

Comparison of Financing Options

Category	Traditional Mortgages	New Markets Tax Credits	Tax Exempt Bonds
Loan Amount	Loan amounts vary	Typically \$5 million + based on cost of issuance	Typically \$5 million + based on cost of issuance
Loan Structure	Terms and amortization vary	Generally 7 years, interest only	Up to 30 years, amortizing
Loan-to-Value	Up to 90%	Up to 90%	100%
Benefits	Appropriate for smaller, less complex transactions	Interest only period; 20%–25% “debt forgiveness”; attractive interest rates	Long-term financing; attractive interest rates
Challenges	May have to refinance	Property must be located in an eligible census tract; need to refinance after 7 years; complex transaction with higher legal costs; no prepayments; based on availability of allocation	Only the strongest school applicants are eligible, can be difficult for new schools; complex transactions with higher legal costs; locked into longer terms

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