

AFL-CIO HOUSING INVESTMENT TRUST

COMPETITIVE RETURNS | UNION CONSTRUCTION JOBS | HOUSING DEVELOPMENT

TAX CREDIT BRIDGE LOAN

Borrower	Single purpose entity
Product	Interim financing to fund the timing difference between the tax credit investor equity installments and construction budget
Purpose of Loan	Bridge loan for pay-in of the low-income housing tax credit equity investment during the construction period
Investment Type	Non-mortgage secured debt/mezzanine requiring pledge of general partnership interests
Term	Principal repayment is from scheduled low-income tax credit equity installments. To be negotiated with respect to tax credit equity pay-in schedule, and as permitted by construction lender
Interest Rate	Based on current market conditions. Can be fixed or floating. Monthly interest rate accrual period is monthly
Third Party Reports	Trust may consider reliance on the tax credit investor's reports
Original Issue Discount	1% of the commitment amount payable to the Trust
Security	Pledge of partnership interests, assignment of tax credit proceeds
Recourse	Recourse for payment and construction completion. Full recourse to key principals or sponsors. Pledge of partnership interests
Initial Partner Investment Requirements	20% of committed limited partner equity at construction loan closing, or as otherwise set by construction lender
Disbursement	To be negotiated – Trust will typically require initial advance of at least 20% of equity by investor or substantial counterparty guaranty
Debt Service	Interest only
Prepayment	Allowed; no prepayment penalty
Assignability	Loan may be assigned
Expenses	Borrower to reimburse lender for all lender's out of pocket expenses associated with transaction, including legal fees
Union Labor	The Project must be 100% constructed by contractors and subcontractors which employ only employees for on-site work who are represented by unions affiliated with the local Building and Construction Trades Council and/or North America's Building Trades Unions