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Commissioner

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STATE OF NEW HAMPSHIRE
DEPARTMENT OF EDUCATION
Division of Educator Support and Higher Education
Office of Career School Licensing
101 Pleasant Street
Concord, NH 03301
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SURETY BOND GUIDELINES

May 28, 2019

Please be advised that a surety bond, letter of credit, or term deposit obtained after July 29, 2018 must comply with the new indemnification clause, as outlined in the updated statute, RSA 188-G:3, included on page 2 of this document. The clause indicates that the surety amount is required to be sufficient to cover the anticipated maximum tuition at risk on any given day during the effective period of the license. Below are guidelines that will help ensure that a surety bond, surety rider, or continuation certificate issued to a school complies with the updated statute. The following items should be addressed on indemnification:

Surety Information:

1. Surety Bond Number
2. Surety Bond Amount
3. Effective start and end dates
4. Reference to RSA 188-G:3 (adopted 2018)

School Information:

1. Name of School
2. Principal Address of School
3. Administrator of School
4. Phone Number of Administrator

Insurance Company Information:

1. Name of Insurance Company
2. Address of Insurance Company
3. Name of Authorized Officer
4. Phone Number of Authorized Officer

Obligee:

Higher Education Commission
c/o State of New Hampshire
Department of Education
Division of Educator Support & Higher Education
101 Pleasant Street
Concord, NH 03301

Statements:

1. Funds will be available upon written demand by the State of New Hampshire, referring to the surety bond number, and accompanied by a statement that the Higher Education Commission has declared that the security established by the school has been forfeited; and
2. The bond will be governed by the laws of the State of New Hampshire; and
3. The bond will cover all of the school locations in the State of New Hampshire.

Authorization:

1. Name and Signature of the Company's Authorized Officer on the Surety Bond; and
2. Notary Seal; and
3. Power of Attorney

Please note: Surety bond examples for original bonds, surety riders, and continuation certificates are provided on pages 3-5 of this document.

CHAPTER 188-G

PRIVATE POSTSECONDARY CAREER SCHOOLS

Section 188-G:3

188-G:3 Surety Indemnification. –

Before a license is issued or renewed, a school shall furnish surety indemnification as required in this section.

I. A surety bond shall be provided by the school in an amount prescribed in this section. The obligation of the bond is that the school, its officers, agents, and employees shall faithfully perform the terms and conditions of contracts for tuition and other instructional fees entered into between the school and entity enrolling as students. The bond shall be issued by a company authorized to do business in the state of New Hampshire. The bond shall be issued in the name of the commission, and is to be used only for payment of a refund of tuition and instructional fees due to a student or potential student, and the expense of investigating and processing the claims.

II. A private postsecondary career school shall secure a bond in an amount sufficient to reimburse the tuition of any student contract which cannot be fulfilled, and taking into account the number of students or potential students to be reimbursed and the expenses for investigating and processing claims. The bond shall not be less than \$10,000. If a school licensed under RSA 188-G:2 should fail to provide the services required in a contract with any entity, as determined by a court of competent jurisdiction, the bond shall be forfeited, and the proceeds distributed by the director in such manner as justice and the circumstances require.

III. The bond company may not be relieved of liability on the bond unless it gives the school and the commission 90 days written notice of the company's intent to cancel the bond. If at any time the company that issued the bond cancels or discontinues the coverage, the school's license is revoked as a matter of law on the effective date of the cancellation or discontinuance of bond coverage, unless a replacement bond is obtained and provided to the commission.

IV. For the purposes of this section the forms of indemnification other than a surety bond which may be furnished to the commission for licensure are the following:

(a) An irrevocable letter of credit, maintained for the licensing period as a minimum, issued by a financial institution authorized to do business in New Hampshire in an amount to be determined by the commission with the commission designated as the beneficiary; or

(b) A term deposit account held in the state treasury, payable to the commission, shall be held in trust for the benefit of students entitled thereto under this section. Said account shall be maintained for the licensing period as a minimum, in an amount determined by the commission. Any interest shall be paid annually to the appropriate school, unless the term deposit account is activated due to a school closing. Should the licensee for any reason, while not in default, discontinue operation, all moneys on deposit, including any interest, shall be released to the appropriate school subject to the approval of the commission.

Source. 2011, 224:150. 2013, 187:3, eff. June 30, 2013. 2018, 136:1, eff. July 29, 2018.

SURETY BOND

NH RSA 188-G:3 (amended 2018)

Bond No. _____

KNOW ALL PERSONS, BY THESE PRESENTS: THAT WE, _____, whose principal address is _____, duly licensed to operate as a Career School in the State of New Hampshire, who has named _____ as its School Administrator, with a phone number of _____, as Principal, and _____, located at _____, incorporated under the laws of the State of New Hampshire, duly authorized to do business in the State of New Hampshire, as Surety, who has named _____ as its Agent, with a phone number of _____, are held and firmly bound unto the Higher Education Commission, c/o State of New Hampshire, Department of Education, Division of Educator Support and Higher Education, the address of which is 101 Pleasant Street, Concord, NH 03301, as Obligee, in the penal sum of _____ Dollars (\$_____), for the payment of which we hereby bind ourselves, our successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal has obtained or is about to obtain a license or permit to operate as a Career School in the State of New Hampshire, and gives this bond pursuant to NH RSA 188-G:3 (amended 2018).

NOW, THEREFORE, THE CONDITIONS OF THIS OBLIGATION ARE SUCH, that:

1. The Principal, its officers, agents, and employees shall faithfully perform all duties and protect said Obligee from any damage caused by the Principal's non-compliance with or breach of statute RSA 188-G:3 (amended 2018), then this obligation shall be null and void; otherwise to remain in full force and effect; and
2. Funds will be available upon written demand by the Obligee and accompanied by a statement that the Obligee has declared that the security established by the Principal has been forfeited; and
3. The bond will cover all of the Principal's school locations in the State of New Hampshire and that the bond will be governed by the laws of the State of New Hampshire.

PROVIDED, that regardless of the number of years this bond is in force, the Surety shall not be liable hereunder for a larger amount, in the aggregate, than the penal sum listed above.

PROVIDED FURTHER, that if a school licensed under RSA 188-G:2 should fail to provide the services required in a contract with any entity, as determined by a court of competent jurisdiction, the bond shall be forfeited, and the proceeds distributed by the director in such manner as justice and the circumstances require.

The Surety may terminate its liability under the bond by giving the Principal and the Obligee no less than ninety (90) days written notice of such termination. The term of this bond is from _____ to _____ and may be continued at the option of the Surety by Continuation Certificate.

SIGNED, SEALED, AND DATED this ____ day of _____, _____.

School Name

Surety Name

Authorized Signer Signature

Authorized Signer Signature

Name and Position of Administrator

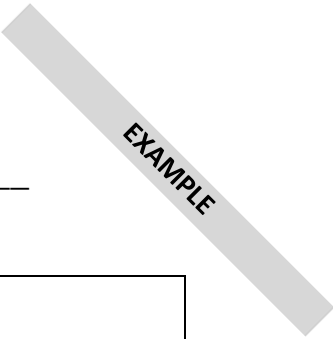
Name and Title of Authorized Signer

(AFFIX NOTARY SEAL)

(AFFIX NOTARY SEAL)

CONTINUATION CERTIFICATE

BOND NO. _____



Principal: _____ _____ _____ _____ _____ _____	Obligee: Higher Education Commission c/o State of New Hampshire Department of Education Division of Educator Support and Higher Education 101 Pleasant Street Concord, NH 03301
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Bond Term in Months: _____ **Effective Date:** _____ **Expiration Date:** _____

Penalty Amount: _____ **Type of Bond:** License **Classification:** _____

Remarks:

It is hereby agreed that the captioned numbered Bond is continued in force in the above amount for the period of the continued term stated above and is subject to all the covenant and conditions of said Bond.

This continuation shall be deemed a part of the original Bond, and not a new obligation, no matter how long the Bond has been in force or how many premiums are paid for the Bond, unless otherwise provided for by statute or ordinance applicable.

Additional: _____

In witness whereof, the company has caused this instrument to be duly signed, sealed, and dated as of the above continuation "effective date."

SIGNED, SEALED, AND DATED this ____ day of _____, _____.

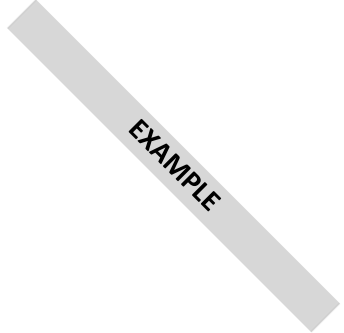
Surety Name

Authorized Signer Signature

Name and Position of Authorized Signer

(AFFIX NOTARY SEAL)

SURETY BOND RIDER



State of New Hampshire
Department of Education
Division of Educator Support and Higher Education
101 Pleasant Street
Concord, NH 03301

To be attached to and form part of **Bond Number** _____
issued to _____

in favor of Higher Education Commission, Division of Educator Support and Higher Education
described as Postsecondary Career School Bond.

Effective dates of Rider: _____ through _____.

The Principal and Surety hereby consent to changing the reference bond as described below:

- Name change
- Address change
- Bond term changed
- Bond penalty change
- Other change

Remarks:

Said bond shall be subject to all its terms, conditions and limitations, except as herein modified.

SIGNED, SEALED, AND DATED this ____ day of _____, _____.

Surety Name

Authorized Signer Signature

Name and Position of Authorized Signer

(AFFIX NOTARY SEAL)