

### **When is it due?**

The Federal and State Tax Credit Authorization Agreements will be sent with the Firm Commitment. The Agreement must be executed prior to construction closing.

## **42(m) LETTER REQUIREMENT**

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### **Does this apply to me?**

The 42(m) letter requirement applies to all tax-exempt bond financed developments seeking an allocation of 4% LIHTC. However, not all of the requirements listed below will apply to every project.

## **What is it?**

The 42(m) letter is generally required by the tax credit investor to ascertain that the housing credit allocating agency has determined that the apartment complex satisfies the requirements for the allocation of Tax Credit dollar amounts approved under the Qualified Allocation Plan for the fiscal year in which the development was approved.

The request is made by the tax exempt bond issuing entity, i.e., the Industrial Development Authority (IDA) of the City in which the development is located. The IDA will request that, as permitted by Treasury Regulation § 1.42-17(a)(6), the Missouri Housing Development Commission make the determinations required under IRC § 42(m)(2)(D) and Treasury Regulations § 1.42-17(a)(3), (4) and (5).

## **When is it due?**

The items required for MHDC review prior to issuing a 42(m) letter must be received no later than seven business days prior to bond closing.

## **What do I have to do?**

Each of the following items must be submitted as noted below or have been issued as part of the MHDC firm commitment process:

### **1. Original Issuer Request Letter**

You must provide an original letter from the issuing bond agency requesting that MHDC make a determination pursuant to IRC § 42(m). The letter must be on IDA letterhead and include the bond amount being issued, the correct mailing address of the IDA and the printed name of the letter's signatory.

### **2. Copy of MHDC Firm Commitment**

A 42(m) letter will not be issued if the firm commitment has not been issued. Please see the requirements for firm submission and contact your underwriter if you have questions.

### **3. Executed FIN-100**

An executed original FIN-100 with the final numbers and assumptions must be provided.

### **4. Tax Credit Fee**

A check equal to 7% of the annual federal 4% LIHTC amount shown in the Firm Commitment must be received by MHDC with the executed Firm Commitment. The check



should be made payable to MHDC and the development number and name should be included on the check.

If you would like to transmit the fee by wire transfer, please contact Donna Lawhon (816.759.7220 or [dlawhon@mhdc.com](mailto:dlawhon@mhdc.com)) or Sabrina Smith (816.759.6833 or [ssmith@mhdc.com](mailto:ssmith@mhdc.com)) for wiring instructions.

If MHDC is providing additional funding (i.e. Fund Balance Loan, HOME, NHTF, etc.) and draw requests will be processed through MHDC's Construction Disbursement Department, the Tax Credit Fee can be included on the initial draw.

For tax exempt bond developments, the Tax Credit Allocation Fee equal to 7% of the annual federal credit reservation amount is due with the request for a 42(m) letter prior to construction closing.

#### 5. Acquisition Credit Legal Opinion

If you intend to claim the acquisition credit, you must provide an opinion letter from an attorney regarding the property's eligibility to receive the acquisition credit. The letter can be addressed only to MHDC or it may be addressed to the partners in the ownership entity *and* to MHDC. The opinion must state that the attorney has reviewed the circumstances of the property for the ten-year period prior to its acquisition and must give specific and detailed reasons why the property will qualify for the acquisition credit pursuant to requirements of the IRC, as amended, including:

- The existing building(s) must be acquired by purchase as defined in IRC § 179(d)(2);
- There must be a period of at least ten years between the date of acquisition and the date the building(s) was/were last placed in service (IRC § 42(d)(2)(B)) unless the property meets other requirements that exempt it from the ten-year rule (IRC § 42(d)(6));
- The acquisition must meet rules regarding transfers to related parties (IRC § 42(d)(2)(D));
- The existing building(s) must qualify for rehabilitation credits (IRC § 42(e)); and
- Any exceptions described in detail that allow acquisition credits.

### **ENVIRONMENTAL REVIEW REQUIREMENT**

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#### **Does this apply to me?**

Yes. All developments that receive a conditional reservation must undergo an environmental review. MHDC staff shall provide the owner with a follow-up memo stating any mitigating conditions that must be met prior to the completion of construction.

## **Items to make note of for 2022**

(Federal Funds)

ALL documentation pertaining to the environmental review process (including pre and post construction) for approved developments with MHDC authorized federal funds are required to be uploaded into the Department of Housing and Urban Development Environmental Review Online System (HEROS).

- MHDC will provide developers with the Environmental Review Checklist (Exhibit B attached to the Commission Approval Letter) which provides specific details of the level of review and required submissions for each development.
- Developers will be responsible for completing and submitting required documentation for review and comment. Corrections are the responsibility of the Developer's Environmental Analyst.
- Completed reviews will be uploaded into HEROS by the MHDC Reviewer
- Non-federally funded developments will not be subject to the MHDC Environmental review process nor the HEROS System.
- Developments that include in whole or in part National Housing Trust Fund (HTF) are subject to an environmental review by MHDC and the MHDC Environmental. Presently, developments with only HTF funding will not be uploaded into HEROS.

These major changes will be a work in progress between the Developer, Analyst, and MHDC Reviewer. Providing what HUD and other regulatory agencies require is the goal.

The following potential issues with a development site must be evaluated and mitigated / abated per HUD regulations, whether or NOT federal funds are involved. These potential issues are lead-based paint, asbestos, vapor encroachment, radon, and Phase I and II ESA.

## **When is it due?**

A copy of the environmental review submission items is due February 28, 2023. This timeline is essential for developments receiving HOME or Risk Share insurance in order to complete the review, advertising, and HUD authorization process prior to firm commitment.

## **What do I have to do?**

The following items must be sent to the assigned Environmental Administrator by the deadline to meet the environmental review requirement. Please note that some items might not be applicable to your development. If you are unsure about what applies to you or what

you have previously submitted, please contact your underwriter to confirm what is required of your development. The items listed below are described in greater detail in the most current version of the *MHDC Developer's Guide to the Environmental Review Process* (MHDC Form 1400) located on the MHDC website as may be amended from time-to-time.

**Special Note: Multiple Phase Developments:** Developments located on large parcels planned to be divided into successive phases ***must have all environmental review reports performed for the entire site*** including all current and planned phases.

It is common for developers to seek financing from MHDC while planning large-scale, multifamily developments, with the intent to split this master development into two or more staged phases. According to 24 CFR § 58.32, HUD requires that multiple phase developments be considered in the aggregate and undergo a comprehensive environmental review prior to the commencement of the initial phase. **Whether the initial development phase is funded with federal funds or not, the environmental review must be performed on the entire site at the inception of the first phase in order to make future phases eligible for federal funding.**

**FEMA Flood Zone Area Map:** The map(s) must include the referenced area, community panel number and date. Maps should be the most current versions with site location(s) marked. You may alternatively provide a determination letter from FEMA that states whether the site is located in a floodplain. If the map or FEMA determination letter is not available for the development location, other evidence acceptable to MHDC showing the location is or is not prone to flooding must be submitted. If you need to use other evidence, MHDC must approve the submission.

**Phase I Environmental Site Assessment (ESA):** An initial determination as to the presence of hazardous substances.

- Refer to the HUD website for specific requirements.
- The Phase I ESA must be prepared in accordance with the requirements of the current version of ASTM E 1527 "Standard Practice for Environmental Site Assessments, Phase I Environmental Site Assessment Process" Use the format as specified in Appendix X4 and HUD requirements.
- Must incorporate a vapor encroachment screen (VEC).
  - If the Phase I recommends additional research or a Phase II report, this documentation must be provided as well as soon as possible. Any Phase II ESA must be compliant with HUD.

**Utility Letters:** You must submit a letter from each service provider of the following utilities that are applicable to your development: electricity, natural gas, water and storm water/sewer.

Comprehensive and Neighborhood Plan Compliance: You must submit a letter from the local municipality that indicates the proposed development conforms to any comprehensive and/or neighborhood plans. If the municipality does not have a comprehensive or neighborhood plan, you must submit a letter from the municipality that states such a plan does not exist.

Radon Test Report: Radon Test Report: Radon is looked at and evaluated per current HUD regulations regardless of the type of funding in the development.

- Radon requirements are located at:  
<http://www.hudexchange.info/programs/environmental-review>
- **The following is the HUD (and MHDC) requirement for radon:** MAP Guide 9.5.C (January 2016) [use the most current version of and also including the embedded referenced documents]
- HUD's Radon Fact Sheet – There is no minimum level of radon that has been determined completely safe; however, the EPA has developed an action level of radon of 4 picocuries per liter of air (pCi/L). A picocurie is a measure of radioactivity. If a building's indoor radon concentration is at or above 4 pCi/L, mitigation is recommended. If the concentration is between 2 – 4 pCi/L, mitigation should be considered.
- Provide MHDC with the analysis to back up the radon investigation done for a project. This includes the reports, certifications, licenses, pamphlets and so forth per the HUD regulations.

Asbestos Information: Asbestos is looked at and evaluated per current HUD regulations regardless of the type of funding in the development.

- Asbestos requirements are located at  
<http://www.hudexchange.info/programs/environmental-review>
- Please also refer to the current edition of the HUD/EPA, Information for Owners and Manager of Buildings that Contain Asbestos. Renovation and Demolition Requirements.
- Please provide MHDC with the analysis to back up the asbestos investigation done for a project. Also, the reports, certifications, licenses, pamphlets and so forth per the HUD regulations.
- There is no cutoff date for asbestos testing.

Lead Based Paint (LBP) Information: LBP is looked at and evaluated per current HUD regulations regardless of the type of funding in the development.

- LBP requirements can be found at <http://www.hudexchange.info/programs/environmental-review>
- Refer to HUD's current edition of, Guidelines for Evaluation and Control of Lead-Based Paint Hazards in Housing
- Provide MHDC with the analysis to back up the type of LBP investigation done for a project. Also, provide the reports, certifications, licenses, pamphlets and so forth per the HUD
- The cutoff date for LBP testing is January 1, 1978.

Section 106: For developments receiving federal funds.

- The Developer's Analyst will complete the State Historic Preservation Office (SHPO) 106 Application, attachments and cover letter. This entire package will be submitted to MHDC. MHDC will review it and mail it to SHPO. All correspondence associated with this informal consultation will be provided to the Analyst.
  - The assigned MHDC Environmental Administrator must be named as contact on the SHPO application.
  - MHDC will send all SHPO responses back to the Developer's Analyst.

Tribal Historic Preservation Officers (THPO): For developments receiving federal funds.

- MHDC will determine the Indian Tribes which may have an interest in the development site. Indian Land letters are separate from the Section 106 application.
- MHDC will conduct the informal consultation with Indian Tribes and send all correspondence to the Analyst.
- Not all tribes will respond, but they must be notified by MHDC.
- Please refrain from contacting the Indian Tribes and send all correspondence to the Analyst.

Endangered Species: For developments receiving federal funds.

- MHDC will conduct the informal consultation with U.S. Fish and Wildlife and send all correspondence to the Analyst.

Letter from School Superintendent: This letter is required **only for family proposals bringing new units on-line** (either new construction or conversion developments). If a letter from the superintendent of the school district in which the property is located was not included with the original application, it must be provided with the environmental review submission.

Hazardous Metals: MHDC may require soils testing whenever hazardous levels of metals from mining, industry, dumping, naturally-existing minerals, etc. are suspected to be present. Barry, Crawford, Dent, Jasper, Jefferson, Lawrence, Madison, Newton, Reynolds, St. Francois, Shannon and Washington counties are areas where historical lead mining may have resulted in levels of lead in the soil which could exceed acceptable levels for purposes of meeting federal and state requirements for residential development. MHDC reserves the right to request soils testing as it deems necessary in any area for similar reasons for any development which will be disturbing soil as part of the construction process. Please be aware soils testing is part of a lead-based paint risk assessment regardless of county.

In addition to the items requested above, the developer may be asked to provide additional information. MHDC shall perform an environmental review of the development, in whole or in part, according to HUD regulations (24 CFR Part 58). The developer will be required to abide by any mitigating measure, condition or requirement resulting from MHDC's environmental review.

Choice Limiting Actions: For developments receiving HOME funds or Risk Share insurance, MHDC staff shall complete the HUD-required environmental review in compliance with 24 CFR Part 58, specifically, the laws and authorities listed under 24 CFR §§ 58.5 and 58.6. Neither the recipient nor any participant in the development process, including public or private nonprofit or for-profit entities, or any of their contractors, may commit HUD assistance on any activity or project until HUD has approved the recipient's RROF and the related certification from the state. No participant in the development process, including contractors, may commit non-HUD funds or undertake an activity or project if the activity or project would have an adverse environmental impact or limit the choice of reasonable alternatives. Choice limiting activities include acquisition of real property, demolition, construction, leasing, repair, or rehabilitation activities. Neither HUD funds nor non-HUD funds can be committed to one of these developments until HUD has approved MHDC's environmental review and issued an Authorization to Release Grant Funds. **No choice limiting action may be taken until HUD review and authorization are complete (24 CFR § 58.22).** Developments with reservations of HOME financing or Risk Share insurance will not receive a firm commitment until after HUD's Authorization to Release Grant Funds has been received by MHDC.

***Regardless of the type of funding requested or approved,*** MHDC does not allow any development to commence any type of construction activity prior to completion of the environmental review and release of funds from HUD.

### **What if I have questions?**

Please direct any questions you have regarding the environmental review process to your assigned MHDC Environmental Administrator.

Karen Justice

Jason Cline

[kjustice@mhdc.com](mailto:kjustice@mhdc.com)  
(816) 759-6842

Jason.cline@mhdc.com  
(816) 759-2888

## **FIRM SUBMISSION REQUIREMENT**

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### **Does this apply to me?**

Yes. Depending on the type of financing, some individual exhibits may not be applicable, but all developments must submit a firm submission package. Forms and guidelines related to MHDC requirements for firm submission may be found at [www.mhdc.com](http://www.mhdc.com). FY-2022 Firm Submission Documents and Guidelines will be posted by February 3, 2023.

### **When is it due?**

A complete firm submission package must be received by 4:30 p.m. CST on March 31, 2023.

### **What do I have to do?**

You must provide MHDC with a firm submission package by the deadline in order to meet the requirement and receive a firm commitment.

A firm commitment will be issued only after a review of the firm submission package has been completed and it is clear to MHDC staff that the appropriate requirements have been or will be met prior to closing. Developments with reservations of HOME financing or Risk Share insurance will not receive a firm commitment until after HUD's Authorization to Release Grant Funds has been received by MHDC.

If the firm submission package reflects changes to the numbers and assumptions in the conditional reservation, it may change the amount of financing that is committed to the development. MHDC reserves the right to terminate any conditional reservation and/or require a development to go back before its Board of Commissioners for reconsideration at a regularly-scheduled meeting if the changes presented materially affect MHDC's understanding of the development.

The firm submission package must contain:

1. All required exhibits, in the file format as described on the firm submission checklist, should be submitted to your underwriter electronically.

## **Firm Submission Items:**

### **1. Executed MHDC Form FIN-100**

Provide an executed FIN-100 that shows updated cost and financing assumptions. You must update the FIN-100 that was provided to you at conditional reservation; **do not use the FIN-100 that was submitted with your initial application.** Please be sure to update all tabs with any new or revised information. This includes not only tabs related to budgets but also those devoted to development team members and the development schedule.

Include both the Excel version and a PDF version that includes the signatures on the flash drive submitted as part of the firm submission package.

### **2. MHDC Form FIN-101: Identity of Parties**

The FIN-101 must be filled out with contact information for the listed members of the development team. The FIN-101 will be an exhibit to the firm commitment and must be as accurate as possible.

### **3. Signature Blocks**

Please provide signature blocks for the ownership entity, architect, general contractor, title company and federal and state LIHTC investors as they should appear in any MHDC legal documents. It is advisable that your attorney help you prepare or review the signature blocks before sending them to MHDC.

### **4. Organizational Documents**

Organizational documents for the ownership entity, its general partner(s) or manager(s)/managing member(s) and members, and the federal and state LIHTC investor(s) must be included.

#### **A. Mortgagor/Ownership entity:**

- i. Certificate of Limited Partnership *or* Certificate of Organization and Articles of Organization *or* Certificate of Incorporation and Articles of Incorporation;
- ii. Initial Limited Partnership Agreement *or* Operating Agreement *or* Bylaws; and,
- iii. Certificate of Good Standing from the Missouri Secretary of State.
- iv. Articles of Organization / Incorporation.



B. General Partner(s), Manager(s) and/or Managing Member(s):

- i. Certificate of Incorporation *or* Certificate of Organization;
- ii. Articles of Incorporation *or* Articles of Organization;
- iii. Operating Agreement *or* Bylaws as appropriate for the type of legal structure; and,
- iv. Certificate of Good Standing from the Missouri Secretary of State (and the state in which the entity was formed if not formed in Missouri).

NOTE: To the extent there are any sub-entities below the general partner/manager/managing member level, the same documentation requested above should also be provided for all applicable sub-entities.

C. Federal and State LIHTC Syndicator or Investor:

- i. Certificate of Limited Partnership, Certificate of Incorporation *or* Certificate of Organization;
- ii. Articles of Incorporation *or* Articles of Organization (if applicable);
- iii. Limited Partnership Agreement, Operating Agreement *or* Bylaws as appropriate for the type of legal structure; and,
- iv. Certificate of Good Standing from the state(s) in which the investor entity(ies) are formed.

5. Certificates of Good Standing

In addition to the certificates of good standing required to be submitted with the organizational documents required under item 4 above, a certificate of good standing must be provided for the following development team members:

- Architect;
- General contractor;
- Title company;
- Management company;
- Surveyor; and
- Environmental Firm

Please Note: a certificate of good standing for entities organized or authorized to do business in Missouri may be obtained electronically at the Missouri Secretary of State's web site for a nominal fee. A screen print of the search screen with a description of the entity's standing is not acceptable.

## 6. Site Control

Evidence of valid site control by the ownership entity must be included. Please provide any initial options or purchase contracts and all subsequent amendments or extensions if applicable. If the option date contained in any option contract submitted to MHDC lapses prior to the issuance of the MHDC firm commitment and/or closing on any MHDC financing, you will be required to amend the option date accordingly. Therefore, when establishing the option date in any option contract, MHDC suggests that you establish an option date that is at least six months beyond the date the documentation required under this exhibit is submitted to MHDC.

## 7. Title Commitment and Exception Documents

The owner's title commitment is required for **all** developments. The commitment must be on form 2006 ALTA Loan Policy (6/17/06). If you will be receiving loan funds from MHDC, then MHDC must be provided with a loan commitment showing MHDC as the proposed insured, with the amount of the MHDC loan on Schedule A. All title commitments and pro forma title policies must be signed by a representative of the title company, although an electronic signature is acceptable. The legal description must be identical to the legal description shown on the survey. Please refer to MHDC's *Title Insurance Requirements* for a complete description of MHDC standards for title commitments, policies, services, and acceptable title insurers. These requirements may be accessed at [www.mdc.com](http://www.mdc.com).

Copies of exception documents for all exceptions noted on the title commitment must be submitted with the commitment.

## 8. Survey and Surveyor's Report

A full-size draft of the survey and surveyor's report, Form HUD 91073M (06/18), or most current version, must be included. Although a draft survey is required for firm commitment consideration, a final original signed and sealed survey dated within ninety (90) days of closing will ultimately be required on all developments receiving loan funds from MHDC. Likewise, a final original signed and sealed surveyor's report dated within thirty (30) days of the closing will also be required on all developments receiving loan funds from MHDC. The legal description on the survey must be identical to the legal description shown in the title commitment. Please refer to MHDC's *Preparation and Review Guidelines for Surveys and Surveyor's Reports Required for MHDC Multifamily Projects* for a complete description of MHDC's survey requirements. These requirements may be accessed [at www.mhdc.com](http://www.mhdc.com).

## 9. MHDC Form 3345: Plan Review Worksheet

Using the most current form version on the MHDC.com website, please provide an executed plan review worksheet that accurately breaks down the unit information by building. The

unit and square footage data must agree with the updated information in the Firm FIN-100 and the plans and specifications. Please provide both the Excel workbook and a PDF copy with signatures on the flash drive.

#### 10. Plans / Specifications / Scope of Work

Please provide a complete set of construction drawings and specifications electronically. See MHDC Form 1200, *Design/Construction Compliance Guidelines* dated January 1, 2020, as may be amended from time-to-time, for detailed requirements. All electronic files for Plans, Specifications and Scope of Work must be emailed to Michael Zeigler at [Michael.Zeigler@mhdc.com](mailto:Michael.Zeigler@mhdc.com). If files are too large to email, please contact Michael Zeigler about other methods for electronic delivery.

- A. Plans. Please submit one complete PDF copy of the architectural/engineering drawings electronically, including a schedule of units and square footage.
- B. Specifications. Please submit one complete PDF copy of the specifications electronically. Please note: (a) All developments with twelve or more units must include the current edition of the “General Conditions of the Contract for Construction” (AIA Document A201) as amended, and the “Federal Labor Standards Provisions” (form HUD-4010); (b) developments receiving Risk Share insurance must include the current edition of the “General Conditions of the Contract for Construction” (AIA Document A201) as amended, and the “Supplementary Conditions of the Contract for Construction” (form HUD-2554).
- C. Scope of Work. A PDF copy of the detailed scope of work must be included for rehabilitation developments, fully describing the planned interior and exterior improvements. Please include the scope of work in the binder if applicable.

#### 11. Development Characteristics Worksheet

Please provide a new Development Characteristics Worksheet with original signatures from the developer, owner and architect. If none of the information has changed since the original submitted with the application, simply reprint the original Excel file and execute with updated signatures. This worksheet evidences the development team’s commitment to provide the amenities described. Any revisions during the design and construction process must receive the review and approval of MHDC staff. A final Development Characteristics Worksheet will be executed at construction completion.

## 12. Termite Inspection Report or MHDC Termite Certification

If your development consists of existing buildings, regardless of the type of construction materials, a termite inspection report from a licensed pest control company must be provided. If termite infestation is found in the report, the scope of work must include what steps will be taken to eliminate the problem. The scope of work must be updated during construction if additional damage is found.

All new developments with MHDC loan funds must execute and submit the MHDC Termite Certification form.

## 13. Contractor Due Diligence

You must include the following contractor due diligence item:

- A. Construction Contract containing all MHDC required provisions (If MHDC is not the First Lien Position Lender) (note: if using the AIA form of construction contract, the A102 form must be utilized). The construction contract must contain all MHDC required provisions for workforce eligibility, prevailing wage (where applicable), Section 3 (where applicable) and inspection rights. The required language may be accessed [at www.mhdc.com](http://www.mhdc.com). In addition, the construction contract must not provide for the any portion of any cost savings from construction to go to the benefit of the general contractor.

## 14. Equal Employment Certification (HUD Form 92010)

Include an executed Equal Employment Opportunity Certification (HUD Form 92010) for the owner (for developments with HOME or Risk Share financing) or the general contractor (other financing).

This exhibit is not required for tax-credit only transactions.

## 15. MHDC Form FIN-115: Contractor's/Mortgagor's Cost Breakdown

Please include the cost breakdown properly completed with the division of labor, materials and description on form FIN-115, executed by both the owner and contractor. The FIN-115 should be updated prior to construction closing to reflect any changes in the closing plans and specifications. The FIN-115 must match the FIN-100.

## 16. MHDC Form FIN-150: Construction Draw Schedule

Only developments with a construction loan from MHDC must complete and provide Form FIN-150. If you have questions regarding the FIN-150 please contact your underwriter.

## 17. Updated Financing Commitments

- A. Debt/Grant Commitments. All construction and permanent debt/grant sources of financing listed in the updated Online Application, other than those provided by MHDC, must have a commitment letter from the provider of the financing. The commitment letters must include the terms and fees associated with the financing. Permanent loan terms must be at least 18 years. If reserves are being assumed, a letter from the current lender must be provided indicating that the reserves may be assumed by the new ownership entity. You must also provide a statement indicating the current balance of such reserves. For Acquisition/Rehabilitation proposals with existing tenants, please list construction period income as a source. You must include a description and calculation for the amount listed.
- B. Equity Commitments. All sources of tax-credit equity listed in the original application must have a commitment letter. The commitment letters must include the amounts, timing of capital contributions, reserve requirements, terms and fees associated with equity contributions. A minimum of 10% of federal and state tax credit equity must be invested in the development at closing and at least an additional 10% must be invested at or before 50% of construction completion for all MHDC approved developments.

Please see the *MHDC Guidelines for Preliminary Financing Commitments* for further details.

#### 18. Management Agent Documentation

Please submit the following documentation for the management company, executed with original signatures (as applicable). If you are unable to fill out all the documents in their entirety for a new construction development, please so note. Any incomplete or missing documents will be required to be submitted to MHDC Asset Management immediately, once the management company and site staff are in place.

Forms related to items E through K may be found at [www.mhdc.com](http://www.mhdc.com).

- A. Exhibit A-2: Universal Entity Management Certification (MHDC Form 2004-A).
- B. Exhibit J: Authorized Representative Designation.
- C. Exhibit J-1: Management Authorized Representative Designation.
- D. Exhibit L: Property Information Sheet.

#### 19. Affirmative Fair Housing Marketing Plan

Provide an executed and complete HUD Form 935.2A: Affirmative Fair Housing Marketing Plan for your development.

#### 20. PHA Approved Utility Allowance Information

Developments that incorporate HOME funding will be required to use the HUD Utility Schedule Model when determining the utility allowance for HOME units. For all other developments and units, provide the most recent utility allowance schedule from the local housing authority that is available for the development type and geographic area in question. If the schedule provided has an effective date that does not use the current year, you must provide a statement from the housing authority which says the estimate is still valid.

21. Management/Maintenance Plan

A management/maintenance plan that describes in detail the operation, management and maintenance of this development must be included. The plan should be customized to meet the needs of the development. Please refer to the guidelines listed under Exhibit A-1 [at www.mhdc.com](http://www.mhdc.com) as you prepare the plan.

22. Proposed Lease Agreement

Please provide a copy of the proposed lease agreement that will be used by the development. The submitted agreement must be accompanied by the appropriate HOME and/or LIHTC lease addenda.

23. Lease-Up Narrative and Budget

- A. Narrative. A lease-up narrative that describes in detail the marketing plan and lease-up projections for the development must be provided.
- B. Budget. Please use MHDC Form FIN-117 to show occupancy and expense projections for the lease-up period.

24. Permanent Supportive Housing / Set-Aside Preference Documentation

A. Permanent Supportive Housing/Veteran's Housing Documentation

If you stated that you would be providing social services in your original application or if you plan to include them as the development goes forward, you must include an updated permanent supportive services plan that sufficiently explains what services are going to be provided to the tenants, by whom, where they will be provided and at what cost. The plan must indicate if a service coordinator will be on site. If applicable, detail the responsibilities of the service coordinator, indicate where they will office and a schedule of when they will be available to residents. The plan must also include letters of intent from any social service provider(s) mentioned.

## B. Set-Aside Preference/Independence Enabling Housing Units Documentation

If you stated that you would be providing housing opportunities for persons in need of permanent supportive housing, vulnerable persons, or tenants in Independence Enabling Housing Units, you must include an updated supportive services plan that sufficiently explains what services are going to be provided to the tenants, how the units are to be marketed, by whom and at what cost. An updated referral and support agreement with the lead referral agency must also be submitted. The agreement must detail the responsibilities of the lead referral agency, owner and property management as it relates to the special needs housing units.

### 25. Relocation Documents

All developments subject to MHDC's Relocation Policy are required to submit the stage 2 documentation. Please see the MHDC Relocation Checklist at [www.mhdc.com](http://www.mhdc.com). FY-2022 Firm Submission Documents and Guidelines will be posted by February 3, 2023. Contact Lauren Guminger with questions at (816)800-8893 or [lauren.guminger@mhdc.com](mailto:lauren.guminger@mhdc.com)

### 26. Section 3 Plan

Developments receiving an award of \$200,000 or more in HOME funds, HOME ARP, National Housing Trust Fund or FHA Risk Share insurance are required to comply with all HUD requirements established in 24 CFR 135 ("Section 3"). A Section 3 Plan signed by the owner and the general contractor, including all attachments (which includes the Section 3 Clause), must be submitted with the firm submission package. A template for a Section 3 Plan, along with all of the attachments, can be found at <https://mhdc.com/programs/hud-programs/section-3/>. Early submission of the Section 3 Plan is strongly encouraged. Please refer to the MHDC 2022 Developer's Guide for a complete overview of Section 3, or contact Racheal Wood at 816.800.8992, or [racheal.wood@mhdc.com](mailto:racheal.wood@mhdc.com).

### 27. Tax Abatement/PILOT Information

Any development receiving tax abatement or entering into PILOT agreement must provide a detailed description of the percentage, length and terms granted to this specific development. A copy of any agreement or ordinance granting the tax relief must be included. If that document covers more than the development in question, a description of what is applicable to the MHDC financed development is necessary. If the tax relief does not cover the entire compliance period, a description of what steps will be taken to cover the cost of full taxes must be provided.

### 28. Homeownership Plan

Developments that have indicated they will offer single-family homes for sale to qualified residents at the end of the 15-year compliance period must provide a homeownership plan that details their intent. The plan must reflect the structure required in the MHDC Homeownership Policy. A copy of the policy may be found at [www.mhdc.com](http://www.mhdc.com).

### 33. Legal Description

Please provide the most current legal description for the project in Word and PDF format. This description should match the title commitment exactly.

### 34 A, B & C. MBE/WBE Documentation for Participation Initiative Goals

All developments shall provide a Schedule of Participation that indicates how they will secure MBEs at a 10% participation level and WBEs at a 5% level for soft costs, as well as MBEs at a 10% participation level and WBEs at a 5% participation level for hard costs. A signed Utilization Plan must be provided that indicates the outreach efforts of the development to successfully meet the participation levels. The signed Utilization Plan must include all certifications for MBE/WBE companies to be utilized. The development must indicate the MHDC required **utilization amount** and **percentages** to be met based on MHDC's Form 2013 of contractor's costs and soft costs.

### MBE/WBE Documentation for Preference Priority Development Proposals

Developments approved as Preference Priority proposals must provide all the information listed in #29, and: (1) a signed comprehensive Utilization Plan detailing the terms of the mentor/protégé relationship or the partnership business relationship AND/OR (2) an MBE/WBE Additional Participation Utilization Plan, depending on the developer proposed priority. The applicant must include in its signed Utilization Plan an explanation of how the applicant intends to meet or exceed the goals, an outline of community support for the development, a listing of proposed contractors and professional services entities including contact information, and a narrative indicating any outreach efforts to secure MBE/WBE entities. Evidence of MBE/WBE certifications is required with the signed Utilization Plan. In addition, the development must indicate the MHDC required utilization amount and percentages to be met based on MHDC's Form 2013 of contractor's costs and soft cost.

Participation Initiative applies to all developments approved for MHDC funding with more than six units. The Participation Initiative has a minimum participation goal of 10% MBE and 5% WBE for both hard and soft costs. Companies must be certified to be counted toward the goals. A signed Utilization Plan must be prepared at application that indicates your plan for using MBE/WBE firms along with certification certificates. All certifications for companies performing soft costs items must be included as a part of the initial application with details of their involvement. If applicable, a developer may revise its Utilization Plan through the



firm submission requirement process. The final signed Utilization Plan with all certifications must be provided to MHDC at least five (5) business days prior to construction closing.

### **Does this apply to me?**

This section applies to both the MBE/WBE Participation Initiative and MBE/WBE Preference Priority proposals. This section will apply to developments with more than six units. Applications submitted under the 9% and 4% Notice of Funding Availability (NOFA), as well as other MHDC applicable funding, are required to meet the MBE/WBE participation requirement.

The Preference Priority applies only to proposals given preferences under this initiative. MBE/WBE firms must indicate they share a significant role in the development which may combine capital, efforts, management responsibilities, skills and knowledge. An agreement should accompany the Utilization Plan with the defined roles and ownership of the firm(s). The signed Utilization Plan must be submitted, and it should indicate how the development will meet the requirements of the Partnership Initiative including a schedule of participation for the 10% MBE and 5% WBE for soft costs and 10% MBE and 5% WBE for hard costs.

### **When is it due?**

**At firm submission**, all developers must provide a Schedule of Participation to demonstrate how they will secure MBEs at a 10% participation level and WBEs at a 5% participation level for the **softs costs**. For each MBE/WBE, the developer must also submit a copy of each contract, a copy of the MBE or WBE certification, and an MBE/WBE Entity Information Sheet. The numbers on the Schedule of Participation must match the current MHDC Form 2013. Early submittal of the MBE/WBE portion of the firm submission is encouraged.

**Five days prior to closing**, all developers must provide an **updated** Schedule of Participation to demonstrate how they will secure MBEs at a 10% participation level and WBEs at a 5% participation level for the **hard costs**, as well as any updated amounts for soft costs. For each MBE/WBE, the developer must also submit a copy of each contract, a copy of the MBE or WBE certification, and an MBE/WBE Entity Information Sheet. If you made revisions to the Utilization Plan, the final signed Utilization Plan must also be submitted and approved by MHDC. The numbers on the Schedule of Participation must match the current MHDC Form 2013.

The Schedule of Participation form can be found at [www.mhdc.com](http://www.mhdc.com).

MHDC will accept MBE/WBE certifications from the following certifying agencies:

- Office of Administration, State of Missouri
- City of Kansas City
- St. Louis Airport Authority

MHDC, in coordination with the Missouri Office of Administration, reserves the right to approve certifications from other certifying agencies. An MBE/WBE must be certified to count toward the participation goals.

Good faith efforts will apply for both the MBE/WBE Participation Initiative and the MBE/WBE Preference Priority Initiative. Ample time must be given for MBE/WBE companies to effectively and professionally participate in the bidding process. The developer and the general contractor must provide to MHDC evidence of meetings (use of a sign-in sheet) and written notifications (emails, faxes, mailings). To achieve maximum effectiveness, outreach to MBE/WBE businesses for hard costs should be performed as soon as the architect's drawings are available.

### **What if I have questions?**

If you have questions concerning MBE/WBE documentation, please refer to the FY2022 MHDC Developer's Guide, or call Sheryl Butler at 314.877.1382 or [sbutler@mhdc.com](mailto:sbutler@mhdc.com).

## **LOAN CLOSING**

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Once a complete firm submission package is received by MHDC, loan closing requirements and a closing checklist will be forwarded to you. Please note that a closing date will not be determined until a firm commitment is issued. Tax-credit only developments are also required to provide information to MHDC prior to closing which will be described in the firm commitment.

If your development necessitates the assignment of a HAP contract, it is required that you have received the paperwork from the seller required for the assignment six weeks prior to closing. This should allow adequate time for contract administration staff and HUD to review and approve any transfer.

### **What if I have Questions?**

For questions please contact your underwriter.

## RELOCATION REQUIREMENT

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### Does this apply to me?

All MHDC developments that involve the rehabilitation of a property with existing residential or commercial tenants or the displacement of households or businesses by new construction activities must comply with the MHDC Relocation Policy.

### When is it due?

The relocation requirement is an ongoing requirement lasting through the construction period and possibly beyond that. There are two stages of documentation required prior to the closing of the development: stage 1 was received as part of your initial application. Stage 2 is due as a part of your firm submission and therefore must be received by March 31, 2023.

### What do I have to do?

MHDC requires that all reasonable steps be taken to minimize the displacement of persons as a result of a development assisted with MHDC funds. To the extent feasible, residential tenants must be provided a reasonable opportunity to lease and occupy a suitable, decent, safe, sanitary and affordable dwelling unit within the building/complex upon completion of the rehabilitation of the development. Planning rehabilitation projects to include “staging” is encouraged to minimize displacement. It must be noted that MHDC discourages proposals that will result in “permanent displacement” activity.

Any development being funded with **HOME or National Housing Trust funds** that will result in either the temporary relocation or permanent displacement of current tenants *must* comply with the MHDC Relocation Policy as outlined in the *Relocation Guidelines and Forms for HOME-financed Developments* found on our website at [www.mhdc.com](http://www.mhdc.com). The policy is governed by the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA). Copies of the HUD Handbook 1378: Tenant Assistance Relocation and Real Property Acquisition are available from MHDC or from HUD. The 1378 handbook reviews all of the requirements of the URA regulations for multiple federal programs.

Any project being funded with **Non-Federal Funds**, including LIHTC, that will result in either the temporary relocation or permanent displacement of current tenants *must* comply with the MHDC Relocation Policy for projects funded with non-federal dollars as outlined in the *Relocation Guidelines and Forms for All Other Rental Production Financing and LIHTC*

Programs found on our website at [www.mhdc.com](http://www.mhdc.com). This policy is governed by the requirements of the Missouri Revised Statutes, § 523.205. For the purposes of this policy, “Non-Federal Dollars” means financing structures that include LIHTC, MHDC fund balance and the Risk Share programs.

Please review the applicable relocation policy, forms and information provided for your use. There is a checklist under each policy entitled *Required Documentation for Relocation Activities* located on MHDC’s website. The checklists describe the different stages of the relocation process and what is required by MHDC at each stage. Please familiarize yourself with the entire MHDC Relocation Policy.

<https://mhdc.com/programs/hud-programs/relocation-requirements/>

### **What if I have questions?**

If you have any questions please feel free to contact Lauren Guminger at 816.800-8893 or [Lauren.guminger@mhdc.com](mailto:Lauren.guminger@mhdc.com).

## **CONSTRUCTION PERIOD REQUIREMENT**

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### **Does this apply to me?**

Yes. The construction period requirements apply to all MHDC developments. However, not all of the requirements listed below will apply to every project.

### **When is it due?**

Construction period requirements include policies, procedures, and actions that must be followed. Some have specific due dates and others are on-going until permanent loan conversion. Please see the requirements below for further explanation.

### **What do I have to do?**

You are required to comply with the applicable construction period requirements prior to and throughout the construction period of your development. The construction period requirements are:

### Workforce Eligibility

All owners, general contractors and sub-contractors providing construction labor on site must comply with all federal, state and local laws regarding employment practices and must use E-Verify, an electronic work authorization program administered by the Department of Homeland Security. Certain documentation must be submitted, including Form MHDC-2502 and an affidavit affirming that E-Verify is being used or stating why it not being used. Proof of E-Verify use must also be submitted. The MHDC Workforce Eligibility Policy requires completion of an OSHA 10 training program by all persons performing construction labor on site within sixty days of beginning to perform labor on site. The policy also requires compliance with the Missouri Transient Employer statutes for any out-of-state contractors.

### Local Labor

All owners must use their best efforts to hire Missouri vendors, suppliers, contractors and laborers in the construction of MHDC financed developments when available and feasible.

### Universal Design

All new construction single family, duplex units, multi-plex units, and all new construction senior housing, regardless of the number of units in the development, shall be designed utilizing the principles of Universal Design. Required elements are listed on Exhibit "D" of MHDC Form 1200, *Design/Construction Compliance Guidelines* dated January 1, 2020, as may be amended from time to time. These requirements are in addition to the requirements for accessibility for persons with mobility, hearing, and or visual impairments.

### Pre-Construction Conference

The owner, general contractor, and architect for each development shall schedule a preconstruction conference for a time after the closing of the construction loan at a location acceptable to MHDC and **prior to the commencement of construction**. These meetings are coordinated through John Driver and Michael Zeigler, Architect. Please contact John Driver at 816-759-6810 or [jdriver@mhdc.com](mailto:jdriver@mhdc.com) or Michael Zeigler at 816-759-6678 or [Michael.zeigler@mhdc.com](mailto:Michael.zeigler@mhdc.com) to begin the scheduling process. MHDC's third party construction inspectors will be assigned by MHDC and shall be included on the agenda for each conference. The general contractor should make every effort to have representation from all subcontractors at this meeting. The agenda should include construction schedule information, payment information, and paperwork requirements including relocation (if applicable), prevailing wage (if applicable), Section 3 (if applicable) and Minority-Owned and Women-Owned Business. MHDC will present information on requirements. For a sample agenda contact Michael Zeigler at 816-759-6678 or [Michael.zeigler@mhdc.com](mailto:Michael.zeigler@mhdc.com).

### Inspections

During the course of construction, MHDC representatives shall at all times have access to the development property and the right to inspect the progress of construction and/or completion thereof, and MHDC requires payment of a fee to cover the cost of said inspections. In addition, if required by MHDC, the owner will furnish at the development site (or at a reasonably convenient location approved in advance by MHDC) all necessary facilities for the use of the MHDC inspector, such as office space, use of a telephone, etc. The inspection of the development by MHDC representatives shall be solely for the benefit and protection of MHDC and **no other party**.

As part of the monitoring process, MHDC shall have the right to make on-site inspections and require the 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 and completed the required OSHA training.

### Construction Disbursements

All developments receiving construction loan financing from MHDC must follow the *Construction Disbursement Guide* (MHDC 2400) for the submission, review, and approval of closing and monthly construction draws. MHDC funds and other draw sources shall be transferred to a title company upon approval of the draw; the title company shall then disburse the draw funds, collect lien waivers, and complete and share date down endorsements within 7 days of MHDC draw approval. Title companies must be prepared to provide these services.

### Contractor Cost Certification

All developments must have a cost certification of the contractor's contract completed by a third party accounting firm in accordance with MHDC *Cost Certification Guide* form 3300 and submitted within thirty days after substantial completion. **Regardless of the type of Construction Contract used by the contractor and owner, MHDC requires all Contractor fees to be in accordance to the Qualified Allocation Plan. The Qualified Allocation Plan states that general requirements, overhead and builder's profit cannot exceed 14% of the total construction costs less the sum of general requirements, overhead and builder's profit; and the builder's profit cannot exceed 6% of the total construction costs less the sum of general requirements, overhead and builder's profit.**

### Prevailing Wage

If required under federal law, developments must pay prevailing wage pursuant to the provisions of Davis-Bacon and the Related Acts (40 U.S.C. §§ 276a, et seq.) to any person performing construction labor on site. Examples of developments that must pay prevailing wage include, but are not limited to, developments involving Choice Neighborhood, Rental Assistance Demonstration (RAD) and developments with 12 HOME or more assisted units. Developers need to check with all funding sources to verify that Davis-Bacon is not required. Submit required certified payroll reports to MHDC on a **weekly** basis. Please contact Racheal Wood with questions at (816)800-8992 or [racheal.wood@mhdc.com](mailto:racheal.wood@mhdc.com).

### **What if I have questions?**

Please contact your underwriter if you have any questions about the construction period requirements.

## **FINANCING REQUIREMENT**

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### **Does this apply to me?**

Yes. The financing requirements apply to all MHDC developments. However, not all of the requirements listed below will apply to every project.

### **When is it due?**

Some financing requirements have specific due dates and others are on-going for an extended period of time until certain thresholds are met. Please see the requirements below for further explanation.

### **What do I have to do?**

You must be aware of the following requirements which apply to you. Most of the following requirements will be memorialized in future documents required by MHDC, but it is important that you are aware of the major requirements from the beginning. This is not an exhaustive list of financing requirements and your development may be subject to other requirements that you will be notified of during the MHDC financing process.

1. MHDC Fund Balances loans must be in a first mortgage position unless otherwise approved by MHDC in the conditional reservation or firm commitment. All participating lenders must agree to execute the MHDC participation agreement and accepted the

MHDC loan documents. All secondary lenders must accept a junior lien position and accept the MHDC loan documents.

2. All lenders, attorneys, syndicators, architects, contractors, surveyors and title companies must accept the MHDC closing documents, specifically the Note, Deed of Trust, Regulatory Agreement, Low-Income Housing Tax Credit Land Use Restriction Agreement, Disbursing Agreement, Participation Agreement, Capital Advance Agreement, Construction Contract, title and survey requirements, required legal opinions and other closing requirements. It is the developer's responsibility to ensure that all development partners are agreeable to the MHDC forms, procedures, processes and requirements.
3. MHDC stipulates Completion Assurance Agreement secured by a letter of credit equivalent to 15% of the construction contract or a payment and performance bond for 100% of the construction contract from a surety that meets MHDC's requirements. Please note that, in the event MHDC is the first position lender, the use of MHDC's form of payment and performance bond will be required to be used.
4. All letters of credit, if any, shall be unconditional, irrevocable, non-documentary and in the form prescribed by MHDC, subject to approval by MHDC as to the amount and the issuing bank. All letters of credit must be accompanied by a certified copy of a resolution of the board of directors of the issuing authority authorizing the officer or officers approved to execute such letter of credit and stating that such authority shall be either for the specific purpose of that particular letter of credit or blanket coverage for all letters of credit.
5. MHDC may require recourse during the construction period when it is the construction lender.
6. The limited partnership agreement/operating agreement/bylaws for the owner entity must contain the MHDC-required language. The required language for each type of entity may be accessed on MHDC's web site at [www.mhdc.com](http://www.mhdc.com).
7. All identities of interest must be disclosed.
8. All general contractors, identity of interest subcontractors and owners must cost certify.
9. All owners receiving construction financing must comply with the *Disbursement Guide* MHDC Form 2400 and bonding requirements.
10. The developer fee shown on the MHDC Form 2013 attached to the conditional reservation agreement represents the amount approved by the commission. MHDC does not allow increases in the developer fee at any time for any reason without commission approval.



11. State LIHTC may not be increased above the amount originally reserved in the conditional reservation agreement and carryover allocation agreement (if applicable) without MHDC approval.
12. For developments receiving 9% tax credits, the 10% test must be achieved no later than twelve months from the effective date of the Carryover Allocation Agreement.
13. For projects receiving an allocation of 4% LIHTC, borrowers receiving a construction loan from MHDC with a total principal amount greater than the total permanent loan principal must provide security at construction loan closing for the future pay-down from the construction balance to the initial permanent loan balance. This security must be provided in the form of an assignment of capital contributions, a letter of credit, cash or some other form of assurance accepted at MHDC's sole discretion. The assignment must be an unconditional irrevocable commitment between the syndicator and MHDC on MHDC's form of agreement and must contain the guarantee of the syndicator that a payment will be made to MHDC on a date certain to reduce the construction loan to the approved permanent loan amount. Please note, for any development receiving a HUD insured Risk Share Loan from MHDC, an unconditional, irrevocable, non-documentary letter of credit for the full amount of the construction loan pay-down (along with additional bond interest thereon) will be required.
14. MHDC will control all required escrow accounts for developments with MHDC loans, including tax and insurance escrows, unless MHDC is in an approved subordinate position. Where MHDC is in an approved subordinate position, MHDC must still approve control of escrows by an entity other than MHDC.
  - a. The lease-up reserve is a cash escrow that is deposited with MHDC at construction loan closing and remains with the development under the control of MHDC for the term of the loan. Escrow funds remaining at the end of the lease-up term may be transferred to the operating reserve or replacement reserve at conversion.
  - b. The operating reserve is a cash escrow that is deposited with MHDC prior to conversion and remains with the development under the control of MHDC for the term of the loan.
  - c. The replacement reserve required by MHDC must remain in an escrow account for the term of the loan and be under the control of MHDC. This reserve is deposited with MHDC prior to conversion and is governed by the MHDC Regulatory Agreement.

MHDC reserves the right to require all escrows to be established at the construction loan closing and to require and control additional reserves.

15. All developments receiving tax credits must meet the following equity capital contribution schedule:

- A minimum of 10% of the federal and state LIHTC equity must be funded at construction closing;
- A minimum of an additional 10% of the federal and state LIHTC equity must be funded at or before 50% of construction completion.

NOTE: The equity pay-in requirements stated above must be met by each of the state and federal investor(s) individually. The only exception to this requirement where the federal and state equity may be viewed in the aggregate for purposes of satisfying these requirements is if the same entity is both the state and federal LIHTC investor or if the same entity controls both the state and federal LIHTC investor. Further, no investor may use other sources of funds being contributed to the development to off-set the minimum equity contributions required above.

16. Cost savings at the end of the construction period will be reviewed by MHDC staff for all developments receiving tax credits. Savings may be allowed to be applied to provide additional, reasonable property amenities for the benefit of residents; be deposited in to the operating or replacement reserve escrow account; to reduce the permanent loan principal amount; or to reduce the allocated tax credit amount. Reduction of deferred developer fee is only allowed on a case-by-case basis if MHDC determines in its sole discretion that the existing deferred developer fee may not be reasonably repaid based upon current projections.
17. MHDC will order an appraisal of the subject development at the cost of the development.
18. Please make note of our expanded architectural requirements documented in the *Design/Construction Compliance Guidelines* (Form 1200) located on MHDC's website dated January 1, 2020, as may be amended from time-to-time. Incomplete plans will not be reviewed. Plans which do not address fair housing and accessibility laws will not be reviewed. If incomplete plans are submitted and sent out for review, this cost will be forwarded to the developer.
19. Please be advised that MHDC will conduct a pre-construction conference prior to the commencement of construction. This is a mandatory meeting for the owner, contractor and architect. MHDC strongly suggests that all major subcontractors attend. Construction may not commence prior to the closing of the construction loan. The start of any construction prior to the construction loan closing and the pre-construction conference could jeopardize the approved funding for the development, as well as the ability of the developer to apply for or be considered for future funding.

Construction shall not commence prior to the issuance and acceptance of the MHDC firm commitment on developments that MHDC is only providing permanent financing or only providing tax credit financing. However, no construction financing should be closed or funded until such time as MHDC has reviewed and approved all pre-construction items it must review and until MHDC has issued the Low-Income Housing Tax Credit Land Use Restriction Agreement for recording (as this must be recorded ahead of all documents securing the construction loan financing).

20. For developments financed with HOME funds or Risk Share insurance: Pursuant to 24 CFR Part 58, neither the recipient nor any participant in the development process, including public or private non-profit or for-profit entities, or any of their contractors, may commit HUD assistance on an activity or project until HUD has approved the recipient's Request for Release of Funds and the related certification from the state, and MHDC has received HUD's Authorization to Release Grant Funds. Additionally, no participant in the development process, including contractors, may commit non-HUD funds to or undertake an activity or project if the activity or project would have an adverse environmental impact or limit the choice of reasonable alternatives. Such activities include acquisition of real property, demolition, construction, leasing, repair or rehabilitation activities.
21. MHDC requires project architects to inspect projects as needed during construction (but not less than once per month), conduct a footing/foundation inspection, an open wall (rough-in) inspection, a final inspection, certify completion, and conduct a latent defect inspection one year from final project completion (defined as substantial completion under AIA form G-704).
22. MHDC staff architects/inspectors or third-party inspectors contracted by MHDC shall attend the pre-construction conference, monthly draw inspections, final inspections, and latent defect inspections. MHDC inspectors must be granted access to all developments at all times. MHDC will charge a fee to cover the cost of the inspections.
23. All developments must submit all field reports, all inspection reports, all supplemental instructions and all change orders to MHDC whether MHDC is providing construction financing or not. These reports are to be submitted to MHDC's Rental Production Department.
25. If applicable, certified payroll and all related documentation must be submitted weekly to MHDC.
26. Developments with Risk Share insurance or at least \$200,000 in HOME or National Housing Trust Fund financing must file Section 3 Plans and fulfill Section 3 reporting requirements for the general contractor and any subcontractor.

27. Developments currently occupied by tenants who will be temporarily or permanently displaced must follow MHDC's Relocation Guidelines, including the submission of documentation at various stages before, during, and after displacement.
28. All developments must be inspected by an MHDC staff or third-party inspector at substantial completion prior to occupancy.
29. The rents approved in the firm commitment are the rents established for the first full year of operations. Following the first full year of operations, rent increase may be requested per processes outlined in the current year's Developer Guide. MHDC must approve all rent increases in accordance with the Regulatory Agreement.
30. Rents established as approved rents cannot be exceeded because of Section 8 subsidy payments. The approved rent is the total rent that can be collected from any and all sources for a particular unit.
31. A project-specific lease-up plan is mandatory. No firm commitments will be issued without an MHDC-approved lease-up plan.
32. MHDC, at its sole discretion, has the right to direct that all buildings in a mixed-income development contain a mix of affordable and market-rate units. HOME-assisted units in HOME-financed developments must be spread evenly over comparable units and be able to float throughout the entire project.
33. All CHDOs must provide copies of their most recent by-laws and any additional documents to meet MHDC's recertification requirements prior to closing and thereafter on an annual basis.
34. All CHDO developments must reflect at a minimum that the CHDO is the managing general partner and that the CHDO has effective project control. This is a federal regulatory requirement. MHDC reserves the right to define effective project control, including prescribed language required to be included in the organizational documents for the ownership entity.

**What if I have questions?**

If you have questions about which financing requirements apply or what a particular requirement is, please contact your underwriter.

## **PARTICIPANT CONDUCT CERTIFICATION REQUIREMENT**

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### **Does this apply to me?**

Yes. All developments receiving a conditional reservation are required to execute the participant conduct certification.

### **When is it due?**

You must execute and return the participant conduct certification with the conditional reservation.

### **What do I have to do?**

All developments must read, execute and comply with the participant conduct certification. The executed certification must be returned with the conditional reservation. Following is a list of requirements:

1. That the person executing the participant conduct certification possesses the proper authority to legally obligate the ownership entity which applied to MHDC and was selected for funding vis-à-vis the development and is now responsible for its construction and operation. In the event the person executing is not the proper and legal representative of the development ownership, the participant conduct certification shall be null and void and shall result in the failure of a condition precedent necessary to the conditional reservation agreement.
2. The person executing acknowledges that he or she reviewed the MHDC Workforce Eligibility Policy established September 17, 2010, and agrees to abide by its provisions during the term of the development regardless of the form or timing of development funding.
3. That best efforts shall be employed to use Missouri vendors, suppliers, contractors and laborers when available and feasible.
4. That you have disclosed all Identity of Interest relationships at the time of issuance of the firm commitment. Furthermore, that you agree to disclose any Identity of Interest which may come into being during the life of the Development including, but not limited to those between any member or the Development team, including but not limited to relationships between the owner/developer and the architect, managing agent,

attorneys, and syndicators as well as between the contractor and all subcontractors, suppliers and vendors. Any Identity of Interest between the contractor and any subcontractor must be identified regardless whether or not there is an Identity of Interest between the owner/developer and the contractor. All Identity of Interest relationships must be disclosed as they arise on the MHDC form FIN-101 and provided to the MHDC underwriter assigned to the Development.

5. Any individual or entity which is awarded LIHTC and does not buy and sell LIHTC from unrelated awardees cannot resell their ownership interest for an amount greater than their contribution to the development, unless the full gain from the sale directly benefits the development as reflected in the sources and uses. Any individual or entity which violates this provision may, in the sole discretion of MHDC, be barred from further participation in any rental production programs and from responding to future NOFAs.
6. That failure to abide by any provision in the participant conduct certification may, in the sole discretion of MHDC, result in the non-allocation or revocation of funding, in whole or in part.

#### **What if I have questions?**

Questions regarding the participant conduct certification (including the MHDC Workforce Eligibility Policy) should be directed to Jennifer Schmidt at 816.759.6654 or [jschmidt@mhdc.com](mailto:jschmidt@mhdc.com). You should contact your underwriter for other questions.