

Name

Charter School Rating Matrix

Collateral/ Exposure		Input			Scoring Guide				
Criteria	Weight	value	score	sub-total score	STRONG 1	2	AVERAGE 3	4	WEAK 5
Collateral	30%			3.0					
1 Collateral gap/loan % (current)	10%			3	<0%	0-5%	5 - 10%	10-15%	>=15%
2 Collateral gap \$ (current)	10%			3	<0K	\$0-50K	\$50K-100K	\$100-150K	>\$150K
3 LTV (current)	5%			3	<65%	65-70%	71-75%	76-80%	>80%
4 Guarantees (exclude CSCEG)	5%			3	Cash AND >= 80% of gap	a) Cash: < 80% of gap b) Non-cash Institution (ex: USDA) AND >= 80% of gap	a)Person> 50% of loan b)Institution 50%-80% of gap	a)Person< 50% of loan b)Institution <50% of gap	none

Probability of Default/Incidence									
Criteria	Weight	value	score	sub-total score	STRONG 1	2	AVERAGE 3	4	WEAK 5
Capacity to repay	40%			3.0					
1 Liquidity	18%								
Cash Flow (DSCR) 06	12%			3	>1.30	1.26-1.30	1.16-1.25	1.00-1.15	<1.00
Occupancy/Revenue 06	3%			3	<10%	10-12%	13-15%	16-20%	>20%
Cash or savings at year end	3%			3	> annual debt service	6-12 months of DS	4-5 months of DS	2-3 months of DS	<1 month of DS
2 Revenue factors	12%								
years since school started	5%			3	>6 years	4 - 5 yrs	3 yrs	1-2 yrs	start-up
# of students	4%			3	>300	201-300	151-200	100-150	<100
wait list/current students %	2%			3	>10%	6-10%	3-5%	1-2%	0%
remaining years to current charter	1%			3	>6 years	5-6 yrs	3-4 yrs	1-2 yrs	<1 year
3 Academic Performance (AYP, other)	6%			3	Met all AYP categories; scores above state avgs	Met all AYP categories; scores close to state avgs	Met all AYP categories; scores below state avgs	Met some of AYP categories	Not met any AYP category
4 Payment performance with SH (ex: includes all SH borrower schools' data for KIPP)	4%			3	all on-time payments > 3 yrs	all on-time payments < 3 yrs	some delays, no late charges	late charges >=1	has been delinquent
Character /Management	12%			3.0					
1 Education and experience of Principal or board with charter school management	6%			3	>10 years experience and high quality education	5-10 years experience and high quality education	2-4 years experience and relevant education	<2 years experience and relevant education	< 2 years experience and no relevant education
2 Business and finance expertise	6%			3	non-profit CMO (ex: KIPP)	for-profit EMO	outsource accounting (ex. Acadia) or strong in-house expertise	in-house weak financial/business management	no outsourcing and no in-house expertise
Conditions	10%			3.0					
1 Geography/political risk (based on Center for Education reform grades or our experience)	6%			3	A Grade (DC, AZ, MI, MN)	B Grade (CA, NY, NJ, FL, TX, CO, IN, MO, OH, PA)	*C Grade (GA, SC, TN) *NC (based on our experience)	D Grade	F Grade
2 Loan Characteristics	4%								
Loan type	1%			3	perm	bridge loan with takeout plan	construction	working capital	leasehold improv.
Var/fixed	1%			3	fixed for entire term	fixed for >= 6 years	fixed for 1-5 years	variable-quarterly	variable-monthly
Remaining term (mo.s)	1%			3	<12	12 to 36	37 to 60	61 to 84	>84
If balloon: sources of repayment	1%			3	no balloon	strong likelihood repayment (ex USDA take out)	average likelihood repayment	low likelihood of repayment	very low/no likelihood of repayment
Capital	8%			3.0					
1 Equity/Project Cost %	5%			3	>20%	16-20%	11-15%	5-10%	<5%
2 Borrower's cash/Project Cost %	3%			3	>15%	13-15%	9-12%	5-8%	<5%

Default Rating	3.00
Probability of Default	20%
Overall Rating (includes collateral)	3.00