

§ 7223c. Charter school objectives

An eligible entity receiving a grant under this subpart shall use the funds deposited in the reserve account established under section 7223d(a) of this title to assist one or more charter schools to access private sector capital to accomplish one or both of the following objectives:

- (1) The acquisition (by purchase, lease, donation, or otherwise) of an interest (including an interest held by a third party for the benefit of a charter school) in improved or unimproved real property that is necessary to commence or continue the operation of a charter school.
- (2) The construction of new facilities, or the renovation, repair, or alteration of existing facilities, necessary to commence or continue the operation of a charter school.

(Pub. L. 89-10, title V, §5224, as added Pub. L. 107-110, title V, §501, Jan. 8, 2002, 115 Stat. 1801.)

§ 7223d. Reserve account**(a) Use of funds**

To assist charter schools to accomplish the objectives described in section 7223c of this title, an eligible entity receiving a grant under this subpart shall, in accordance with State and local law, directly or indirectly, alone or in collaboration with others, deposit the funds received under this subpart (other than funds used for administrative costs in accordance with section 7223e of this title) in a reserve account established and maintained by the eligible entity for this purpose. Amounts deposited in such account shall be used by the eligible entity for one or more of the following purposes:

- (1) Guaranteeing, insuring, and reinsuring bonds, notes, evidences of debt, loans, and interests therein, the proceeds of which are used for an objective described in section 7223c of this title.
- (2) Guaranteeing and insuring leases of personal and real property for an objective described in section 7223c of this title.
- (3) Facilitating financing by identifying potential lending sources, encouraging private lending, and other similar activities that directly promote lending to, or for the benefit of, charter schools.
- (4) Facilitating the issuance of bonds by charter schools, or by other public entities for the benefit of charter schools, by providing technical, administrative, and other appropriate assistance (including the recruitment of bond counsel, underwriters, and potential investors and the consolidation of multiple charter school projects within a single bond issue).

(b) Investment

Funds received under this subpart and deposited in the reserve account established under subsection (a) of this section shall be invested in obligations issued or guaranteed by the United States or a State, or in other similarly low-risk securities.

(c) Reinvestment of earnings

Any earnings on funds received under this subpart shall be deposited in the reserve account established under subsection (a) of this section and used in accordance with such subsection.

(Pub. L. 89-10, title V, §5225, as added Pub. L. 107-110, title V, §501, Jan. 8, 2002, 115 Stat. 1801.)

§ 7223e. Limitation on administrative costs

An eligible entity may use not more than 0.25 percent of the funds received under this subpart for the administrative costs of carrying out its responsibilities under this subpart.

(Pub. L. 89-10, title V, §5226, as added Pub. L. 107-110, title V, §501, Jan. 8, 2002, 115 Stat. 1802.)

§ 7223f. Audits and reports**(a) Financial record maintenance and audit**

The financial records of each eligible entity receiving a grant under this subpart shall be maintained in accordance with generally accepted accounting principles and shall be subject to an annual audit by an independent public accountant.

(b) Reports**(1) Grantee annual reports**

Each eligible entity receiving a grant under this subpart annually shall submit to the Secretary a report of its operations and activities under this subpart.

(2) Contents

Each annual report submitted under paragraph (1) shall include—

- (A) a copy of the most recent financial statements, and any accompanying opinion on such statements, prepared by the independent public accountant reviewing the financial records of the eligible entity;
- (B) a copy of any report made on an audit of the financial records of the eligible entity that was conducted under subsection (a) of this section during the reporting period;
- (C) an evaluation by the eligible entity of the effectiveness of its use of the Federal funds provided under this subpart in leveraging private funds;
- (D) a listing and description of the charter schools served during the reporting period;
- (E) a description of the activities carried out by the eligible entity to assist charter schools in meeting the objectives set forth in section 7223c of this title; and
- (F) a description of the characteristics of lenders and other financial institutions participating in the activities undertaken by the eligible entity under this subpart during the reporting period.

(3) Secretarial report

The Secretary shall review the reports submitted under paragraph (1) and shall provide a comprehensive annual report to Congress on the activities conducted under this subpart.

(Pub. L. 89-10, title V, §5227, as added Pub. L. 107-110, title V, §501, Jan. 8, 2002, 115 Stat. 1802.)

§ 7223g. No full faith and credit for grantee obligations

No financial obligation of an eligible entity entered into pursuant to this subpart (such as an obligation under a guarantee, bond, note, evidence of debt, or loan) shall be an obligation of,