

AFL-CIO HOUSING INVESTMENT TRUST

COMPETITIVE RETURNS | UNION CONSTRUCTION JOBS | HOUSING DEVELOPMENT

DIRECT CONSTRUCTION LOAN (MARKET RATE)

Borrower	Single purpose entity
Property Type	Multifamily rental housing (market rate, or mixed-income including market rate)
Product	First mortgage construction loan*
Originating Lender and Servicer	The Borrower/Sponsor will work directly with an originating lender, which will also service the Trust loan. The originating lender will be subject to approval by the Trust
Underwriting	Underwriting will be performed by the Trust in conjunction with the originating lender. The development team must demonstrate successful record of developing market rate housing
Investment Type	Debt
Rate	Current market interest rate at time of rate lock
Term	Typical term up to 3 years
Maximum Loan to Value/Cost	60% loan to value (LTV)/70% loan to cost (LTC).
Minimum Debt Service Coverage Ratio	At least 1.25, based upon projections of future income and expenses satisfactory to the Trust
Interest Rate	Based on current market conditions
Interest Accrual Period	Monthly
Original Issue Discount	1% of the commitment amount payable to the Trust
Security	First mortgage
Recourse	Recourse to project sponsor for bad acts, repayment, and construction completion
Disbursement	To be negotiated – Trust will negotiate disbursement of proceeds with the originating lender
Forward Commitment	Prior to closing, the Trust's construction financing may be used in conjunction with a forward commitment for permanent financing provided by the Trust for mixed- income projects that meet Fannie Mae guidelines (see separate term sheet)

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DIRECT CONSTRUCTION LOAN (MARKET RATE), *continued*

Debt Service Guarantee	Sponsor
Prepayment	To be determined
Expenses	Borrower will reimburse lender for all lender's out of pocket expenses associated with the transaction, including legal, third party reports (environmental, market study, appraisal, plan and cost review), title/closing, and lender inspections
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

* Generally, Trust requires top loss protection of at least 25% using an A/B Structure or other credit enhancement from a financial institution acceptable to the Trust. In these cases, the Trust will be the "A" Lender (senior tranche) of A/B structure loan. The third-party lender underwrites and services the senior construction loan in both structures discussed above.

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CONSTRUCTION LOAN (AFFORDABLE)

Borrower	Single purpose entity
Property Type	Multifamily rental housing (100% below market)
Product	Construction and/or permanent loans, or securities backed by construction and/or permanent loans or interests in such loans or securities*
Purpose of Loan	Provide construction proceeds for the development of affordable housing. This financing may be used in conjunction with Trust provision of Forward Commitment for a permanent loan through a Fannie Mae Mortgage Backed Security (see separate Forward GSE Permanent Loan Program)
Originating Lender and Servicer	The Borrower/Sponsor will work directly with an originating lender, which will also service the Trust loan. The originating lender will be subject to approval by the Trust
Underwriting	Underwriting will be performed by the Trust in conjunction with an originating lender. The development team must demonstrate successful record of developing low-income housing
Investment Type	Debt
Rate	Current market interest rate at time of rate lock
Term	Typical term shall be up to 3 years
Maximum Loan to Value/Loan to Cost	60% LTC; up to 80% LTV if the project receives the benefit of Low-Income Housing Tax Credits. Loan to cost to be negotiated on a case-by-case basis
Minimum Debt Service Coverage Ratio	At least 1.15, based upon projections of future income and expenses satisfactory to the Trust
Interest Rate	Based on current market conditions
Interest Accrual Period	Monthly
Original Issue Discount Fee	1% of the commitment amount payable to the Trust
Security	First mortgage
Recourse	Recourse to project sponsor for repayment, bad acts, and construction completion

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CONSTRUCTION LOAN (AFFORDABLE), *continued*

Disbursement	To be negotiated – Trust will negotiate disbursement of proceeds with the originating lender
Debt Service Guarantee	Sponsor
Prepayment	To be determined
Forward Commitment	Prior to closing, the Trust’s construction financing may be used in conjunction with a Forward Commitment for permanent financing provided by the Trust (See separate term sheet)
Expenses	Borrower will reimburse lender for all lender’s out of pocket expenses associated with the transaction, including legal, third party reports (environmental, market study, appraisal, plan and cost review), title/closing, and lender inspections
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

* Generally, the Trust may consider a variety of structures (Pari passu, credit enhanced, A/B or other structured transaction) for its financing of affordable housing. A third-party lender/servicer underwrites and services the senior construction loan in each of these structures.