

§14246. License application form; fee; bond

1. Application requirements; licensing; bonding and revocation of license. The application for a license required by this subchapter must be accompanied by an application fee as set under section 14238 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 director. 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 a period of 12 months from the date of issuance or as otherwise determined by the commissioner. [PL 2007, c. 402, Pt. HH, §28 (AMD).]

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 subchapter or rules adopted under this subchapter or breach of contract. The bond must provide for written notification by the surety to the director in the event of cancellation. Cancellation of the bond by the surety, or payment under the bond by the surety to the director or the Finance Authority of Maine, results in the revocation of the license. The bond must also 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 2009, c. 369, Pt. B, §37 (AMD).]

C. If one or more students notify the director 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 subchapter or applicable rules, or if any such event is discovered by the director 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 director. The director 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 subchapter and rules adopted under this subchapter, or to determine if any claim of a student against the school is valid. [PL 2009, c. 369, Pt. B, §37 (AMD).]

[PL 2009, c. 369, Pt. B, §37 (AMD).]

2. License fee; renewal fee; renewal requirements. A fee as set under section 14238 is charged for the initial license and for the annual 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 director shall provide copies of the audit or financial statements and, in cases in which the bond is not in favor of the director, 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, §11 (NEW).]

B. The school is in compliance with all applicable federal and state laws and regulations. [PL 1997, c. 771, §11 (NEW).]

[PL 2009, c. 369, Pt. B, §38 (AMD).]

3. 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, §11 (NEW).]

4. Exemption. A career and technical education center pursuant to Title 20-A, chapter 313 that does not assess or collect tuition for a course of study offered is exempt from the surety bond or financial audit filing requirement under this section.

[PL 2019, c. 373, §44 (NEW).]

SECTION HISTORY

PL 1997, c. 266, §18 (NEW). PL 1997, c. 771, §11 (AMD). PL 2007, c. 402, Pt. HH, §§28, 29 (AMD). PL 2009, c. 369, Pt. B, §§37, 38 (AMD). PL 2019, c. 373, §44 (AMD).

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