

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 6014

A bill to amend 1931 PA 327, entitled

"An act to provide for the organization, regulation and classification of corporations; to provide their rights, powers and immunities; to prescribe the conditions on which corporations may exercise their powers; to provide for the inclusion of certain existing corporations within the provisions of this act; to prescribe the terms and conditions upon which foreign corporations may be admitted to do business within this state; to require certain annual reports to be filed by corporations; to prescribe penalties for the violations of the provisions of this act; and to repeal certain acts and parts of acts relating to corporations,"

by amending sections 171 and 176 (MCL 450.171 and 450.176) and by adding section 184a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 171. **(1)** For the purposes of this act, educational
2 corporations ~~shall be~~ **ARE** classified as ~~follows~~ **1 OF THE**
3 **FOLLOWING:**

1 (A) ~~—(w) These~~ **CLASS W: THOSE** having a capital of not less
2 than \$500,000.00. ~~→~~

3 (B) ~~—(x) These~~ **CLASS X: THOSE** having a capital of not less
4 than \$100,000.00 ~~—~~ and less than \$500,000.00. ~~→~~

5 (C) ~~—(y) These~~ **CLASS Y: THOSE** having a capital of
6 \$1,000,000.00 or more. ~~→~~

7 (D) ~~—(z) These~~ **CLASS Z: THOSE** instituted and maintained by
8 ~~any~~ **AN** ecclesiastical or religious order, society, corporation, or
9 corporations ~~—, retaining~~ **THAT RETAIN** control of ~~such~~ **THE**
10 institution for denominational purposes. ~~Every educational~~
11 ~~corporation, before being authorized to file its articles, shall be~~
12 ~~required to present a statement to the Michigan corporation and~~
13 ~~securities commission in writing from the state board of education~~
14 ~~that (1) the~~

15 (2) FOR PURPOSES OF THIS ACT, EDUCATIONAL CORPORATION DOES NOT
16 INCLUDE A RELIGIOUS COLLEGE DESCRIBED IN SECTION 184A.

17 (3) WHEN SUBMITTING ITS ARTICLES OF INCORPORATION FOR FILING
18 WITH THE DEPARTMENT OF LABOR AND ECONOMIC GROWTH, AN EDUCATIONAL
19 CORPORATION CONDUCTING AN ELEMENTARY OR SECONDARY INSTRUCTIONAL
20 PROGRAM MUST INCLUDE A WRITTEN STATEMENT FROM THE STATE BOARD OF
21 EDUCATION WITH THE ARTICLES OF INCORPORATION AND AN EDUCATIONAL
22 CORPORATION CONDUCTING A POSTSECONDARY EDUCATIONAL PROGRAM MUST
23 INCLUDE A WRITTEN STATEMENT FROM THE BUREAU OF CAREER EDUCATION
24 WITHIN THE DEPARTMENT OF LABOR AND ECONOMIC GROWTH WITH THE
25 ARTICLES OF INCORPORATION. A WRITTEN STATEMENT SUBMITTED WITH THE
26 ARTICLES OF INCORPORATION OF AN EDUCATIONAL INSTITUTION UNDER THIS
27 SUBSECTION MUST CONFIRM ALL OF THE FOLLOWING CONCERNING THE

1 **EDUCATIONAL CORPORATION:**

2 (A) **THE** housing space and administration facilities ~~which~~
3 **THAT** it possesses or proposes to provide for its declared field or
4 fields of education are adequate. ~~—, (2) its~~

5 (B) **ITS** proposed educational program leading to the diplomas
6 or degrees ~~which~~ **THAT** it proposes to offer is adequate. ~~—, (3)~~
7 ~~its~~

8 (C) **THE** laboratory, library, and other teaching facilities
9 ~~which~~ **THAT** it possesses or proposes to provide are adequate. ~~—~~
10 ~~(4) it~~

11 (D) **IT** has or proposes to employ an adequate staff, fully
12 trained, for the instruction proposed. ~~—, and (5) at~~

13 (E) **AT** least 50% of its capital, whether **CONSISTING** of stock
14 or in gifts, devises, legacies, bequests or other contributions of
15 money or property, has been paid in or ~~reduced to~~ **IS IN ITS**
16 possession.

17 (4) In determining whether any educational corporation
18 satisfies **THE** conditions specified in ~~classes (w), (x), (y) and~~
19 ~~(z) of this section~~ **SUBSECTION (1)**, the ~~state board of education~~
20 **DEPARTMENT OF LABOR AND ECONOMIC GROWTH** may treat as a credit to
21 the capital of ~~such~~ **THE** corporation the guaranteed annual income
22 of that corporation to the extent that it ~~deems such~~ **CONSIDERS**
23 **THAT** guaranteed income the equivalent of all or any part of the
24 required endowment.

25 (5) The use of the word "college" or "university" in the name
26 of any group, organization, or association ~~hereafter~~ formed in
27 this state **AFTER SEPTEMBER 18, 1931** is limited to those educational

1 corporations complying with the requirements for class ~~-(w)-~~ W or
 2 class ~~-(y)-~~ Y educational corporations or to ~~-such-~~ ANY educational
 3 corporations of class ~~-(z)- as shall-~~ Z THAT satisfy the
 4 requirements ~~-set up-~~ ESTABLISHED for class ~~-(y)-~~ Y corporations.
 5 ~~:- Provided, however, That the-~~ THE WORD "COLLEGE" MAY BE USED BY
 6 ECCLESIASTICAL CORPORATIONS IN THE NAME OF RELIGIOUS COLLEGES
 7 COMPLYING WITH THE REQUIREMENTS OF SECTION 184A. THE words "junior
 8 college" may be used by educational corporations of class ~~-(x)-~~.
 9 ~~Whenever-~~ X. IF this ~~provision-~~ SUBSECTION is violated, it ~~shall~~
 10 ~~be-~~ IS the duty of the prosecuting attorney, in the county where
 11 the ~~-organization-~~ EDUCATIONAL CORPORATION is located, to bring
 12 proceedings to enjoin the further use of ~~-such-~~ A name in violation
 13 of this ~~-act-~~ SUBSECTION.

14 (6) ~~No-~~ AN educational corporation ~~shall be-~~ IS NOT
 15 permitted to expand its program beyond that specified in its
 16 articles of incorporation until it ~~has presented to the Michigan~~
 17 ~~corporation and securities commission a statement in writing from~~
 18 ~~the state board of education-~~ OBTAINS A WRITTEN STATEMENT approving
 19 the facilities, equipment, and staff or the proposed facilities,
 20 equipment, and staff as adequate for the offering of the additional
 21 educational program AND SUBMITS IT TO THE DEPARTMENT OF LABOR AND
 22 ECONOMIC GROWTH. THE EDUCATIONAL CORPORATION MUST OBTAIN THE
 23 WRITTEN STATEMENT DESCRIBED IN THIS SUBSECTION FROM THE STATE BOARD
 24 OF EDUCATION IF IT IS CONDUCTING AN ELEMENTARY OR SECONDARY
 25 INSTRUCTIONAL PROGRAM OR FROM THE BUREAU OF CAREER EDUCATION WITHIN
 26 THE DEPARTMENT OF LABOR AND ECONOMIC GROWTH IF IT IS CONDUCTING A
 27 POSTSECONDARY EDUCATIONAL PROGRAM.

1 Sec. 176. ~~Same, privileges of holders of diplomas, or~~
 2 ~~certificates. Every~~ A diploma, certificate of graduation, or other
 3 evidence of attendance at ~~such institution, shall entitle~~ AN
 4 **EDUCATIONAL CORPORATION ENTITLES** the lawful recipient ~~thereof~~ to
 5 all the privileges and immunities ~~which~~ **THAT** by custom or usage
 6 are allowed to holders of similar diplomas or certificates granted
 7 by similar institutions in this country. ~~—: Provided, That as to~~
 8 ~~any~~ **HOWEVER, IF AN** occupation or profession **IS** regulated by
 9 statute as to the requirements and qualifications necessary to the
 10 practice ~~thereof, no such~~ **OF THAT OCCUPATION OR PROFESSION, THE**
 11 diploma or certificate of graduation ~~shall~~ **DOES NOT** entitle the
 12 recipient to any ~~such~~ privilege or immunity ~~where such~~ **IF THOSE**
 13 statutory requirements or qualifications ~~have not been~~ **ARE NOT**
 14 complied with.

15 **SEC. 184A. (1) AN ECCLESIASTICAL CORPORATION THAT MEETS ALL OF**
 16 **THE FOLLOWING CRITERIA MAY ORGANIZE AND OPERATE A RELIGIOUS COLLEGE**
 17 **UNDER THIS SECTION:**

18 **(A) THE ECCLESIASTICAL CORPORATION WAS INCORPORATED UNDER THIS**
 19 **ACT BEFORE JANUARY 1, 2007.**

20 **(B) AT THE TIME IT ORGANIZES THE RELIGIOUS COLLEGE, ACCORDING**
 21 **TO THE MOST RECENT FEDERAL DECENNIAL CENSUS, THE ECCLESIASTICAL**
 22 **CORPORATION IS LOCATED IN A COUNTY WITH A POPULATION OF MORE THAN**
 23 **17,500 AND FEWER THAN 23,500 RESIDENTS.**

24 **(2) A RELIGIOUS COLLEGE ORGANIZED AND OPERATED UNDER THIS**
 25 **SECTION MUST MEET ALL OF THE FOLLOWING CRITERIA:**

26 **(A) THE RELIGIOUS COLLEGE IS ORGANIZED AND OPERATED BY AN**
 27 **ECCLESIASTICAL CORPORATION AS A DIVISION OF THE ECCLESIASTICAL**

1 CORPORATION AND IS NOT SEPARATELY INCORPORATED.

2 (B) THE RELIGIOUS COLLEGE BEGAN OPERATING BEFORE JANUARY 1,
3 2007.

4 (C) THE ECCLESIASTICAL CORPORATION RETAINS CONTROL OF THE
5 RELIGIOUS COLLEGE FOR DENOMINATIONAL PURPOSES.

6 (D) THE RELIGIOUS COLLEGE HAS AN ACADEMIC ADVISORY BOARD TO
7 ASSIST THE RELIGIOUS COLLEGE IN THE DEVELOPMENT OF ITS EDUCATIONAL
8 PROGRAMS. THE BOARD SHALL CONSIST OF AT LEAST 4 INDIVIDUALS,
9 APPOINTED BY THE ECCLESIASTICAL CORPORATION, WHO REPRESENT SIMILAR
10 RELIGIOUS COLLEGES LOCATED IN THE UNITED STATES.

11 (E) THE RELIGIOUS COLLEGE OFFERS POSTSECONDARY EDUCATIONAL
12 PROGRAMS THAT ARE SOLELY DESIGNED FOR, DIRECTED TOWARD, AND
13 ATTENDED BY STUDENTS WHO SEEK TO LEARN THE PARTICULAR RELIGIOUS
14 FAITH OR BELIEFS OF THE ECCLESIASTICAL CORPORATION.

15 (F) THE SOLE PURPOSES OF THE EDUCATIONAL PROGRAMS OF THE
16 RELIGIOUS COLLEGE ARE TO PREPARE STUDENTS FOR ORDINATION OR
17 APPOINTMENT AS A MEMBER OF THE CLERGY OF A CHURCH, DENOMINATION, OR
18 RELIGIOUS ASSOCIATION, ORDER, OR SECT OR TO ENTER INTO OTHER
19 VOCATIONS DIRECTLY RELATED TO THE PARTICULAR FAITH OF THE
20 ECCLESIASTICAL CORPORATION.

21 (G) THE RELIGIOUS COLLEGE DOES NOT OFFER GENERAL OR LIBERAL
22 ARTS EDUCATIONAL PROGRAMS OR ANY OTHER POSTSECONDARY EDUCATIONAL
23 PROGRAMS OTHER THAN THOSE DESCRIBED IN THIS SUBSECTION.

24 (3) ALL OF THE FOLLOWING APPLY TO THE NAME OF A RELIGIOUS
25 COLLEGE ORGANIZED AND OPERATED BY AN ECCLESIASTICAL CORPORATION
26 UNDER THIS SECTION:

27 (A) THE ECCLESIASTICAL CORPORATION MAY USE THE WORD "COLLEGE"

1 IN THE NAME OF THE RELIGIOUS COLLEGE. HOWEVER, IMMEDIATELY
2 FOLLOWING THE NAME OF THE RELIGIOUS COLLEGE, THE ECCLESIASTICAL
3 CORPORATION SHALL CLEARLY AND PROMINENTLY INDICATE ON ANY SIGNS,
4 OFFICIAL SCHOOL PUBLICATIONS, LETTERHEAD, BUSINESS CARDS, WEBSITES,
5 OR OTHER SIMILAR WRITTEN DOCUMENTS THAT INCLUDE THE NAME OF THE
6 RELIGIOUS COLLEGE THAT THE RELIGIOUS COLLEGE IS A DIVISION OF THE
7 ECCLESIASTICAL CORPORATION.

8 (B) IF THE ECCLESIASTICAL CORPORATION USES THE WORD "COLLEGE"
9 IN THE NAME OF THE RELIGIOUS COLLEGE, IT SHALL PROVIDE A COPY OF
10 EACH CERTIFICATE OF ASSUMED NAME FILED BY THE ECCLESIASTICAL
11 CORPORATION WITH THE DEPARTMENT OF LABOR AND ECONOMIC GROWTH FOR
12 THE NAME OF THE RELIGIOUS COLLEGE TO THE BUREAU OF CAREER EDUCATION
13 WITHIN THE DEPARTMENT OF LABOR AND ECONOMIC GROWTH.

14 (4) SUBJECT TO SUBSECTION (5), A RELIGIOUS COLLEGE MAY AWARD 1
15 OF THE FOLLOWING DEGREES TO A STUDENT OF THE RELIGIOUS COLLEGE WHO
16 SATISFACTORILY COMPLETES A COURSE OF STUDY PRESCRIBED BY THE
17 ECCLESIASTICAL CORPORATION FOR THAT DEGREE:

18 (A) IF THE COURSE OF STUDY REQUIRES AT LEAST 60 SEMESTER HOURS
19 OR EQUIVALENT OF STUDY, AN ASSOCIATE OF BIBLICAL STUDIES, AN
20 ASSOCIATE OF RELIGIOUS STUDIES, AN ASSOCIATE OF THEOLOGY, AN
21 ASSOCIATE OF CHURCH ADMINISTRATION, OR ANOTHER SUBSTANTIALLY
22 SIMILAR ASSOCIATE DEGREE THAT DOES NOT INCLUDE THE WORD "ARTS",
23 "SCIENCE", "BUSINESS", OR "APPLIED".

24 (B) IF THE COURSE OF STUDY REQUIRES AT LEAST 120 SEMESTER
25 HOURS OR EQUIVALENT OF STUDY, A BACHELOR OF BIBLICAL STUDIES, A
26 BACHELOR OF RELIGIOUS STUDIES, A BACHELOR OF THEOLOGY, OR ANOTHER
27 SUBSTANTIALLY SIMILAR BACHELOR'S DEGREE THAT DOES NOT INCLUDE THE

1 WORD "ARTS", "SCIENCE", "BUSINESS", OR "APPLIED".

2 (C) IF THE COURSE OF STUDY REQUIRES A BACHELOR'S DEGREE AND AT
3 LEAST 30 ADDITIONAL SEMESTER HOURS OR EQUIVALENT OF STUDY, A MASTER
4 OF THEOLOGY, A MASTER OF BIBLICAL STUDIES, A MASTER OF RELIGIOUS
5 STUDIES, OR ANOTHER SUBSTANTIALLY SIMILAR MASTER'S DEGREE THAT DOES
6 NOT INCLUDE THE WORD "ARTS", "SCIENCE", "BUSINESS", OR "APPLIED".

7 (D) IF THE COURSE OF STUDY REQUIRES A BACHELOR'S DEGREE AND AT
8 LEAST 90 ADDITIONAL SEMESTER HOURS OR EQUIVALENT OF STUDY,
9 INCLUDING, BUT NOT LIMITED TO, DISSERTATION CREDITS OR RESEARCH
10 STUDY, A DOCTOR OF THEOLOGY, A DOCTOR OF BIBLICAL STUDIES, A DOCTOR
11 OF RELIGIOUS STUDIES, OR ANOTHER SUBSTANTIALLY SIMILAR DOCTORAL
12 DEGREE THAT DOES NOT INCLUDE THE WORD "ARTS", "SCIENCE",
13 "BUSINESS", OR "APPLIED".

14 (5) A RELIGIOUS COLLEGE SHALL CLEARLY AND PROMINENTLY STATE
15 ALL OF THE FOLLOWING ON A STUDENT'S DIPLOMA, CERTIFICATE OF
16 GRADUATION, TRANSCRIPT, OR ANY OTHER DOCUMENT PREPARED BY OR
17 PROVIDED BY THE RELIGIOUS COLLEGE TO ESTABLISH OR VERIFY THAT THE
18 STUDENT HAD ATTENDED THE RELIGIOUS COLLEGE OR COMPLETED A COURSE OF
19 STUDY AT THE RELIGIOUS COLLEGE:

20 (A) FOR A DEGREE AWARDED BY THE RELIGIOUS COLLEGE, THE NAME OF
21 THE DEGREE, INCLUDING THE RELIGIOUS LIMITATION ON THAT DEGREE
22 REQUIRED UNDER SUBSECTION (4). A RELIGIOUS LIMITATION REQUIRED FOR
23 A DEGREE TITLE UNDER SUBSECTION (4) SHALL IMMEDIATELY PRECEDE OR BE
24 PART OF THE DEGREE TITLE WHEREVER THE DEGREE TITLE APPEARS IN THE
25 DIPLOMA OR OTHER DOCUMENT.

26 (B) THAT THE RELIGIOUS COLLEGE IS NOT LICENSED, APPROVED, OR
27 OTHERWISE ENDORSED BY THE STATE OF MICHIGAN.

1 (C) FOR ANY DOCUMENT DESCRIBED IN THIS SUBSECTION OTHER THAN A
2 DIPLOMA, THAT THE STATE OF MICHIGAN DOES NOT GUARANTEE THAT ANY OF
3 THE DEGREES OR CREDITS GRANTED BY THE RELIGIOUS COLLEGE WILL BE
4 RECOGNIZED BY ANY ORGANIZATION FOR ANY PURPOSE.

5 (6) A DIPLOMA, CERTIFICATE OF GRADUATION, OR OTHER EVIDENCE OF
6 ATTENDANCE AT A RELIGIOUS COLLEGE ENTITLES THE LAWFUL RECIPIENT TO
7 ALL THE PRIVILEGES AND IMMUNITIES THAT BY CUSTOM OR USAGE ARE
8 ALLOWED TO HOLDERS OF SIMILAR DIPLOMAS OR CERTIFICATES GRANTED BY
9 SIMILAR INSTITUTIONS IN THIS COUNTRY. HOWEVER, IF AN OCCUPATION OR
10 PROFESSION IS REGULATED BY STATUTE AS TO THE REQUIREMENTS AND
11 QUALIFICATIONS NECESSARY TO THE PRACTICE OF THAT OCCUPATION OR
12 PROFESSION, THE DIPLOMA OR CERTIFICATE OF GRADUATION DOES NOT
13 ENTITLE THE RECIPIENT TO ANY PRIVILEGE OR IMMUNITY IF THOSE
14 STATUTORY REQUIREMENTS OR QUALIFICATIONS ARE NOT COMPLIED WITH.

15 (7) AN ECCLESIASTICAL CORPORATION IS NOT REQUIRED TO OBTAIN
16 THE APPROVAL OF OR A LICENSE FROM THE DEPARTMENT OF LABOR AND
17 ECONOMIC GROWTH TO OPERATE A RELIGIOUS COLLEGE UNDER THIS SECTION
18 IN THIS STATE AND THE OPERATION OF THE RELIGIOUS COLLEGE AND ITS
19 EDUCATIONAL PROGRAMS ARE NOT SUBJECT TO THE SUPERVISION OF THAT
20 DEPARTMENT. HOWEVER, IF AN ECCLESIASTICAL CORPORATION DOES NOT
21 OBTAIN THE APPROVAL OF OR A LICENSE FROM THE DEPARTMENT OF LABOR
22 AND ECONOMIC GROWTH TO OPERATE A RELIGIOUS COLLEGE, THE
23 ECCLESIASTICAL CORPORATION SHALL CLEARLY AND PROMINENTLY PRINT A
24 DISCLAIMER ON ALL OF ITS APPLICATION MATERIALS, COURSE CATALOGS,
25 BROCHURES, WEBSITES, AND OTHER SIMILAR PUBLICATIONS THAT STATES ALL
26 OF THE FOLLOWING:

27 (A) THE RELIGIOUS COLLEGE IS A DIVISION OF THE ECCLESIASTICAL

1 CORPORATION.

2 (B) THE EDUCATIONAL PROGRAMS OFFERED BY THE RELIGIOUS COLLEGE
3 ARE SOLELY DESIGNED FOR, DIRECTED TOWARD, AND ATTENDED BY STUDENTS
4 PREPARING FOR ORDINATION OR APPOINTMENT AS A MEMBER OF THE CLERGY
5 OF A CHURCH, DENOMINATION, OR RELIGIOUS ASSOCIATION, ORDER, OR SECT
6 OR PREPARING TO ENTER INTO ANOTHER VOCATION DIRECTLY RELATED TO THE
7 PARTICULAR FAITH OF THE ECCLESIASTICAL CORPORATION.

8 (C) THE RELIGIOUS COLLEGE IS NOT LICENSED, APPROVED, OR
9 OTHERWISE ENDORSED BY THE STATE OF MICHIGAN AND THAT THE STATE OF
10 MICHIGAN DOES NOT GUARANTEE THAT ANY OF THE DEGREES OR CREDITS
11 GRANTED BY THE RELIGIOUS COLLEGE WILL BE RECOGNIZED BY ANY
12 ORGANIZATION FOR ANY PURPOSE.

13 (8) IN ANY APPLICATION MATERIALS, COURSE CATALOGS, BROCHURES,
14 WEBSITES, OR OTHER PUBLICATIONS MADE AVAILABLE BY THE RELIGIOUS
15 COLLEGE, THE RELIGIOUS COLLEGE SHALL INCLUDE THE RELIGIOUS
16 LIMITATION ON THAT DEGREE REQUIRED UNDER SUBSECTION (4), EITHER
17 IMMEDIATELY PRECEDING OR AS PART OF THE DEGREE TITLE, WHEREVER THE
18 DEGREE TITLE APPEARS IN THE DOCUMENT OR PUBLICATION.

19 (9) EVERY 2 YEARS, AN ECCLESIASTICAL CORPORATION ORGANIZING OR
20 OPERATING A RELIGIOUS COLLEGE SHALL SUBMIT A SWORN AFFIDAVIT TO THE
21 DEPARTMENT OF LABOR AND ECONOMIC GROWTH THAT CERTIFIES THAT THE
22 RELIGIOUS COLLEGE COMPLIES WITH THE REQUIREMENTS OF THIS SECTION
23 AND INCLUDES ALL OF THE FOLLOWING:

24 (A) THE NAME OF THE RELIGIOUS COLLEGE. THE NAME STATED IN THE
25 AFFIDAVIT MUST COMPLY WITH SUBSECTION (3).

26 (B) A STATEMENT THAT THE RELIGIOUS COLLEGE OFFERS ONLY
27 EDUCATIONAL PROGRAMS DESIGNED FOR, DIRECTED TOWARD, AND ATTENDED BY

1 STUDENTS PREPARING FOR ORDINATION OR APPOINTMENT AS A MEMBER OF THE
2 CLERGY OF A CHURCH, DENOMINATION, OR RELIGIOUS ASSOCIATION, ORDER,
3 SECT, OR PREPARING TO ENTER INTO ANOTHER VOCATION DIRECTLY RELATED
4 TO THE PARTICULAR FAITH OF THE ECCLESIASTICAL CORPORATION.

5 (C) A STATEMENT THAT EACH DIPLOMA, CERTIFICATE OF GRADUATION,
6 TRANSCRIPT, OR OTHER DOCUMENT DESCRIBED IN SUBSECTION (5) PREPARED
7 OR PROVIDED BY THE RELIGIOUS COLLEGE COMPLIES WITH THAT SUBSECTION.

8 (D) A STATEMENT THAT EACH DOCUMENT PROVIDED OR PUBLICATION
9 MADE AVAILABLE BY THE RELIGIOUS COLLEGE UNDER SUBSECTION (8)
10 COMPLIES WITH THAT SUBSECTION.

11 (E) A STATEMENT THAT THE RELIGIOUS COLLEGE DOES NOT ACCEPT
12 STATE OR FEDERAL ASSISTANCE FOR ITS EDUCATIONAL PROGRAMS AND DOES
13 NOT ACCEPT STUDENTS WHO ARE RECEIVING STATE OR FEDERAL FINANCIAL
14 AID UNDER ANY HIGHER EDUCATION LOAN, GRANT, OR SCHOLARSHIP PROGRAM.

15 (10) AN ECCLESIASTICAL CORPORATION ORGANIZING OR OPERATING A
16 RELIGIOUS COLLEGE SHALL ANNUALLY PROVIDE THE DEPARTMENT WITH A
17 SURETY BOND THAT MEETS ALL OF THE FOLLOWING:

18 (A) IT IS CONDITIONED TO PROVIDE INDEMNIFICATION TO ANY
19 STUDENT SUFFERING LOSS BECAUSE OF INABILITY TO COMPLETE AN
20 EDUCATIONAL PROGRAM AT THE RELIGIOUS COLLEGE DUE TO THE CLOSING OF
21 THE RELIGIOUS COLLEGE.

22 (B) IT EXPIRES ON JUNE 30 FOLLOWING THE DATE OF ISSUANCE AND
23 THE ECCLESIASTICAL CORPORATION SHALL SUBMIT PROOF OF RENEWAL FOR AN
24 ADDITIONAL 1-YEAR PERIOD TO THE DEPARTMENT OF LABOR AND ECONOMIC
25 GROWTH BEFORE THE DATE OF EXPIRATION.

26 (C) THE AMOUNT OF THE SECURITY BOND IS 1 OF THE FOLLOWING,
27 WHICHEVER IS HIGHER:

1 (i) AN AMOUNT DETERMINED BY MULTIPLYING THE NUMBER OF STUDENTS
2 ENROLLED IN THE RELIGIOUS COLLEGE BY \$200.00.

3 (ii) THE AMOUNT OF \$5,000.00.

4 (11) AN ECCLESIASTICAL CORPORATION OPERATING A RELIGIOUS
5 COLLEGE THAT IS IN COMPLIANCE WITH THE REQUIREMENTS OF THIS SECTION
6 IS AUTHORIZED TO CONDUCT BUSINESS AS A RELIGIOUS COLLEGE AND OFFER
7 POSTSECONDARY EDUCATIONAL PROGRAMS IN THIS STATE.

8 Enacting section 1. This amendatory act does not take effect
9 unless House Bill No. 6016 of the 93rd Legislature is enacted into
10 law.