

## **Institutional Bonding Requirements**

*IMPORTANT! Effective May 16 , 2002, institutional surety bonds must be renewed beyond their current expiration date by only those schools which have not maintained continuous authorization in the State of Georgia for five consecutive years, or schools which have had changes in ownership within the past two years. The surety bond form and the following information are provided for use by such schools. Information for schools which must renew institutional surety bonds follows.*

### **Extracted from the Nonpublic Postsecondary Educational Institutions Act of 1990, as amended in 2002, O.C.G.A. § 20-3-250.10:**

(a) At the time an initial application or application for a branch facility is made for authorization to operate, the executive director shall require the nonpublic postsecondary educational institution making such application to file with the executive director a good and sufficient surety bond in such sum as determined by subsection (b) of this Code section. Such bond shall be executed by the applicant as principal and by a surety company qualified and authorized to do business in this state. The bond shall be conditioned to provide indemnification to the Tuition Guaranty Trust Fund established in Code Section 20-3-250.27 and to any student or enrollee or that person's parent or guardian or class thereof determined to have suffered loss or damage as a result of any act or practice which is a violation of this part or of rules and regulations promulgated pursuant thereto by such nonpublic postsecondary educational institution and that the bonding company shall pay any final, nonappealable judgment rendered by the commission or any court of this state having jurisdiction upon receipt of written notification thereof. Regardless of the number of years that such bond is in force, the aggregate liability of the surety thereon shall in no event exceed the penal sum of the bond. The bond may be continuous.

(b) (1) Except as otherwise provided in paragraph (2) of this subsection, the minimum amount of the bond required by subsection (a) of this Code section shall be based on the gross tuition of the nonpublic postsecondary educational institution during the previous year or on the estimated gross tuition for the current year, whichever is larger, and shall be as follows:

<u>Gross Tuition</u>	<u>Minimum Bond</u>
\$0-\$50,000	\$20,000
50,001 - 100,000	30,000
100,001- 200,000	50,000
200,001 - 300,000	75,000
300,001 - 400,000	100,000
400,001 - 500,000	150,000
500,001 - and over	200,000

(b)(2) As an alternative to the amount of the bond determined under paragraph (1) of this subsection, the nonpublic postsecondary educational institution shall have the option of filing a bond in an amount equal to gross tuition collected by the institution during the previous year or the estimated gross tuition for the current year, whichever is larger; provided, however, the amount so determined shall be rounded off to the next highest \$ 1,000.