

**MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
COMMUNITY DEVELOPMENT ADMINISTRATION  
LOCAL GOVERNMENT INFRASTRUCTURE FINANCING PROGRAM**

**TAX QUESTIONNAIRE RELATED TO  
REFUNDING PRIOR PROJECT FINANCING**

**INTRODUCTION**

By participating in the Community Development Administration's ("CDA") Infrastructure Financing Program, you will be receiving proceeds ("Loan Proceeds") from CDA's Local Government Infrastructure Bonds (the "Bonds") issued pursuant to Section 4-101 through 4-255 of the Housing and Community Development Article of the Maryland Annotated Code, as amended. In order for the interest on the Bonds to be and remain tax-exempt, the use of your Loan Proceeds and the use of the facilities and equipment financed or refinanced with your Loan Proceeds must satisfy certain requirements of the Internal Revenue Code of 1986 (the "Code") and applicable regulations (the "Regulations"). The following questionnaire (this "Questionnaire") is designed to elicit the information necessary to assure compliance with these requirements as of the date of closing of the Bonds. At the time of issuance of the Bonds, CDA will execute a tax certificate (the "Tax Certificate") setting out tax requirements applicable for the term of the Bonds. The information contained in your response to this Questionnaire, among other things, will be relied upon by CDA as a basis for the factual representations contained in the Tax Certificate.

**LOCAL GOVERNMENT'S RESPONSIBILITY**

You are responsible for completing this Questionnaire and providing the requested documentation to CDA's bond counsel. This Questionnaire should be completed and returned to CDA's bond counsel as early as possible in the financing process in order to assure the closing of your loan from CDA (the "Loan") on schedule. Please feel free to attach additional sheets with explanatory materials wherever necessary. If a particular question does not apply to your financing, simply write "N/A."

*Contact Information:*

CDA's Bond Counsel –

William Henn  
McKennon Shelton & Henn LLP  
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CDA -

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Dept. of Housing & Community Development  
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**TAX QUESTIONNAIRE FOR LOCAL GOVERNMENTS  
(CDA INFRASTRUCTURE PROGRAM)**

**Official Name of Local Government:** \_\_\_\_\_

**EIN: 52 -** \_\_\_\_\_ **Project(s):** Described below \_\_\_\_\_

Please feel free to contact CDA's Bond Counsel (contact information listed above) with any questions that you have regarding the completion of this Questionnaire.

The assets being refinanced through the repayment of prior debt with the proceeds of your Loan shall be referred to herein as the "Project." *Use Tax Questionnaire related to new project financing if you are NOT refunding or refinancing outstanding debt with the proceeds of your Loan.*

1. Refunded Loan. (a) Is Local Government refunding a loan to the Local Government (a "Refunded Loan") made from proceeds of a prior issuance of CDA Local Government Infrastructure Bonds?

Yes                       No

Indicate below Name, Date and Amount of Refunded Loan:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_.

(b) Is the Refunded Loan tax-exempt debt?

Yes                       No

If Yes, attach a copies of the tax documentation relating to the prior debt (for example, the Form 8038G and the Tax and Section 148 Certificate, No-Arbitrage Certificate or Tax Compliance Certificate).

Copies of tax documentation attached.

2. Describe the Project(s) for which the proceeds of the Refunded Loan were expended (for example, a new courthouse, streets and sidewalks, loans to other entities, refund prior debt, etc.).

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3. Capital Expenditures. Did all costs of the Project(s) consist of costs that were chargeable to a capital account (as opposed to operating expenses)? Note that interest on the Loan or the Refunded Loan allocable to any portion of the Project(s) after such portion is placed in service is *not* a capital expenditure. Other examples of costs that are NOT capital expenditures are loans to third parties, operations and maintenance expenses, repairs, etc. or, more generally, costs items which have an economic useful life of less than one year.

Yes                       No

If No, please describe any non-capital expenses.

4. Reimbursement. There are limitations on using proceeds of tax-exempt debt to reimburse costs which are paid before the issuance of such tax-exempt debt. Generally, the following expenditures may be reimbursed from proceeds of tax-exempt debt: (i) certain preliminary expenditures (*e.g.*, architects' and engineers' fees that are paid prior to any physical site improvements or construction); and (ii) capital expenditures paid no more than 60 days prior to the date on which the Local Government took action declaring its intent to reimburse expenses of the project with debt (the "Official Intent Action") *provided* that the loan is issued within 18 months after the project was placed in service and not more than 3 years after the expenditure was originally paid.

(a) Did you reimburse yourself from proceeds of the Refunded Loan for expenditures paid before the Refunded Loan was issued?

Yes                       No

If yes, please provide a copy of the Local Government's resolution or other action declaring the Local Government's intent to reimburse these expenditures.

Intent Action attached

(b) Was any property to which the expenditures relate placed in service more than 18 months before the Refunded Loan was issued? For this purpose, "placed in service" means that (i) the property has reached a degree of completion which would permit its operation at substantially its design level and (ii) the property is, in fact, in operation at such level.

Yes                       No

(c) Were any of the expenditures for which you sought reimbursement paid more than 3 years prior to the date on which the Refunded Loan was issued?

Yes  No

(d) Were any of the expenditures for which you sought reimbursement paid more than 60 days prior to the date of your Official Intent Action?

Yes  No

(e) Are or will all expenditures for which reimbursement was sought "capital expenditures" for federal income tax purposes that were so reflected on the financial statements of the Local Government?

Yes  No

5. Proceeds of the Refunded Loan. Have all of the proceeds, including replacement proceeds (e.g., debt service or debt service reserve funds), of the Refunded Loan been expended?

Yes  No

If No, what is the amount and nature of the proceeds of the Refunded Loan that remain unexpended? \_\_\_\_\_

6. Ownership of Project(s). Is the Local Government the sole owner of the Project(s) and the land on which it is located? If the Local Government leases the Project(s) from another entity, attach a copy of the lease.

Yes  No

Lease attached.

If No, is the owner a government unit? Note that the federal government does not qualify as a governmental unit.

Yes  No

7. Users of the Project(s). (a) Is any portion of the Project(s) leased to another entity?

Yes  No

(i) If Yes, attach a copy of the lease(s).  Lease(s) attached.

(ii) If Yes, is the entity a governmental unit?

Yes  No

(b) Is any portion of the Project(s) used by any entity that is not a governmental unit, other than as described in (a) above? (For purposes of this question, property should be considered to be used by an entity if such entity occupies, manages or in any other way uses or receives benefits from any portion of the property, other than on an equal basis with the general public.)

Yes  No

If Yes, please describe.

(c) Does any person or entity other than a governmental unit manage any portion of the Project(s) or provide services (other than janitorial or maintenance services) in any portion of the Project(s) under a management, service or other contract?

Yes  No

If Yes, please attach a copy of each such contract.  Contracts attached.

(d) Please list name and EIN of each user of the Project(s).

8. Debt Service. (a) Does or will any person or entity other than the Local Government pay, directly or indirectly, any part of debt service of the Refunded Loan or the Loan?

Yes  No

If Yes, please provide the name of each such person or entity and the amount of debt service that it directly or indirectly pays (note: please contact bond counsel if you have any questions about “indirect” payment of the Refunded Loan or the Loan).

(b) Has any sinking fund or other similar fund been, or expected to be, created or established for the payment of the principal of or interest on the Loan or the Refunded Loan or are any other funds or accounts expected to be pledged as collateral for the Loan or the Refunded Loan or for which there will be a reasonable assurance that amounts therein will be available to pay debt service on the Loan or the Refunded Loan even if the Local Government encounters financial difficulties?

Yes                       No

If yes, please describe.

7. Simultaneous Issues. Do you expect that any tax-exempt bonds, notes or other obligations will be sold or issued by or on behalf of the Local Government within 15 days before or after the projected sale date of the Loan?

Yes                       No

If Yes, please describe and provide expected date of sale of the other tax-exempt issue(s).

8. Small Issuer Exception. Were any tax-exempt bonds, notes or other obligations (other than private activity bonds) sold or issued or do you expect to sell or issue any tax-exempt bonds, notes or other obligations (other than private activity bonds and the Loan) by or on behalf of the Local Government, or by a subordinate entity to the Local Government, before December 31 of the current calendar year, 20 \_\_\_\_?

Yes                       No

If Yes, please describe.

9. Federal Payments. Will any portion of the payments on the Loan be (a) guaranteed by the United States or any federal agency (the "Federal Government") or (b) derived from payments from the Federal Government, such as payments under a lease or other contract with the Federal Government?

Yes                       No

If Yes, please describe.

10. Interest Rate Hedges. Has or will the Local Government enter into an interest rate swap, cap or other hedging contract in connection with the Refunded Loan or the Loan?

Yes                       No

11. Loans. Has the Local Government used proceeds of the Refunded Loan directly or indirectly to make a loan to any other person or entity?

Yes                       No

If Yes, please describe.

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**LOCAL GOVERNMENT’S TAX CERTIFICATION**

Community Development Administration  
Department of Housing and Community Development  
100 Community Place  
Crownsville, Maryland 21032-2023

McKennon Shelton & Henn LLP  
401 E. Pratt Street, Suite 2600  
Baltimore, Maryland 21202

**Ladies and Gentlemen:**

**In connection with the issuance of the Local Government Infrastructure Bonds (the “Bonds”) by Community Development Administration (“CDA”), the undersigned hereby certifies to CDA that the foregoing is true and correct and acknowledges that CDA will rely upon this certification in the issuance of Bonds and that McKennon Shelton & Henn LLP will rely upon this certification in rendering its opinion as to the tax-exempt status of interest on the Bonds.**

**WITNESS my signature this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.**

\_\_\_\_\_  
By: \_\_\_\_\_  
Name:  
Title:

\_\_\_\_\_