

Guidelines for Surety Instrument Requirements

Scope

All postsecondary educational institutions which operate under a Certificate of Authority or a Certificate of Authorization must provide evidence of reserves, lines of credit, or other surety instruments (Hereinafter, "Surety," regardless of type of reserve, line of credit or financial instrument) that, when combined with tuition and fee receipts, are sufficient to provide indemnification to any student or enrollee of the school or his/her parent or guardian for the current term as a result of violation of any minimum standard or if the institution is unable to continue to provide instruction to its enrolled students for any reason.

Documentation of Surety must be provided at time of application for a Certificate of Authority or Certificate of Authorization. Updated documentation must be provided either with a Certificate of Authority renewal application or with a Certificate of Authorization annual compliance report.

Citations and Templates

See, [THECB Rule 7.7](#) and [7.8](#) for detailed guidance on what elements are needed for a sufficient Surety instrument.

After December 1, 2018, the following templates will be found [HERE](#):

- Escrow Agreement template;
- Letter of Credit template;
- Surety Bond template; and
- An Excel workbook for use in calculating your institution's required Surety amount. The minimum Surety amount is \$25,000.

Requirements based on Location and Type of Institution

Out-of-state Public Institution only offering Field-based Education in Texas

- Provide documentation that the institution is publicly-funded by the state in which the institution is located.
- Provide instructions so that the Coordinating Board can make a claim on state funds in order to access the institution's Surety to any Texas-based clinical or internship enrolled student or his/her parent or guardian for the current term as a result of violation of any minimum standard or if the institution is unable to continue to provide instruction to its Texas-based clinical or internship enrolled students for any reason.

Out-of-state Private Institution only offering Field-based Education in Texas

- Choose Option One or Two:
 - Option One:
 - Provide documentation that the institution is covered by a Surety held in the state in which the institution is located; and

- Provide instructions so that the Coordinating Board can make a claim on the Surety held in the state in which the institution is located in order to access the institution's Surety to any Texas-based clinical or internship enrolled student or his/her parent or guardian for the current term as a result of violation of any minimum standard or if the institution is unable to continue to provide instruction to its Texas-based clinical or internship enrolled students for any reason.
- Option Two:
 - Follow the requirements for a Private Institution with a Campus or Location within Texas as set forth below.

Private Institution with a Campus or Location within Texas

- The institution must provide a Surety which meet the requirements of THECB Rules 7.7 or 7.8:
 - Conditioned to provide indemnification to any student or enrollee of the school or his/her parent or guardian determined by the Board to have suffered loss of prepaid tuition or any fees as a result of violation of any minimum standard or as a result of a holder of a Certificate of Authority or Certificate of Authorization ceasing operation;
 - Includes evidence satisfactory to the Board of the institution's financial ability to provide such indemnification;
 - Lists the amount of Surety liability the guaranteeing entity will assume; and
 - Held in Travis County, Texas, and conditioned to allow only the Board to withdraw funds for the benefit of persons identified above.
- The institution must file original documentation of a Surety with the Texas Higher Education Coordinating Board. The original documentation may be sent to the following address:
 - Texas Higher Education Coordinating Board
 - Attn: Academic Quality & Workforce Division – Private Postsecondary Institutions
 - PO Box 12788
 - Austin, TX 78711-2788