

**MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
COMMUNITY DEVELOPMENT ADMINISTRATION**

LOCAL GOVERNMENT INFRASTRUCTURE FINANCING PROGRAM

TAX QUESTIONNAIRE RELATED TO USE OF PROJECTS

INSTRUCTIONS TO LOCAL GOVERNMENT

INTRODUCTION

By participating in Community Development Administration's ("CDA") Infrastructure Financing Program, you will be receiving proceeds ("Loan Proceeds") from CDA's Local Government Infrastructure Bonds, 201_ SERIES _ (the "Bonds"). 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 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 will be used 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. The 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 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
401 E. Pratt Street, Suite 2315
Baltimore, Maryland 21202
Phone: 410.843.3520
Fax: 410.895.0965
E-Mail: William.Henn@mshllp.com

CDA -

Tony Mohan, Principal Counsel
Office of Attorney General
Dept. of Housing & Community Development
100 Community Place
Crownsville, Maryland 21032-2023
Phone: 410.514.7838
Fax: 410.987.4096
E-Mail: mohan@mdhousing.org

**TAX QUESTIONNAIRE FOR LOCAL GOVERNMENTS
(CDA INFRASTRUCTURE PROGRAM)**

Official Name of Local Government: _____

EIN: 52 - _____ **Project:** _____

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

The assets being financed or refinanced (through the repayment of prior debt) with the proceeds of your loan shall be referred to herein as the "Project."

1. Capital Expenditures. (a) Do all costs of the Project consist of costs that are chargeable to a capital account (as opposed to operating expenses)? Note that interest on Bonds allocable to any portion of the Project 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.

2. (a) Construction/Acquisition Dates. When was construction or renovation of each component of the Project commenced (or when will it be commenced)? (month, year)

(b) In the case of acquisition of land, existing facilities or equipment, when was the property acquired (or when will it be acquired)? (month, year)

(c) In the case of either new construction or renovation, when is construction or renovation of each component of the Project expected to be completed? (month, year)

3.

3. Reimbursement. There are limitations on using proceeds of your loan to reimburse costs which you paid before the issuance of the loan. Generally, the following expenditures may be reimbursed from loan proceeds: (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) Do you plan to reimburse yourself from loan proceeds for expenditures paid by the Local Government before the loan was issued (or, in the case of a refinancing of debt or bonds, did you reimburse yourself for expenditures paid before the debt or bonds were 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 for which the expenditures were made placed in service more than 18 months before the date of closing of the loan (or, in the case of expenditures reimbursed from proceeds of other debt or bonds, before the debt or bonds were incurred or 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 are seeking reimbursement paid more than 3 years prior to the date on which your loan is expected to close?

Yes No

(d) Were any of the expenditures for which you are seeking 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 is being sought (or was sought) be "capital expenditures" for federal income tax purposes that will be (or have been) so reflected on the financial statements of the Local Government?

Yes No

4. Ownership of Project. Will the Local Government be the sole owner of the Project and the land on which it is located? If the Local Government leases the Project from another entity, attach a copy of the lease.

- Yes No
 Lease attached.

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

- Yes No

5. Users of the Project. (a) Will any portion of the Project be 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) Will any portion of the Project be 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) Will any person or entity other than a governmental unit manage any portion of the Project or provide services (other than janitorial or maintenance services) in any portion of the Project under a management, service or other contract?

- Yes No

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

6. Will any person or entity other than the Local Government pay, directly or indirectly, any part of debt service of the loan?

Yes No

If Yes, please provide the name of each such person or entity and the amount of debt service that it will directly or indirectly pay.

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 before December 31, 2009?

Yes No

If Yes, please describe and provide expected date of sale.

8. 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.

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

Yes No

10. Loans. Will the Local Government use proceeds of the loan directly or indirectly to make a loan to any other person or entity?

Yes No

If Yes, please describe.

11. Refinancing. (a) Will the proceeds of your loan be used to repay or refund prior tax-exempt debt?

Yes No

If Yes, please describe.

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

Copies of tax documentation attached.

(b) Will the proceeds of your loan be used to repay or refund prior taxable debt?

Yes No

If Yes, please describe.

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 2315
Baltimore, Maryland 21202

Ladies and Gentlemen:

In connection with the issuance of the Community Development Administration’s Local Government Infrastructure Bonds (Ambac Insured) (the “Bonds”) by Community Development Administration (“CDA”), the undersigned hereby certifies 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:
