

CALIFORNIA CODES
EDUCATION CODE
SECTION 41360-41367

41360. Loans may be made from moneys in the Public School District Organization Revolving Fund to newly organized elementary, high school, or unified school districts upon application of the governing board of any such district, certified by the county superintendent of **schools** and approved by the Superintendent of Public Instruction for use by the district during the period from the date the action to form the district was completed and the date the district becomes effective for all purposes. Money loaned to a district pursuant to this section shall be used only to meet (a) the expenses of office rental, office supplies, postage, telephone, and telegraphing; (b) the expenses of necessary elections required by law or authorized by Section 4062; and (c) the expenses of employing, the salary of, and necessary travel expenses of officers and necessary clerical help for the governing board.

During each of the two successive fiscal years commencing with the first fiscal year of the existence of the school district for all purposes, the State Controller shall deduct from apportionments made to such school district an amount equal to one-half of the amount loaned to such school district under this section and pay the same amount into the Public School District Organization Revolving Fund in the State Treasury.

41365. (a) The **Charter** School Revolving Loan Fund is hereby created in the State Treasury. The **Charter** School Revolving Loan Fund shall be comprised of federal funds obtained by the state for **charter schools** and any other funds appropriated or transferred to the fund through the annual budget process. Funds appropriated to the **Charter** School Revolving Loan Fund shall remain available for the purposes of the fund until reappropriated or reverted by the Legislature through the annual Budget Act or any other act.

(b) Loans may be made from moneys in the **Charter** School Revolving Loan Fund to a chartering authority for **charter schools** that are not a conversion of an existing school, or directly to a **charter** school that qualifies to receive funding pursuant to Chapter 6 (commencing with Section 47630) that is not a conversion of an existing school, upon application of a chartering authority or **charter** school and approval by the Superintendent of Public Instruction. Money loaned to a chartering authority for a **charter** school, or to a **charter** school, pursuant to this section shall be used only to meet the purposes of the **charter** granted pursuant to Section 47605. The loan to a chartering authority for a **charter** school, or to a **charter** school, pursuant to this subdivision shall not exceed two hundred fifty thousand dollars (\$250,000) over the lifetime of the **charter** school. A **charter** school may receive money obtained from multiple loans made directly to the **charter** school or to the school's chartering authority from the **Charter** School Revolving Loan Fund, as long as the total amount received from the fund over the lifetime of the **charter** school does not exceed two hundred fifty thousand dollars (\$250,000). This subdivision does not apply to a **charter** school that obtains renewal of a **charter** pursuant to Section 47607.

(c) The Superintendent of Public Instruction may consider all of

the following when making a determination as to the approval of a **charter** school's loan application:

- (1) Soundness of the financial business plans of the applicant **charter** school.
- (2) Availability of the **charter** school of other sources of funding.
- (3) Geographic distribution of loans made from the **Charter** School Revolving Loan Fund.
- (4) The impact that receipt of funds received pursuant to this section will have on the **charter** school's receipt of other private and public financing.
- (5) Plans for creative uses of the funds received pursuant to this section, such as loan guarantees or other types of credit enhancements.
- (6) The financial needs of the **charter** school.
- (d) Priority for loans from the **Charter** School Revolving Loan Fund shall be given to new **charter schools** for startup costs.
- (e) Commencing with the first fiscal year following the fiscal year the **charter** school receives the loan, the Controller shall deduct from apportionments made to the chartering authority or **charter** school, as appropriate, an amount equal to the annual repayment of the amount loaned to the chartering authority or **charter** school for the **charter** school under this section and pay the same amount into the **Charter** School Revolving Loan Fund in the State Treasury. Repayment of the full amount loaned to the chartering authority shall be deducted by the Controller in equal annual amounts over a number of years agreed upon between the loan recipient and the State Department of **Education**, not to exceed five years for any loan.
- (f) (1) Notwithstanding other provisions of law, a loan may be made directly to a **charter** school pursuant to this section only in the case of a **charter** school that is incorporated.
- (2) Notwithstanding other provisions of law, in the case of default of a loan made directly to a **charter** school pursuant to this section, the **charter** school shall be solely liable for repayment of the loan.

41366.5. (a) Moneys in the **Charter** School Revolving Loan Fund shall be loaned at the interest rate earned by the money in the Pooled Money Investment Account as of the date of disbursement of the funds to the **charter** school.

(b) A **charter** school shall pay the interest on any loan from the fund in regular installments withdrawn from the annual apportionment the **charter** school receives.

(c) All interest payments shall be paid into the **Charter** School Security Fund established pursuant to Section 41367.

41366.7. The Director of Finance shall monitor the adequacy of the amount of funds in the **Charter** School Security Fund and report annually to the Legislature on the need, if any, to adjust the interest rate set forth in Section 41366.5 or to revise any other aspect of the default recovery plan.

41367. (a) The **Charter** School Security Fund is hereby created in

the State Treasury.

(b) Moneys in the fund shall be available for deposit into the **Charter** School Revolving Loan Fund in case of default on any loan made from the **Charter** School Revolving Loan Fund.