TAX QUESTIONNAIRE

California Housing Finance Agency

1. Name of Project:

2. Legal Name of Borrower:
   EIN:

3. Legal Name of Property Manager:

4. Location (including exact street addresses of all buildings):

5. Please provide a description of the Project (# of units, number of buildings, senior or family, affordability levels, physical plant, tenant amenities, parking, etc.). If there is a charge for any tenant amenities or if any tenant amenities are available for non-tenants, please describe the arrangement:

6. If the Project or a portion thereof will be owned or acquired by Borrower prior to bond closing, please describe terms of such ownership acquisition, including acquisition date:

7. Will the facility in which Project is located include any commercial facilities (e.g., grocery store, retail, or other non-residential space)?

   Yes ☐ No ☐

   If yes, please describe the location, size and anticipated use of the commercial space, and indicate the percentage of total rentable square footage to be devoted to the commercial facility.

8. Will the Project be located on a scattered site?

Yes ☐ No ☐

9. Has this property been bond financed before?

Yes ☐ No ☐

<u>If yes</u>, please indicate if there is an existing Regulatory Agreement and provide a copy, if available.

10. Will the Borrower hold a fee interest or a leasehold interest in the land on which the Project is located?

Fee Interest ☐ Leasehold Interest ☐

11. To your knowledge, are the Bond Purchaser and the Tax Credit Investor related?

Yes ☐ No ☐

12. Will any of the tax-exempt bonds be a subordinate series (that is, subordinate to any other series of tax-exempt bonds or any other debt of the Borrower)?

Yes ☐ No ☐

13. Please indicate the name of the seller of the facility and the partners in the seller and the relationship, if any, to the Borrower and the partners in the Borrower. (If possible, please provide illustrative organizational charts of the buyer and the seller.):

14. Will the Borrower enter into a swap, interest rate cap, or other hedge with respect the tax-exempt bonds?

Yes ☐ No ☐

<u>If yes</u>, please provide type of hedge:

15. Is this an 80/20 deal?

Yes ☐ No ☐

<u>If yes</u>, is any of the equity being used from a 1031 exchange?

Yes ☐ No ☐

16. Will any portion of the purchase price of the facility will be funded with seller take-back financing?

Yes ☐ No ☐

<u>If yes</u>, please provide a brief description of the seller takeback financing (please include key terms, such as parties, expected term of the loan and/or maturity date, interest rate and source of repayment). We are interested in seller take-back financing regardless of whether such financing is in the form of a tax-exempt or taxable bond or not.

Note: One of the tax requirements related to the bonds is that the seller not be a related person to the buyer/Borrower under Section 707(b) of the Internal Revenue Code. Such a determination is a function of the capital and profits interests in both the buyer and the seller and, to the extent that there is a seller take-back note, the ability to conclude that such note will be treated as debt for federal tax purposes. Options for dealing with this issue are the following:

Option (a) ☐: Counsel to the Borrower (or the tax credit investor) can provide Bond Counsel and the Issuer with a "<u>will</u>" opinion that the Borrower and the seller are unrelated. This is Bond Counsel's preferred approach as the ability to conclude that the Borrower and seller are unrelated often is contingent on the ability to conclude that the seller-takeback note is debt for federal tax purposes. Such a determination is based in large part on facts, circumstances and the intent of the parties to the underlying real estate transaction. Borrower's counsel and tax credit investor counsel are typically much closer to the underlying real estate transaction than bond counsel and often is already providing a similar opinion for tax credit purposes. Bond Counsel will diligence the basis for the opinion provided to it.

Or

Option (b) ☐: Bond Counsel can undertake its own, independent analysis of this issue, which will be time consuming and could be incompatible with the current financing schedule. In connection with such an undertaking, Bond Counsel will review partnership agreements, the property sale agreement, appraisals and cash flow projections. Such an undertaking by Bond Counsel is not customary in a tax-exempt bond issue. Bond Counsel may determine that it is necessary to alter the real estate transaction and/or the partnership structure in order to deliver its standard, unqualified bond opinion.

Please mark the applicable box above next to the preferred approach for your transaction.

17. Please include estimated construction period sources numbers tied to uses with your response to this Tax Questionnaire. Please separately identify the costs that will be paid with proceeds of the bonds and the costs that will be paid with amounts other than proceeds of the bonds. If the acquisition of an existing facility will be paid with proceeds of the bonds, please further break down such acquisition cost into land and buildings. If sources and uses are not available when this Tax Questionnaire is submitted, please indicate such in the box below and provide the numbers separately as soon as available.

In addition, if the Borrower expects to reimburse itself from proceeds of tax-exempt bonds for any Project related expenditures made prior to bond closing, please plan to provide a listing of the proposed items of reimbursement (including date paid, amount, payee and purpose of the expenditure). If these proposed reimbursable amounts are not available when this Tax Questionnaire is submitted, please provide separately once available.

18. If this is an acquisition/rehabilitation project, does the borrower intend to take bonus depreciation on any of the assets comprising the Project?

Yes ☐ No ☐

If yes, please indicate the items on which bonus depreciation will be taken.

19. With respect to any assumed loans/debt, please address the following:

(A) What are the current basic terms (interest rate, par amount, maturity date, etc.) of the debt?

(B) How is the interest rate being changed (if at all) in connection with the assumption?

(C) How is the maturity and/or amortization being changed (if at all) in connection with the assumption?