

Iowa College Student Aid Commission

Postsecondary Registration Administrator
430 East Grand Avenue, FL 3
Des Moines, IA 50309-1920
877-272-4456

Statement of Financial Responsibility for Cosmetology Schools 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.

COMPLETED FORMS AND ANY APPLICABLE ATTACHMENTS MAY BE SUBMITTED EITHER IN PAPER OR ELECTRONIC 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. Other documents or materials may also be attached to support the application.

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 before the school begins instruction. Thereafter, the school must renew its financial responsibility filing, at minimum, every two years.

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 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.

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

Rev. 3/14

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

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

Security Option 1 - A copy of 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.
- 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

Generally, this statement must be renewed, at minimum, every 2 years.

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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)

PART B – 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. Generally, a school must renew its exemption application, at minimum, every 2 years.