

STATE OF NORTH CAROLINA

Bond No. _____

COUNTY OF _____

GUARANTY BOND

KNOW ALL PERSONS BY THESE PRESENT THAT:

WHEREAS, _____

A proprietary business school, or proprietary trade school or proprietary technical school, or correspondence school seeks from the State Board of Community Colleges licensure to conduct post-secondary educational instruction activity under North Carolina General Statute (G.S.) 115D-90;

WHEREAS, the State Board of Community Colleges under the authority delegated to it under G.S. 115D-89(c), has established a policy of requiring among its minimum standards for licensure that an institution which may apply to the said Board for a license to conduct post-secondary educational instruction activity in this State have adequate resources to provide quality education, financial soundness, ability to fulfill commitments to students, and a fair and equitable student refund policy;

WHEREAS, the State Board of Community Colleges has established the policy that an institution seeking such licensure at least partially manifest its satisfaction of the aforesaid minimum standards by executing a bond in the amount specified in G.S. 115D-95;

WHEREAS, G.S. 115D-95 requires a surety bond sufficient to cover the potential loss by students of the school of prepaid tuition and other payments made by them to a school licensed under this Article by reason of the school ceasing to operate for any reason, including

the suspension, revocation, or nonrenewal of a school's license, bankruptcy, or foreclosure;
and

WHEREAS, G.S. 115D-95(b) requires a surety bond to be made payable to the State Board of Community Colleges;

NOW, THEREFORE, _____
(Institution)
hereinafter called "Principal", and _____
hereinafter called "Guarantor", a corporation duly organized and existing under and by
virtue of the laws of the State of _____
and authorized to transact business in the State of North Carolina, are held and firmly
bound in the aggregate guaranty sum of _____
Dollars (_____ unto certain persons called "students" (or unto such other persons or
agents as shall be legally or equitably entitled to the refunds herein contemplated), for the payment
of a refund of all tuition, fees or parts thereof paid in advance by students to Principal as
consideration for instruction, academic services, or other goods and services relative to course
enrollment for which such students have contracted with Principal but not received nor been
reimbursed by Principal. (For the purpose of this Guaranty Bond, the term "student" shall mean
any person who has contracted with Principal for participation in post-secondary educational
instruction activity provided by Principal in North Carolina, or his parent or guardian, or any lender
who can demonstrate that he or it has loaned funds to finance the student's education and that such
loan has not yet been repaid.)

THE CONDITIONS of the bond are:

1. Payments by students, whether directly or through loans or other sources of financial aid, to Principal contemplated under this bond are all charges or fees that are institutionally required by Principal and prepaid by students as anticipatory compensation to Principal for providing to students instruction, academic services, and other goods and services related to course enrollment. Such payments include, but are not limited to, tuition, instructional materials fee, laboratory fee, library fee, and book fee.
2. If Principal shall well and faithfully perform its obligations to students by tendering and providing the instruction, academic services, and other goods and services related to course enrollment for which the respective students have contracted with Principal and for which advance payment has been made, then in respect to each student, this bond shall be null and void, otherwise to remain in full force and effect.
3. Whenever any student enrolled in the Principal's school who has suffered a loss of tuition, fees, or any other instructional-related expenses paid to the school by reason of the failure of the school to offer or complete student instruction, academic services, or other goods and services related to course enrollment if the school ceases to operate for any reason, including the suspension, revocation, or nonrenewal of a school's license, bankruptcy, or foreclosure, the Principal shall reimburse each student for such loss. If the Principal neglects or refuses to pay such refund within 30 calendar days from the date the Principal ceases to operate, the President of the North Carolina Community College System, acting on behalf of the State Board of Community Colleges, may make written demand for said refund of Guarantor. The State Board of Community Colleges shall allocate funds to students among claims proportional to the amount of student loss and the amount in the bond.

4. If, after such written demand under Condition 3 hereinabove, Guarantor neglects or refuses to pay such refund within 60 calendar days from the date the Guarantor received the President of the North Carolina Community College System's written demand, the student, or such other person or agent legally or equitably entitled to said refund may commence and maintain a civil action against Principal and Guarantor on this bond for recovery of the amount paid by but not refunded to the student as hereinbefore described, together with court costs, including a reasonable attorney's fee fixed by the court; but the liability of Principal and Guarantor together to each claimant hereunder shall not exceed the total of the claimant's prepaid fee plus court cost, including reasonable attorney fees, incident to any civil action for reimbursement, to which the respective claimant may be legally or equitably entitled.
5. The aggregate liability of Guarantor as respects any and all claimants under this bond, inclusive of any court costs, shall in no event exceed the aggregate guaranty sum of this bond.
6. When used in this bond, the term "written demand" shall mean writing that includes at least: (1) documentation establishing the date the Principal school ceased to operate; (2) the identity of the student with respect to whom the demand is made; (3) an itemization of the instruction, academic services, and other goods and services related to course enrollment for which written demand for refund is made; (4) evidence that payment has been made to Principal for the instruction, academic services, and other goods and services related to course enrollment that were contracted but not received by the student with respect to whom written demand is made; and (5) if claim is made by other than the enrolled student, documentation of legal or equitable entitlement to the student's claim for refund.

7. Guarantor agrees to notify Principal of any written demand made against Guarantor under this bond within three business days. Guarantor is obligated to pay as provided herein and with respect to which Guarantor shall not be held liable to Principal.
8. With respect to civil actions for refunds pursuant to Condition 4 hereinabove that are reduced to judgment, the priority of such judgments shall be determined under the laws of North Carolina concerning priority of judgments.
9. In the event that Guarantor is required to indemnify any claimants hereunder, Guarantor shall be subrogated to all rights which would otherwise accrue to Principal in respect thereto if paid by Principal.
10. The term of this bond policy # _____ shall begin on _____ Day of _____, ____ at noon, and shall continue in effect until canceled by the Guarantor upon 30 days notice to the State Board of Community Colleges.
11. The liability of Guarantor shall be subject to termination by Guarantor at any time by giving 30 days written notice stating the date of intended cancellation to both Principal and to the State Board of Community Colleges by certified mail. Guarantor's notice of cancellation shall not discharge Guarantor from any liability already accrued under this bond or which may accrue hereunder before the expiration of the 30 days immediately preceding a properly noticed cancellation of this bond. In cases of notification of cancellation associated with the regular annual renewal of a bond, the State Board of Community Colleges does not need to be notified unless Principal fails to renew the bond.
12. The Principal shall file this bond with the State Board of Community Colleges.
13. A copy of this bond shall be deposited by Principal in the Business Office of Principal's institution for viewing by anyone wishing to see it; and the location and accessibility of said copy of the bond shall be stated in the catalog of Principal's institution in the portion of the catalog setting forth institutional refund policies.

14. No charge or waiver of any of the terms or conditions of this bond shall be valid as against Guarantor except by proper endorsement added hereto and duly executed by the duly appointed agents of Guarantor and Principal and of the State Board of Community Colleges.

15. Authority of an agent of Guarantor to execute this bond shall be manifest by attaching hereto an adequate Power of Attorney executed by Guarantor in favor of the agent.

IN WITNESS WHEREOF, Principal and Guarantor have caused this bond to be executed by duly appointed agents.

This the _____ day of _____, _____.

PRINCIPAL:

(Seal)

By: _____

GUARANTOR:

(Seal)

By: _____

Attorney-in-fact

AFFIDAVIT AND ACKNOWLEDGEMENT OF PRINCIPAL

I, _____, a Notary Public of _____
County, North Carolina, hereby certify that _____
personally appeared before me and solemnly affirmed that he/she is the duly
authorized agent of Principal _____
for the purpose of executing this bond and acknowledged his/her signature hereinabove.

Sworn to and subscribed before me, this the _____ day of
_____, _____.

My commission expires _____.

(Seal)

Notary Public

AFFIDAVIT AND ACKNOWLEDGEMENT OF GUARANTOR

I, _____, a Notary Public of _____
County, North Carolina, hereby certify that _____
personally appeared before me and solemnly affirmed that he/she is the duly
authorized agent of Guarantor _____
for purposes of executing this bond, that said Guarantor is duly authorized to do
business in the State of North Carolina, and that all representations regarding
Guarantor made in this bond are acknowledged by said agent in his/her capacity
to bind said Guarantor; and said agent acknowledged his/her signature
hereinabove.

Sworn to and subscribed before me, this the _____ day
of _____, _____.

My commission expires _____

(Seal)

Notary Public

STATE OF NORTH CAROLINA

Bond No. _____

COUNTY OF _____

GUARANTY BOND

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WHEREAS, _____

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WHEREAS, the State Board of Community Colleges under the authority delegated to it under G.S. 115D-89(c), has established a policy of requiring among its minimum standards for licensure that an institution which may apply to the said Board for a license to conduct post-secondary educational instruction activity in this State have adequate resources to provide quality education, financial soundness, ability to fulfill commitments to students, and a fair and equitable student refund policy;

WHEREAS, the State Board of Community Colleges has established the policy that an institution seeking such licensure at least partially manifest its satisfaction of the aforesaid minimum standards by executing a bond in the amount specified in G.S. 115D-95;

WHEREAS, G.S. 115D-95 requires a surety bond sufficient to cover the potential loss by students of the school of prepaid tuition and other payments made by them to a school licensed under this Article by reason of the school ceasing to operate for any reason, including

the suspension, revocation, or nonrenewal of a school’s license, bankruptcy, or foreclosure;
and

WHEREAS, G.S. 115D-95(b) requires a surety bond to be made payable to the State Board of Community Colleges;

NOW, THEREFORE, _____
(Institution)
hereinafter called “Principal”, and _____

hereinafter called “Guarantor”, a corporation duly organized and existing under and by virtue of the laws of the State of _____

and authorized to transact business in the State of North Carolina, are held and firmly bound in the aggregate guaranty sum of _____

Dollars (_____ unto certain persons called “students” (or unto such other persons or agents as shall be legally or equitably entitled to the refunds herein contemplated), for the payment of a refund of all tuition, fees or parts thereof paid in advance by students to Principal as consideration for instruction, academic services, or other goods and services relative to course enrollment for which such students have contracted with Principal but not received nor been reimbursed by Principal. (For the purpose of this Guaranty Bond, the term “student” shall mean any person who has contracted with Principal for participation in post-secondary educational instruction activity provided by Principal in North Carolina, or his parent or guardian, or any lender who can demonstrate that he or it has loaned funds to finance the student’s education and that such loan has not yet been repaid.)

THE CONDITIONS of the bond are:

1. Payments by students, whether directly or through loans or other sources of financial aid, to Principal contemplated under this bond are all charges or fees that are institutionally required by Principal and prepaid by students as anticipatory compensation to Principal for providing to students instruction, academic services, and other goods and services related to course enrollment. Such payments include, but are not limited to, tuition, instructional materials fee, laboratory fee, library fee, and book fee.
2. If Principal shall well and faithfully perform its obligations to students by tendering and providing the instruction, academic services, and other goods and services related to course enrollment for which the respective students have contracted with Principal and for which advance payment has been made, then in respect to each student, this bond shall be null and void, otherwise to remain in full force and effect.
3. Whenever any student enrolled in the Principal's school who has suffered a loss of tuition, fees, or any other instructional-related expenses paid to the school by reason of the failure of the school to offer or complete student instruction, academic services, or other goods and services related to course enrollment if the school ceases to operate for any reason, including the suspension, revocation, or nonrenewal of a school's license, bankruptcy, or foreclosure, the Principal shall reimburse each student for such loss. If the Principal neglects or refuses to pay such refund within 30 calendar days from the date the Principal ceases to operate, the President of the North Carolina Community College System, acting on behalf of the State Board of Community Colleges, may make written demand for said refund of Guarantor. The State Board of Community Colleges shall allocate funds to students among claims proportional to the amount of student loss and the amount in the bond.

4. If, after such written demand under Condition 3 hereinabove, Guarantor neglects or refuses to pay such refund within 60 calendar days from the date the Guarantor received the President of the North Carolina Community College System's written demand, the student, or such other person or agent legally or equitably entitled to said refund may commence and maintain a civil action against Principal and Guarantor on this bond for recovery of the amount paid by but not refunded to the student as hereinbefore described, together with court costs, including a reasonable attorney's fee fixed by the court; but the liability of Principal and Guarantor together to each claimant hereunder shall not exceed the total of the claimant's prepaid fee plus court cost, including reasonable attorney fees, incident to any civil action for reimbursement, to which the respective claimant may be legally or equitably entitled.
5. The aggregate liability of Guarantor as respects any and all claimants under this bond, inclusive of any court costs, shall in no event exceed the aggregate guaranty sum of this bond.
6. When used in this bond, the term "written demand" shall mean writing that includes at least: (1) documentation establishing the date the Principal school ceased to operate; (2) the identity of the student with respect to whom the demand is made; (3) an itemization of the instruction, academic services, and other goods and services related to course enrollment for which written demand for refund is made; (4) evidence that payment has been made to Principal for the instruction, academic services, and other goods and services related to course enrollment that were contracted but not received by the student with respect to whom written demand is made; and (5) if claim is made by other than the enrolled student, documentation of legal or equitable entitlement to the student's claim for refund.

7. Guarantor agrees to notify Principal of any written demand made against Guarantor under this bond within three business days. Guarantor is obligated to pay as provided herein and with respect to which Guarantor shall not be held liable to Principal.
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9. In the event that Guarantor is required to indemnify any claimants hereunder, Guarantor shall be subrogated to all rights which would otherwise accrue to Principal in respect thereto if paid by Principal.
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12. The Principal shall file this bond with the State Board of Community Colleges.
13. A copy of this bond shall be deposited by Principal in the Business Office of Principal's institution for viewing by anyone wishing to see it; and the location and accessibility of said copy of the bond shall be stated in the catalog of Principal's institution in the portion of the catalog setting forth institutional refund policies.

14. No charge or waiver of any of the terms or conditions of this bond shall be valid as against Guarantor except by proper endorsement added hereto and duly executed by the duly appointed agents of Guarantor and Principal and of the State Board of Community Colleges.

15. Authority of an agent of Guarantor to execute this bond shall be manifest by attaching hereto an adequate Power of Attorney executed by Guarantor in favor of the agent.

IN WITNESS WHEREOF, Principal and Guarantor have caused this bond to be executed by duly appointed agents.

This the _____ day of _____, _____.

PRINCIPAL:

(Seal)

By: _____

GUARANTOR:

(Seal)

By: _____

Attorney-in-fact

AFFIDAVIT AND ACKNOWLEDGEMENT OF PRINCIPAL

I, _____, a Notary Public of _____
County, North Carolina, hereby certify that _____
personally appeared before me and solemnly affirmed that he/she is the duly
authorized agent of Principal _____
for the purpose of executing this bond and acknowledged his/her signature hereinabove.

Sworn to and subscribed before me, this the _____ day of
_____, _____.

My commission expires _____.

(Seal)

Notary Public

AFFIDAVIT AND ACKNOWLEDGEMENT OF GUARANTOR

I, _____, a Notary Public of _____
County, North Carolina, hereby certify that _____
personally appeared before me and solemnly affirmed that he/she is the duly
authorized agent of Guarantor _____
for purposes of executing this bond, that said Guarantor is duly authorized to do
business in the State of North Carolina, and that all representations regarding
Guarantor made in this bond are acknowledged by said agent in his/her capacity
to bind said Guarantor; and said agent acknowledged his/her signature
hereinabove.

Sworn to and subscribed before me, this the _____ day
of _____, _____.

My commission expires _____

(Seal)

Notary Public