

NEBRASKA ADMINISTRATIVE CODE

~~Title 48 DEPARTMENT OF BANKING AND FINANCE~~

~~CHAPTER 36 GENERAL OBLIGATION FINANCING BY RELIGIOUS DENOMINATIONS~~

~~001 GENERAL~~

~~001.01~~—This Rule has been promulgated pursuant to authority delegated to the Director in Section 8-1120(3) of the Securities Act of Nebraska (“Act”).

~~001.02~~—The Department has determined that this Rule relating to the disclosure requirements for an offering of debt securities in the form of general obligation financing issued by a religious denomination, or a national or regional unit thereof, or other entity affiliated or associated therewith (collectively a “church extension fund”), is consistent with investor protection and is in the public interest.

~~001.03~~—The Director may, on a case-by-case basis, and with prior written notice to the affected persons, require adherence to additional standards or policies, as deemed necessary in the public interest.

~~001.04~~—The definitions in 48 NAC 2 shall apply to the provisions of this Rule, unless otherwise specified.

~~001.05~~—This Rule is not applicable to single project financing by individual churches or congregations. Such securities offerings must conform to the requirements of 48 NAC 35.

~~001.05~~—Federal statutes referenced herein shall mean those statutes as amended on or before the effective date of this Rule. A copy of the applicable statutes or rule referenced in the Rule is attached hereto.

~~002 DEFINITIONS~~. The following definitions, in addition to definitions contained in 48 NAC 2, shall apply to this Rule:

~~002.01~~—Advertising means any information or promotional materials, including, but not limited to, magazine or newsletter advertisements, brochures, video tapes, fliers, church bulletin inserts, mailers and Internet information posted by the issuer or denomination, that are used, in addition to offering circulars, to solicit investors.

~~002.02~~—Audited financial statements means financial statements prepared in accordance with generally accepted accounting principles applied on a consistent basis, and examined and reported upon by an independent certified public accountant.

~~002.03~~—Church extension fund (“CEF”) means a not for profit organization affiliated or associated with a denomination, or a fund that is accounted for separately by a denomination organized as a not-for-profit organization, that offers and sells notes primarily to provide funding for loans to various affiliated churches and related religious organizations of the denomination, for the acquisition of property,

~~construction or acquisition of buildings and other related capital expenditures or operating needs.~~

~~002.04—Change in net assets means the change in net assets as reported in the Statement of Activities of the CEF in conformity with generally accepted accounting principles which reflects the net increase or decrease in net assets of the CEF.~~

~~002.05—Denomination means a national or regional religious organization or association that consists of, or acts on behalf of, its individual affiliated churches as well as various affiliated national or regional administrative and religious organizations or units. The organizations, associations, churches or units described in this definition shall be organized as, or associated with, a not-for-profit organization.~~

~~002.06—Denominational accounts means demand and other obligations of a CEF held by national, regional or other affiliated organizations of the denomination, other than congregations.~~

~~002.07—GAAP means Generally Accepted Accounting Principles in the United States as established by the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB), Accounting Research Bulletins (ARB) and American Institute of Certified Public Accountants (AICPA). The AICPA Audit and Accounting Guide for Not-For-Profit Organizations provides guidance on specific GAAP for not-for-profit organizations.~~

~~002.08—Investor(s) means the person(s) who purchase(s) notes.~~

~~002.09—Issuer means the CEF that issues or proposes to issue notes.~~

~~002.10—Loan delinquency means a borrower's loan balance on which payments of principal or interest are delinquent ninety days or more, whether in default or not.~~

~~002.11—Net assets mean the excess or deficiency of assets over liabilities, classified according to the existence or absence of donor-imposed restrictions.~~

~~002.12—Notes mean notes, certificates, similar debt instruments or other evidences of indebtedness which may be certificated or issued in book entry form by a CEF and represent a general unsecured obligation to repay a specific principal amount at a stated or variable rate of interest, when due. Notes shall not include denominational accounts.~~

~~002.13—Not-for-profit organization means an entity as described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended, that is accounted for as a not-for-profit organization under GAAP. A not-for-profit organization generally possesses the following characteristics, in varying degrees, that distinguish it from a business enterprise: (a) contributions of significant amounts of resources from resource providers who do not expect commensurate or proportionate pecuniary return, (b) operating purposes other than to provide goods or services at a profit, and (c) absence of ownership interests like those of business enterprises.~~

~~002.14—Offering circular means the disclosure document or prospectus that provides material information about the issuer and the offering of notes.~~

~~002.15—Seasoned issuer means a CEF that, alone or through a predecessor organization, has been in continuous existence for more than ten years, has offered notes for more than ten years, and has paid or otherwise satisfied all obligations to pay principal and interest on its notes in a timely manner.~~

~~002.16—Senior secured indebtedness means any debt or debt securities incurred or issued by a CEF and secured by assets of the CEF in such a manner as to have a priority claim against any of the assets of the CEF over and above the notes. Such debt may include, but is not limited to, a mortgage loan incurred for the purchase of an advance church site or CEF headquarters building, and a secured operating line of credit.~~

### ~~003—REQUIREMENTS.~~

~~003.01—Any CEF intending to offer and sell notes to Nebraska residents shall comply with the disclosure provisions of the Act.~~

~~003.02—The notes shall be offered and sold without the payment of any direct or indirect underwriting, sales or similar fees, or commissions.~~

~~003.03—A CEF shall comply with the applicable broker-dealer, issuer-dealer, and agent licensing requirements.~~

~~004—LIMITED CLASS OF INVESTORS. The notes shall be sold to a limited class of investors. The issuer shall specify a limited class of investors that is consistent with its operations and compatible with the mission, structure, organization and theology of its denomination.~~

~~004.01—A suggested form of limited class of investors is persons who are, prior to the receipt of the offering circular, members of, contributors to, including previous investors, or participants in the denomination, the CEF or in any program, activity or organization which constitutes a part of the denomination or the CEF, or in other religious organizations that have a programmatic relationship with the denomination or the CEF.~~

~~005—ADVERTISING. Any advertising used by the issuer must comply with the following standards:~~

~~005.01—Advertising shall set forth that:~~

~~005.01A—The advertising does not constitute an offer to sell or the solicitation of an offer to buy;~~

~~005.01B—The issuer will offer and sell the securities only in states where authorized; and~~

~~005.01C—The offering is made solely by the offering circular.~~

~~005.02~~— Advertising shall not be directed to persons who are not, or potentially may not be, within the limited class of investors described in Section 004, above.

~~005.03~~— Advertising shall not set forth any statements, data or information that:

~~005.03A~~— Is materially inconsistent with the statements, data or information set forth in the offering circular;

~~005.03B~~— When read in connection with the offering circular, renders either the offering circular or advertising materially misleading; or

~~005.03C~~— Emphasizes the religious aspect or any other aspect of the offering or issuer in a manner that is materially misleading.

~~006~~— ~~OPERATIONAL AND STRUCTURAL STANDARDS~~. A CEF shall be a not-for-profit organization, validly organized under the laws of a state, that operates exclusively for religious, charitable or educational purposes and qualifies as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

~~006.01~~— The notes offered and sold by the CEF should be exempt from registration pursuant to the provisions of Section 3(a)(4) of the Securities Act of 1933, as amended.

~~006.02~~— The notes shall provide general obligation financing for the CEF and shall not be specifically secured by particular loans to specific borrowing entities.

~~006.02A~~— The proceeds from the notes may be deposited to a general fund or unrestricted account from which the CEF will make or complete commitments for loans primarily to churches and religious organizations affiliated with the denomination.

~~006.02B~~— If a material amount of assets, liabilities, revenues or expenses of the CEF are unrelated to CEF operations, appropriate disclosure shall be provided in the offering circular.

~~006.02C~~— In all cases there shall be a separate accounting for the operations of the CEF.

~~006.03~~— The amount of any senior secured indebtedness to which the notes are or will be subordinated shall not exceed ten percent of the tangible assets, including total assets less intangible assets as defined by GAAP, of the CEF. To the extent that such subordination of the notes exists, appropriate disclosure shall be required.

~~006.04~~— Limit on Securitization of CEF Loan Portfolio. A CEF may ordinarily securitize up to ten percent of its loan portfolio, if all of the following are met:

~~006.04A~~— The loans are securitized and sold on a non-recourse basis predominantly to entities not affiliated with the CEF;

~~006.04B~~—The proceeds from the sale of the securitized loans will be used to make additional loans to churches and other entities within the denomination; and

~~006.04C~~—The securitization will not hinder the ability of the CEF to repay the principal and interest on the notes when due.

~~006.05~~—Management of the CEF. One or more executive officers or other individuals engaged in the day to day management of the CEF shall have at least three years of relevant experience in lending and investment activities involving churches or similar organizations or otherwise must demonstrate sufficient knowledge and experience to manage loans, investments and operations of the CEF.

~~007~~—**FINANCIAL STANDARDS.** An issuer shall not offer and sell more notes than it can reasonably expect to repay, when due, in the ordinary course of its operations.

~~007.01~~—Audited financial statements of the issuer and/or the offering circular must disclose sufficient information to evaluate the extent of compliance with the standards in this Rule. To facilitate review by investors, the offering circular should provide the financial information required by this section in a tabular or graphic presentation.

~~007.02~~—At the end of its most recent fiscal year as reported on its audited financial statements, the issuer's net assets shall be positive and equal to five percent or more of its total assets.

~~007.03~~—At the end of its most recent fiscal year as reported in its audited financial statements, the issuer's cash, cash equivalents, readily marketable securities and available lines of credit shall have a value of at least eight percent of the principal balance of its total outstanding notes, except that the value of available lines of credit for meeting this standard shall not exceed two percent of the principal balance of its total outstanding notes.

~~007.03A~~—Management of the CEF shall establish and administer investment policies that provide for reasonable and prudent diversification and preservation of its cash, cash equivalents and readily marketable securities for compliance with this section.

~~007.04~~—For each of the issuer's three most recent fiscal years and, as estimated, for each of the issuer's next two fiscal years, as reported in its audited financial statements, the coverage ratio of available cash as compared to cash redemptions, exclusive of denominational accounts, shall be at least one to one. In determining the issuer's available cash, the following may be considered:

~~007.04A~~—Cash provided by its normal CEF operating activities as reported in its Statements of Cash Flows;

~~007.04B~~—Liquid assets, including the total of cash, cash equivalents and readily marketable securities, at the beginning of its fiscal year;

~~007.04C— Loan principal repayments, less loan disbursements;~~

~~007.04D— Cash generated from the sale of notes, exclusive of denominational accounts, except to the extent that year-end redemptions exceed deposits to, or investments in, such denominational accounts during its fiscal year; and~~

~~007.04E— Funds from other sources.~~

~~007.05— Loan delinquencies during the issuer's most recent fiscal year as reported in its audited financial statements and disclosed in the offering circular, shall not be excessive and shall be at such a level that the overall quality of its loan portfolio will allow the issuer:~~

~~007.05A— To maintain sufficient capital adequacy in compliance with this Rule; and~~

~~007.05B— Receive the timely repayments of sufficient loan principal necessary to meet the liquidity and cash flow requirements as set forth in this Rule.~~

~~007.06— When the loan delinquencies become material, the extent of the loan delinquencies and the quality of the issuer's loan portfolio should be disclosed as risk factors in the offering circular.~~

~~007.07— Management of the CEF shall establish and administer lending policies that provide reasonable assurance of sufficient loan quality to prevent excessive loan delinquencies that could result in loan losses by the CEF. The provisions of lending policies, such as, but not limited to, requirements for appraisals of properties to be financed, financial statements of borrowers, and limits or criteria for loan to value ratios, debt service ratios and geographic concentration of loans shall be disclosed in the offering circular.~~

~~007.08— A CEF's loan program shall be primarily secured. Unless a lower percentage is justified by management of the issuer, at least ninety percent of the CEF's outstanding loans shall be secured by real or personal property or guaranteed by third parties.~~

~~007.09— The change in net assets of the issuer, less any non-recurring or extraordinary items, for three of its last five fiscal years as reported in the audited financial statements of the issuer shall be positive.~~

~~007.10— A seasoned issuer shall be deemed to comply with the above financial standards in any given fiscal year, if the issuer can show that:~~

~~007.10A— It has fulfilled the requirements of the financial standards for at least three out of its five most recent fiscal years;~~

~~007.10B— The average of the relevant financial information for its five most recent fiscal years reflects compliance with the financial standards; and~~

~~007.10C— Management of the issuer has taken appropriate action to correct or mitigate the circumstances that caused noncompliance and can demonstrate satisfactory plans or ability to meet the financial standards and repay notes in future years.~~

~~008— ISSUANCE OF NOTES.~~ An issuer that meets the standards of this Rule shall be entitled to offer and sell its notes under the following provisions:

~~008.01— Trust indentures or sinking funds shall not be required in connection with the notes.~~

~~008.02— Notes, upon maturity, may be extended or rolled over under the expressed terms and conditions stated in the offering circular, if:~~

~~008.02A— Each investor is provided with written notification of the maturity and the proposed extension or rollover of the notes at least thirty days prior to the maturity dates of the notes; and~~

~~008.02B— Each investor is or has been provided with the issuer's most current offering circular.~~

~~008.02C— If the investor notifies the issuer in writing, on or prior to the maturity date, that the investor elects not to extend or roll over the note, the issuer promptly shall repay the principal and interest accrued thereon.~~

~~008.03— Interest payable on notes may be compounded for payment at maturity of the notes if accrued interest is included with redemption amounts for determining compliance with Section 007.04, above.~~

~~009— DISCLOSURE.~~ Investors shall receive adequate material information in order to make informed investment decisions, and the issuer must provide investors with a complete offering circular prior to their purchase of notes.

~~009.01— The offering circular must be written in clearly understandable language and disclose all relevant and material information that affects or would affect a prospective investor's decision to purchase the notes.~~

~~009.01A— The information set forth in this Rule shall be included in the offering circular unless the issuer can demonstrate that a particular type of information is not applicable or material to an understanding of the issuer of the notes.~~

~~009.01B— The information set forth in this Rule is not all-inclusive. The issuer must include all information, whether or not specifically listed, that would be important for an investor's understanding of the issuer and the notes.~~

~~009.02— Any material adverse changes in the financial condition of the issuer or material changes in other information in the offering circular during the offering period shall be promptly disclosed in an appropriate supplement, or an amendment to the offering circular.~~



~~009.03~~—The offering circular shall contain a cover page which includes:

~~009.03A~~—The name of the issuer;

~~009.03B~~—The principal business address and telephone number of the issuer;

~~009.03C~~—A brief description of the notes offered, including interest rates and maturity terms available;

~~009.03D~~—The total amount of the offering, the estimated offering expenses, and the net proceeds of the offering;

~~009.03E~~—A statement that the offering is subject to certain risks and the page numbers in the offering circular where the risk factors are disclosed;

~~009.03F~~—A description of the limited class of investors to whom the notes will be sold;

~~009.03G~~—The date of the offering circular and the proposed offering period;

~~009.03H~~—Any legends deemed to be appropriate by the Director;

~~009.03I~~—Any other state-specific limitations or conditions on the sale of the notes to investors; and

~~009.03J~~—An advisory disclosure for consideration by investors encouraging investors to consider the concept of investment diversification when determining the amount of notes that would be appropriate to purchase in relation to the investor's overall investment portfolio and personal financial needs.

~~009.04~~—A summary of narrative and financial information that highlights the key aspects and risks of the notes and the financial and operational characteristics of the issuer should be presented concisely in the offering circular following the cover page or risk factor section. The "Summary" Section should include the disclosure of the issuer's proposed use of proceeds and a summary in tabular form of the financial data, for the issuer's most recent fiscal year.

~~009.05~~—Risk Factors

~~009.05A~~—Format and Use of Risk Factors.

~~009.05A1~~—Risk factors should immediately follow the "Cover" Section or the "Summary" Section. Consistent with investor protection, a comprehensive listing of the material risks to the potential investor in the offering should be located at the forefront of the offering circular. Potential investors often focus on the forefront of the document. When comparing potential



investment opportunities, consistency in format of complex disclosure documents further assists the investor.

~~009.05A2~~—The “Risk Factor” Section is a list identifying the material risks associated with the offering. The “Risk Factor” Section should not be a comprehensive discussion of the risks and counterbalancing considerations. Like the “Summary” Section, the “Risk Factor” Section is a summary of the material disclosures that are discussed and analyzed in more detail in the appropriate, related sections of the body of the offering circular. Consistent with this purpose, most risk factors will not be comprehensive discussions of the issues. The “Risk Factor” Section itself should be limited in length. In order to emphasize the nature of the disclosures as risks, no ameliorative statements should appear in the risk factors.

~~009.05A3~~—The risk factors that identify risks the potential investor is likely to find most significant should appear at or close to the beginning of the list.

~~009.05A4~~—A caption shall precede each risk factor and shall appear in off-set or emphasized type. As a listing of the material risks of the notes, captions should stand out to the eye of the reader. Italicized, bold-face, or underlined type assists the reader to quickly comprehend the scope and nature of the particular risk factors, and permits the reader to focus further on the risk factors of most interest to that reader. For the same reason, issuers should avoid lengthy captions.

#### 009.05B—Risk Factor Content.

~~009.05B1~~—Each caption should succinctly identify the risky element of the factor. The caption should avoid the use of general, boiler-plate language. As a topic sentence to the factor, the caption can further streamline and shorten the factor.

~~009.05B2~~—Specific cross-references point the reader to complete discussions of the issue. Risk factors should not merely repeat verbatim disclosure appearing elsewhere in the disclosure document. Where appropriate, the risk factor should be a two or three sentence summary with a cross-reference to the discussion appearing elsewhere in the offering circular. In some cases, there may be no need to repeat the risk factor in the body of the offering circular. Potential investors often focus interest on disclosure that is of most interest to them, and cross-references assist the potential investor in locating this disclosure.

~~009.05B3~~—Eliminate general, boiler-plate risk factors that could apply to any type of securities offering. Include only risks

that are material to the particular offering, the particular issuer, or specific to notes.

~~009.05C—Specific Risk Factors for CEF notes.—The issuer must describe to the investors the risks of investing in the notes. Particular care must be taken with respect to risks associated with the financial condition of the issuer. Statements to the effect that little or no risk is involved in buying notes are prohibited, and such statements by most issuers will be regarded as material misrepresentations. It is important that the issuer concisely describe all of the relevant and material risks. These risks could include, but are not limited to, explanations of any of the following risks, if applicable to the particular offering. The captions of those risk factors may be, but are not required to be, similar to the following:~~

~~009.05C1—Notes are unsecured general obligations of the issuer, and investors will be dependent solely upon the financial condition and operations of the issuer for repayment of principal and interest.~~

~~009.05C2—No sinking fund or trust indenture has been or will be established to ensure or secure the repayment of notes.~~

~~009.05C3—The notes are subordinate in ranking and priority in relation to the issuer's existing and anticipated future senior secured indebtedness (See Section 006.03, above).~~

~~009.05C4—No public market exists for the notes and none will develop, and therefore, the transferability of the notes is limited and restricted.~~

~~009.05C5—The recent negative changes or trends in the financial condition of the issuer and its operations may adversely affect the issuer's ability to make payments of principal and interest on the notes when due.~~

~~009.05C6—The issuer's liquid assets invested in readily marketable securities are subject to various market risks which may result in losses if market values of investments decline.~~

~~009.05C7—There are no income tax benefits with respect to investment in the notes; and interest paid or payable on notes is taxed as ordinary income, regardless of whether interest is received by the investor or retained and compounded by the issuer.~~

~~009.05C8—The issuer's loans are made primarily to affiliated churches and related religious organizations, including local churches, whose ability to repay the loans depends primarily upon contributions that they receive from their members.~~

~~009.05C9~~—The loan policies of the issuer for loans to its affiliated churches and its related religious organizations are less stringent than loan policies of commercial lenders.

~~009.05C10~~—Future changes in federal or state laws may adversely affect the issuer's ability to continue to sell its notes.

~~009.05C11~~—The issuer is involved in activities other than its CEF operations.

~~009.05C12~~—There are risks involved in specific transactions or arrangements, such as loan securitizations, undertaken or entered into by the CEF.

~~009.05C13~~—There are risks related to geographic concentration of loans to affiliated churches or other related organizations within a limited region, such that changes in economic conditions of that region could affect the ability of the churches or organizations, as a group, to repay the loans.

~~009.05C14~~—Risks of investment in the notes may be greater than implied by relatively low interest rates on the notes.

~~009.05C15~~—The notes are not insured by any governmental agency or private insurance company.

~~009.06~~—The offering circular shall contain all material information on the issuer's history and operations, including:

~~009.06A~~—A description of the issuer, including the name, address of principal business office, place and date of incorporation, type and nature of the corporation, such as not-for-profit;

~~009.06B~~—A description of the history of the issuer and its denominational affiliation or association;

~~009.06C~~—A description of the religious purposes of the issuer and the general nature and purposes of its operations;

~~009.06D~~—A description of the nature and extent of the offering of the notes and the extent of the issuer's offerings on a nationwide basis; and

~~009.06E~~—A description of the current operations and principal business activities of the issuer.

~~009.07~~—The offering circular shall describe the use of the proceeds and other material information related thereto.

~~009.07A~~—If a material amount of proceeds are to be used for purposes other than operating a CEF program, the offering circular shall explain the uses and the need to use the funds for such purposes.

~~009.08~~—The offering circular shall describe the financing operations and activities of the issuer, including:

~~009.08A~~—A description and summary, in tabular form, of the issuer's outstanding notes and debt obligations, categorized to the extent necessary to inform an investor of the nature and type of notes and debt obligations that it has sold and incurred, including the principal amounts due at maturity, if the information is not disclosed in the audited financial statements of the issuer or the footnotes attached thereto;

~~009.08B~~—A description of the receipts that the issuer received from the sale of its notes and the amount of any redemptions that it made on its notes in its prior fiscal year;

~~009.08C~~—A description and summary, in tabular form, of the amount and nature of the issuer's outstanding loans receivable at the end of its last fiscal year and a summary of maturities of the various outstanding loans receivable of the issuer, if the information is not disclosed in the audited financial statements of the issuer or the footnotes attached thereto;

~~009.08C1~~—The disclosure of loans receivable shall also demonstrate that loans are primarily secured as required under Section 007.05D, above.

~~009.08C2~~—Information concerning loans guaranteed by third parties, including a summary of the financial condition of guarantors, shall be disclosed, if material

~~009.08D~~—A description of the issuer's direct and indirect revenues and expenses that are unrelated to its CEF operations, if material; and

~~009.08E~~—A description of any other related material financial information of the issuer's financial activities and operations that relate to its ability to repay the principal and interest on its outstanding notes and other debt securities when due.

~~009.09~~—The offering circular shall describe the lending activities of the issuer, including, if applicable:

~~009.09A~~—The nature and types of its loans receivable;

~~009.09B~~—The issuer's loan policies;

~~009.09C~~—Material loans made to a single borrower;

~~009.09D~~—The nature and extent of any material loan delinquencies for the last three fiscal years; and

~~009.09E~~—The nature and extent of any material loan losses that the issuer has incurred within its last three fiscal years.

~~009.10~~—The offering circular shall describe the investing activities of the issuer, including:

~~009.10A~~—A description and summary of the nature and amount of any invested funds which the issuer maintains pending utilization for its loan activities or for purposes of maintaining a reasonable liquidity as required by Section 007.03, above.

~~009.10B~~—A description of the policies of the issuer as required by Section 007.03A, above, with respect to making and maintaining such investments, including the types of investments the issuer is permitted to make under its investment policy and any limitations on such investments. Any investment(s) currently held by the issuer that does not comport with this policy must be disclosed and a reason provided as to why the issuer holds that investment(s).

~~009.10C~~—The name(s) of the person(s) responsible for setting or altering the issuer's investment policy and the person(s) responsible for making and maintaining the issuer's investments. If the issuer has engaged a third party to make or maintain its investments, the identity of that third party must be disclosed.

~~009.10D~~—A description in tabular form of the issuer's outstanding investments categorized according to the types of investments held, such as equity securities, government securities or corporate bonds, which discloses the amount invested in each category, both in monetary terms and as a percentage of the issuer's total investments. The monetary value of investments disclosed in the table should be presented in conformity with GAAP for not-for-profit organizations.

~~009.10E~~—The issuer's aggregate realized and unrealized gains and losses from investments for each of its last three fiscal years.

~~009.10F~~—Any other material information regarding the issuer's investments.

~~009.11~~—Selected Financial Data. The offering circular shall:

~~009.11A~~—Disclose the following selected financial data in tabular form for each of the issuer's last five fiscal years as reported in or derived from its audited financial statements:

~~009.11A1~~—Cash, cash equivalents and readily marketable securities, combined;

~~009.11A2~~—Total loans receivable;

~~009.11A3~~—Amount and percent of unsecured loans receivable;

~~009.11A4~~— Loan delinquencies as a percent of loans receivable;

~~009.11A5~~— Total assets;

~~009.11A6~~— Total notes payable;

~~009.11A7~~— Amount of notes redeemed during the fiscal year;

~~009.11A8~~— Other long-term debt;

~~009.11A9~~— Net assets; and

~~009.11A10~~— Change in net assets.

~~009.11B~~— Include, to the extent relevant and material, any discussion and analysis by management of the issuer that will assist investors in understanding the nature of the operations of the issuer and the selected financial data.

~~009.12~~— The offering circular shall contain all material information on the notes, including:

~~009.12A~~— A description of the type and nature of the notes and the manner in which the interest thereon will be computed and/or accrued;

~~009.12B~~— A description of the terms of the notes, including any right to early redemption and any penalties that will be applied thereto;

~~009.12C~~— A description of the nature of cash or cash equivalent that will be acceptable for purchase of the notes;

~~009.12D~~— A description of the restrictions and limitations on transferability of the notes; and

~~009.12E~~— A description of the ranking and priority of the notes in relation to other indebtedness of the issuer.

~~009.13~~— The offering circular shall contain all material information regarding the distribution of the securities, including:

~~009.13A~~— A description of the method and manner in which the notes will be offered and sold to investors, including the methods of solicitation and subscription; and

~~009.13B~~— A statement that no underwriting or selling agreements exist and that no direct or indirect commissions or other remuneration will be paid to any individuals or organizations in connection with the offer and sale of the notes.

~~009.14~~—The offering circular shall contain a description of the federal tax aspects of ownership of the notes and a description of the taxability of the interest paid or accrued on the notes under current federal tax law.

~~009.15~~—The offering circular shall contain all material information on litigation and other material transactions to which the issuer is a party, including:

~~009.15A~~—A description of all present, pending or threatened material legal proceedings, including those that are known to be contemplated by governmental authorities, administrative bodies, or other administrative persons to which the issuer or its property is or may become a party;

~~009.15B~~—The name of the court or agency in which the proceedings are pending, the date that the proceedings were instituted, the principal parties involved, and a description of the factual basis underlying the proceedings and the relief sought; and

~~009.15C~~—A description of any transactions that may materially affect the offering or an investor's investment decision and which are not otherwise mentioned in the offering circular.

~~009.16~~—Management. The offering circular shall contain all material information concerning the issuer's management, including:

~~009.16A~~—A description of the organizational structure of the issuer, including the method of choosing or replacing the members of its Board of Directors or other legal governing body;

~~009.16B~~—A statement identifying all directors and executive officers, or persons having similar authority, of the issuer, and describing their experience and credentials, the functions they perform for the issuer and the dates that their terms of office expire;

~~009.16C~~—A statement disclosing if any director or officer of the issuer has, during the past ten years, been convicted in any criminal proceeding, other than for traffic violations or other minor misdemeanors, is the subject of any pending criminal proceedings, or was the subject of any order, judgment or decree of any court enjoining such person from any activities associated with the offer or sale of securities;

~~009.16D~~—A table disclosing all direct and indirect remuneration, which includes, but is not limited to, salaries, health and other insurance, pensions or retirement plans and the use of the issuer's assets for personal purposes, that are paid by the issuer to the following:

~~009.16D1~~—Its executive officers, directors or persons having similar authority for the issuer's last fiscal year in the aggregate, and

~~009.16D2~~—Its executive officers, directors or persons having similar authority, individually, if the remuneration equals or



~~exceeds one hundred fifty thousand dollars (\$150,000.00) during the issuer's last fiscal year; and~~

~~009.16E—A description of all material employment contracts, perquisites of employment and conflicts of interests of the issuer's officers, directors, or persons having similar authority.~~

~~009.17—Financial Statements. The offering circular shall contain the audited financial statements, of the issuer, which shall include all financial statements and notes required by GAAP as follows:~~

~~009.17A—Balance sheets for the issuer's two most recent fiscal years;~~

~~009.17B—Statements of activities, including revenues, expenses and the change in net assets, for the issuer's three most recent fiscal years;~~

~~009.17C—Statements of cash flows for the issuer's three most recent fiscal years with gross rather than net reporting of financing and investing activities;~~

~~009.17D—Notes to the financial statements to explain accounting policies and provide other disclosures required by GAAP for not-for-profit organizations or as required by this Section.~~

~~009.18—The offering circular shall state that the issuer's current audited financial statements will be made available to investors upon written request, and will be mailed to investors within one hundred twenty days of its last fiscal year end.~~

~~010—WAIVER OF RULE. While disclosures not conforming to the provisions of this Rule shall be looked upon with disfavor, where good cause is shown, certain provisions of the Rule may be waived by the Director.~~