

LENDING: TRADITIONAL BANK

Rebecca Kuhle



CHARTER SCHOOL
**FACILITY
CENTER**



Mutual of Omaha Bank

BANK FINANCING

General Client Profile

- Minimum operating history – 3 years
- Minimum enrollment – 300
- Grade levels served – K-12
- Minimum equity – 20% (sub debt / grant funds)
- Maximum bank advance rate – 80% (lesser of cost or value)
- Minimum Debt Service Coverage Ratio
- Minimum Days Cash on Hand
- Maintain primary operating banking relationship
- Other

GENERAL STRUCTURE SAMPLES

Ground Up Construction to Mini-Perm

- Loan Amount - 80% Cost or Value.
- Term – 5 years.
- Amortization – 25 years.
- Payments –Interest only period converting to P&I payments.
- Prepayment Penalty.
- Interest Rate – Fixed at close.
- Origination Fee.
- Other Fees – legal, appraisal, misc. bank fees i.e., good standings.

Term – Refinance or Purchase

- Loan Amount – 80% Cost or Value
- Term – 5 years; 7 or 10 year possible.
- Amortization – 25 years.
- Payments – monthly P&I payments.
- Prepayment Penalty.
- Interest Rate – Fixed at close.
- Origination Fee.
- Other Fees – legal, appraisal, misc. bank fees i.e., good standings.

PROS AND CONS – BANK FINANCING

Pros:

- Own versus lease.
- 100% financing with sub debt.
- Bridge financing to and from permanent market.
- Prepayment flexibility.
- No reserve requirements.
- Lower origination costs.
- Replication to new markets.
- Industry banking expertise, online banking, cash/treasury management, etc.

Cons:

- Fixed rate term less than 30 years.
- Interest rates may be lower elsewhere.
- Historical performance heavier weighting than projected.
- Bank advance rate, maximum 80% LTV/LTC (lesser of).

{PRESENTERS}



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