

TEXT OF PROPOSED REGULATIONS
CALIFORNIA CODE OF REGULATIONS

Title 4, Division 15, Article 1.6

Charter School Revolving Loan Fund Program

§ 10170.19. Application Content and Submission.

- (a) The Application will be made available for Fall and Spring funding on the Authority's website, based on available funding. The expected levels of available funding will be made available on the Authority's website each January and June.
- (b) Applications for Fall semester funding will be available from March through May and Applications for Spring semester funding will be available from August through October.
- (c) Based on availability of funding, Applications will be accepted during an application period with priority given based on date of submission and criteria set forth at Section 10170.20. Applicants shall submit an Application and all supporting documents via the online Application system.
- (d) Each completed Application shall include the following documents (in addition to supporting documents required for the Application, CSFA RLF-01; revised August 10, 2016):
 - (1) Articles of Incorporation for the Applicant or operational agreement or Memorandum of Understanding between the Charter School and the Chartering Authority;
 - (2) Nonprofit Entity verification as described in Section 10170.17(o);
 - (3) Description of the intended use of an award of loan funds;
 - (4) Copy of current charter petition and evidence supporting charter approval and term;
 - (5) Audited financial statements of the Applicant, if available;
 - (6) An adopted budget, if available, for the first fiscal year for which the Applicant is applying;
 - (7) Multi-year budget projections for at least the five fiscal years beyond the first fiscal year for which the Applicant is applying, including written budget assumptions;
 - (8) Applicant's most recent business plan and/or strategic plan for at least the next five academic years;
 - (9) List of the Charter School's board of directors including their occupations, cities of residence, and terms of office;
 - (10) Resumes of key staff members (e.g., Chief Executive Officer, President, Operations Manager, Chief Financial Officer, Principal, etc.) of the Applicant and the Charter School, as applicable;
 - (11) The Charter School's historical, current, and projected enrollment and attendance, by grade level, for the next five years;
 - (12) The Charter School's targeted student population and demographics;
 - (13) A listing of historical, current, and anticipated future funding of Charter School operations through private contributions;
 - (14) List the total amounts, annual amounts, interest rates, and maturity dates of all existing and anticipated short- and long-term debt obligations of the Applicant;
 - (15) 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; and

(16) For Applicants applying as a Disaster Affected Charter School, a description of the related disaster or extreme peril including but not limited to the initial date of the related disaster or extreme peril, the range of dates wherein the related disaster directly affected operations, and the detailed summary of how the Charter School was damaged, destroyed or closed.

(e) An Affiliated Entity or Applicant operating more than one Charter School, as identified by separate CDS Codes, must submit a separate Application for each Charter School with a separate CDS Code for which a loan award is sought.

~~(f)~~ (g) Starting with the 2026-27 Fall Semester funding applications, applicants shall be required to pay an application filing fee of \$500 with each submission. This fee shall be paid by check to the Authority at the address provided in the Application. This fee is not refundable.

Note: Authority cited: Section 41365, Education Code. Reference: Sections 41365 and 41366.5, Education Code.

§ 10170.20. Application Review and Evaluation/Underwriting Criteria.

(a) The Authority will evaluate and determine Program loans based on the following:

- (1) The Applicant meets all Eligibility Criteria under Section 10170.18;
- (2) The Applicants demonstrates the ability to repay the loan; and
- (3) The Applicant demonstrates that use of loan funds will be strictly for supporting the operations and financing of the Charter School consistent with the intent of the charter pursuant to Education Code Section 47605.

(b) In addition, the Authority may consider the following criteria as it relates to the Application:

- (1) Soundness of the business plan, and the expertise of key management;
- (2) Availability to the Charter School of other sources of funds;
- (3) Impact of receipt of Program funds received on the receipt of other private and public financing;
- (4) Compliance with other Programs under the Authority, if the Charter School or its affiliate received an award under another Program;
- (5) Compliance with repayment of all prior Program loan(s), if the Charter School or its affiliate received all previous Program loan(s); and
- (6) In the Authority's evaluation of supporting financial information submitted pursuant to Section 10170.19, the Authority shall consider the reasonableness of projected financial performance and corresponding assumptions based on current and historical performance and Charter School's business and/or strategic plans. The Authority may consider current and historical performance, including cash flow, major revenues, degree of reliance on loans and fundraising, enrollment trends, student performance data, projected average daily attendance, expenses, and debt service coverage, if applicable.

(c) Priority shall be given in the following order:

- (1) To New Charter Schools for start-up costs.
- (2) Until July 1, 2029, to existing Disaster Affected Charter Schools.
- (3) To remaining existing Charter Schools.

(d) If there are insufficient funds available during an Application cycle, the Authority shall establish priority as follows:

- (1) Among New Charter Schools, if applicable, based on highest FRPM across Regions

ensuring equal representation to the extent feasible among Regions pursuant to Section 10170.17(r)-(u).

(2) Among existing Charter Schools that meet the criteria of subdivision (c)(2) based on the recency of the related event and the highest FRPM across Regions ensuring equal representation to the extent feasible among Regions pursuant to Section 10170.17(r)-(u).

(3) Among remaining existing Charter Schools based on the highest FRPM across Regions ensuring equal representation to the extent feasible among Regions pursuant to Section 10170.17(r)-(u).

(4) If there are insufficient funds to ensure equal representation as described in (d)(1)-(3), the Authority will prioritize applicants starting with Region One and continue numerically through Region Four.

(e) Pursuant to subdivision (d), in the event that the Charter School's FRPM data is not available, the Authority shall award loans based on the FRPM of the school's Chartering Authority ~~projected elementary school attendance area.~~

Note: Authority cited: Section 41365, Education Code. Reference: Sections 41365 and 41366.5, Education Code.

§ 10170.21. Loan Amount and Repayment Terms.

(a) The Authority shall establish a loan amount and repayment period, for an approved loan, which shall be memorialized in a written Loan Agreement and subject to an interest rate equal to the lesser of either (1) the rate paid on moneys in the Pooled Money Investment Account as of the date of loan disbursement of the funds or (2) a rate equal to 50 percent of the interest rate paid by the state on the most recent sale of state general obligation bonds, computed according to the true interest cost method. The interest rate shall not be set at a rate lower than 3 percent.

~~(b) The Authority shall consider the term of the charter as well as the amount of the loan in establishing the repayment period. Excluding Disaster Affected Charters Schools, the repayment period shall not exceed the remaining charter term of the Charter School receiving the loan.~~

~~(1) In the case of a New Charter School, the loan term will not exceed the length of the school's approved charter term.~~

~~(e)~~ (b) The loan repayment shall begin in the first fiscal year following the date of disbursement as determined by the Authority, and all disbursements shall be in a single fiscal year.

(1) In the case of charter schools receiving multiple disbursements, the first fiscal year of repayment shall be based on the date of final disbursement.

(2) Disaster Affected Charters Schools may request to start loan payments no later than the first fiscal year after the most recent full year of operation, subject to the approval of the Authority.

~~(e)~~ (c) The repayment amount for each fiscal year following the issuance of the loan shall be based on equal annual payments, including principal and interest, over the number of years determined by the Authority. The annual repayments may be distributed over any number of months within a given year so long as each annual repayment amount is equal to all other annual repayment amounts.

~~(e)~~ (d) ~~In no event shall~~ The Authority shall consider the term of the charter as well as the amount of the loan in establishing the repayment period. The repayment period on a Program loan shall not exceed five years except for Disaster Affected Charter Schools in which case, the

repayment period shall not exceed eight years.

(1) In the case of a New Charter School, the loan term will not exceed the length of the school's approved charter term.

Note: Authority cited: Section 41365, Education Code. Reference: Sections 41365 and 41366.5, Education Code.