

**STATE OF TEXAS**  
**IRREVOCABLE LETTER OF CREDIT OF SCHOOL AUTHORIZED TO**  
**CONFER DEGREES UNDER A CERTIFICATE OF AUTHORITY**

Letter of Credit No. \_\_\_\_\_ Amount \$ \_\_\_\_\_

At the request and for the account of \_\_\_\_\_ (School name, address, city, state, zip)(referenced as “School” or “Institution”) we \_\_\_\_\_(bank name)(“Bank”) hereby establish, effective immediately, this Irrevocable Letter of Credit No. \_\_\_\_\_ (“Letter of Credit”) in favor of the Texas Higher Education Coordinating Board (THECB), in the amount of \$ \_\_\_\_\_.

This Letter of Credit is being issued as the School wishes to confer degrees subject to Texas Administrative Code, Title 19, Part I, Chapter 7, Subchapter A, Rule 7.7 or 7.8, and is required to obtain a Letter of Credit in the sum of \$ \_\_\_\_\_ as required under Texas Administrative Code, Title 19, Part I, Chapter 7, Subchapter A, Rule 7.16 to demonstrate the School is financially sound and capable of fulfilling its commitments to students. The Letter of Credit amount includes THECB administrative costs associated with processing claims.

The School is obligated to pay any bank charges, fees, or other costs required to maintain this Letter of Credit.

This Letter of Credit is required to be held in Travis County, Texas, and is subject to the laws of the State of Texas, which will control in the event of a conflict of laws.

This Letter of Credit shall be subject to the following:

1. The Bank, is required to be a federally insured bank with authority to operate in the State of Texas.
2. The Letter of Credit shall be continuous until a written notification from THECB is received by the Bank.
3. The Bank is liable to honor requests for payment under the Letter of Credit until THECB provides written notification of cancellation.
4. THECB reserves the right, at any time, to terminate this Letter of Credit, except as to any liability already incurred or accrued, by 30 days of written notice of such termination to Bank. Such cancellation shall not limit the responsibility of the Bank for liability incurred or accrued prior to the date of termination.
5. The Bank may cancel this Letter of Credit and be relieved of further liability by giving 60 days written notice to THECB, at 1200 East Anderson Lane, Austin, TX 78752.
6. Drawings honored by the Bank under this Letter of Credit shall not, in the aggregate, exceed the total amount of credit set forth above, or as modified by accepted amendments. Each drawing honored shall reduce the amount set forth. Partial drawings are permitted.
7. For purposes of this Letter of Credit, a Texas student or enrollee is defined as either a student residing in Texas and enrolled in classes at any site of the school above, or a

student residing outside of the State of Texas, but enrolled in classes at the school's Texas site.

8. The amount of the Letter of Credit or other allowable surety instrument submitted to the Board with an application for a Certificate of Authority shall be equal to or greater than the cost of providing a refund, including administrative costs associated with processing claims, for the maximum prepaid, unearned tuition and fees of the school for a period or term during the applicable school year for which programs of instruction are offered, including, but not limited to, on a semester, quarter, monthly, or class basis; except that the period or term of greatest duration and expense shall be utilized for this computation where a school's year consists of one or more such periods or terms.
9. THECB has the authority to determine if any student or enrollee of the Institution or his/her parent or guardian has suffered a loss of tuition or any fees as a result of violation of any minimum standard or as a result of the Institution ceasing operation.
10. Any student or enrollee of the Institution or his/her parent or guardian determined by THECB to have suffered a loss of tuition or any fees as a result of violation of any minimum standard or as a result of the Institution ceasing operation may apply to THECB for reimbursement of the amount of unearned tuition and fees.
11. If THECB determines any student or enrollee of the Institution or his/her parent or guardian has suffered a loss of tuition or any fees as a result of violation of any minimum standard or as a result of the Institution ceasing operation, THECB may require the Bank to reimburse such tuition or fees to the student, enrollee, parent or guardian. The Bank agrees that drafts drawn under and presented with the terms of this document will be duly honored on presentation by THECB to the Bank.
12. The School must provide education services in compliance with Texas Administrative Code, Title 19, Part I, Chapter 7, Subchapter A, Rule 7.16 and any other applicable rules adopted by THECB.

IN WITNESS WHEREOF, SIGNED, SEALED AND DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Bank by:

\_\_\_\_\_  
*Company Name*

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Title (e.g. Attorney-in-Fact)*

\_\_\_\_\_  
*Address*

\_\_\_\_\_  
*City State Zip*

Institution by:

\_\_\_\_\_  
*Name*

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Title*

*Address*

*City*

*State*

*Zip*

**SEND LETTER OF CREDIT TO:  
Texas Higher Education Coordinating Board  
PO Box 12788  
Austin, TX 78711-2788  
Telephone: (512) 427-6101**