

Article - Education

11-203.

(a) The Commission may require any institution of postsecondary education that is required to obtain a certificate of approval to furnish a performance bond OR OTHER FORM OF FINANCIAL GUARANTEE to the State conditioned that the institution will:

(1) Perform faithfully all agreements or contracts it makes with its students;

and

(2) Comply with this article.

(b) Any bond OR GUARANTEE required under this section shall be in the form and amount the Secretary requires.

(c) (1) The total liability of a surety on a bond OR GUARANTEE under this section may not exceed the amount of the bond OR GUARANTEE.

(2) If the total amount of claims filed against a bond OR GUARANTEE exceeds the amount of the bond OR GUARANTEE, the surety shall pay the amount of the bond OR GUARANTEE to the Secretary for distribution to the claimants.

(d) (1) By rule and regulation, the Commission may create and provide for the operation of a guaranty fund for private career schools.

(2) (I) The fund shall be used [to]:

1. TO reimburse any student at a private career school who [suffers a loss] IS ENTITLED TO A REFUND of tuition and fees because the institution has [violated any provision of subsection (a) (1) or (2) of this section] FAILED TO PERFORM FAITHFULLY ANY AGREEMENT OR CONTRACT WITH THE STUDENT OR FAILED TO COMPLY WITH ANY PROVISION OF THIS ARTICLE; OR

2. FOR ANY OTHER FUNCTION DIRECTLY RELATED TO THE ORIGINAL PURPOSE OF THE FUND DEEMED APPROPRIATE BY THE SECRETARY.

(II) THE COMMISSION SHALL BE SUBROGATED TO AND MAY ENFORCE THE CLAIM OF ANY STUDENT TO THE EXTENT OF ANY ACTUAL OR AUTHORIZED REIMBURSEMENT FROM THE FUND.

(3) (i) Each private career school that is required to obtain a certificate of approval shall pay an annual fee into the fund.

(ii) The Commission shall determine the amount of the fee based on the probable amount of money needed for the fund for each fiscal year. If the moneys in the guaranty fund are insufficient to satisfy duly authorized claims, the [member] PARTICIPATING institutions [shall] MAY be reassessed and shall pay the additional amounts required.