

Rules of
Department of Economic
Development
Division 170—Missouri Housing
Development Commission
Chapter 1—General Organization

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Title 4-DEPARTMENT OF ECONOMIC DEVELOPMENT

Division 170—Missouri Housing Development Commission Chapter 1—General Organization

4 CSR 170-1.010 Organization and Activities

PURPOSE: This rule describes the programs, funding and organization of the Missouri Housing Development Commission in order to inform the public of what the commission is and what it does.

(1) The Missouri Housing Development Commission (MHDC) is a public mortgage lending institution created by an act of the legislature in 1969 to increase the supply of decent housing for low and moderate income citizens.

(A) Additionally, the commission is responsible to assure that all MHDC mortgage-held developments remain available to those persons throughout the life of the mortgage at the lowest reasonable cost. A summary of procedures to insure that the commission achieves these goals follows:

1. An annual audit of the development shall be completed by an independent certified public accountant and provided to the commission no later than ninety (90) days following the end of each fiscal year;

2. The staff of the commission shall perform an audit and on-site inspection of each development on an annual basis;

3. The commission shall be provided with a verification of income on all tenants at the request of the commission. This regulation applies to all tenants of MHDC-financed developments, whether assisted or market rate. Only initial verification of income is required for nonassisted developments;

4. The written approval of the commission is required prior to increasing rents or charges to tenants in all MHDC-financed developments;

5. Surplus cash, or residual receipts in the case of assisted developments, shall be placed in a segregated account. No disbursement may be made from this account for any purpose other than approved project expenses and permitted distribution of dividends. The commission may require that this account be held jointly by the development and the MHDC;

6. No transfer of ownership, legal or beneficial, may occur without the written consent of the commission; and

7. The commission shall determine the amount of equity at the time of final endorsement. Equity shall increase as a result of reduction to principal and may be increased with the written approval of the commission in

the event of improvements to the development deemed essential. The commission's determination of equity should not be identified with a Housing and Urban Development (HUD) determination of equity.

(B) The commission carries on two (2) programs to finance housing. First, the commission loans money and purchases mortgages at below-market interest rates for the construction or rehabilitation of apartments, townhouses, cooperatives and condominium housing for rental or sale to families and individuals within low to moderate income brackets. Developers of MHDC-financed multiunit housing projects must be approved mortgagors specified in section 215.010, RSMo. Secondly, the commission may purchase mortgage loan commitments for new and existing single-family homes from local lending institutions.

(2) Funds for MHDC mortgage financing are generally provided through the sale of tax-exempt notes and bonds which the commission is authorized to issue. The commission also may provide mortgage financing through the use of unrestricted fund balances. Administrative costs for the commission's staff and operations are paid entirely from fees charged to MHDC borrowers and earnings derived from investments. The commission receives no tax revenue or other payments from the state and its ability to carry on different programs depends upon the willingness of private investors to buy MHDC notes and bonds to pay for those programs.

(3) The commission consists of nine (9) members, including the governor, attorney general, state treasurer and six (6) commissioners appointed for staggered, four (4)-year terms by the governor with advice and consent of the state senate. Regular meetings are held monthly. Copies of the MHDC's annual report and information about the commission's direct loan and mortgage purchase programs may be obtained by contacting the executive director, Missouri Housing Development Commission, 3770 Broadway, Kansas City, MO 64111 or (816) 756-3790. Inquiries regarding rental occupancy in MHDC-financed projects should be directed to the owners or the managing agent at the project.

*Auth: section 215.030(5), (12) and (19), RSMo (1986). * Original rule filed Dec. 22, 1975, effective Jan. 1, 1976. Amended: Filed Dec. 16, 1985, effective March 24, 1986. Amended: Filed Dec. 30, 1987, effective March 25, 1988.*

**Original authority 1969, amended 1974, 1982, 1985, 1989.*

Op. Atty. Gen. No. 114, Salsich, 4-4-73. The Missouri Housing Development Commission, section 215.010, RSMo (1969), has the authority to make first mortgage loans for the construction of nonprofit facilities which will provide nursing home residential services for persons of low and moderate income who live on a permanent basis in such homes.

Op. Atty. Gen. No. 319, Salsich, 7-14-71. The Missouri Housing Development Commission is not disaabled from retaining as "managing underwriter" in the marketing of its bonds or notes a firm engaged in the underwriting and investment banking business, which has served as the commission's financial adviser in the past and which proposes to render further services as financial adviser, without additional compensation, if selected as managing underwriter.

Op. Atty. Gen. No. 140, Salsich, 7-6-71. Chapter 215, RSMo (1969) establishes the Missouri Housing Development Commission for a valid public purpose, that is, facilitating the provision of housing for persons and families of low and moderate income who are unable to obtain adequate housing through ordinary commercial means and that such legislation does not contravene any provision of the Missouri Constitution.