

STATE OF NORTH CAROLINA

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 Statutes (G.S.) 115D-90; and,

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 of amount specified by the State Board of Community Colleges under an announced formula; and

WHEREAS, G.S. 115D-95 requires a surety bond sufficient to provide indemnification to any student, or his parent or guardian, who has suffered loss of tuition by reason of the failure of the school to offer or complete student instruction, academic services, or other goods or services related to enrollment for any reason;

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.)

SAMPLE
INTEGRITYBONDS.COM

THE CONDITIONS of the bond are:

1. Payments by students 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 shall fail to receive the instruction, academic services, and other goods and services related to course enrollment for which advance payment has been made and for which such student has contracted with Principal, by reason of the failure of Principal to offer or complete such instruction, academic services, or other goods and services related to course enrollment for any reason (including the suspension, revocation, or nonrenewal of Principal's license to conduct post-secondary educational instruction activity, bankruptcy, foreclosure, or the school ceasing to operate), the student, or such other persons or agency or agents as are legally or equitably entitled to the student's refunds herein contemplated, shall as condition precedent to claim under this bond make written demand of Principal for reimbursement pro tanto to advance tuition or other fees paid for such unreceived instruction, academic services, or other goods and services related to course enrollment; provided, that no claim for a refund from Principal as condition precedent to claim under this bond nor any demand of Guarantor under this bond

shall be made with respect to the quality of instruction, academic services, or other goods and services related to course enrollment that Principal may actually have provided.

4. If, after such written demand under Condition 3, hereinabove, Principal neglects or refuses to pay such refund for a period of 30 days, the student, or such other persons or agents as are legally or equitably entitled to said refund, may make written demand for said refund of Guarantor: and said Guarantor does hereby undertake to indemnify and to reimburse said student or such other person or agent legally or equitably entitled to such indemnity or refund. When a lender can demonstrate that he or it has loaned funds to finance the student's education and that the loan has not been repaid then the bonds proceeds shall be paid to the lender and the student jointly.
5. If, after such written demand under Condition 4 hereinabove, Guarantor neglects or refuses to pay such refund for a period of 60 days, 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.
6. 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.
7. With respect to written demands made pursuant to Condition 4 hereinabove, Guarantor shall satisfy demands in the order that written demands have been received

by Guarantor; provided, that written demands received by Guarantor on the same day shall be deemed of equal priority.

8. When used in this bond, the term “written demand” shall mean writing that includes at least: (1) the identity of the student with respect to whom the demand is made; (2) an itemization of the instruction, academic services, and other goods and services related to course enrollment for which written demand for refund is made; (3) 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 (4) if claim is made by other than the enrolled student, documentation of legal or equitable entitlement to the student’s claim for refund.
9. Guarantor agrees promptly to notify Principal of any written demand made against Guarantor under this bond; but presentation to Guarantor of written demand of Principal that has continued to be unsatisfied for 30 days shall be prima facie a valid claim under this bond that, nothing else appearing. Guarantor is obligated to pay as provided herein and with respect to which Guarantor shall not be held liable to Principal.
10. With respect to civil actions for refunds pursuant to Condition 5 hereinabove that are reduced to judgment, the priority of such judgments shall be determined under the laws of North Carolina concerning priority of judgments.
11. 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.
12. The term of this bond policy # _____, shall begin on _____ day of _____, 20__ at noon, and shall continue in effect until canceled by the Guarantor upon 30 days notice to the State Board of Community Colleges.

13. The liability of Guarantor shall be subject to termination by Guarantor at any time by giving 30 days written notice thereof currently to both Principal and to the State Board of Community Colleges by means of certified mail. Such notice shall state the date of intended cancellation; and Guarantor so filing such notice shall not be discharged from any liability already accrued under this bond or which may accrue hereunder before the expiration of the 30 days immediately preceding a proper and effective cancellation of this bond.
14. This bond shall be filed by Principal and with the Clerk of Superior Court of the county in which Principal's institution is located.
15. 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 at that part of the catalog setting forth institutional refund policies.
16. 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.
17. 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 _____, 20____.

PRINCIPAL:

(Seal)

By: _____

GUARANTOR:

(Seal)

By: _____

AFFIDAVIT AND ACKNOWLEDGEMENT OF PRINCIPAL

1. _____, 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
_____, 20____.

My commission expires _____, 20____.

(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 _____, 20__.

My commission expires _____, 20__.

(Seal)

Notary Public

REQUEST FOR WAIVER OF GUARANTY BOND AND APPROVAL OF BOND ALTERNATIVE

I hereby request a waiver of the guaranty bond requirement set forth in G.S. 115D-95 and approval to use a guaranty bond alternative as set forth in G.S. 115D(c) for the licenses and license renewals of business, trade and correspondence proprietary schools.

Signed _____

Title _____

School's Name _____

Date _____

APPROVED

Director of Proprietary Schools

Date

Attachment

INTEGRITY SURETY BOND APPLICATION

AGENCY NAME: _____ AGENCY CONTACT _____
 AGENCY PHONE: _____ AGENCY FAX: _____ E-MAIL: _____
 AGENCY ADDRESS: _____
(Street) (City) (State) (Zip)

CURRENT OR EXPIRING QUOTE WE ARE LOOKING TO BEAT? _____

NAME OF PREVIOUS SURETY COMPANY WRITING THE BOND? _____

SECTION I: BOND APPLIED FOR:

TYPE OF BOND: _____ EFF.DATE: _____ EXP.DATE: _____
 TYPE OF COMPANY CORP LLC DBA PARTNERSHIP AMOUNT: _____
 OBLIGEE: _____

OBLIGEE ADDRESS: _____
(Street) (City) (State) (Zip)

SECTION II: GENERAL INFORMATION

APPLICANT'S NAME: _____ SPOUSE NAME _____
 SS#: _____ SPOUSE SS# _____ HOME PHONE: _____
 RESIDENTIAL ADDRESS: _____
(Street) (City) (State) (Zip)

BUSINESS NAME: _____

BUSINESS PHONE: _____ BUSINESS FAX: _____ Client E-mail _____

BUSINESS ADDRESS: _____
(Street) (City) (State) (Zip)

DATE BUSINESS BEGAN UNDER CURRENT NAME: _____ BUSINESS TAX ID: _____

HAS ANY COMPANY REFUSED TO ISSUE BONDS FOR ANY PURPOSE? YES NO DO YOU HAVE ANY LIENS, CLAIMS, OR JUDGEMENTS AGAINST YOU? YES NO

HAS APPLICANT EVER FAILED IN BUSINESS? YES NO HAS APPLICANT EVER FILED BANKRUPTCY? YES NO

IF YES TO ANY, PLEASE EXPLAIN ON A SEPERATE SHEET OF PAPER:

SECTION III: ADDITIONAL OWNERS / PARTNERS

APPLICANT'S NAME: _____ SPOUSE NAME _____
 SS#: _____ SPOUSE SS# _____ HOME PHONE: _____
 RESIDENTIAL ADDRESS: _____
(Street) (City) (State) (Zip)

STATEMENT OF ASSETS & LIABILITIES AS OF _____

ASSETS		LIABILITIES	
CASH IN BANK	\$	NOTES PAYABLE TO BANKS	\$
CASH ON HAND	\$	NOTES PAYABLE TO OTHERS	\$
STOCKS & BONDS	\$	ACCOUNTS PAYABLE	\$
ACCOUNTS RECEIVABLE	\$	FEDERAL & STATE INCOME TAX DUE	\$
NOTES RECEIVABLE	\$	ALL OTHER TAXES	\$
INVENTORY	\$	ACCRUALS, PAYROLLS, ETC.	\$
CASH VALUE OF LIFE INSURANCE	\$	DUE ON EQUIPMENT	\$
EQUIPMENT	\$	DUE ON REAL ESTATE	\$
REAL ESTATE	\$	OTHER LIABILITIES	\$
OTHER ASSETS	\$	CAPITAL STOCK (IF A CORPORATION)	\$
		SURPLUS & UNDIVIDED PROFITS	\$
TOTAL ASSETS	\$	TOTAL LIABILITIES	\$
		NET WORTH	\$
NAME OF OWNERS		NAME & TITLE OF OFFICERS	PERCENTAGE OF OWNERSHIP

Completion of this form constitutes permission to obtain consumer information which will be used to determine bonding eligibility This information will be held in the strictest confidence no premium financing will be accepted as premium is earned in full.

Integrity Bonds Inc

Toll Free: (866) 420-2613

Local (480) 626-8916

E-Mail info@integritybonds.com

Fax: (602) 674-8235