

SUBSTANTIVE POLICY STATEMENT
A.A.C. R4-39-108(A)(B):
Surety Bond, Cash Deposit or Equivalent Security Requirements

A.A.C. R4-39-108(A)(B) requires an institution to post a Surety Bond, Cash Deposit or Equivalent Security in the amount of \$15,000 on a form approved by the Board.

Pursuant to A.R.S. § 32-3023(C):

1. The minimum amount is \$15,000.
2. The amount may be greater than \$15,000 based upon the institution's gross tuition revenues, the length of time the institution has operated and the financial position of the institution.
3. Must remain in effect unless the Board determines the Surety Bond, Cash Deposit or Equivalent Security is no longer required.
4. The Surety Company must have a BEST rating of A or higher.

Accordingly, the Board MAY use the following criteria in determining the amount of the Surety Bond, Cash Deposit or Equivalent Security:

1. If an institution is accredited:
 - GTR is less than \$400,000 – 15% of GTR;
 - GTR is greater than \$400,000 – 10% of GTR;
 - The percentage of Title IV funding may also be taken into consideration.
2. If an institution is not accredited:
 - GTR is less than \$400,000 – 20% of GTR;
 - GTR is greater than \$400,000 – 15% of GTR
3. For an existing institution, actual GTR will be used. For a new institution, anticipated GTR based upon the first year projections.
4. If all of the programs offered are short-term programs (less than 600 hours/one academic year), the amount required MAY be reduced by 50%.

THE SURETY COMPANY MUST HAVE A *BEST* RATING OF A OR HIGHER.

As required by A.R.S. § 41-1091(B):

This substantive policy statement is advisory only. A substantive policy statement does not include internal procedural documents that only affect the internal procedures of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules made in accordance with the Arizona administrative procedure act. If you believe that this substantive policy statement does impose additional requirements or penalties on regulated parties you may petition the agency under A.R.S. § 41-1033 for a review of the statement.

August 2009

Historical Note:

Effective: April 1, 2000

Issued: June 23, 2000

Revised: April 2002

Effective: July 1, 2002

Revised August 2005