

BARCLAYS OFFICIAL CALIFORNIA CODE OF REGULATIONS  
 TITLE 4. BUSINESS REGULATIONS  
 DIVISION 12. CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY  
 CHAPTER 1. GENERAL PROVISIONS  
 ARTICLE 1. DEFINITIONS

This database is current through 7/13/07, Register 2007, No. 28

**s 9001. Terms.**

The following terms shall be used in the manner described below, when used in this Division, except as otherwise provided.

- (a) "Act" means California Educational Facilities Authority Act, Division 10, Part 59, Chapter 2, commencing with Section 94100 of the Education Code.
- (b) "Authority" or CEFA means the California Educational Facilities Authority.
- (c) "Chairman" means the Chairman of the California Educational Facilities Authority.
- (d) "Vice Chairman" means the Vice Chairman of the California Educational Facilities Authority.
- (e) "Member" means a member of the California Educational Facilities Authority.
- (f) "Executive Director" means the Executive Director of the California Educational Facilities Authority.
- (g) "Authority Fund" means the California Educational Facilities Authority Fund.
- (h) "Accreditation" means written evidence that the applicant is currently accredited by the Western Association of Schools and Colleges, or the Committee of the Bar Examiners of the State Bar or the American Bar Association.
- (i) "Request" means the application form and documents related thereto on which the Authority accepts requests for financing.
- (j) "Applicant" means the private college requesting participation of the Authority in undertaking the financing of a project.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Section 94140, Education Code. Reference: Sections 94100 and 94110, Education Code.

HISTORY

1. Amendment of subsection (h) filed 4-12-74; effective thirtieth day thereafter (Register 74, No. 15).
2. Amendment of subsection (a) filed 3-11-77 as procedural and organizational; designated effective 4-30-77 (Register 77, No. 11)
3. Redesignation of former article 1 as new chapter 1, renumbering of former articles 2-4 to articles 1-3, and renumbering of former sections 9020-9048 to sections 9001-9027; renumbering of former section 9020 to section 9001, including amendment of section and new Note filed 10-27-2005; operative 10-27-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 43).  
For prior history of sections 9001, 9040, 9042, 9044, 9046 and 9048, see Register 85, No. 26.

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TITLE 4. BUSINESS REGULATIONS  
DIVISION 12. CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY  
CHAPTER 1. GENERAL PROVISIONS  
ARTICLE 2. PROCEDURES RELATING TO THE AUTHORITY OF OFFICERS AND  
MEMBERS

This database is current through 7/13/07, Register 2007, No. 28

**s 9005. Officers and Members.**

(a) (Reserved).

(b) Should a vacancy occur in the office of the Chairman or Vice Chairman, the Authority shall at its next meeting elect one of its members to fill such vacancy.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Section 94140, Education Code. Reference: Sections 94100 and 94110, Education Code.

HISTORY

1. Amendment of subsection (a) filed 3-11-77 as procedural and organizational; designated effective 4-30-77 (Register 77, No. 11).
2. Order of Repeal of subsections (a) and (c) filed 6-3-85 by OAL pursuant to Government Code Section 11349.7; effective thirtieth day thereafter (Register 85, No. 26).
3. Renumbering of former article 3 to article 2 and renumbering of former section 9030 to section 9005 with new Note filed 10-27-2005; operative 10-27-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 43). For prior history of section 9001, see Register 85, No. 26.

**s 9006. Meetings.**

Meetings will be held as follows:

(a) Regular meetings of the Authority will be held on the fourth Thursday of each month at Sacramento, California unless otherwise ordered by the Authority.

(b) Special meetings of the Authority may be called by the Chairman upon giving notice to each member.

(c) Meetings of the Authority shall be held at the place designated by the Chairman in the notice calling such meeting unless otherwise ordered or agreed to by the Authority.

(d) The Chairman shall preside at all meetings of the Authority. In the absence of the chairman and his deputy, if any, the Vice Chairman or his or her deputy, if any shall preside. If the Chairman, the Vice Chairman and their deputies are absent from a meeting, the members present constituting a quorum shall elect one of their number to preside at said meeting. Nothing in this regulation shall be construed to prohibit the Chairman from requesting the Vice Chairman to preside at a meeting of the Authority.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Section 94140, Education Code. Reference: Sections 94100 and 94110, Education Code.

HISTORY

1. Order of Repeal of subsections (e) and (f) filed 6-3-85 by OAL pursuant to Government Code Section 11349.7; effective thirtieth day thereafter (Register 85, No. 26).
2. Renumbering and amendment of former section 9031 to section 9006 with new Note filed 10-27-2005; operative 10-27-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 43).

**s 9007. Employees.**

Responsibilities and duties of employees are as follows:

- (a) The Authority may employ an Executive Director to serve at the pleasure of the Authority.
- (b) The Authority may employ an Assistant Executive Director to serve at the pleasure of the Authority. In the absence of the Executive Director, the Assistant Executive Director will assume all the powers, duties, and responsibilities of the Executive Director.
- (c) The Executive Director is responsible for developing the meeting agenda and for distributing the agenda to members and other parties.
- (d) The Executive Director is responsible for recording the minutes of each meeting and for presenting minutes at the subsequent meeting for approval by the Authority.
- (e) The Executive Director shall act as secretary of the Authority and execute, on behalf of the Authority, certificates and other documents attesting to the acts of the Authority.
- (f) The Executive Director shall be the appointing power of the Authority. He or she may execute on its behalf all contracts or agreements, and may perform such other duties as the Authority may direct.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Section 94140, Education Code. Reference: Section 94140, Education Code.

HISTORY

1. Amendment of subsection (b) filed 2-26-75 as an emergency; effective upon filing (Register 75, No. 9).
2. Certificate of Compliance filed 4-29-75 (Register 75, No. 18).
3. Renumbering and amendment of former section 9032 to section 9007 with new Note filed 10-27-2005; operative 10-27-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 43).

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**s 9025. Requests for Financing.**

The Authority will accept requests for financing on a form prepared by the Executive Director, or copies therefrom. Request for Financing forms may be obtained by writing to the Authority office in the City of Sacramento.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Section 94140, Education Code. Reference: Sections 94100 and 94125, Education Code.

HISTORY

1. Renumbering of former article 4 to article 3 and renumbering and amendment of former section 9041 to section 9025 with new Note filed 10-27-2005; operative 10-27-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 43).

**s 9027. General Fees.**

The Authority may charge fees for its reasonable and necessary administrative and program expenses. The applicant shall reimburse the Authority for all reasonable and necessary out-of-pocket expenses which the Authority may incur at the applicant's request, and all other expenses of the Authority, direct and indirect, and properly allocable to the proposed financing. Unless paid from the proceeds of bonds, all such fees allocable to a particular proposed financing shall be paid by the applicant. Such fees will be deposited in the Authority Fund.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Section 94140, Education Code. Reference: Sections 94100 and 94125, Education Code.

HISTORY

1. Renumbering and amendment of former section 9043 to section 9027 with new Note filed 10-27-2005; operative 10-27-2005 pursuant to Government Codesection 11343.4 (Register 2005, No. 43).

BARCLAYS OFFICIAL CALIFORNIA CODE OF REGULATIONS  
TITLE 4. BUSINESS REGULATIONS  
DIVISION 12. CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY  
CHAPTER 2. THE CEFA ACADEMIC ASSISTANCE GRANT PROGRAM

This database is current through 7/13/07, Register 2007, No. 28

**s 9050. Definitions.**

The following words and phrases, as used in this Chapter, are defined as follows:

(a) "Academic Assistance" may include, but is not limited to, services that inform pupils attending a Qualified School of the benefits of, and the requirements for, higher education to any four year, degree granting educational institution that is regionally accredited and empowered to provide a program of education beyond the high school level. These services may include assistance with 1) developing career plans, 2) making educational plans including plans for secondary school graduation and higher education, and 3) selecting appropriate courses to meet an educational plan or academic requirements. These services may also include providing workshops or individualized assistance that help pupils attending a Qualified School apply to and prepare for a range of public and nonpublic higher educational opportunities and that assist pupils prepare for college entrance examinations, obtain and complete college entrance applications or forms, and obtain and complete financial aid applications.

(b) "Academic Enrichment" may include, but is not limited to, any of the following services that develop skills and experiences to support the transition of pupils attending a Qualified School to the college learning environment: 1) assistance with academic subjects, such as reading, math, and science, 2) assistance with study and test preparation skills, and 3) enrichment programs (such as going to museums and lectures), college campus visits, on-campus summer programs and workshops on college life.

(c) "Act" means Article 9 (Commencing with Section 94215) of Chapter 2 of Part 59 of Division 10 of the Education Code.

(d) "Actual Expenditures for Program in Most Recent Year" means the total direct and indirect costs of the program that were paid by the Applicant in the most recent fiscal-year.

(e) "Administrative Costs" means actual costs incurred by the Authority and other state agencies as permitted by law for administering the CEFA Academic Assistance Grant Program.

(f) "Allocation" means the amount of funds awarded to an Applicant by the Authority.

(g) "Applicant" means either one of the following:

(1) An individual Private College that submits to the Authority an application for a grant award.

- (2) Two or more eligible Private Colleges that have entered into an intercollege agreement for the purposes of the Act to offer grant eligible programs and that submit to the Authority an application for a grant award.
- (h) "Application Form" means the request by an Applicant to the Authority for a Grant under the CEFA Academic Assistance Grant Program which includes pages 1- 9, Attachments A-C and all materials submitted with Form #CEFA 2005-7, Rev. 8- 2005.
- (i) "CEFA Academic Assistance Grant Program" means the program administered by the Authority to make grants pursuant to the Act.
- (j) "Comprehensive School" [is a "Comprehensive High School", as defined in California Code of Regulations, Title 2, Section 1859.2] means a high school that serves grades 7 through 12 or 9 through 12 and that offers a variety of curricula, including common courses that emphasize academic achievement and traditional subjects that all students are required to take.
- (k) "Eligible Program" or "program" means a program for pupils attending a Qualified School that informs the pupils of the benefits of, and the requirements for, higher education; prepares the pupils for college entrance; advances the academic standing of these pupils; or any combination thereof by providing an Academic Assistance program, an Academic Enrichment program, a Mentoring Assistance program, or any combination thereof.
- (l) "Going Concern Qualification" means an assumption by an auditor that the carrying value of an entity's assets will be realized and its liabilities will be liquidated in the ordinary course of continuing business activity.
- (m) "Grant" means a grant awarded pursuant to the CEFA Academic Assistance Grant Program.
- (n) "Grantee" means an Applicant that has received Grant approval by the Authority.
- (o) "Grant Agreement" means a written agreement for a Grant entered into between a Grantee and the Authority.
- (p) "Low income area" means an enrollment area for a high school with 30 percent or greater enrollment in the free or reduced fee program, as determined by the State Department of Education.
- (q) "Low income student" means a student who is eligible under the reduced fee meal program, as determined by the California State Department of Education.
- (r) "Matching Amount" shall not exceed twice the amount that the Applicant has proposed expending on the program.
- (s) "Maximum Grant" means \$250,000 per Applicant.

(t) "Mentoring Assistance" may include, but is not limited to, any program that provides guidance and support to students in academics and preparation for the transition from high school to college and college life.

(u) "Most Recent Audited Financial Statement" means a financial statement audited by an independent accounting firm for the most recent fiscal year-end prior to the Application Form submission date.

(v) "Private College" has the same meaning as in subdivision (i) of section 94110 of the Education Code.

(w) "Program Funding Period" means a defined beginning and end date to be approved by the Authority for implementation of the program by which time all program funds must be expended.

(x) "Proposed Allocation" means the proposed amount of funds to be awarded an Applicant in a Funding Round based on score and rank.

(y) "Qualified School" has the same meaning as in Section 94215.9 of the Education Code.

(z) "Total Grant Funds" means \$2 million less Administrative Costs.

(aa) "Very low income area" means an enrollment area for a high school with 70 percent or greater enrollment in the free or reduced fee meal program, as determined by the State Department of Education.

(bb) "Very low income student" means a student who is eligible under the free meal program, as determined by the State Department of Education.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Sections 94140 and 94215.7, Education Code. Reference: Sections 94215.3 and 94215.9, Education Code.

HISTORY

1. New chapter 2 (sections 9050-9070) and new section filed 10-27-2005; operative 10-27-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 43).

**s 9051. Eligible Private College.**

(a) Any Private College shall be eligible to apply for a Grant if the following conditions are met:

1. The Private College is a non-sectarian college that does not restrict entry on racial or religious grounds. If the Applicant requires its students to take courses in religion or theology, the required courses must meet all of the following criteria: A) the courses must be taught according to the academic requirements of the subject matter, B) the courses must cover a range of human religious experience, C) the courses must not be

limited to courses about a particular faith, D) the courses must not be taught in a manner or for the purpose of indoctrinating or proselytizing students of a particular belief.

2. The Private College is accredited by the Western Association of Schools and Colleges ("WASC"), or a similarly recognized organization that provides regional accreditation.

3. The most recent audited financial statements of the Private College do not contain Going Concern Qualification language.

4. The Private College has submitted an Application Form in accordance with Section 9055, along with all of the documentation and information required by Section 9056, and the Application Form proposes an Eligible Program, as defined by Section 9050 (k).

(b) If an Applicant does not meet these conditions, the Applicant shall be deemed ineligible, but may appeal, once all conditions are satisfied.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Sections 94140 and 94215.7, Education Code. Reference: Sections 94110, 94215 and 94215.7, Education Code.

HISTORY

1. New section filed 10-27-2005; operative 10-27-2005 pursuant to GovernmentCode section 11343.4 (Register 2005, No. 43).

**s 9052. Eligible Program.**

Grants may only be used for purposes of an Eligible Program, as defined in Section 9050 (k).

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Sections 94140 and 94215.7, Education Code. Reference: Section 94215.3, Education Code.

HISTORY

1. New section filed 10-27-2005; operative 10-27-2005 pursuant to GovernmentCode section 11343.4 (Register 2005, No. 43).



**s 9053. Maximum Amount.**

No grant shall exceed the Maximum Grant or the Matching Amount, whichever is less.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Sections 94140 and 94215.7, Education Code. Reference: Section 94215.5, Education Code.

HISTORY

1. New section filed 10-27-2005; operative 10-27-2005 pursuant to GovernmentCode section 11343.4 (Register 2005, No. 43).

**s 9054. Application Form.**

Blank Application Forms are available from the Authority and may be referred to as the CEFA Academic Assistance Grant Application Form #CEFA 2005-7, Rev. 8- 2005, which is hereby incorporated by reference. Each Applicant shall submit a completed Application Form in the manner set forth in Sections 9055 and 9056 of this Chapter. The CEFA Academic Assistance Overview and Instructions for Grant Application, Form #CEFA 2005-7A, Rev. 8-2005 is hereby incorporated by reference.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Sections 94140 and 94215.7, Education Code. Reference: Sections 94215, 94215.3 and 94215.7, Education Code.

HISTORY

1. New section filed 10-27-2005; operative 10-27-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 43).

**s 9055. Application Form Submission.**

An Applicant shall submit a completed Application Form by the date specified in the Application Form Overview and Instructions. Application Forms submitted after the final filing date will not be accepted for review and evaluation and will be returned. Application Forms must be submitted in duplicate to the Authority. Each eligible Applicant may apply only once.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Sections 94140 and 94215.7, Education Code. Reference: Sections 94215, 94215.3 and 94215.7, Education Code.

## HISTORY

1. New section filed 10-27-2005; operative 10-27-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 43).

### **s 9056. Content of Application Form.**

The items listed below shall accompany the Application Form. If the Applicant consists of more than one Private College, each Private College shall provide these items.

(a) Program Description. The Applicant will fully describe the program, including operations, history, goals and objectives, with supporting material if necessary.

(b) Financial Information. The Applicant shall submit their audited financial statements for each of the last three fiscal years.

(c) Organizational Information. The Applicant shall submit:

1. A copy of the tax-exemption letter from the Internal Revenue Service.
2. A copy of the tax-exemption letter or Letter of Good Standing from the California State Franchise Tax Board.
3. Certificate of Status of Domestic Corporation from the Secretary of State.
4. A copy of the latest accreditation notification.
5. If the Private College requires students to take courses in religion or theology, the Applicant must provide a factual showing that the required courses A) are taught according to the academic requirements of the subject matter, B) cover a range of human religious experiences, C) are not limited to courses about a particular faith, and D) are not taught in a manner for the purpose of indoctrinating or proselytizing students.
6. A certification that the services provided by the program are open to any student, regardless of faith.

(d) Legal Information. Applicant shall complete a legal status questionnaire within the Application Form requiring the Applicant to fully disclose certain legal information.

(e) Agreement and Certification. Within the Application Form and as memorialized in a separate Grant Agreement, the Chief Executive Officer, Chief Financial Officer or other authorized officer of each private college that comprises the Applicant, on behalf of the Applicant, shall agree and certify to the following terms and conditions as a requirement of receiving any Grant:

1. The information contained in the Application Form and attachments is true and correct to the best of his or her knowledge and belief and understands that any misrepresentation may result in the cancellation of a Grant and other actions permitted by law and the Grant Agreement.

The Applicant may be required to return all or a portion of the Grant if the Applicant fails to implement the program as approved or if the approved program is discontinued within one year following expenditure of the grant funds.

Grant Funds will only be used for the purposes described in the Application Form for the Program Funding Period approved by the Authority.

2. The program and the financial records of the Applicant may be subject to an audit or inspection by the Authority and/or the Bureau of State Audits.
3. The Applicant has either disclosed all legal information in the legal status questionnaire or has no legal information to disclose.
4. The Applicant will notify the Authority in writing when funds have been fully expended and certify that the program remained in existence throughout the fiscal year that grant funds were used.
5. The Applicant will provide all documents and information and meet all necessary requirements prior to the release of the Grant.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Sections 94140 and 94215.7, Education Code. Reference: Sections 94215, 94215.3 and 94215.7, Education Code

#### HISTORY

1. New section filed 10-27-2005; operative 10-27-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 43).

### **s 9057. Application Form Evaluation.**

(a) Application Forms shall be reviewed and evaluated by Authority staff according to the selection criteria set forth under Section 9058. An Application Form may receive up to a maximum of 160 points. Applications receiving less than 112 points will not be eligible for grant funding. Application Forms shall be scored and ranked according to points received.

(b) In addition to the other Application Form criteria, a positive response or combination of positive responses to the legal status questionnaire may result in the Applicant becoming ineligible for a Grant.

(c) Authority staff shall consider each type of program to be of equal value.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Sections 94140 and 94215.7, Education Code. Reference: Sections 94215, 94215.3 and 94215.7, Education Code.

## HISTORY

1. New section filed 10-27-2005; operative 10-27-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 43).

### **s 9058. Evaluation Criteria.**

Authority staff will evaluate each Application Form based on the following factors.

(a) Program effectiveness (Maximum eighty (80) points).

Applicants shall be awarded points based on how well the Grant funds would do any or all of the following:

1. Enhance or develop an existing program or develop a proposed program. Applicants are encouraged to establish partnerships with education consortiums, existing academic preparation programs, or businesses to help reach as many low income and very low income students as possible. (5 points).

2. a. Inform pupils attending a Qualified School of the benefits of, and the requirements for, higher education,

b. Prepare these pupils for college entrance, or

c. Advance the academic standing of these pupils.

(Total 15 points).

3. Provide academic assistance services to low income students. Criteria may include the number of hours of service provided per student and the number of students served. (15 points).

4. Provide academic assistance services to very low income students. Criteria may include the number of hours of service provided per student and the number of students served. (15 points).

5. Provide academic assistance services in geographic areas that are not currently being served by similar eligible programs. (15 points).

6. Provide academic assistance services to Qualified Schools, taking into consideration whether schools being served are located in a Low Income Area, or Very Low Income Area, and whether, where applicable, the percentage of pupils who graduate from the school are eligible for admission to the California State University or the University of California is below the statewide average according to the most recent information from the California Postsecondary Education Commission. (15 points)

(b) Commitment of the Applicant to the success of the program (Maximum of twenty (20) points). Points shall be awarded on the basis of how well the Applicant does any or all of the following:

1. Commits its own funds, or funds obtained from other sources, to the program. Criteria will include, but are not limited to, the level and scope of services in relation to the Private College's size. (10 points)

2. Provides need-based financial assistance to students who could not otherwise afford to attend the Applicant's institution. Criteria will include the level and scope of assistance in relation to the Private College's size. (10 points)

3. Clearly states in the application the program's goals and objectives and the method of assessment used to determine the effectiveness of the program (Required, but no points awarded).

(c) Program feasibility (Maximum sixty (60) points). (Points may be awarded under either paragraph (1) or (2)).

1. Applicants shall be awarded points based on how well Applicants demonstrate readiness and feasibility for new eligible programs including:

A. A timeline of program development, including the date program services are expected to begin. (Required, but no points awarded).

B. Budget projections for five years and budget assumptions. Feasibility study, if available. (Required, but no points awarded).

C. A demonstration that the Private College can financially support the program for a minimum of five years, commencing with the fiscal year during which the grant is funded. (10 points)

D. A demonstration that the program is ready to be implemented. (10 points)

E. A demonstration that the program is well structured. Criteria may include 1) the adequacy of staffing for the type of program and the projected number of students to be served, 2) the experience and expertise of program staff and management, 3) how well the Private College identifies the needs of the pupils to be served and monitors their progress, 4) and how well the program includes new and innovative ways to promote access and opportunity for all students. (20 points)

F. A demonstration that the Private College has experience in administering a similar program (20 points). Up to 20 points may be awarded if the Applicant can demonstrate they have had success in administering similar programs or have hired personnel that have been involved in successful programs administered at other colleges.

2. Applicants shall be awarded points based on how well Applicants demonstrate ongoing feasibility for existing programs, including:

A. The date that program services began. (Required, but no points to be awarded).

B. A demonstration that the program identifies student needs and monitors student progress. (30 points).

C. A demonstration that the program has an demonstrated record of success. Criteria may include, but are not limited to, improvement of student SAT scores, high school graduation rates, or college acceptance rates in the Qualified Schools the Private College serves (30 points).

3. If outside funding sources other than the Grant are required to fund the program, the Applicant shall provide an approval or commitment letter from the other funding sources, confirming that the funding is secured and available in accordance with the program timeline and budget (20 points will be deducted if documentation is not provided).

4. Sources and uses of funds:

The Applicant shall detail all sources of funds needed to operate the proposed program. For existing programs, the Applicant shall detail the Actual Expenditures for Program in the Most Recent Year and the dollar amount budgeted for the next four years. For new programs, the Applicant shall detail the dollar amount budgeted for the next five years. (Required, but no points are awarded for this section).

5. Financial capacity:

Authority staff will review the most recent audited financial statements of the Applicant to ensure the Applicant is financially sound. (No points are awarded for this section). The Applicant may be disqualified based on lack of financial strength or soundness. Criteria may include profitability and strength of balance sheet.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Sections 94140 and 94215.7, Education Code. Reference: Sections 94215, 94215.3 and 94215.7, Education Code.

#### HISTORY

1. New section filed 10-27-2005; operative 10-27-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 43).

### **s 9059. Notification and Proposed Allocation.**

Authority staff shall rank each Application Form based on the scores received, with the highest score ranking first. No Proposed Allocation shall be made for applications receiving a score of 111 or less.

Authority staff may recommend that a Proposed Allocation be disbursed in equal increments, in each of a maximum of three fiscal years.

Authority staff shall notify each Applicant in writing of their Application's ranking and the amount of the Proposed Allocation, if any, subject to approval or modification by the Authority in its Allocation.

Upon approval or modification by the Authority, Authority staff shall notify each Applicant in writing, stating the amount of the Applicant's Allocation.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Sections 94140 and 94215.7, Education Code. Reference: Sections 94215 and 94215.3, Education Code.

HISTORY

1. New section filed 10-27-2005; operative 10-27-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 43).

**s 9060. Appeals.**

(a) Availability. An Applicant may file an appeal of the Proposed Allocation. The grounds for any such appeal shall be limited to Applicant eligibility pursuant to Section 9051 and Section 9057 or program eligibility pursuant to Section 9052. No Applicant may appeal the Authority staff evaluation of or Allocation to another Applicant or another Applicant's Application Form.

(b) Timing. The appeal shall be submitted in writing and must be received by the Authority no later than ten (10) calendar days following the transmittal date of the notification of Proposed Allocation of each funding round.

(c) Review. Authority staff shall review the written appeal based upon the existing documentation submitted by the Applicant when the Application Form was filed and any other information Authority staff requests of the Applicant. Authority staff shall make a finding as to the merit of the appeal and shall notify the Applicant as to the decision no later than ten (10) calendar days after the receipt of an appeal. In the event that Authority staff does not approve an appeal, the Applicant may further appeal to the Authority. The Applicant shall notify the Executive Director in writing no later than ten (10) calendar days prior to the next scheduled Authority meeting that the Applicant shall further appeal to the Authority. Any such appeal must be presented by the Applicant, in person, at the same meeting of the Authority where the Proposed Allocations are considered for approval as Grants. Any decision made by the Authority shall be final.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Sections 94140 and 94215.7, Education Code. Reference: Sections 94215, 94215.3 and 94215.7, Education Code.

HISTORY

1. New section filed 10-27-2005; operative 10-27-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 43).

### **s 9061. Approval of Grant and Notification of Recipient.**

When Proposed Allocations for funding have been determined, Authority staff shall recommend to the Authority at a Board Meeting the Proposed Allocations for consideration and approval as Allocations. Allocations approved by the Authority at the same meeting shall be awarded as Grants to recipients. Recipients shall be notified within five (5) business days of the Board Meeting in writing of the Grants approved.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Sections 94140 and 94215.7, Education Code. Reference: Sections 94215, 94215.3 and 94215.7, Education Code.

#### HISTORY

1. New section filed 10-27-2005; operative 10-27-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 43).

### **s 9062. Any Remaining Funds.**

Any Grant funds that have been allocated, but are returned for any reason, will be allocated to the Applicant with the highest scoring evaluation among those Applicants who did not previously receive a grant allocation.

If there are any remaining funds after the Authority's approval of Allocations of all eligible Private Colleges or by June 30, 20xx, whichever is later, the Authority may, in its sole discretion, award grants of those remaining funds to Applicants in a manner that is consistent with the purposes of the Act and this Chapter.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Sections 94140 and 94215.7, Education Code. Reference: Sections 94215, 94215.3 and 94215.7, Education Code.

#### HISTORY

1. New section filed 10-27-2005; operative 10-27-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 43).

### **s 9063. Approval of Grant Use Change.**

Notwithstanding Section 9056, the Authority or Authority staff, as appropriate, may, on a case by case basis, consider a change in the use of the Grant if the Applicant demonstrates, to the satisfaction of the Authority or Authority staff, that the change is consistent with the purposes of the Act.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Sections 94140 and 94215.7, Education Code. Reference: Sections 94215, 94215.3 and 94215.7, Education Code.



HISTORY

1. New section filed 10-27-2005; operative 10-27-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 43).

**s 9064. Grant Agreements.**

The terms and conditions of a Grant shall be set forth in a Grant Agreement executed by the Grantee and shall include, but are not limited to, all of the following terms and conditions:

- (a) A Grant amount not greater than \$250,000.
- (b) The Authority may issue up to twice the amount proposed by the applicant.
- (c) A Program Funding Period not to exceed thirty-six (36) months from the execution date of the Grant Agreement.
- (d) Disbursement procedures pursuant to Section 9065.
- (e) A provision that any unused Grant funds shall revert to the Authority.
- (f) Agreement to comply with the Authority's program statutes and regulations.
- (g) An agreement that the Grantee will defend, indemnify and hold harmless the Authority and the State, and all officers, trustees, agents and employees of the same, from and against any and all claims, losses, costs, damages, or liabilities of any kind or nature, whether direct or indirect, arising from or relating to the Grant, the Program or the Act.
- (h) An agreement to comply with laws outlawing discrimination including, but not limited to laws prohibiting discrimination because of sex, race, color ancestry, religion, creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer or genetic characteristics), sexual orientation, political affiliation, position in a labor dispute, age, marital status, and denial of statutorily-required employment-related leave. A Qualified School does not comply with these laws may not receive Grant funds.
- (i) An agreement that continued compliance with CEFA Academic Assistance Grant Program requirements is the Grantee's responsibility.
- (j) An Agreement that the Grant shall only be used for the programs as described in the Grantee's Application.
- (k) An Agreement that grant funds may not be used to provide an incentive, award, or reward for the enrollment of an individual in a particular private college.
- (l) Any audit provisions.
- (m) Any other provisions agreed to by the parties.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Sections 94140 and 94215.7, Education Code. Reference: Sections 94215, 94215.3 and 94215.7, Education Code.

HISTORY

1. New section filed 10-27-2005; operative 10-27-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 43).

**s 9065. Release of Funds.**

(a) No Grant shall be released until the following information has been provided to the satisfaction of Authority staff:

1. Verification that all other funds, if needed, are in place to operate the program.
2. An executed Grant Agreement.
3. Documentation that all conditions of funding have been satisfied.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Sections 94140 and 94215.7, Education Code. Reference: Sections 94215, 94215.3 and 94215.7, Education Code.

HISTORY

1. New section filed 10-27-2005; operative 10-27-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 43).

**s 9066. Depletion of Grant Proceeds.**

(a) The Grantee shall certify to the Authority when the Grant funds have been expended and provide a statement of sources and uses of funds for each fiscal year in which Grant funds were used. Grant funds must be expended within the Program Funding Period for which the Allocation was made.

(b) The Grantee shall return any Grant funds to the Authority to the extent that they have not received a Matching Amount as required by Section 9053 for that program in the year they were expended.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Sections 94140 and 94215.7, Education Code. Reference: Sections 94215, 94215.3 and 94215.7, Education Code.

HISTORY

1. New section filed 10-27-2005; operative 10-27-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 43).

## **s 9067. Unused Funds.**

In the event that any portion of the Grant is forfeited to the Authority, the Authority shall distribute such forfeited funds as described in Section 9062.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Sections 94140 and 94215.7, Education Code. Reference: Sections 94215, 94215.3 and 94215.7, Education Code.

### HISTORY

1. New section filed 10-27-2005; operative 10-27-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 43).

## **s 9068. Audits.**

The Bureau of State Audits or Authority staff may conduct periodic audits and inspections to ensure Grantees are using Grant funds consistently with program requirements and the terms of the Grant Agreement for approved programs. Grantees shall retain all program and financial data necessary to substantiate the purposes for which the Grant funds were spent for a period of three years after the final report of the status of the program has been submitted.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Sections 94140 and 94215.7, Education Code. Reference: Sections 94215, 94215.3 and 94215.7, Education Code.

### HISTORY

1. New section filed 10-27-2005; operative 10-27-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 43).

## **s 9069. Recovery of Funds for Non-Performance.**

If the Authority determines that Grant funds were not used consistent with CEFA Academic Assistance Grant Program requirements and the terms of the Grant Agreement for an approved program, the Authority may require remedies, including a return of all Grant funds.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Sections 94140 and 94215.7, Education Code. Reference: Sections 94215 and 94215.7, Education Code.

HISTORY

1. New section filed 10-27-2005; operative 10-27-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 43).

**s 9070. Reporting.**

Applicant shall report to the Authority how funds were expended in each fiscal year that Grant funds were disbursed, including a statement of sources and uses of funds for the program. A final report on the status of the program will be required from the Applicant at the end of the fiscal year following the final year that grant funds were expended.

Information to be provided shall include, but not be limited to, the number of students served by the program and the number of students served by the program who attended or will be attending a college or university.

Grantees shall retain all program documentation and financial data necessary to substantiate the purposes for which the Grant funds were spent for a period of three years after the final report of the status of the program has been submitted.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Sections 94140 and 94215.7, Education Code. Reference: Sections 94215.7 and 94216, Education Code.

HISTORY

1. New section filed 10-27-2005; operative 10-27-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 43).

BARCLAYS OFFICIAL CALIFORNIA CODE OF REGULATIONS  
TITLE 4. BUSINESS REGULATIONS  
DIVISION 12. CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY  
CHAPTER 3. QUALIFIED SCHOLARSHIP FUNDING CORPORATIONS  
This database is current through 7/13/07, Register 2007, No. 28

**s 9071. Purpose.**

Before applying to the California Debt Limit Allocation Committee for allocation of a portion of the State Ceiling pursuant to Government Code Section 8869.82 and 8869.85, an entity that is seeking to issue Qualified Scholarship Funding Bonds must first obtain CEFA board approval, pursuant to Section 9073(a), unless such entity became a qualified scholarship funding corporation as defined in subsection (d) of Section 150 of Title 26 of the United States Code prior to January 1, 2006. The Authority may in its discretion determine not to grant approval to any entity regardless of whether the entity meets the threshold criteria as an Eligible Candidate as defined in Section 9072(b). The Authority will consult and coordinate with the California Debt Limit Allocation Committee prior to making a final determination.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Section 94140, Education Code. Reference: Section 94103, Education Code; and Sections 8869.82 and 8869.85, Government Code.

HISTORY

1. New chapter 3 (sections 9071-9075) and section filed 4-24-2007; operative 5-24-2007 (Register 2007, No. 17).

**s 9072. Definitions.**

In addition to the definitions set forth in Section 9001, the following definitions will govern the construction of this chapter:

(a) "Candidate" means a corporation seeking approval from the Authority to apply for an allocation of the State Ceiling for the purpose of issuing Qualified Scholarship Funding Bonds.

(b) "Eligible Candidate" means a Candidate that (A) is incorporated, authorized to operate, and operating as a nonprofit corporation under California law, (B) is exempt from taxation under Section 501(c)(3) of Title 26 of the United States Code and Section 23701d of the Revenue and Taxation Code, (C) has its principal place of business or one of its significant branch offices in California, (D) as required by its articles of incorporation and bylaws, is established and must be operated exclusively for the purpose of acquiring student loan notes incurred under the Higher Education Act of 1965, as amended and as set forth in Sections 1070 through 1089 of Title 20 of the United States Code, or any successor provisions thereto and must devote any income (after payment of expenses, debt service, and the creation of reserves for the same) to the purchase of additional student loan notes or to pay over any income to the United States, and (E) has served Proper Notice.

(c) "Proper Notice" means a written notice of intent to seek CEFA board approval under these regulations addressed to the Executive Director of CEFA that is received between July 1 and August 31 of any calendar year, unless no qualified scholarship funding corporation eligible to receive a transfer of the State Ceiling exists, then such written notice of intent may be received on any date.

(d) "Qualified Scholarship Funding Bond" means a bond issued by a corporation in compliance with subsection (d) of Section 150 of Title 26 of the United States Code, including any amendments thereto or any successor provision thereof.

(e) "State Ceiling" means the amount specified by subsection (d) of Section 146 of Title 26 of the United States Code and as determined by the California Debt Limit Allocation Committee for each calendar year.

(f) "Student Loan" means a loan made, insured, or guaranteed under the Higher Education Act of 1965, as amended and as set forth in Sections 1070 through 1089 of Title 20 of the United States Code, or any successor provisions thereto.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Section 94140, Education Code. Reference: Section 94103, Education Code; and Sections 8869.82 and 8869.85, Government Code.

HISTORY

1. New section filed 4-24-2007; operative 5-24-2007 (Register 2007, No. 17).

**s 9073. Criteria to Be Considered by the Authority.**

(a) When determining whether to grant CEFA board approval to an Eligible Candidate, the Authority will consider all of the Eligible Candidate's attributes and qualifications including but not limited to:

(1) Whether the members of the Eligible Candidate's board of directors have sufficient experience, credentials and qualifications in the student loan industry.

(2) Whether the Eligible Candidate's chief executive officer and chief financial officer have sufficient experience, credentials and qualifications in the student loan industry.

(3) Whether the Eligible Candidate has a business and/or strategic plan.

(4) Whether the Eligible Candidate has a marketing plan.

(5) Whether the Eligible Candidate can demonstrate that it has or will have sufficient staff and a sustainable organizational structure in California to undertake the issuance of bonds and/or acquisition of student loans in California.

- (6) Whether the Eligible Candidate has a demonstrated presence in California's student loan industry.
- (7) Whether the Eligible Candidate can demonstrate the ability to deliver competitive and comprehensive student loan services to the students in California.
- (8) If the Eligible Candidate is seeking bond financing for the purpose of originating student loans, whether the entity or its parent corporation has demonstrated experience in originating student loans.
- (9) If the Eligible Candidate is seeking bond financing for the purpose of purchasing student loans in the secondary market, whether the entity or its parent corporation has demonstrated experience in purchasing student loans in the secondary market.
- (10) Whether the Eligible Candidate or its parent corporation has experienced an increase in student loan volume and asset base (direct origination or purchased, as applicable) in the previous three years.
- (11) Whether the Eligible Candidate or its parent corporation has a demonstrated track record of offering competitive and comprehensive loan products.
- (12) Whether the Eligible Candidate or any of its officers, employees or affiliates has been the subject of any administrative, civil or criminal enforcement action brought by a federal, state, or local governmental agency.
- (13) If the Eligible Candidate is owned or controlled by, or operated under common control with, a for-profit entity, whether the Eligible Candidate will provide a public benefit that is not already being met by a Qualified Scholarship Funding Corporation, such as a grant program for financially needy students or an outreach program encouraging high school students to attend college and obtain an undergraduate degree.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Section 94140, Education Code. Reference: Section 94103, Education Code; and Sections 8869.82 and 8869.85, Government Code.

#### HISTORY

1. New section filed 4-24-2007; operative 5-24-2007 (Register 2007, No. 17).

### **s 9074. Information to Be Submitted by the Candidate to the Authority.**

A Candidate seeking approval under this chapter must submit sufficient information to the Authority in order for the Authority to determine that the Candidate meets the threshold criteria of Section 9072(b) to be considered an Eligible Candidate, and must also submit the following information to the Authority to assist the Authority in making that determination:

(a) Organizational Information.

- (1) An overview of the Candidate, including ownership structure and all related entities.
- (2) A description of the present student loan activity and past student loan experiences of the Candidate and, if applicable, its parent corporation.
- (3) The Candidate's articles of incorporation and bylaws.
- (4) Audited financial statements for each of the last three fiscal years.
- (5) A resume for each board member and all key personnel, including but not limited to the chief executive officer and the chief financial officer, which must include relevant work experience, academic qualifications, and proposed responsibilities.
- (6) A description of partnerships with public or private organizations that would assist the entity in promoting access to post-secondary education for California residents.
- (7) A copy of the tax-exemption letter from the Internal Revenue Service and a copy of the tax-exemption letter or Letter of Good Standing from the California State Franchise Tax Board.
- (8) Certificate of Status of Domestic Corporation from the Secretary of State.

(b) Presence in California.

- (1) A description of the Candidate's current business activities or operations being conducted in California.
- (2) A description of the Candidate's business plan.
- (3) The volume of student loans the Candidate reasonably anticipates making or purchasing as a result of receiving tax-exempt bond financing.
- (4) The criteria, standards, terms and conditions anticipated for the programs and services to be provided by the Candidate.
- (5) A description of where and how the Candidate would originate, service and/or purchase student loans.

(c) Legal Status.

- (1) Disclosure of (A) criminal matters involving the Candidate, (B) civil matters involving the Candidate that may have an impact on the Candidate's legal or



financial status, and (C) proceedings, investigations, or other matters involving federal, state or local regulatory agencies that may impact the Candidate's legal or financial status.

(2) Documents explaining or supporting items listed in subsection (1).

(d) If the Eligible Candidate is owned or controlled by, operated under common control with, a for-profit entity, documents demonstrating to the Authority in its discretion, that the Eligible Candidate will provide a public benefit that is not already being met by a Qualified Scholarship Funding Corporation, such as a grant program for financially needy students or an outreach program encouraging high school students to attend college and obtain an undergraduate degree.

(e) Any additional information requested by Authority staff that is related to the criteria listed in Section 9073.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Section 94140, Education Code. Reference: Section 94103, Education Code; and Sections 8869.82 and 8869.85, Government Code.

HISTORY

1. New section filed 4-24-2007; operative 5-24-2007 (Register 2007, No. 17).

**s 9075. Public Notice.**

Prior to September 30 of each calendar year, the Authority will compile a list of all Candidates that have served Proper Notice during the calendar year pursuant to this chapter. Such list will be available to the public upon request.

<General Materials (GM) - References, Annotations, or Tables>

Note: Authority cited: Section 94140, Education Code. Reference: Section 94103, Education Code; and Sections 8869.82 and 8869.85, Government Code.

HISTORY

1. New section filed 4-24-2007; operative 5-24-2007 (Register 2007, No. 17).