Many charter schools find they cannot raise enough grant funds to cover the costs of their facility projects. If a school can afford the costs of taking a loan or issuing tax-exempt bonds and if it has the resources to make debt service payments, this may be a suitable source of financing for a facility project. In some cases, borrowing may even reduce the fiscal burden of facilities if loan payments or bond payments are lower than lease payments, or if the loan or bond issue allows the school to increase enrollment.

The following worksheet can be adapted to your school's financing needs. Use it to compare sources of financing, their terms and conditions.

Description	Bank Financing	Tax-exempt Bond Issue
Loan amount	$100,000 - $5,000,000	Minimum of $4 million
Term in years	5 to 20 years	Up to 30 years
Balloon payment (yes / no)	Yes	No
Interest rate fixed for the full term	No	Yes
Equity requirement (loan to value)	Between 10% and 20%	None
Collateral and security required	Mortgage and Pledge of Revenues	Mortgage and Pledge of Revenues
Prepayment penalty	Yes	No
Estimated time to approval / rejection	2 – 3 months	4 – 6 weeks
Estimated time from approval to closing	1 – 2 months	2 – 3 months
Origination fee	1.0 % - 1.50%	1.50 - 2.00%
Legal fees	Varies	Varies
How often will you be billed for payments?	Monthly	Monthly
Information required of borrower:		
Audited financial statements	3 years	3 years
Current fiscal year budget	Yes	Yes
Enrollment list by grade	Yes	Yes
Copy of original charter and renewals	Yes	Yes
Land or building appraisal	Yes	Yes
Phase I environmental study	Yes	Yes

For a free evaluation of your financing options, please contact:

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