

**CHARTER OF THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS OF  
M/I HOMES, INC.**

**PURPOSE**

The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of M/I Homes, Inc. (the “Company”) is to assist the Board in its oversight of: (1) the integrity of the Company’s consolidated financial statements; (2) the Company’s compliance with legal and regulatory requirements; (3) the independent accountants’ and auditors’ qualifications and independence; and (4) the performance of the Company’s internal audit function and independent accountants and auditor.

While the Committee has the responsibilities and powers set forth in this Charter, the Committee may rely on the expertise and knowledge of management, the internal auditors and independent accountants and auditors to the extent deemed appropriate by the Committee in carrying out its oversight responsibilities. Management of the Company is responsible for determining that the Company’s consolidated financial statements are complete, accurate and in accordance with generally accepted accounting principles (“GAAP”) and that the Company has appropriate policies, procedures and internal controls relative to financial risk and compliance with applicable legal, ethical and regulatory requirements. The independent accountants and auditors are responsible for auditing the Company’s consolidated financial statements.

**COMMITTEE MEMBERSHIP**

The Committee shall consist of at least three members of the Board, each of whom shall: (1) be an “independent director” as is defined under the listing rules of the New York Stock Exchange, Inc. (the “NYSE”); (2) satisfy the independence requirements prescribed by Section 10A of the Securities Exchange Act of 1934 (the “Exchange Act”) and the rules promulgated by the United States Securities and Exchange Commission (the “SEC”) thereunder; (3) shall be free of any relationship that, in the opinion of the Board, may interfere with the exercise of such member’s independence from management and the Company; and (4) satisfy any other standards of independence that may from time to time be in effect and applicable to the Committee.

Each Committee member shall be financially literate as required by applicable rules or must become financially literate within a reasonable time after his or her appointment to the Committee. At least one Committee member shall be an “audit committee financial expert” as defined in the applicable rules or criteria established by the SEC and NYSE, and as determined by the Board.

If a Committee member serves on the audit committee of more than two other public companies, such member shall promptly inform the Committee and the Committee shall recommend to the Board, and the Board shall determine, whether such simultaneous service would impair the ability of such member to effectively serve on the Committee.

The members of the Committee shall be recommended by the Nominating and Governance Committee based upon experience, education and other skills considered by such committee to

be necessary or appropriate to contribute to the Committee. The members of the Committee shall be appointed by and serve at the pleasure of the Board. The Board may fill any vacancies on the Committee and may remove a Committee member at any time with or without cause. The Board shall designate a Chairman of the Committee. The Committee may designate its own Secretary, who may be a non-Committee member.

## **AUTHORITY**

The Committee has authority to conduct or authorize investigations into any matters within the scope of its responsibilities. It is empowered to:

- Appoint, retain, compensate, evaluate and, where appropriate, terminate the Company's independent accountants and auditors. The independent accountants and auditors will report directly to the Committee. (This does not preclude the Committee from obtaining the input of management, but these responsibilities may not be delegated to management.)
- Oversee the work of the independent accountants and auditors (including the resolution of disagreements between management and the independent accountants and auditors).
- Pre-approve the audit engagement, including fees and terms, and all other audit or permitted non-audit services performed by the Company's independent accountants and auditors.
- Retain independent legal, accounting and other advisors to the extent the Committee deems it necessary or appropriate to assist the Committee in carrying out its duties. The Company shall provide for appropriate funding, as determined solely by the Committee, for payment of compensation to the independent accountants and auditors engaged for the purposes of preparing or issuing an audit report or performing other audit, review or attest services for the Company, compensation to any other advisors employed by the Committee, and ordinary administrative expenses of the Committee that the Committee determines are necessary or appropriate in carrying out its duties.
- Meet with the Company's officers, independent accountants and auditors or outside counsel, as necessary.

The Committee may delegate to its Chairman such power and authority as the Committee deems to be appropriate, except such powers and authorities required by law to be exercised by the whole Committee or by a subcommittee, which the Committee has the authority to form and delegate to, consisting of one or more Committee members, when appropriate. Such delegated power and authority may include the authority to preapprove all audit and permitted non-audit services, and the decisions made pursuant to such delegated power and authority shall be reported to the Committee at its next scheduled meeting.

## **DUTIES AND RESPONSIBILITIES**

The Committee shall maintain flexible policies and procedures and meeting schedules, consistent with the requirements of this Charter, to enable the Committee to best react to changing circumstances and to fulfill its purpose.

The following activities shall be the common recurring activities of the Committee in carrying out its purpose. The Committee shall also carry out such other duties and responsibilities delegated to it by the Board from time to time that are related to the purpose of the Committee.

### **A. Management, Independent Accountants and Auditors and Financial Reporting:**

The following are the principal duties of the Committee in carrying out its responsibilities with regard to management, independent accountants and auditors and financial reporting:

- Review and discuss with the independent accountants and auditors annually, before each audit begins, the overall scope of their respective annual audit plans, including adequacy of staffing, professional services to be provided, the audit procedures to be used and fees to be charged by the independent accountants and auditors.
- Review and discuss with management and the independent accountants and auditors major issues regarding accounting and financial statement presentation, including: (1) any significant changes in the Company's selection or application of accounting principles and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; (2) analyses prepared by management and/or the independent accountants and auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the Company's consolidated financial statements; (3) the development, selection and disclosure of critical accounting estimates and policies and practices and the use thereof; and (4) analyses of the effect of alternative GAAP methods on the Company's consolidated financial statements, including the ramifications of the use of alternative disclosures and treatments and the treatment preferred by the independent accountants and auditors.
- Review and discuss with management and the independent accountants and auditors the effect of regulatory and accounting initiatives, as well as material off-balance sheet structures, on the Company's consolidated financial statements, and any necessary disclosures related thereto.
- Review and discuss with the independent accountants and auditors their reports and the results of their audits. The Committee should review any "management letter" or "internal control" letter issued, or proposed to be issued, by the independent accountants and auditors and discuss with the independent accountants and auditors any audit problems or difficulties the independent accountants and auditors encountered in the course of the audit work, including any restrictions on the scope of the independent accountants' and auditors' activities or on access to requested information, and any significant disagreements with management.

- Discuss with management and the independent accountants and auditors the Company's quarterly consolidated financial statements and the disclosures to be made under management's discussion and analysis of financial condition and results of operations prior to the filing of each of the Company's Quarterly Reports on Form 10-Q. The Committee shall review and discuss the results of the independent accountants and auditors' reviews of the Company's quarterly consolidated financial statements and any other matters required to be communicated to the Committee by the independent accountants and auditors under generally accepted auditing standards.
- Discuss with management and the independent accountants and auditors the Company's annual audited consolidated financial statements and the disclosures to be made under management's discussion and analysis of financial condition and results of operations prior to the filing of each of the Company's Annual Reports on Form 10-K. The Committee shall discuss with the independent accountants and auditors any other matters required to be communicated to the Committee by the independent accountants and auditors under generally accepted auditing standards. The Committee shall also recommend to the Board whether the Company's audited consolidated financial statements should be included in the Annual Report on Form 10-K.
- Discuss with the independent accountants and auditors and management their assessments of the adequacy and effectiveness of the Company's systems of disclosure controls and procedures and internal control over financial reporting and related accounting and financial controls and any special audit steps adopted in light of material control deficiencies. Review disclosures made by the principal executive officer and the principal financial officer during the certification process in respect to each Quarterly Report on Form 10-Q and each Annual Report on Form 10-K, about significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting and any fraud that involves management or other employees who have a significant role in the Company's internal control over financial reporting. Discuss with management any changes in the Company's internal control over financial reporting that occurred during the last fiscal quarter.
- Discuss with management earnings press releases, as well as financial information and earnings guidance provided to analyst and rating agencies. These discussions may be done generally (i.e. discussion of the types of information to be disclosed (paying particular attention to any use of "pro forma" or "adjusted" non-GAAP information and reconciliations of the same) and the type of presentation to be made) and need not be in advance of each earnings release or each instance in which the Company may provide earnings guidance.
- Discuss with management the guidelines and policies management uses to govern the process by which risk assessment and management is undertaken, paying particular attention to financial risk exposures. The Committee should review processes that the Company has in place in a general manner.
- Monitor the independence, qualifications and performance of the independent accountants and auditors by, among other things:

(1) At least annually, obtaining and reviewing a report from the independent accountants and auditors describing: (a) the independent accountants' and auditors' internal quality-control procedures; (b) any material issues raised by the most recent internal quality-control review, or peer review, of the independent accountants and auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent accountants and audits carried out by the independent accountants and auditors; (c) any steps taken to deal with any such issues; and (d) all relationships between the independent accountants and auditors and the Company.

(2) Requiring that the independent accountants and auditors submit, to the Committee on a periodic basis, a formal written statement delineating all relationships between the independent accountants and auditors and the Company, consistent with Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, as modified or supplemented. The Committee shall also be responsible for actively engaging in a dialogue with the independent accountants and auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent accountants and auditors and recommending that the full Board take appropriate action in response to the independent accountants' and auditors' report to satisfy itself of the independent accountants' and auditors' independence.

(3) Evaluating the qualifications, performance and independence of the independent accountants and auditors, including considering whether the independent accountants' and auditors' quality controls are adequate and whether the provision of any non-audit service is compatible with maintaining the auditors' independence, and taking into account the opinions of management and the internal auditors.

- Present to the Board the Committee's conclusions with respect to the independence, qualifications and performance of the independent accountants and auditors.
- At least annually, review the experience, rotation and qualifications of the senior members of the independent accountants' and auditors' team under applicable laws, rules and regulations. Review and evaluate the lead partner of the independent accountants and auditors. Consider whether, in order to assure continuing auditor independence, there should be a regular rotation of the firm serving as the Company's independent accountants and auditors itself from time to time.
- Review and pre-approve all audit services and permitted non-audit services to be performed for the Company or any of its subsidiaries by the independent accountants and auditors or any other auditing or accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services (other than with respect to de minimus exceptions permitted by applicable laws, rules and regulations). The Committee may establish pre-approval policies and procedures, in compliance with the rules and criteria established by the SEC. Such pre-approval policies and procedures must be detailed as to the particular services to be provided, ensure that the Committee knows precisely what services it is being asked to pre-approve and not include any delegation to management of the Committee's responsibilities under applicable laws, rules and regulations to preapprove all services provided by the independent accountants and auditors. Approval of a non-audit service to be performed

by the independent accountants and auditors and, if applicable, the pre-approval policies and procedures established by the Committee shall be disclosed as required under applicable SEC rules in the Company's Annual Report on Form 10-K and/or annual proxy statement.

- Set clear hiring policies, in compliance with applicable laws, rules and regulations, for employees or former employees of the independent accountants and auditors.
- Hold private sessions with the independent accountants and auditors at least four times per year.
- Ensure that the independent accountants and auditors have access to all necessary Company personnel, records or other resources.

#### B. Internal Auditors:

The following are the principal duties of the Committee with respect to its responsibilities with regard to the Company's internal auditors:

- Review the appointment and/or replacement of the head of internal audit.
- Review the internal auditors' annual audit plans and have the internal auditors inform the Committee of the results of internal audits, highlighting significant audit findings and recommendations on a periodic basis.
- Review and discuss with the internal auditors their assessments of the Company's risk management processes and system of internal control based on their audits.
- Discuss with the independent accountants and auditors their reliance, if any, on internal auditors' work.
- Hold private sessions with the head of internal audit at least four times per year.

#### C. Compliance:

The following are the principal duties of the Committee with respect to their oversight of compliance matters:

- The Committee shall have the authority to approve such waivers from the Company's Code of Business Conduct and Ethics for directors or executive officers of the Company, as the Committee deems appropriate.
- Establish procedures and require the Company to obtain or provide the necessary resources and mechanisms for (1) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and (2) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

#### D. Reporting:

- Report regularly to the Board about meetings of the Committee and make minutes of the Committee meetings available to all directors.
- Review with the Board any issues that arise with respect to the quality or integrity of the Company's consolidated financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the independent accountants and auditors, or the performance of the internal audit function.
- Prepare the Committee report to be included in the Company's annual proxy statement and any other information related to the responsibilities of the Committee required to be disclosed under the rules of the SEC and the NYSE.
- Review any other reports the Company issues that relate to the responsibilities of the Committee.

#### E. Other:

- Review and assess the quality and clarity of the information provided to the Committee and make recommendations to management, the internal auditors and the independent accountants and auditors as the Committee deems appropriate from time to time for improving such information.
- Perform other activities related to this Charter as requested by the Board.
- Institute and oversee special investigations as needed.
- At least annually, review and reassess the adequacy of this Charter and obtain the approval of the Board for any amendments to this Charter. This Charter and any amendments hereto shall be publicly disclosed at the times and in the manner required by the applicable rules or criteria established by the NYSE and the SEC and, in all events, shall be posted on the Company's website.
- At least annually, evaluate the performance of the Committee and the individual members of the Committee.

### **MEETINGS**

The Committee shall meet as often as necessary to carry out the duties and responsibilities set forth in this Charter, provided that in no event shall the Committee meet less than four times each year. The Chairman or a majority of the members of the Committee may call a meeting. A majority of the Committee members shall constitute a quorum for the transaction of business at any meeting. The Committee may act by a majority of its members present at a meeting at which a quorum is present. To the extent permitted by the Company's Amended and Restated Articles of Incorporation and Amended and Restated Code of Regulations, the Committee may also take action by unanimous written consent.

The Committee, in its sole discretion, may invite members of management, advisors or others to attend meetings for any purpose, including the provision of pertinent information or the implementation of the Committee's recommendations or decisions.

The Committee shall prepare minutes of its meetings, which minutes shall be filed with the minutes of the meetings of the Board. At each regularly scheduled meeting of the Board, the Chairman of the Committee, or his or her designee, shall provide the Board with a report of the Committee's activities and proceedings.

## **COMMITTEE RESOURCES**

Subject to applicable law, the Committee shall have the authority to designate and delegate any of its duties and responsibilities to such sub-committees as the Committee, in its sole discretion, deems appropriate.

The Committee shall have the resources and authority to designate, and delegate any of its duties and responsibilities, including the authority to select, retain, terminate and approve the fees and other retention terms of outside counsel, whether the Company's general outside counsel or special counsel, independent accountants and auditors and such other experts, consultants or advisors as it determines appropriate, without seeking additional approval of the Board or management.

Effective March 9, 2004