

# Iowa College Student Aid Commission

Postsecondary Registration Administrator  
200 10<sup>th</sup> Street, Fourth Floor  
Des Moines, IA 50309  
(515) 725-3470

## Statement of Financial Responsibility and Exemption Request Iowa Code Chapter 714

This document includes the form for all schools that are required to file a Statement of Financial Responsibility under Iowa Code Chapter 714, Sections 714.17 through 714.25 and the form for requesting an exemption from filing of a Statement of Responsibility.

Complete either the Statement of Financial Responsibility or the Request for Exemption. Do not complete both forms. Submit one paper copy of the form, and a complete electronic copy in pdf format. The electronic copy will be posted to the internet.

**All items must be completed** before the application will be considered as received by the Commission. Attach additional pages as needed to provide the requested information. Responses are required to have a minimum of a summary paragraph on this form. Responses that include only statements similar to "please see attached", will be considered incomplete. Other documents or materials may also be attached to support the application. Attachments must be tabbed and clearly marked on both the paper and pdf documents..

### GENERAL INFORMATION

- Q.** Who must file a Statement of Financial Responsibility?
- A.** Unless an exemption applies, the filing must be made by every person, firm, association, or corporation (collectively referred to in the forms as a "school") that maintains or conducts in Iowa any course of instruction for profit or for tuition charge, whether by classroom instruction or by correspondence, or that solicits in Iowa the sale of such course.
- Q.** What is contained in the Statement of Financial Responsibility?
- A.** The Statement contains general identifying information, a Designation of Resident Agent, a requirement for disclosure of certain course and tuition information, and provision of financial security.
- Q.** When must this Statement be filed?
- A.** The filing must occur prior to the school commencing instruction which would bring the school under the registration requirement. Regular renewal is not required, but a school's financial security must be kept current, and a school which uses material not on file may be subject to civil or criminal liability.
- Q.** Must the school also register as a Postsecondary School under *Iowa Code* Chapter 261B?
- A.** The provisions of *Iowa Code* 261B primarily apply to postsecondary schools which issue degrees, and require annual registration detailing the ownership of the school and the courses of instruction offered. There is no automatic exemption between chapters 261B and 714. The school must review the provisions of 261B to determine how the law applies to the school's situation.

- Q.** Must the school also obtain a Certificate of Authority or Certificate of Existence to do business in Iowa? Is filing a Statement of Financial Responsibility under Chapter 714 required if a Certificate of Authority or Certificate of Existence to do business in Iowa has been granted?
- A.** *Iowa Code* §490.1501 requires each non-Iowa for profit corporation to obtain a Certificate of Authority from the Secretary of State before business is transacted in this state. *Iowa Code* §504.1501 similarly requires each non-Iowa nonprofit corporation to obtain a Certificate of Authority from the Secretary of State prior to conducting affairs in this state. *Iowa Code* §486A.1202, 488.209, 489.203, 489.802, 490.128, 490A.128, 501A.221, and 504.119 describe requirements for certificates of authority for foreign (non-Iowa) corporations and domestic corporations. Filing under *Iowa Code* Chapter 714 is not a substitute for obtaining either a Certificate of Authority or a Certificate of Existence. A school should review the applicable provisions of Iowa law in the context of the school's planned activities to determine whether a Certificate of Authority or a Certificate of Existence is also required. The Secretary of State may be contacted at the following address: Secretary of State; State Capitol; Room 105; Des Moines, Iowa 50319; Phone: (515) 281-8993; FAX: (515) 242-5952; Website: [www.sos.state.ia.us](http://www.sos.state.ia.us).

The information you provide will be open to public inspection under Iowa Code Chapter 22.11

# STATEMENT OF FINANCIAL RESPONSIBILITY

## PART A – IDENTIFICATION

### Form Items 1 and 2

The form requires the following information:

1. The name or title of the school;
2. The principal location of the school in this state, in other states, and in foreign countries. "Principal location" is interpreted to mean the place(s) where the books and records of the school are maintained or the school's officers maintain their offices.
3. The name, address, and telephone number of the chief executive officer of the school.

## PART B - DESIGNATION OF RESIDENT AGENT

### Form Item 3

The statute requires that a school designate an Iowa resident agent for purposes of receiving service in civil actions. The school must provide the name, address, and telephone number of a designated resident agent.

## PART C - PROGRAMS/TUITION/POLICIES

The statute requires that a school provide a copy of the catalog, prospectus, brochure or other advertising material intended for distribution in Iowa.

The statute also requires that a school provide the following information regarding the school's tuition and policies:

1. The tuition charges, fees and other costs payable to the school by a student.
2. The refund policy for return of refundable portions of tuition, fees, or other charges.

## PART D - FINANCIAL SECURITY

### Form Item 7

The general requirement is that a school must file a bond payable to the State of Iowa in the amount of \$50,000. Special provisions exist for barber and cosmetology schools licensed by the appropriate state boards. Item 7 of the Statement first inquires whether the filing school is a licensed barber or cosmetology school.

#### Licensed Barber and Cosmetology Schools Only

If the school is a licensed barber or cosmetology school, the school must attach a copy of that license *and* complete and attach Form IS-1A, the Worksheet for Calculating Bond/Letter of Credit Amount for Barber/Cosmetology Instructional (714) School. Instructions for the Worksheet are on the reverse side of the Worksheet. The amount as calculated on the Worksheet should be inserted in the space provided in the checked option, either Option 1, Security Bond, or Option 2, Letter of Credit. A sample bond is attached to these instructions.

#### Schools other than Licensed Barber and Cosmetology Schools

If the school is other than a licensed barber or cosmetology school, the school must attach a copy of a security bond in the amount of \$50,000. A sample bond is attached to these instructions.

## PART E – SIGNATURE

Sign and date the application. There is no filing fee for filing the Statement, Worksheet, or Exemption.

## FORM IS-2: EXEMPTION CLAIM

Do not complete both a claim of exemption and a registration application.

### PART A – IDENTIFICATION

#### Form Items 1 and 2

Identification of the school and chief executive officer is necessary for the Commission to maintain a record of schools which have claimed exemption from filing.

### PART B – EXEMPTION

#### Form Items 3 and 4 - general exemptions

*Iowa Code* §714.19 provides nine identified exemptions from registration:

1. Colleges or universities authorized by the laws of Iowa or any other state or foreign country to grant degrees.
2. Schools of nursing accredited by the board of nurse examiners or an equivalent public board of another state or foreign country.
3. Public schools.
4. Private and nonprofit schools recognized by the department of education or a local school board for the purpose of complying with chapter 299 (Compulsory Education – 299.1 Attendance requirements; 299.1A Compulsory attendance age . . .) and employing certified teachers.
5. Nonprofit schools exclusively engaged in training persons with physical disabilities in the state of Iowa.
6. Schools and educational programs conducted by firms, corporations, or persons for the training of their own employees, for which no fee is charged.
7. Seminars, refresher courses and schools of instruction sponsored by professional, business, or farming organizations or associations for the members and employees of members of such organizations or associations.
8. Private business schools accredited by the accrediting commission for business schools or an acknowledged accrediting agency.
9. Private college preparatory schools accredited or probationally accredited under section 256.11, subsection 13, which provides:
  - . . . a private high school or private combined junior-senior high school operated for the express purpose of teaching a program designed to qualify its graduates for matriculation at accredited four-year or equivalent liberal arts, scientific, or technological colleges or universities shall be placed on a special accredited list of college preparatory schools, which list shall signify accreditation of the school for that express purpose only, if:
    - a. The school complies with minimum standards established by the Code other than this section, and rules adopted under the Code, applicable to:
      - (1) Courses comprising the limited program.
      - (2) Health requirements for personnel.
      - (3) Plant facilities.
      - (4) Other environmental factors affecting the programs.
    - b. At least eighty percent of those graduating from the school within the four most recent calendar years, other than those graduating who are aliens, graduates entering military or alternative civilian service, or graduates deceased or incapacitated before college acceptance, have been accepted by accredited four-year or equivalent liberal arts, scientific, or technological colleges or universities.
    - c. A school claiming to be a private college preparatory school which fails to comply with the requirement of paragraph “b” of this subsection shall be placed on the special accredited list of college preparatory schools probationally if the school complies with the requirements of paragraph “a” of this subsection, but a probational accreditation shall not continue for more than four successive years.

**To claim an exemption, a school must indicate which of the claimed exemptions applies to the school, and describe the course and the facts which establish the appropriateness of the exemption.**

***If the school has completed Items 3 and 4, the school should skip Item 5.***

#### Form Item 5 - trade and vocational school exemptions.

If the school is a trade or vocational school, the school may skip Items 3 and 4 and complete Item 5. Item 5 requires the school to exercise one of three filing options:

Option A - The school may file a \$50,000 security bond (see sample bond attached to these instructions), but is exempted from the requirements to file the course materials and designate a resident agent.

Option B - The school may file (on its own behalf) an annual sworn statement certified by a certified public accountant, showing all assets and liabilities of the trade or vocational school and the assets of any parent corporation, and which shows the school's net worth to be not less than \$250,000 (*excluding* any net worth of the parent corporation). This also exempts the school from the requirements to file the course materials and designate a resident agent.

Option C - The school's parent corporation may file an annual sworn statement certified by a certified public accountant, showing all assets and liabilities of the trade or vocational school and the assets of any parent corporation which shows the school's net worth to be not less than \$250,000 (*excluding* any net worth of the parent corporation);

*or*

either the school or the school's parent corporation may file an annual sworn statement certified by a certified public accountant, showing all assets and liabilities of the trade or vocational school and the assets of any parent corporation, which shows the school's net worth to be not less than \$250,000 (*including* any net worth of the parent corporation).

Under Option C (either variation), the parent corporation must make a designation of an Iowa resident agent, indicating the person's name, address, and telephone number. However, the school remains exempt from the requirement to file the course materials.

#### **PART C - SIGNATURE**

Sign and date the exemption claim. There is no filing fee for filing a claim for an exemption.

**INSTRUCTIONAL SCHOOL BOND**

**Bond No.** \_\_\_\_\_

KNOW ALL PERSONS BY THESE PRESENTS, That we, \_\_\_\_\_,  
as Principal, and \_\_\_\_\_ as Surety, are held and firmly bound unto the State of  
Iowa in the sum of \$ \_\_\_\_\_ lawful money of the United States, for which payment we bind ourselves,  
our successors and assigns, jointly and severally, firmly by these presents.

WHEREAS the Principal proposes to maintain, advertise, or conduct in Iowa a course of instruction for profit, or  
for tuition charge, by classroom instruction or by correspondence and to enter into contracts and agreements with students  
for such courses of instruction; this Bond is conditioned on the faithful performance of all contracts and agreements made  
by it or its salespersons with students. If the Principal shall faithfully perform all such contracts and agreements, then this  
obligation is to be void and of no effect.

PROVIDED, The liability of the Surety upon this Bond shall be continuous, except that the Surety shall have the  
right to terminate its liability under this Bond by serving notice of its election to do so upon the State of Iowa. The Surety's  
liability under the Bond shall be terminated and canceled effective thirty (30) days after receipt by the State of a written  
notice signed by the Surety or its authorized agent, stating that the liability of the Surety is thereby terminated and canceled.  
Thereafter the Surety shall be discharged from any liability under this Bond for any default or violation of the terms  
of any contract or agreement made by the Principal or violation of the laws of the State of Iowa affecting such contract or  
agreement occurring after the effective date of the cancellation of this Bond.

Signed and dated this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
By: \_\_\_\_\_, Principal

\_\_\_\_\_  
By: \_\_\_\_\_ Ins. Co., Surety

# Iowa College Student Aid Commission

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200 10<sup>th</sup> Street, Fourth Floor  
Des Moines, IA 50309

## Statement of Financial Responsibility and Exemption Request Iowa Code Chapter 714

Pursuant to Iowa Code §714 et seq., the undersigned school provides evidence of financial responsibility in order to maintain or conduct in Iowa one or more courses of instruction, including courses of instruction by correspondence; or in order to solicit in Iowa the sale of such course(s).

### READ THE INSTRUCTIONS BEFORE STARTING THE STATEMENT

Submit a paper document and a complete duplicate in an electronic pdf file format.

**All items must be completed** before the application will be considered as received by the Commission. Attach additional pages as needed to provide the requested information. Responses are required to have a minimum of a summary paragraph on this form. Responses that include only statements similar to "please see attached", will be considered incomplete. Other documents or materials may also be attached to support the application. Attachments must be tabbed and clearly marked on both the paper and pdf documents..

This statement is (check one):  
 Initial filing (no filing fee-)  
 Supplemental filing (no filing fee-)  
 Renewal

### PART A - IDENTIFICATION

1. This statement is filed on behalf of:  
Name or title of school:

\_\_\_\_\_  
Address(es) of principal office(s):

\_\_\_\_\_  
Telephone Number (including country or area code):

\_\_\_\_\_  
Email address

2. State the name, business address, and business telephone number, and home address of the chief executive officer of the school:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### PART B - DESIGNATION OF IOWA RESIDENT AGENT

3. The designated resident agent in Iowa for the purpose of receiving service in civil actions is (indicate name, address, and telephone number):

\_\_\_\_\_  
\_\_\_\_\_

**PART C - PROGRAMS/TUITION/POLICIES**

- 4. Enclose a copy of any catalog, prospectus, brochure or other advertising material intended for distribution in Iowa.  
\_\_\_\_\_
- 5. State the tuition charges, fees and other costs payable to the school by a student.  
(Attach and tab a copy of a fee schedule produced for distribution to students/applicants.)  
\_\_\_\_\_  
\_\_\_\_\_
- 6. State the refund policy of the school for return of refundable portions of tuition, fees, or other charges.  
(Attach and tab a copy of a refund policy statement produced for distribution to students/applicants.)  
\_\_\_\_\_  
\_\_\_\_\_

**PART D - FINANCIAL SECURITY**

- 7. Is the school either:
  - 1) a school for cosmetology arts and sciences licensed under *Iowa Code* §157.8; or
  - 2) a barber school licensed under *Iowa Code* §158.7?

Yes. Attached is a copy of the license *and* one of the following:

Security Option 1 - A copy of a continuous corporate security bond in the sum of \$ \_\_\_\_\_  
(fill in amount from *attached worksheet - Form IS-1A*) payable to the state of Iowa conditioned upon the faithful performance of all contracts and agreements with students. (See instructions for sample bond language.)

Security Option 2 - A letter of credit from a bank in the sum of \$ \_\_\_\_\_  
(fill in amount from *attached worksheet - Form IS-1A*) conditioned upon the faithful performance of all contracts and agreements with students.

No. Attach a copy of a continuous corporate security bond payable to the state of Iowa in the sum of \$50,000 conditioned upon the faithful performance of all contracts and agreements with students. (See instructions for sample bond language.)
- 8. Attach a copy of the organization's Certificate of Existence or Certificate of Authority, whichever is applicable.

**PART E – SIGNATURE**

**Applicant Organization's Chief Executive Officer**

_____	_____
Name	Title
_____	_____
Signature	Date

There is no annual renewal required for filing this statement. However, the financial security must be kept current, and a school which uses information not on file may be subject to civil or criminal liability.

# Iowa College Student Aid Commission

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200 10<sup>th</sup> Street, Fourth Floor  
Des Moines, IA 50309

## Worksheet for Calculating Bond/Letter of Credit Amount for Barber/Cosmetology Schools

### Iowa Code Chapter 714

THIS WORKSHEET MAY ONLY BE USED BY A LICENSED BARBER OR COSMETOLOGY SCHOOL

This worksheet is filed on behalf of:

Name or title of school: \_\_\_\_\_

Address(es) of principal office(s): \_\_\_\_\_

Telephone Number (including country or area code):  
\_\_\_\_\_

Email Address  
\_\_\_\_\_

#### CALCULATION OF AMOUNT OF FINANCIAL SECURITY FOR BARBER OR COSMETOLOGY SCHOOLS.

Choose *one* of the following options; fill in the result on the filing Statement, and attach Worksheet to Statement:

*Amount Option A* - Financial security (bond or bank letter of credit) in the sum of \$50,000.

*Amount Option B* - Financial security (bond or bank letter of credit) with credit for a federal surety bond:

                    \$50,000  
- \$ \_\_\_\_\_ (amount of federal bond - *attach* copy of federal bond)  
= \$ \_\_\_\_\_ (required amount of state bond)

*Amount Option C* - Financial security (bond or bank letter of credit) based upon tuition collected:

\$ (total tuition from Confidential Statement of Tuition Collected - see reverse side)  
    x 10%  
= \$ (required amount of state bond)

*Amount Option D* - Financial security (bond or bank letter of credit) based upon tuition collected and federal bond:

\$ \_\_\_\_\_ (total tuition from Confidential Statement of Tuition Collected - see reverse side)  
    x 10%  
= \$ \_\_\_\_\_ (subtotal)  
- \$ \_\_\_\_\_ (amount of federal bond - *attach* copy of federal bond)  
= \$ \_\_\_\_\_ (required amount of state bond)

## Instructions for Worksheet for Calculating Bond/Letter of Credit Amount for Barber/Cosmetology Instructional (714) Schools

This worksheet is to be *attached* as an Addendum to the Statement of Financial Responsibility (Form IS-1) filed by a licensed barber or cosmetology school.

Only a licensed barber or cosmetology school is eligible to use the worksheet to calculate the amount of financial security to be provided.

*Iowa Code §714.18(4)* gives licensed barber or cosmetology schools options with regard to the amount of financial security to be filed:

Amount Option A is the standard \$50,000 amount of financial security. Barber and cosmetology schools may file this in the form of a bond (see instructions for sample bond) or in the form of a bank letter of credit.

Amount Option B allows the school to reduce the amount of the bond or the letter of credit to be filed in Iowa by the amount of a federally required and filed bond. Attach a copy of the federal bond.

Amount Option C allows the school to base the amount of the bond or the letter of credit on 10% of the annual tuition collected. Complete the Confidential Statement of Tuition Collected<sup>7</sup> below.

Amount Option D allows the school to first calculate 10% of the annual tuition collected, and then reduce the amount of the bond or the letter of credit to be filed in Iowa by the amount of a federally required and filed bond. Attach a copy of the federal bond and complete the Confidential Statement of Tuition Collected<sup>7</sup> below.

The resulting amount from the chosen option should be transferred to the space provided in Item 7 of the Statement (Form IS-1).

### CONFIDENTIAL STATEMENT OF TUITION COLLECTED

(For Barber or Cosmetology Schools Calculating Financial Security under Amount Option C or Amount Option D)

I, \_\_\_\_\_, \_\_\_\_\_,  
Print Name of School Official Print Title of School Official  
of \_\_\_\_\_, hereby certify upon oath and under penalty of perjury  
that \_\_\_\_\_

for the fiscal calendar year ending \_\_\_\_\_, the total amount of tuition collected by the  
Check one Insert date  
above-named school was \$ \_\_\_\_\_.  
Insert amount

State of \_\_\_\_\_ )  
) ss  
County of \_\_\_\_\_ )

Signed and sworn to before me on \_\_\_\_\_, \_\_\_\_\_ by \_\_\_\_\_  
Signature of School Official

(Notary Seal, if any)

\_\_\_\_\_  
Signature of Notary

Notary Public in and for the State of \_\_\_\_\_

# Iowa College Student Aid Commission

Postsecondary Registration Administrator  
200 10<sup>th</sup> Street, Fourth Floor  
Des Moines, IA 50309

## Exemption Claim Under Iowa Code Chapter 714

Submit a paper document and a complete duplicate in electronic .pdf format.

**All items must be completed** before the application will be considered as received by the Commission. Attach additional pages as needed to provide the requested information. Responses are required to have a minimum of a summary paragraph on this form. Responses that include only statements similar to "please see attached", will be considered incomplete. Other documents or materials may also be attached to support the application. Attachments must be tabbed and clearly marked on both the paper and pdf documents..

*Iowa Code* §714.19 provides nine exemptions from the Instructional School filing requirements of Chapter 714. A special exemption is provided for certain trade and vocational schools. Filing an official claim of an exemption is optional – it simply places the school on record as asserting an exemption from registration. A school which falsely or erroneously claims an exemption remains subject to the enforcement authority of Chapter 714.

### DO NOT COMPLETE BOTH THE EXEMPTION AND THE FILING STATEMENT

#### PART A – IDENTIFICATION

1. This claim of exemption is filed on behalf of:

\_\_\_\_\_

Name or title of school: \_\_\_\_\_

Address(es) of principal  
office(s): \_\_\_\_\_

\_\_\_\_\_

Telephone Number (including country or area code): \_\_\_\_\_

Email Address  
\_\_\_\_\_

2. State the name, business address, business telephone number, and home address of the chief executive officer of the school:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**PART B – EXEMPTION**

3. The school is exempt from filing a statement of financial responsibility pursuant to the following exception in *Iowa Code* §714.19: (check one) (if claiming trade/vocational school exemption, skip Items 3 and 4 and go to Item 5)
- 1. Colleges or universities authorized by the laws of Iowa or any other state or foreign country to grant degrees.
  - 2. Schools of nursing accredited by the board of nurse examiners or an equivalent public board of another state or foreign country.
  - 3. Public schools.
  - 4. Private and nonprofit schools recognized by the department of education or a local school board for the purpose of complying with chapter 299 and employing certified teachers. (See instructions.)
  - 5. Nonprofit schools exclusively engaged in training persons with physical disabilities in the state of IA.
  - 6. Schools and educational programs conducted by firms, corporations, or persons for the training of their own employees, for which no fee is charged.
  - 7. Seminars, refresher courses and schools of instruction sponsored by professional, business, or farming organizations or associations for the members and employees of members of such organizations or associations.
  - 8. Private business schools accredited by the accrediting commission for business schools or an acknowledged accrediting agency.
  - 9. Private college preparatory schools accredited or probationally accredited under section 256.11, subsection 13. (See instructions.)
4. Describe the course of instruction offered and set forth the facts establishing the appropriateness of the exemption.
- 
- 
- 

The school is a trade or vocational school which has met the conditions for exemption

**All items must be completed** before the application will be considered as received by the Commission. Attach additional pages as needed to provide the requested information. Responses are required to have a minimum of a summary paragraph on this form. Responses that include only statements similar to “please see attached”, will be considered incomplete. Other documents or materials may also be attached to support the application. Attachments must be tabbed and clearly marked on both the paper and pdf documents..

5. Each *one* of the following: (do not complete Item 5 if the school has completed Items 3 and 4)
- Option A* - A copy of a continuous corporate security bond payable to the state of Iowa in the sum of \$50,000 conditioned upon the faithful performance of all contracts and agreements with students. (See instructions for sample bond language).
  - Option B* - A copy of an annual sworn C.P.A.'s financial statement showing a net worth of at least \$250,000 which *is not* filed on the school's behalf by a parent corporation, *and* which *does not* include a parent corporation's net worth in the financial statement. (See instructions).
  - Option C* - A copy of an annual sworn C.P.A.'s financial statement showing a net worth of at least \$250,000 which *is* filed on the school's behalf by a parent corporation, *or* which *does* include a parent corporation's net worth in the financial statement. (See instructions). The parent corporation hereby designates the following person as the corporation's registered agent under §714.18(2) (indicate name, address, and telephone number):

**PART C – SIGNATURE**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

If the claimed exemption becomes inapplicable, the school must immediately file the statement of financial responsibility or cease offering the course(s) of instruction, or follow other applicable registration requirements under Iowa Code Chapter 261B or Chapter 714.