



1                                   **State Board of Community Colleges Code**  
2                                   **TITLE 2 – PROPRIETARY SCHOOLS**

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4                                   **CHAPTER A.            PROPRIETARY SCHOOLS**

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6                                   **SUBCHAPTER 100.        DEFINITIONS**

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8    **2A SBCCC 100.1    Definitions**

9    (a) The following definitions apply throughout this Chapter unless the context of a specific rule  
10        indicates otherwise:

11        (1) “Catastrophic loss amount” - the amount of funds required to protect prepaid student tuition  
12                in case of a large-scale event that would draw against the Student Protection Fund. The  
13                amount is one million dollars (\$1,000,000).

14        (2) “Classes or schools” as stated in G.S. 115D-88(4a) - classes or schools, which are offered  
15                by the seller of the equipment or the seller's agent.

16        (3) “Equipment” as stated in G.S. 115D-88 includes software.

17        (4) "Fund cap amount" - the catastrophic loss amount plus a reserve amount. The fund cap  
18                amount is one million five hundred thousand dollars (\$1,500,000).

19        ~~(5) “Proprietary school” — any business school, trade school, technical school, or~~  
20                ~~correspondence school which:~~

21                ~~(A) offers postsecondary education or training for profit or for a tuition charge or offers~~  
22                        ~~classes for the purpose of teaching, for profit or for a tuition charge, any program of~~  
23                        ~~study or teaching one or more of the courses or subjects needed to train and educate an~~  
24                        ~~individual for employment; and~~

25                ~~(B) has any physical presence within the State of North Carolina; and~~

26                ~~(C) is privately owned and operated by an owner, partnership or corporation.~~

27        ~~(6)~~(5)        “Remote sites” - approved instructional environments in the same county that do  
28                not have any administrative staff or administrative functions such as recruiting, accounting  
29                and record keeping taking place.

30        ~~(7)~~(6)        “Reserve amount” - the difference between the catastrophic loss amount and the  
31                fund cap amount. Its purpose is to reduce the possibility of the Student Protection Fund

32 being completely depleted. The reserve amount is five hundred thousand dollars (\$500,000).

33 ~~(8)~~(7) “Sale” - a change in ownership resulting in a new owner having ownership interest  
34 in greater than 50% of the company’s stock or assets. For the purposes of this Chapter, a  
35 sale does not include:

36 (A) a transfer of the entire portion of the owner’s ownership interest and control to a  
37 member of the owner’s family (whether or not the family member works at the school)  
38 that includes parent, stepparent, sibling, step-sibling, spouse, child or stepchild,  
39 grandchild or step-grandchild; spouse’s parent or stepparent, spouse’s sibling or step-  
40 sibling, spouse’s child or stepchild, spouse’s grandchild or step-grandchild; child’s  
41 spouse, and sibling’s spouse; or

42 (B) a transfer of the entire portion of the owner’s ownership interest and control, upon the  
43 retirement or death of the owner, to a person (who is not a family member) with an  
44 ownership interest in the school who has been involved in management of the school  
45 for at least two years preceding the transfer, and who has established and retained the  
46 ownership interest for at least two years prior to the transfer.

47 ~~(9)~~(8) “SBPS” – the abbreviation for State Board of Proprietary Schools.

48 ~~(10)~~(9) “Student Protection Fund” is a statewide fee-supported fund. The Student  
49 Protection Fund is further defined in Subchapter 500 of this Chapter.

50 ~~(11)~~(10) “Users” as stated in G.S. 115D-88(4a) - employees or agents of purchasers.

51  
52 *History Note: Authority G.S. 115D-88; 115D-89; 115D-90; 115D-91; 115D-92; 115D-95.1;*

53 *Eff. September 1, 1993;*

54 *Amended Eff. August 1, 2015; August 1, 2014; July 1, 2010; August 13, 2005;*

55 *December 1, 2004.*