

136A.828 PROHIBITIONS.

Subdivision 1. **Disclosure required; advertisement restricted.** Private career schools, agents of private career schools, and solicitors may not advertise or represent in writing or orally that the private career school is approved or accredited by the state of Minnesota, except that any private career school, agent, or solicitor may represent in advertisements and shall disclose in catalogues, applications, and enrollment materials that the private career school is duly licensed by the state by prominently displaying the following statement:

"(Name of private career school) is licensed as a private career school with the Minnesota Office of Higher Education pursuant to Minnesota Statutes, sections 136A.821 to 136A.832. Licensure is not an endorsement of the institution. Credits earned at the institution may not transfer to all other institutions."

Subd. 2. **Unlawful designation.** No private career school organized after November 15, 1969, shall apply to itself either as a part of its name or in any other manner the designation of "college" or "university." Operating private career schools now using such designation may continue use thereof.

Subd. 3. **False statements.** A private career school, agent, or solicitor shall not make, or cause to be made, any statement or representation, oral, written or visual, in connection with the offering or publicizing of a program, if the private career school, agent, or solicitor knows or reasonably should have known the statement or representation to be false, fraudulent, deceptive, substantially inaccurate, or misleading.

Subd. 4. **Acceptance of contracts.** No private career school shall accept contracts, enrollment agreements or enrollment applications from an agent or solicitor who does not have a current permit.

Subd. 5. **Improbable program completion or employment.** A private career school, agent, or solicitor shall not enroll a prospective student when it is obvious that the prospective student is unlikely to successfully complete a program or is unlikely to qualify for employment in the vocation or field for which the preparation is designed unless this fact is affirmatively disclosed to the prospective student. If a prospective student expresses a desire to enroll after such disclosure, a disclaimer may be obtained by the private career school. The disclaimer shall be signed by the student and shall state substantially one or both of the following: "I am fully aware that it is unlikely I will be able to successfully complete the program" and "I am fully aware of the improbability or impossibility that I will qualify for employment in the vocation or field for which the program was designed."

Subd. 6. **Financial aid payments.** (a) All private career schools must collect, assess, and distribute funds received from loans or other financial aid as provided in this subdivision.

(b) Student loans or other financial aid funds received from federal, state, or local governments or administered in accordance with federal student financial assistance programs under title IV of the Higher Education Act of 1965, as amended, United States Code, title 20, chapter 28, must be collected and applied as provided by applicable federal, state, or local law or regulation.

(c) Student loans or other financial aid assistance received from a bank, finance or credit card company, or other private lender must be collected or disbursed as provided in paragraphs (d) and (e).

(d) Loans or other financial aid payments for amounts greater than \$3,000 must be disbursed:

(1) in two equal disbursements, if the term length is more than four months. The loan or payment amounts may be disbursed no earlier than the first day the student attends class with the remainder to be disbursed halfway through the term; or

(2) in three equal disbursements, if the term length is more than six months. The loan or payment amounts may be disbursed no earlier than the first day the student attends class, one-third of the way through the term, and two-thirds of the way through the term.

(e) Loans or other financial aid payments for amounts less than \$3,000 may be disbursed as a single disbursement on the first day a student attends class, regardless of term length.

(f) No private career school may enter into a contract or agreement with, or receive any money from, a bank, finance or credit card company, or other private lender, unless the private lender follows the requirements for disbursements provided in paragraphs (d) and (e).

(g) No private career school may withhold an official transcript for arrears or default on any loan made by the private career school to a student if the loan qualifies as an institutional loan under United States Code, title 11, section 523(a)(8)(b).

History: 1969 c 866 s 8; 1973 c 714 s 13-15; 1Sp1985 c 11 s 73; 1986 c 444; 1992 c 513 art 1 s 27; 1995 c 212 art 3 s 59; 1999 c 214 art 3 s 29,30; 2005 c 107 art 2 s 60; art 3 s 15,16; 2007 c 144 art 3 s 28; 2008 c 298 s 23; 2010 c 364 s 23; 2015 c 69 art 2 s 39,46