

Title 4. Business Regulations
Division 15. California School Finance Authority
Article 1. Charter School Facilities Program

Section 10151.

This Article implements that portion of the Charter School Facilities Program established pursuant to Article 12 of Chapter 12.5 of Part 10 of the Education Code and which is the responsibility of the California School Finance Authority.

Section 10152. Definitions.

- (a) “Account” shall have the meaning set forth in Education Code section 17078.52(c)(2).
- (b) “Applicant” shall mean the charter school or school district that has applied for financing pursuant to and meets the criteria set forth in Education Code section 17078.53(c).
- (c) “Application” shall mean a completed Form SAB 50-09, as defined and developed by the board, and Form CSFA 03-01, as set forth in Appendix A, and all documents required to be submitted to the board and authority.
- (d) “Authority” shall have the meaning set forth in Education Code section 17078.52(c)(1).
- (e) “Board” shall mean the State Allocation Board.
- (f) “Charter school” shall mean a school as established pursuant to Education Code Section 47600, et seq.
- (g) “Chartering authority” shall mean the school district, county office of education or the State Board of Education that granted a school’s petition to become a charter school pursuant to Education Code section 47605.
- (h) “Financial hardship” for purposes of this Article shall mean the demonstrated inability, to the authority’s satisfaction, to make lease payments as required in an applicant’s lease agreement. The revocation of a school’s charter shall not qualify as financial hardship.
- (i) “Financially sound” shall have the meaning set forth in Education Code section 17078.52(c)(4).
- (j) “Material contract” shall mean a contract between a charter school and any vendor that is in excess of 5 percent of charter school gross revenues.
- (k) “Preliminary apportionment” shall have the meaning set forth in Education Code section 17078.52(c)(3).
- (l) “Program” shall mean the Charter School Facilities Program as established pursuant to Article 12 of Chapter 12.5 of Part 10 of the Education Code.

Authority: Section 17078.57, Article 12, Chapter 12.5, Part 10 of the Education Code.

Reference: Sections 17078.50, 17078.52, 17078.53, and 17078.57, Article 12, Chapter 12.5, Part 10 of the Education Code; section 47600, et seq., Part 26.8 of the Education Code.

Section 10153. Application

When an applicant voluntarily applies to the board for a preliminary apportionment, as a condition of receiving a preliminary apportionment from the board, the applicant will provide concurrently all information required by the authority as described in section 10155, by submitting Form CSFA 03-01 to the authority. If the information provided in Form CSFA 03-01 is insufficient to allow the authority to determine whether a charter school is financially sound, the authority shall notify the applicant and board, and reserves the right to request such additional information as will be necessary to make the determination.

Authority: Section 17078.57, Article 12, Chapter 12.5, Part 10 of the Education Code.

Reference: Sections 17078.52, 17078.53, and 17078.57, Article 12, Chapter 12.5, Part 10 of the Education Code.

Section 10154. Financially Sound Determination.

(a) A financially sound charter school shall have been a financially capable concern for at least 24 months prior to submission of the application. In addition, a financially sound charter school shall have at least two academic years of instructional operations of a charter school prior to submission of the application. Where the application is for construction of a new school, the organization that is applying on behalf of the new school shall demonstrate that it has operated or managed another charter school or charter schools for at least two academic years of instructional operations of a charter school prior to submission of the application. In making its determination regarding whether a charter school is financially sound, the authority shall consider certain factors, including but not limited to:

- (1) Whether the charter school has complied with the terms of its charter agreement;
- (2) Whether the charter school is in good standing with its chartering authority;
- (3) Whether the charter school's audited financial statements are free of material exceptions and "going concern" issues;
- (4) Whether financial results and projections demonstrate the charter school's ability to operate at least on a break-even basis;
- (5) Whether the charter school has the ability to make the lump sum payment proposed by the applicant and/or estimated lease payments determined by the authority;

- (6) Whether the charter school has qualified management and staff; and
- (7) Whether the charter school can complete the project in the time frame projected and operate on at least a break-even basis in the future.
- (b) The authority will perform a site visit of the charter school facility currently used by any applicant that is located outside of the school district that chartered it. Such visit shall be during hours when pupils are present and instruction is being provided. The authority reserves the right to perform such a visit of any other applicant.
- (c) The authority also may consider any information voluntarily submitted by the granting agency, the school district in which the charter school will be located, the county office of education for the county in which the charter facility will be located, and any school district or county office of education whose students currently or are projected to attend the charter school.
- (d) The authority will provide the board with an initial determination of whether a charter school is financially sound for the purposes of the board establishing the preliminary apportionment.
- (e) Prior to the board's final apportionment, the authority will provide the board with a final determination of whether the charter school is financially sound. The authority reserves the right to withdraw its initial determination that a charter school is financially sound prior to the final apportionment by the board if any material change to the charter school occurs between the preliminary and final apportionment which, in the opinion of the authority, makes the charter school no longer financially sound.

Authority: Section 17078.57, Article 12, Chapter 12.5, Part 10 of the Education Code.

Reference: Sections 17078.52, 17078.56, and 17078.57, Article 12, Chapter 12.5, Part 10 of the Education Code.

Section 10155. Preliminary Application Information.

In determining whether a charter school is financially sound for the purposes of the board's preliminary apportionment, the authority shall require the following information be provided by the applicant with its application for preliminary apportionment:

- (a) Organizational information.
 - (1) History of charter school and founding group
 - (A) Date charter school commenced instructional operations;
 - (B) Description of charter school curriculum, including specific focus or theme;
 - (C) Analysis of competition and charter school's competitive advantage(s), including method of student recruitment and marketing;

- (D) Description of relationships with the chartering authority and all major funding sources, both public and private;
- (E) Copy of Articles of Incorporation and Corporate Bylaws (or documentation of charter school's current legal status in the event the charter school is not incorporated); and
- (F) Copy of charter agreement/contract.
- (2) Copy of all written reports to and from the chartering authority, including annual report and evidence that the chartering authority is engaged in due diligence in its monitoring of the charter school's student and organizational performance data and evidence of the chartering authority's oversight and approval of the charter school's instruction and curriculum;
- (3) The charter school's most recent business plan and/or strategic plan. If possible, such plans should encompass the next three academic years. For expansions, staffing plans also must be submitted;
- (4) The operational agreement or memorandum of understanding between the charter school and the chartering authority;
- (5) Historical, current, and projected enrollment for the next three years, and the charter school's waiting list, if available;
- (6) Targeted student population and student retention percentage for all years of operation of the charter school;
- (7) Student performance data for the past three academic years;
- (8) List of the charter school's Board of Directors including their occupations, cities of residence, and terms of office; and
- (9) Resumes of key staff members (e.g., Chief Executive Officer, President, Operations Manager, Chief Financial Officer, Principal, etc.) of the charter school.
- (b) Financial information.
 - (1) The charter school's organizational budgets for the current and next fiscal years;
 - (2) The charter school's projected income statement, balance sheet and cash flow for the next three years, including written assumptions;
 - (3) The charter school's audited financial statements, including notes, for the last three fiscal years. If the charter school is in its third year of operation, only two fiscal years of audited financial statements are necessary;
 - (4) The charter school's anticipated financial contribution to the project, including any lump sum payment to be made to meet its local match requirements by or on behalf of the charter school; and
 - (5) The charter school's most current available monthly financial statement (unaudited), including year-to-date financial statement, with a comparison to budgeted year-to-date, current total annual budget, and prior year actual-to-date.
- (c) All Material Contracts.

- (1) List and copy of all material contracts, including, but not limited to, management, support services, transportation contracts, and any such anticipated contracts involving use of space or equipment to be financed with Program funds;
 - (2) A description of services provided by the vendor to the charter school; and
 - (3) For those charter schools contracting with educational management organizations, the following information also must be provided:
 - (A) Brief history of the vendor, including most recent annual report;
 - (B) Description of who is served by the vendor, including mission and targeted geographic area;
 - (C) Organizational budget of the vendor for the current and next fiscal years;
 - (D) Financial audits of the vendor for the last three fiscal years;
 - (E) Resumes for key staff of the vendor;
 - (F) List of Board of Directors of the vendor, including their occupations and cities of residence; and
 - (G) Contact information for the vendor.
- (d) Legal Status Questionnaire.
A completed Legal Status Questionnaire submitted in the form set forth in Form CSFA 03-01.
- (e) For a charter school which is governed by a school district, county office of education, or the State Board of Education, if any of the specific documentation requested in this section is not available, the applicant must provide a justification for not providing the specific documentation requested and provide alternative documentation that addresses the requested information.

Authority: Section 17078.57, Article 12, Chapter 12.5, Part 10 of the Education Code.

Reference: Sections 17078.52 and 17078.57, Article 12, Chapter 12.5, Part 10 of the Education Code.

Section 10156. Method of Determining Whether a Charter School is Financially Sound.

Form CSFA 03-01, and any other information that is requested or otherwise received by the authority, will be reviewed and evaluated by the authority for purposes of determining whether a charter school is financially sound. In making this determination, the authority will utilize the apportionment eligibility amounts provided by the board and will rely on such amount being sufficient to complete the project, without evaluation or verification by the authority. The authority will evaluate all information to assess:

- (a) the charter school's expected ability to maintain stable financial operations and make estimated lease payments, if applicable;
- (b) any material risks that would threaten the financial or operational viability of the applicant or the charter school;
- (c) current and historical performance, including cash flow, major revenues, degree of reliance on grants and fundraising, enrollment trends, projected average daily attendance, expenses, and debt service coverage, if applicable;
- (d) reasonableness of projected financial performance based on current and historical performance and the charter school's business and/or strategic plans;
- (e) whether the applicant's financial condition is consistent with its planned contributions to the project;
- (f) adequacy of the qualifications and performance of management and personnel to perform necessary administrative, curricular, financial and human resource functions;
- (g) evidence that the applicant is meeting the terms of its charter and is not in imminent danger of having its charter revoked by the chartering authority;
- (h) evidence that the chartering authority performs its required oversight responsibilities, including review of student and school performance data;
- (i) adequacy of material contracts and ability of the charter school to manage such contracts and meet its obligations under such contracts. Where the charter school has contracted with an education management organization, the authority will perform an analysis of the current and historical financial and operational condition of the vendor, in addition to the above;
- (j) results of a site visit, if made pursuant to section 10154(b); and
- (k) the impact of any lump sum payment the charter school has indicated it intends to make.

Authority: Section 17078.57, Article 12, Chapter 12.5, Part 10 of the Education Code.

Reference: Sections 17078.52 and 17078.57, Article 12, Chapter 12.5, Part 10 of the Education Code.

Section 10157. Final Application Information.

- (a) In determining whether a charter school is financially sound prior to the final apportionment, the authority will require the applicant to update information submitted in the original application for preliminary apportionment, including, but not limited to:
 - (1) Any material changes to information provided pursuant to Section 10155(a), (b), (c) and (d), and updates, including, but not limited to:

- (A) If applicable, renewals and amendments to the charter agreement/contract and any operational agreement or memorandum of understanding between the charter school and the chartering authority;
 - (B) Copies of all written reports to and from the chartering authority, including the annual report and evidence that the chartering authority continues to engage in due diligence in its monitoring of the charter school's student and organizational performance data, and evidence of the chartering authority's oversight and approval of the charter school's instruction and curriculum, since the preliminary application was submitted;
 - (C) Updated business and strategic plans encompassing the next three academic years must be provided;
 - (D) Current enrollment, targeted student population, and student retention rates for all years after the date of the preliminary apportionment but prior to the final apportionment;
 - (E) Projected enrollment for the next three years, and current waiting list, if available;
 - (F) Student performance data for all years after the date of the preliminary apportionment but prior to final apportionment;
 - (G) Current list of the Board of Directors, including their occupations, cities of residence, and terms of office;
 - (H) Resumes of new key staff, along with notice of any resignations or terminations of key staff originally identified in the application;
 - (I) Audited financial statements for all years ending not less than 180 days after the preliminary apportionment and prior to the final apportionment;
 - (J) Most current monthly unaudited financial statement, including year-to-date financial statement, with comparison to budgeted year-to-date, current total annual budget, and prior year actual-to-date;
 - (K) Any material changes in material contracts existing as of the date of the preliminary apportionment and additional material contracts entered into since the preliminary apportionment, including any changes to educational management organization contracts, if applicable; and
 - (L) A completed Legal Status Questionnaire submitted in the form set forth in Form CSFA 03-01, reflecting any changes since the application.
- (b) In the event that the charter school's charter is not renewed or is revoked at any time before a final apportionment, the authority will notify the board that the charter school is no longer financially sound.

Authority: Section 17078.57, Article 12, Chapter 12.5, Part 10 of the Education Code.

Reference: Sections 17078.52 and 17078.57, Article 12, Chapter 12.5, Part 10 of the Education Code.

Section 10158. Payment of Local Matching Share.

- (a) Facilities funded pursuant to the program shall have a 50 percent local share matching obligation that may be paid by the applicant through lease payments which may be reduced in the case of a lump sum payment.
- (b) If the applicant elects to make lease payments in lieu of a lump sum local matching payment, the authority will determine the lease payment schedule by amortizing one-half of the total approved project costs, minus any lump sum payments, over the term of the lease payment period for each applicant prior to the final apportionment and notify the board and the applicant.
- (c) To be eligible for matching share financing, the charter school must demonstrate, to the authority's satisfaction, all of the following:
 - (1) it is financially sound;
 - (2) it can pay the matching share through lease payments at the rate paid on moneys in the Pooled Money Investment Account as of the date of fund disbursement that results in an amortization schedule of no more than 30 years; and
 - (3) it has a minimum debt service coverage ratio determined by the authority to be sufficient, but in no event to be less than 1.0x. Debt service coverage shall be calculated as the sum of net income plus annual lease payments plus depreciation plus amortization divided by the annual lease payment. The calculation of net income shall include as an expense all other debt-related costs.
- (d) Upon final apportionment, the authority will prepare a lease agreement on behalf of the board for the applicant that contains security, reporting, and default provisions as described in sections 10159 and 10160.

Authority: Section 17078.57, Article 12, Chapter 12.5, Part 10 of the Education Code.

Reference: Sections 17078.54, 17078.57 and 17078.58, Article 12, Chapter 12.5, Part 10 of the Education Code.

Section 10159. Security Provisions

- (a) Title to project facilities shall be held by the school district in whose boundaries the facility is to be physically located, in trust, for the benefit of the state public school system.
- (b) Any person or entity providing a substantial contribution that is applied to the costs of the project in excess of the state share and the local matching share may be granted a security interest to be satisfied from the proceeds.

- if any, realized when the property is ultimately disposed. If the contribution was made for the explicit purpose of purchasing any asset with a normal life expectancy of less than twenty years, the security interest will be adjusted to reflect the depreciation of the asset(s).
- (c) If a default occurs and all lease payments have not been made, the security interest of any person or entity providing a substantial contribution to the costs of the project shall be satisfied only after the account is reimbursed for any remaining lease payments.
- (d) Specific terms of security provisions for persons or entities providing a substantial contribution shall be determined on a case-by-case basis.

Authority: Section 17078.57, Article 12, Chapter 12.5, Part 10 of the Education Code.

Reference: Section 17078.57, Article 12, Chapter 12.5, Part 10 of the Education Code.

Section 10160. Reporting and Default Provisions

- (a) Reporting provisions within the lease agreement will include, but not be limited to, the requirements that all recipients of program funding shall
- (1) provide to the authority semi-annual unaudited financial statements;
 - (2) report to the authority any material adverse change in its financial condition that could adversely affect its ability to make its lease payments under the program;
 - (3) report to the authority if the charter school's charter has been revoked or has not been renewed within 30 days of notification of such action, including providing the authority with a copy of the document provided by the chartering authority notifying the charter school of such action;
 - (3) provide to the authority audited financial statements within 120 days of the end of each fiscal year; and
 - (4) obtain from the board prior written consent before incurring any additional indebtedness, which consent may only be given if the authority has determined that the charter school will remain financially sound with the additional indebtedness.
- (b) Default provisions will include monetary penalties for late payments. Upon request of the board, the authority may amend the terms of the lease agreement, including the amortization schedule, where the applicant has established financial hardship to the satisfaction of the authority and the board, and the authority has determined that the charter school will be financially sound under the terms of the revised lease agreement. However, no such amendment may extend the amortization schedule beyond 30 years from the date of disbursement of funds. In the event the chartering authority has revoked or declined to renew the charter, the lease will be considered to be in default and the provisions of Education Code section 17078.62 shall be invoked. In instances where the lease is

in default due to the revocation of the charter or failure to renew the charter, monetary penalties will not be incurred so long as the school district complies with Education Code section 17078.62.

Authority: Section 17078.57, Article 12, Chapter 12.5, Part 10 of the Education Code.

Reference: Section 17078.57, Article 12, Chapter 12.5, Part 10 of the Education Code.

Section 10161. Integrating Funding

The authority shall consider any requests made by the board or an applicant to utilize the funding mechanisms provided for in Education Code section 17180(i) to enhance financing provided pursuant to this Program.

Authority: Section 17078.57, Article 12, Chapter 12.5, Part 10 of the Education Code.

Reference: Section 17078.57, Article 12, Chapter 12.5, Part 10 of the Education Code.

Section 10162. Release of Funds

The process to be used for the release of funds for approved projects shall be pursuant to the board's regulations, commencing with section 1859.90 of Title 2.

Authority: Section 17078.57, Article 12, Chapter 12.5, Part 10 of the Education Code.

Reference: Section 17078.57, Article 12, Chapter 12.5, Part 10 of the Education Code.

Appendix A

CHARTER SCHOOL FACILITIES PROGRAM (CSFP)
APPLICATION

(Form CSFA 03-01)

(Revised 2/03)

Application for (check one)

_____ Preliminary Apportionment

_____ Final Apportionment

<u>Legal Name of Applicant</u>		
<u>Address</u>		
<u>City</u>	<u>State</u>	<u>Zip</u>
<u>Phone</u>	<u>Fax</u>	<u>Email</u>
<u>Contact Person/Title</u>		<u>Phone</u>

<u>Date of Charter Award</u>	<u>Date of Charter Expiration</u>
<u>Entity Awarding Charter</u>	

<u>Type of and Amount of Funding Requested</u>	
<u>Grant \$</u>	<u>Loan for Local Match \$</u>
<u>Purpose of Funding Requested</u>	
<u>Requested Loan Term</u>	
<u>Date Funding Proceeds Would be Needed</u>	

<u>Address of Facility:</u>

<u>Organizational References</u>		
<u>Name</u>	<u>Organization</u>	<u>Phone</u>
<u>1.</u>		

<u>2.</u>		
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<u>Credit History</u>			
<u>Name of Creditor</u>	<u>Amt Outstanding</u>	<u>Purpose</u>	<u>Status</u>
<u>1.</u>			
<u>2.</u>			

Project located within chartering authority's boundaries Yes No

Please attach all of the following items:

(NOTE: If this is an application for final apportionment, updates of the following items should be submitted as required by Title 4, Cal. Code Regs., section 10157.)

(a) Organizational Information

- (1) History of the charter school and founding group (include brochures, newsletters etc). Please include the following:
 - (A) Date the charter school commenced instructional operations;
 - (B) Description of charter school curriculum, including specific focus/theme;
 - (C) Discussion of competition and charter school's competitive advantage(s);
 - (D) Description of relationships with chartering authority and major funding sources (government and private);
 - (E) Copy of Articles of Incorporation and Corporate Bylaws (or documentation of charter school's current legal status in the event the charter school is not incorporated); and
 - (F) Copy of charter agreement/contract.
- (2) Copy of all written reports to and from the chartering authority, including annual report and evidence that the chartering authority is engaged in due diligence in its monitoring of the charter school's student and organizational performance data and evidence of the chartering authority's oversight and approval of the charter's schools instruction and curriculum;
- (3) The charter school's most recent business plan and/or strategic plan. If possible, such plans should encompass the next three academic years. For expansions, staffing plans must also be submitted. If this is an application for final apportionment, updated business and strategic plans for the next three academic years must be submitted;
- (4) The operational agreement or memorandum of understanding between the charter school and the chartering authority;
- (5) Historical, current, and projected enrollment for the next three years, and the charter school's waiting list, if available;

- (6) Targeted student population and student retention percentage for all years of operation of the charter school;

- (7) Student performance data for the past three academic years;
- (8) List of the charter school's Board of Directors including their occupations, cities of residence, and terms of office; and
- (9) Resumes of key staff members (e.g., Chief Executive Officer, President, Operations Manager, Chief Financial Officer, Principal, etc.) of the charter school.

- (b) Financial information.
 - (1) The charter school's organizational budgets for the current and next fiscal years;
 - (2) The charter school's projected income statement, balance sheet and cash flow for the next three years, including written assumptions;
 - (3) The charter school's audited financial statements, including notes for the last three fiscal years. If the charter school is in its third year of operation, only two fiscal years of audited financial statements are necessary;
 - (4) The charter school's anticipated financial contribution to the project, including any lump sum payment to be made to meet its local match requirements by or on behalf of the charter school; and
 - (5) The charter school's most current available monthly financial statement (unaudited), including year-to-date financial statement, with a comparison to budget.

- (c) All Material Contracts
 - (1) List and copy of all material contracts, including but not limited to, management, support services, transportation contracts, and any such anticipated contracts involving the use of space or equipment to be financed with Program funds.
 - (2) A description of services provided by the vendor to the charter school; and
 - (3) For those charter schools contracting with educational management organizations, the following information must also be provided:
 - (A) Brief history of the vendor, including most recent annual report;
 - (B) Description of who is served by the vendor, including mission and targeted geographical area;
 - (C) Organizational budget of the vendor for the current and next fiscal years;
 - (D) Financial audits of the vendor for the last three fiscal years;
 - (E) Resumes for key staff of the vendor;
 - (F) List of Board of Directors of the vendor, including their occupations and cities of residence; and
 - (G) Contact information for the vendor.

Is affiliate or EMO a 501(c) 3 organization?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Is affiliate or EMO willing to be co-borrower?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Is affiliate or EMO willing to guarantee the loan?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

LEGAL STATUS QUESTIONNAIRE

For purposes of the following questions, the term “applicant” shall include the applicant and the project sponsor, the parent of the applicant and the project sponsor, and any subsidiary of the applicant or project sponsor if the subsidiary is involved in (for example, as a guarantor) or will be benefited by the application or the project. In addition to each of these entities themselves, the term “applicant” shall also include the direct and indirect holders of more than ten percent (10%) of the ownership interests in the entity, as well as the officers, directors, principals and senior executives of the entity if the entity is a corporation, the general and limited partners of the entity if the entity is a partnership, and the members or managers of the entity if the entity is a limited liability company.

Civil Matters

1. Has the applicant filed a bankruptcy or receivership case or had a bankruptcy or receivership action commenced against it, defaulted on a loan, or been foreclosed against in the **past ten years**? If so, please explain.
2. Is the applicant **currently** a party to, or been notified that it may become a party to, any civil litigation that may materially and adversely affect (a) the financial condition of the applicant’s business, or (b) the project that is the subject of the application? If so, please explain.
3. Have there been any administrative or civil settlements, decisions, or judgments against the applicant within the **past ten years** that materially and adversely affected (a) the financial condition of the applicant’s business, or (b) the project that is the subject of the application? If so, please explain and state the amount.
4. Is the applicant **currently** subject to, or been notified that it may become subject to, any civil or administrative proceeding, examination, or investigation by a local, state or federal licensing or accreditation agency, a local, state or federal taxing authority, or a local, state or federal regulatory or enforcement agency?
5. In the **past ten years**, has the applicant been subject to any civil or administrative proceeding, examination, or investigation by a local, state or federal licensing or accreditation agency, a local, state or federal taxing authority, or a local, state or federal regulatory or enforcement agency that resulted in a settlement, decision, or judgment? If yes to either question numbers 4 or 5, please explain.

Criminal Matters

6. Is the applicant **currently** a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind,

involving, or that could result in, **felony charges** against the applicant? If so, please explain.

7. Is the applicant **currently** a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, involving, or that could result in, **misdemeanor charges** against the applicant for matters **relating to the conduct of the applicant's business**? If so, please explain.
8. Is the applicant **currently** a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, involving, or that could result in, criminal charges (whether felony or misdemeanor) against the applicant for any **financial or fraud related crime**? If so, please explain.
9. Is the applicant **currently** a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, that could **materially affect the financial condition of the applicant's business**?
10. Within the **past ten years**, has the applicant been convicted of any **felony**? If so, please explain.
11. Within the **past ten years**, has the applicant been convicted of any **misdemeanor related to the conduct of the applicant's business**? If so, please explain.
12. Within the **past ten years**, has the applicant been convicted of any **misdemeanor for any financial or fraud related crime**? If so, please explain.