



Charter Schools
Development Corporation

February 24, 2011

Stone Creek Charter School
Stone Creek Charter School Building Corporation
PO Box 5670
Avon, CO 81620

Re: \$3,000,000 Senior Loan for the acquisition and construction of School facilities for Stone Creek Charter School

Honorable Board Members:

Charter SCHOOLS Development Corporation ("CSDC") is pleased to offer this contingent commitment to provide a Senior Loan for the financing of land and facilities for use by Stone Creek Charter School ("SCHOOL") as owned by Stone Creek Building Corporation ("BC"). The terms and conditions of our commitment are as follows:

1. **LOAN AMOUNT:** \$3,000,000 (the "Loan Amount"), plus any amount required to be borrowed for Payment Reserves and Fees.
2. **PURPOSE:** The purpose of the Loan is to provide land acquisition and construction funds for the project referenced above.
3. **FORM OF LOAN:** The Loan shall be standard form including a Promissory Note
4. **ADDITIONAL DOCUMENTATION:** Building Corporation Lease Structure, Standard Loan documents, resolutions, insurance, Guaranteed Maximum Price Contract, Payment and Performance Bonds, appraisal, proof of fundraising and donations in kind, title work and other items required by CSDC.
5. **DEPOSIT:** Upon execution of this Commitment Letter, SCHOOL shall deposit \$5,000 with CSDC to cover the cost of the appraisal. Any amounts not used in the appraisal process shall be applied to closing costs. If the Loan does not close, any remaining amounts from the Deposit shall be refunded to SCHOOL within 30 days.
6. **KEY TERMS OF THE LOAN:**
 - a. The Loan will require monthly payments beginning in September, 2011. Loan payments will reflect a fully amortizing loan over 20 years. (For planning purposes, \$24,183 per month, balloon due in month 61 of \$2,608,760)

- b. The Loan shall carry an interest rate of one-eighth of one percent (1/8% or .125) over CSDC's tax exempt final cost of funds. It is not anticipated that the Loan will carry a rate in excess of 7.5%.
 - c. The Loan will be provided after the receipt of, and is subject to the terms and provisions of, a fully executed agreement (the "**Loan Agreement**") between CSDC and BC setting forth the specific terms. The Loan Agreement will also contain additional terms and conditions not set forth in this commitment, including but not limited to, conditions precedent, events of default and representations and warranties.
 - d. The Loan shall be due and payable on September 1, 2016. There shall be no prepayment penalty full early payoffs. Partial payoffs shall be permitted once, after construction has been completed with 30 days' notice to CSDC.
 - e. In consideration of CSDC providing the Loan, SCHOOL shall pay to CSDC a one time fee (the "**Loan Fee**") equivalent to three percent (3%) of the amount of the total Loan, which the fee shall be paid by SCHOOL. Up to 2% of this fee may be capitalized in the Loan, the remaining 1% shall be due and payable upon Loan closing.
 - f. A payment reserve shall be established totaling 6 monthly payments. This reserve may be funded through Loan proceeds or a cash deposit by SCHOOL.
 - g. At all times during the term of the Loan, SCHOOL shall maintain hazard, liability and other insurance satisfactory to CSDC naming CSDC as an additional insured or loss payee.
 - h. Monthly lease payments will be made by SCHOOL to CSDC via auto debit/ACH from the Operating Account of SCHOOL.
7. CSDC'S RIGHT TO INSPECT. CSDC's duly authorized representatives, upon reasonable advance notice to SCHOOL, shall have access and the right, to audit, examine and make excerpts or transcripts of or from records, and to make audits of all contracts, subcontracts, invoices, payrolls, conditions of employment, materials and all other data or financial records in SCHOOL's possession or control relating to matters covered by the Loan throughout the term of the Loan and for three (3) years after the expiration or termination of the Loan Agreement, or for such longer period, if any, as is required by applicable law.
8. ADDITIONAL PROVISIONS. This commitment is subject to satisfaction (as determined by CSDC in its sole judgment) of the following conditions:
- a. The documentation, reports, indemnities, insurance and other evidences of the Loan and the Lease shall be acceptable to CSDC in its sole, but reasonable discretion.
 - b. The laws of the State of Maryland shall govern the terms and provisions of the Loan Agreement.
 - c. SCHOOL shall not be in default of the BC Lease
 - d. SCHOOL shall comply with all applicable regulatory requirements (i.e., OSHA, EPA, ERISA, etc.)

- e. During the first full year of operation in the new facility, SCHOOL shall provide a report to CSDC on a monthly basis detailing the number of students, by grade level, that have enrolled in the SCHOOL (the "Enrollment Report"). During the next two years of operations, and until such time as the Loan is fully released and returned to CSDC, SCHOOL shall continue to provide an Enrollment Report to CSDC on a quarterly basis.
- f. SCHOOL shall provide CSDC with internally prepared Financial Statements no later than 45 days after each fiscal quarter end. Furthermore, SCHOOL shall provide to its independent auditors the necessary GAAP compliant Financial Statements within ninety (90) days after each fiscal year end, and shall provide CSDC Annual Audited Financial Statements within ten (10) days of SCHOOL's receipt of the final approved Annual Audit.
- g. SCHOOL shall provide CSDC with an annual budget on or before August 1st of each year, together with evidence that such information has been provided to SCHOOL's chartering authority and approved by SCHOOL's governing board of directors.
- h. SCHOOL shall also provide CSDC with (i) a copy of the annual monitoring report of its operations, as prepared by its chartering authority, within ten (10) business days of SCHOOL's receipt of the same, as well as SCHOOL's responses to such report, within ten (10) days of the filing of such responses, (ii) a copy of SCHOOL's annual enrollment according to the official enrollment count in October as submitted to its chartering authority within ten (10) days of its filing same, notwithstanding the provisions set forth in Subsection E above, and (iii) such additional information, reports and statements respecting the operations and financial condition of SCHOOL and/or the property as CSDC may reasonably request from time to time, but no more than thirty (30) days following such request.
- i. On an annual basis, SCHOOL shall provide written evidence, in form and content satisfactory to CSDC in its sole discretion, that SCHOOL's charter to operate the charter SCHOOL remains in full force and effect and that SCHOOL continues to be in compliance with all applicable terms and provisions of its charter and all applicable laws and requirements of the State of Colorado and otherwise relating to the ownership and operation of the charter SCHOOL.

This commitment for Loan is contingent on CSDC's closing of the Mountain West Charter Schools Fund bond or loan facility. It is anticipated that funds will be available after March 31, 2011.

This commitment is based upon information provided to date from SCHOOL. In the event of significant adverse change in this information prior to providing of the Loan, in the sole determination of CSDC, this commitment for Loan may be modified or withdrawn. This commitment is subject to acceptance by SCHOOL by March 3, 2011 and closing by May 1, 2011. This commitment will be null and void if not accepted and closed by the dates specified above, unless the commitment is extended in writing by CSDC. Please note your acceptance by signing below, where indicated, and returning a signed copy to CSDC.

Sincerely,



Laura Fiemann
Vice President, CDFI Operations

Accepted and agreed to this ____ day of _____, 2011

STONE CREEK CHARTER SCHOOL

By: _____
Name: _____
Title: _____

STONE CREEK BUILDING CORPORATION

By: _____
Name: _____
Title: _____

Deposit of \$5,000 sent? _____