

April 2, 2009

H 1045. PROPRIETARY SCHOOL BOND REQUIREMENT. Filed 4/2/09. *TO MODIFY THE BOND REQUIREMENTS FOR PROPRIETARY SCHOOLS.*

Current law requires a guaranty bond for each proprietary school (trade, business, technical, or correspondence) licensed to operate by the State Board of Community Colleges.

Amends GS 115D-95 to provide the guaranty bond for each licensed proprietary school is to be issued in the name of the North Carolina State Board of Community Colleges (Board) to provide indemnification in the form of a monetary refund or by providing instructions to any student (was, indemnification) or the student's parent or guardian who has suffered a loss of tuition, fees, or any other instruction-related expense (was, tuition or any fees) paid to the school because the school failed to offer or complete student instruction, academic services, or other goods and services related to enrollment for any reason, including bankruptcy, non-renewal of the school's license, or the school ceasing to operate.

Provides that the bond is to equal the greatest amount of unearned tuition and fees paid to the school at any given time; defines *unearned tuition and fees paid to the school* as used in this section. Directs the proprietary school to assess the bond quarterly and report the assessment to the Board acting by and through the President of the Community College System. Provides additional guidelines as to required actions when an assessment requires an increase in the bond of 10% or more. Provides that the bond amount be at least \$25,000. Provides that a school operating with a bond insufficient to indemnify any student or any student's parent or guardian is subject to suspension or revocation of its license under GS 115D-93. Permits the guarantor to cancel the bond upon 90 days' (was, 30 days) notice to the Board. Makes a technical correction. Effective July 1, 2009.

Intro. by Tolson.

GS 115D