

Tuition Guaranty Bond Calculation

The specific requirements for the tuition guaranty bond are stated in Standard 10A.(6), paragraphs (a) and (b). The following notes may be helpful to institutions in securing the tuition guaranty bond.

Requirement: A tuition guaranty bond of not less than \$10,000 and at least equal to or higher than the maximum amount of prepaid tuition and required fees held existing at any time during the most recently concluded fiscal year must be maintained.

1. The minimum bond amount for new license applicants is \$10,000.
2. The number of North Carolina students enrolled in the prior academic year must be used to determine the tuition and fees collected and to compute the amount for the bond coverage needed. Projected student enrollment may also be used to calculate the bond amount.
3. Assume that tuition is collected on the first day of the term.
4. Bond coverage should equal the highest amount of tuition collected in any term of the academic year.

EXAMPLE (Tuition Collected by Term)

Fall Term	Winter Term	Spring Term	Summer Term
\$450,000	\$50,000	\$100,000	\$100,000

Because the highest amount of prepaid tuition held was \$450,000, the bond coverage should be based on the Fall Term tuition and the bond amount must be at least \$450,000.

Obligee: The Board of Governors of the University of North Carolina.

Requirements: Each application for a license **shall** include a letter signed by an authorized representative of the institution showing in detail the calculations made and the method used for computing the amount of the bond.

The institution **must** provide a statement by an independent certified public accountant stating specifically that:

“The tuition guaranty bond in the amount of _____ (amount) maintained by _____ (name of institution) as of the date of this statement is not less than \$10,000 and is at least equal to or higher than the maximum amount of prepaid tuition (i.e. unearned tuition held) existing at any time during the fiscal year ended _____.”

Institutions that operate multiple locations in North Carolina under one corporate entity may choose to prepare one bond covering the total amount for all locations in North Carolina.