



BOND FOR A PRIVATE POSTSECONDARY INSTITUTION

State of New Mexico Higher Education Department

2044 Galisteo Street, Suite 4
Santa Fe, NM 87505-2100
Telephone: (505) 476-8400, Fax: (505) 476-8453

To ensure faithful operation of a private postsecondary institution pursuant the Post-secondary Educational Institution Act (21-23-1 et seq. NMSA 1978) and all applicable rules and regulations of the New Mexico Higher Education Department, We, _____ [institution], of _____ [address], City of _____, County of _____, State of _____, as principal, and _____, a surety company incorporated under the laws of the State of _____, and authorized to conduct a surety business in the State of _____, as surety, are indebted to the New Mexico Higher Education Department (NMHED), in the sum of _____ dollars (\$ _____), for the payment of which we bind ourselves and our successors, assign and legal representative, jointly and severally.

CONDITION OF OBLIGATION

1. The condition of this obligation is that in the event that _____ [name of institution] closes or otherwise fails to provide services for which students have contracted, principal shall:
 - (a) make appropriate refunds to such students or
 - (b) provide teach-out arrangements at no additional charge to students.
“Teach-out arrangements for the provision of services at a location convenient to affected students, which are comparable to those for which students have paid and which they would have received from the institution if it had fulfilled the terms of its contracts with such students.
2. If principal fully performs its obligation as described in paragraph 1 for the duration of the bond, this obligation shall remain in full force.
3. Upon the failure of the principal to fully perform its obligation as described in paragraph 1, the full amount of this bond shall be due and payable to the Department. The Department shall use such funds to make appropriate refunds or to provide teach-out arrangements as described in paragraph 1, taking into account the preferences of affected students. The Department shall repay to the surety any funds remaining after such expenditures are made.

DURATION

4. This obligation shall run continuously and shall remain in full force and effect until and unless the bond is terminated as provided herein or as otherwise provided by law.

LIMITATION

5. This bond covers only those services owing to students by the institution on contracts made subsequent to the date of the bond.

TERMINATION

6. Surety may terminate its obligation hereunder effective July 1, of any year, by giving written notice to the Department at least ninety (90) days prior to said termination. Such notice shall not affect this agreement with respect to any services for which students have paid prior to the effective date of the notice of termination, but shall affect only those student enrollment contracts executed after the effective date of termination.

EXTENT OF LIABILITY

7. The maximum amount of the liability of the surety by virtue of this obligation shall in no event exceed _____ dollars (\$ _____), except that if the amount of such liability has not been paid to the Department within ten (10) days following receipt of the surety of notice from the institution or the Department that the institution has failed to provide services as described in paragraph 1, interest shall then begin to accrue on such amount at the rate of the current value of funds to the United States Treasury (i.e., the Treasury tax and loan account rate), as such rate is prescribed and published by the Secretary of the Treasury in the Federal Register.

SEVERABILITY

8. If any one or more of the provisions of this bond are determined to be illegal or unenforceable by a court of competent jurisdiction, all other provisions shall remain effective.

BINDING EFFECT OF AGREEMENT

9. This bond shall be binding on surety and its successors, assignees, and legal representatives.

In witness whereof, principal and surety have executed this bond at _____ [designate place of execution] on _____.

ATTEST:

PRINCIPAL

Secretary _____
PRINCIPAL

Seal By _____
TITLE

SEAL:

SURETY

BY _____
ATTORNEY IN FACT

BOND No.

BONDING AGENT Phone Number