

**§9502. Application form; fee; bond**

**1. Application requirements; licensing; bonding and revocation of license.** The application for a license required by this chapter must be made on forms furnished by the commissioner and be accompanied by a fee of \$100 and a surety bond. For applicants that participate in state or federal financial aid programs, except the Federal Direct Student Loan Program under the federal Higher Education Act of 1965, 20 United States Code, Section 1087a et seq., the bond must be in favor of the Finance Authority of Maine. For all other applicants, the bond must be in favor of the department. The amount of the bond for a new applicant is \$20,000. For renewal applicants, the amount of the bond must be equal to the greater of 10% of the applicant's gross receipts from tuition in the 12 months prior to the application for renewal or \$20,000.

A. A license is valid for the calendar year in which it is issued. [PL 1983, c. 862, §62 (RPR).]

B. The bond must be continuous and must provide indemnification to any student suffering loss as a result of any fraud, misrepresentation, violation of this chapter or rules adopted under this chapter or breach of contract. The bond must provide for written notification by the surety to the commissioner in the event of cancellation. Cancellation of the bond by the surety, or of payment under the bond by the surety to the department or the Finance Authority of Maine, results in the revocation of the license. The bond must specifically provide that proceeds are available to pay tuition refunds to students or to student loan lenders on behalf of students eligible for those refunds pursuant to the policies of the school or state or federal law, rule or regulation. [PL 1997, c. 771, §1 (AMD).]

C. If one or more students notify the department or the Finance Authority of Maine of a claim the student has against the school for fraud, misrepresentation, breach of contract or refund due, or that the school has violated the provisions of this chapter or applicable rules, or if any such event is discovered by the department or the Finance Authority of Maine from other sources and the holder of the bond has reason to believe the claim is valid, the holder may make a claim against the bond on behalf of the student or students affected, or on behalf of the department. The department and the Finance Authority of Maine have the concurrent right at any time to review the school's operations and all its records to determine if the school is in compliance with this chapter and rules adopted under this chapter, or to determine if any claim of a student against the school is valid. [PL 1997, c. 771, §1 (NEW).]

[PL 1997, c. 771, §1 (AMD).]

**2. Renewal fee and requirements.** A fee of \$50 is charged for the renewal of a license. Each submission for a license renewal must include the school's most recent financial audit conducted by a certified public accountant unaffiliated with the school. When a school does not participate in federal or state financial aid programs, internally prepared financial statements signed by the applicant are acceptable. Every renewal application must include a bond in the required amount. The commissioner shall provide copies of the audit or financial statements and, when the bond is not in favor of the department, the original bond to the Finance Authority of Maine and may provide financial information regarding the school to other state agencies with an interest in the operation of the school. When a school applies for renewal of a license, the school must certify that:

A. The school has included information in all school brochures and handbooks provided to students and has posted information in a location in the school frequented by students advising students of their rights to receive refunds and where to direct any complaints the students have concerning their education; and [PL 1997, c. 771, §1 (NEW).]

B. The school is in compliance with all applicable federal and state laws and regulations. [PL 1997, c. 771, §1 (NEW).]

[PL 1997, c. 771, §1 (AMD).]

**3. General Fund.** All fees collected for the issuance or renewal of a license shall be deposited in the State Treasury.

[PL 1983, c. 862, §62 (RPR).]

**4. Definitions.** As used in this section, the term "bond" means a bond, letter of credit or cash equivalent acceptable to the holder, in its discretion.

[PL 1997, c. 771, §2 (NEW).]

#### SECTION HISTORY

PL 1981, c. 693, §§5,8 (NEW). PL 1983, c. 651, §2 (AMD). PL 1983, c. 841, §3 (AMD). PL 1983, c. 862, §62 (RPR). PL 1997, c. 266, §12 (AMD). PL 1997, c. 771, §§1,2 (AMD).

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