

# Construction/Permanent Loan Program for Multifamily Housing

A Financing Program for Fixed-Rate Construction and Permanent Loans Credit-Enhanced by Government Sponsored Enterprises

<b>Program Description</b>	Under this program, the Trust provides fixed-rate combined construction and permanent financing for market-rate and affordable multifamily housing.
<b>Loan Requirements</b>	<p>The construction loan is administered by a participating lender (rated A or better), which takes the construction and lease-up risk by providing a letter of credit or other form of guarantee acceptable to the Trust. The Trust funds the loan based on a monthly draw schedule.</p> <p>The permanent loan is originated on a forward commitment basis and is securitized after loan closing. The Trust purchases the mortgage-backed security at a pre-determined, fixed-rate, which is set and locked prior to construction.</p>
<b>Eligible Projects</b>	New construction or substantial rehabilitation of affordable and market-rate multifamily rental housing projects.
<b>Affordability Requirements</b>	Affordable housing projects must comply with the low-income housing tax credit requirements for affordability, or other criteria approved by Fannie Mae or Freddie Mac. For moderate income projects, underwriting must assume that at least 51% of units are occupied by residents earning no more than 100% AMI. For market-rate projects, underwriting must assume that 100% of the units are occupied by residents earning no more than 120% AMI.
<b>Union Labor Requirements</b>	All housing projects eligible for Trust financing must employ a 100% union labor workforce during the construction period. Trust staff will assist developers in meeting this requirement.
<b>Location</b>	Nationwide.
<b>Lenders</b>	The Trust staff will assist developers with the identification of Fannie Mae or Freddie Mac lenders.
<b>Loan Size</b>	From \$3 million.
<b>Loan Term</b>	Up to 30 years.

**Underwriting Standards** Projects eligible for Trust financing must meet underwriting criteria established by Fannie Mae and Freddie Mac.

**Rates** The construction and permanent rates are set and locked at the time that the Trust's final commitment is issued prior to construction and is fixed for the term of each loan.

Construction: The Trust has the ability to fix the construction rate to avoid risks due to volatile interest rates during the construction period. The gross rate to the borrower will also include a guarantee fee and credit enhancement fee.

Permanent: Fixed- and floating-rate loans are available.

Contact the Trust for current rate information.

**Mandatory Delivery** The commitment will provide that with use of Trust construction financing the sale of MBS to the Trust is mandatory.

**Fees** A refundable good faith deposit of one-half percent (0.50%) to one percent (1%) is required at the time the Trust issues a financing commitment.

**Financing Advantages** Under the construction/permanent loan program, the construction rate is fixed; it does not float during construction. Construction draws are funded monthly eliminating any negative arbitrage costs. Permanent interest rates are set at the time of commitment and are fixed for the term of the loan. Developers and borrowers can determine debt service costs with certainty.

The Trust has established relationships with Fannie Mae and Freddie Mac as well as lenders throughout the country, and can help developers and borrowers in the processing of the financing.

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