

**HOUSE BILL NO. 1103**  
**with Senate Amendments**  
**HOUSE BILL NO. 1103**

Sixty-third  
Legislative Assembly  
of North Dakota

Introduced by

Education Committee

(At the request of the Department of Career and Technical Education)

1 A BILL for an Act to create and enact chapter 15-18.1 of the North Dakota Century Code,  
2 relating to authority of the state board of higher education to provide authorizations to operate  
3 postsecondary educational institutions offering instruction at the associate in arts level or higher  
4 and to false academic degrees and accreditation mills; to amend and reenact subsections 1, 4,  
5 7, and 10 of section 15-20.4-01, sections 15-20.4-02 and 15-20.4-02.1, subsections 1, 2, 3, 4,  
6 5, and 8 of section 15-20.4-03, sections 15-20.4-03.1 and 15-20.4-04, subsections 1 and 2 of  
7 section 15-20.4-05, sections 15-20.4-06, 15-20.4-08, 15-20.4-09, and 15-20.4-13, and  
8 subsection 1 of section 15-20.4-14 of the North Dakota Century Code, relating to authority of  
9 the state board for career and technical education to provide authorizations to operate private  
10 postsecondary career schools offering instruction at the level of no higher than the associate of  
11 applied science level; to repeal sections 15-20.4-15, 15-20.4-16, 15-20.4-17, and 15-20.4-18 of  
12 the North Dakota Century Code, relating to false academic degrees and accreditation mills; to  
13 require reports to the legislative management; and to provide a penalty.

14 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

15 **SECTION 1.** Chapter 15-18.1 of the North Dakota Century Code is created and enacted as  
16 follows:

17 **15-18.1-01. Definitions.**

18 As used in this chapter:

- 19 1. "Authorization to operate" or like term means approval of the board to operate or to  
20 contract to operate a postsecondary educational institution in this state.
- 21 2. "Board" means the state board of higher education.
- 22 3. "Education" or "educational services" or like term includes any class, course, or  
23 program of training, instruction, or study.

- 1       4. "Educational credentials" means degrees, diplomas, certificates, transcripts, reports,  
2       documents, or letters of designation, marks, appellations, series of letters, numbers, or  
3       words which signify, purport, or are generally taken to signify enrollment, attendance,  
4       progress, or satisfactory completion of the requirements or prerequisites for education  
5       at a postsecondary educational institution operating in this state.
- 6       5. "Postsecondary educational institution" means an academic, technical, home study,  
7       business, professional or other school, college, or university, or other person,  
8       operating in this state, offering educational credentials or offering instruction or  
9       educational services, primarily to any individual who has completed or terminated  
10      secondary education or who is beyond the age of compulsory high school attendance,  
11      for attainment of educational, or professional objectives at the associate in arts level or  
12      higher.
- 13      6. "To grant" includes awarding, selling, conferring, bestowing, or giving.
- 14      7. "To offer" includes, in addition to its usual meanings, advertising, publicizing, soliciting,  
15      or encouraging any individual, directly or indirectly, in any form, to perform the act  
16      described.
- 17      8. "To operate" an educational institution, or like term, means to establish, keep, or  
18      maintain any facility or location in this state where, from, or through which, education  
19      is offered or given, or educational credentials are offered or granted, and includes  
20      contracting with any person to perform any such act.

21      **15-18.1-02. Exemptions.**

22      The following education and educational schools or institutions are exempted from the  
23      provisions of this chapter:

- 24      1. Education sponsored by a bona fide trade, business, professional, or fraternal  
25      organization, so recognized by the board, solely for that organization's membership, or  
26      offered on a no-fee basis.
- 27      2. Education offered by charitable institutions, organizations, or agencies, so recognized  
28      by the board, provided the education is not advertised or promoted as leading toward  
29      educational credentials.

- 1       3. Postsecondary educational institutions established, operated, and governed by this or
- 2       any other state or its political subdivisions, as determined by the board and any
- 3       educational consortium that includes one or more of the institutions.
- 4       4. Private four-year institutions chartered or incorporated and operating in the state prior
- 5       to July 1, 1977, so long as the institutions retain accreditation by national or regional
- 6       accrediting agencies recognized by the United States office of education.
- 7       5. Schools of nursing regulated under chapter 43-12.1.
- 8       6. Native American colleges operating in this state, established by federally recognized
- 9       Indian tribes.
- 10      7. Postsecondary educational institutions not operating in this state.
- 11      8. Institutions whose only physical presence in this state consists of students enrolled in
- 12      practicums, internships, clinicals, or student teaching in this state.
- 13      9. Postsecondary career schools regulated under chapter 15-20.4.

14       **15-18.1-03. Voluntary application for authorization to operate.**

15       Although a postsecondary educational institution not operating in this state is exempt from  
16 this chapter by section 15-18.1-02, the institution may subject itself to the requirements of this  
17 chapter by applying for and being awarded an authorization to operate by the board. An  
18 authorization to operate, as applied to a postsecondary educational institution not operating in  
19 this state, means approval of the board to offer to students in this state educational services  
20 leading to educational credentials.

21       **15-18.1-04. Board powers and duties.**

22       The board shall:

- 23      1. Establish and require compliance with minimum standards and criteria for
- 24      postsecondary educational institutions under this chapter. The standards and criteria
- 25      must include quality of education, ethical and business practices, health and safety
- 26      and fiscal responsibility, which applicants for authorization to operate shall meet:
  - 27      a. Before such authorization may be issued; and
  - 28      b. To continue such authorization in effect.
- 29      2. Prescribe forms and conditions for, receive, investigate as it may deem necessary, and
- 30      act upon applications for authorization to operate postsecondary educational
- 31      institutions.

- 1       3. Maintain a list of postsecondary educational institutions authorized to operate in this
- 2       state.
- 3       4. Consider entering interstate reciprocity agreements with similar agencies in other
- 4       states.
- 5       5. Receive and maintain a permanent file, copies of academic records specified by the
- 6       board in the event any postsecondary educational institution required to have an
- 7       authorization to operate under this chapter proposes to discontinue its operation.
- 8       6. Adopt policies for the conduct of its work and the implementation of this chapter.
- 9       7. Adopt policies to investigate on its own initiative or in response to any complaint
- 10      lodged with it, any person subject to, or reasonably believed by the board to be subject
- 11      to, the jurisdiction of this chapter. The board may, after hearing, revoke or suspend
- 12      authorizations to operate.
- 13      8. Require fees or bonds from postsecondary educational institutions in such sums and
- 14      under such conditions as it may establish.
- 15      9. Apply fees received under this chapter to implement and manage its duties under this
- 16      chapter.
- 17      10. Take any action necessary to carry out the provisions of this chapter.

18      **15-18.1-05. Minimum standards.**

19      All postsecondary educational institutions must be accredited by national or regional  
20 accrediting agencies recognized by the United States department of education. The board may  
21 additionally require such further evidence and make such further investigation as in its judgment  
22 may be necessary. Any postsecondary educational institution operating in this state seeking its  
23 first authorization to operate may be issued a provisional authorization to operate on an annual  
24 basis until the institution becomes eligible for accreditation by a recognized accrediting agency.  
25 Institutions issued a provisional authorization to operate must demonstrate a substantial  
26 good-faith showing of progress toward such status. Only upon accreditation may an institution  
27 become eligible for a regular authorization to operate.

28      **15-18.1-06. Prohibition - Penalty.**

- 29      1. A person may not:

- 1           a. Operate, in this state, a postsecondary educational institution not exempted from  
2           the provisions of this chapter, unless the institution has a currently valid  
3           authorization to operate issued under this chapter.
- 4           b. Instruct or educate, or offer to instruct or educate, including advertising or  
5           soliciting for such purpose, enroll or offer to enroll, contract or offer to contract  
6           with any person for such purpose, or award any educational credential, or  
7           contract with any institution or party to perform any such act, at a facility or  
8           location in this state unless such person, group, or entity observes and is in  
9           compliance with the minimum standards and criteria established by the board  
10          and the policies adopted by the board.
- 11          c. Use the term "university", "institute", or "college" without authorization to do so  
12          from the board.
- 13          d. Grant, or offer to grant, educational credentials, without authorization to do so  
14          from the board.
- 15          2. A person who violates this section, or who fails or refuses to deposit with the board the  
16          records required by the board under this chapter, is subject to a civil penalty not to  
17          exceed one hundred dollars for each violation. Each day's failure to comply with these  
18          provisions is a separate violation. The fine may be imposed by the board in an  
19          administrative proceeding or by any court of competent jurisdiction.
- 20          3. A person who willfully violates this section, or who willfully fails or refuses to deposit  
21          with the board the records required by the board under this chapter, is guilty of a  
22          class B misdemeanor. The criminal sanctions may be imposed by a court of  
23          competent jurisdiction in an action brought by the attorney general of this state or a  
24          state's attorney pursuant to section 15-18.1-12.

25          **15-18.1-07. Refund of tuition fees.**

26          Postsecondary educational institutions shall refund tuition and other charges, other than a  
27          reasonable application fee, in accordance with the schedule determined by the board.

28          **15-18.1-08. Cancellation of contract for instrument.**

29          A person has the right for any cause to rescind, revoke, or cancel a contract for educational  
30          services at any postsecondary educational institution within seven days after entering the  
31          contract without incurring any tort or contract liability.

1        **15-18.1-09. Remedy of defrauded student - Treble damages.**

2        A person defrauded by an advertisement or circular issued by a postsecondary educational  
3 institution, or by a person who sells textbooks to the institution or to the pupils thereof, may  
4 recover from the institution or person three times the amount paid.

5        **15-18.1-10. Board review.**

6        A person aggrieved by a decision of the board respecting denial or revocation of an  
7 authorization to operate, or the placing of conditions thereon, whether on initial application or on  
8 application for renewal may appeal to the board in the manner provided by the board.

9        **15-18.1-11. Jurisdiction of courts - Service of process.**

10       A postsecondary educational institution not exempt from this chapter, which has a place of  
11 business in this state, and which instructs or educates, or offers to instruct or educate, enrolls or  
12 offers to enroll, or contracts or offers to contract, to provide instructional or educational services  
13 in this state, whether the instruction or services are provided in person or by correspondence, to  
14 a resident of this state, or which offers to award or awards educational credentials to a resident  
15 of this state, submits the institution, and if an individual, the individual's personal representative,  
16 to the jurisdiction of the courts of this state, concerning any claim for relief arising therefrom,  
17 and for the purpose of enforcement of this chapter by injunction pursuant to section 15-18.1-12.  
18 Service of process upon the institution subject to the jurisdiction of the courts of this state may  
19 be made by personally serving the summons upon the defendant within or outside this state, in  
20 the manner prescribed by the North Dakota Rules of Civil Procedure, with the same force and  
21 effect as if the summons had been personally served within this state.

22       **15-18.1-12. Enforcement - Injunction.**

- 23       1. The attorney general of this state, or the state's attorney of any county in which a  
24 postsecondary educational institution is found, at the request of the board or on the  
25 attorney general's own motion, may bring any appropriate action or proceeding,  
26 including injunctive proceedings or criminal proceedings, in any court of competent  
27 jurisdiction for the enforcement of the provisions of this chapter.
- 28       2. Whenever it appears to the board that a person is about to, or has been violating any  
29 of the provisions of this chapter or any policies or orders of the board, the board may,  
30 on its own motion or on the written complaint of any individual, file a petition for  
31 injunction in the name of the board in any court in this state against a person, for the

1 purpose of enjoining such violation or for an order directing compliance with this  
2 chapter, and any policies or orders issued by the board. It is not necessary that the  
3 board allege or prove that it has no adequate remedy at law. The right of injunction  
4 provided in this section is in addition to any other legal remedy which the board has,  
5 and is in addition to any right of criminal prosecution provided by law; provided,  
6 however, the board may not obtain a temporary restraining order without notice to the  
7 person affected.

8 **15-18.1-13. Unlawful to issue, manufacture, or use false academic degrees - Penalty.**

- 9 1. It is unlawful for a person to knowingly advertise to sell, issue, or manufacture a false  
10 academic degree. A person that violates this subsection is guilty of a class C felony.  
11 This subsection does not apply to a newspaper, television or radio station, or other  
12 commercial medium that is not the source of the advertisement.
- 13 2. a. It is unlawful for an individual to knowingly use or claim to have a false academic  
14 degree:  
15 (1) To obtain employment;  
16 (2) To obtain a promotion or higher compensation in employment;  
17 (3) To obtain admission to an institution of higher learning; or  
18 (4) In connection with any business, trade, profession, or occupation.
- 19 b. An individual who violates this subsection is guilty of a class A misdemeanor.
- 20 3. As used in this section, "false academic degree" means a document such as a degree  
21 or certification of completion of a degree, coursework, or degree credit, including a  
22 transcript, that provides evidence or demonstrates completion of a course of  
23 instruction or coursework that results in the attainment of a rank or level of associate  
24 or higher which is issued by a person that is not a duly authorized institution of higher  
25 learning.
- 26 4. As used in this section, "duly authorized institution of higher learning" means an  
27 institution that:  
28 a. Has accreditation recognized by the United States secretary of education or has  
29 the foreign equivalent of such accreditation;  
30 b. Has an authorization to operate under this chapter or under chapter 15-20.4;

- 1           c. Operates in this state, and is exempt from this chapter under section 15-18.1-02  
2           or is exempt from chapter 15-20.4 under section 15-20.4-02;  
3           d. Does not operate in this state and is:  
4           (1) Licensed by the appropriate state agency; and  
5           (2) An active applicant for accreditation by an accrediting body recognized by  
6           the United States secretary of education; or  
7           e. Has been found by the state board of higher education or the state board for  
8           career and technical education to meet standards of academic quality  
9           comparable to those of an institution located in the United States that has  
10           accreditation recognized by the United States secretary of education to offer  
11           degrees of the type and level claimed.

12           **15-18.1-14. Unlawful to use degree or certificate when coursework not completed -**  
13           **Penalty.**

- 14           1. An individual may not knowingly use a degree, certificate, diploma, transcript, or other  
15           document purporting to indicate that the individual has completed an organized  
16           program of study or completed courses when the individual has not completed the  
17           organized program of study or the courses as indicated on the degree, certificate,  
18           diploma, transcript, or document:  
19           a. To obtain employment;  
20           b. To obtain a promotion or higher compensation in employment;  
21           c. To obtain admission to an institution of higher learning; or  
22           d. In connection with any business, trade, profession, or occupation.  
23           2. An individual who violates this section is guilty of a class A misdemeanor.

24           **15-18.1-15. Consumer protection - False academic degrees.**

25           The North Dakota university system, in collaboration with the state board for career and  
26           technical education, shall provide via internet websites, information to protect students,  
27           businesses, and others from persons that issue, manufacture, or use false academic degrees.

28           **15-18.1-16. Unlawful to operate accreditation mill - Penalty.**

- 29           1. A person may not operate an accreditation mill in North Dakota.  
30           2. As used in this section:



1           a. "Accreditation mill" means an accrediting entity that is not recognized by the  
2                    United States department of education, the state board of higher education, or  
3                    the state board for career and technical education.

4           b. "Operate" includes to use an address, telephone number, facsimile number, or  
5                    other contact point located in North Dakota.

6           3. A person that violates this section is guilty of a class C felony.

7           **SECTION 2. AMENDMENT.** Subsections 1, 4, 7, and 10 of section 15-20.4-01 of the North  
8 Dakota Century Code are amended and reenacted as follows:

9           1. "Authorization to operate" or like term means approval of the board to operate or to  
10                   contract to operate a private postsecondary educational institutioncareer school in this  
11                   state.

12           4. "Educational credentials" means degrees, diplomas, certificates, transcripts, reports,  
13                   documents, or letters of designation, marks, appellations, series of letters, numbers, or  
14                   words which signify, purport, or are generally taken to signify enrollment, attendance,  
15                   progress, or satisfactory completion of the requirements or prerequisites for education  
16                   at a postsecondary educational institutioncareer school operating in this state.

17           7. "Postsecondary educational institutioncareer school" includes an academiemeans a  
18                   private, vocational, technical, home study, business, professional, or other private  
19                   school; or college, or university, or other private organization or person, operating in  
20                   this state, offering educational credentials, or offering instruction or educational  
21                   services (, primarily to persons who have completed or terminated their secondary  
22                   education or who are beyond the age of compulsory high school attendance), for  
23                   attainment of educational, professional, or vocational objectives at a level no higher  
24                   than the associate of applied science level.

25           10. "To operate" an educational institutiona career school, or like term, means to establish,  
26                   keep, or maintain any facility or location in this state where, from, or through which,  
27                   education is offered or given, or educational credentials are offered or granted, and  
28                   includes contracting with any person, group, or entity to perform any such act.

29           **SECTION 3. AMENDMENT.** Section 15-20.4-02 of the North Dakota Century Code is  
30 amended and reenacted as follows:

1       **15-20.4-02. Exemptions.**

2       The following education and educational schools or institutions are exempted from the  
3 provisions of this chapter:

- 4       1. ~~Institutions~~Schools or institutions exclusively offering instruction at any or all levels  
5       from preschool through the twelfth grade.
- 6       2. Education sponsored by a bona fide trade, business, professional, or fraternal  
7       organization, so recognized by the board, solely for that organization's membership, or  
8       offered on a no-fee basis.
- 9       3. Education solely avocational or recreational in nature, as determined by the board,  
10       and schools or institutions offering such education exclusively.
- 11       4. Certain education provided through short-term programs as determined by the board.
- 12       5. Education offered by charitable schools or institutions, organizations, or agencies, so  
13       recognized by the board, provided the education is not advertised or promoted as  
14       leading toward educational credentials.
- 15       6. ~~Postsecondary educational institutions established, operated, and governed by this or~~  
16       ~~any other state or its political subdivisions, as determined by the board and any~~  
17       ~~educational consortium that includes one or more of the institutions.~~
- 18       7. ~~Private four-year institutions chartered or incorporated and operating in the state prior~~  
19       ~~to July 1, 1977, so long as the institutions retain accreditation by national or regional~~  
20       ~~accrediting agencies recognized by the United States office of education.~~
- 21       8. Schools of barbering regulated under chapter 43-04.
- 22       9.7. Schools of cosmetology regulated under chapter 43-11.
- 23       10. ~~Schools of nursing regulated under chapter 43-12.1.~~
- 24       11.8. Native American colleges operating in this state, established by federally recognized  
25       Indian tribes.
- 26       12.9. ~~Postsecondary educational institutions~~career schools not operating in this state.
- 27       13.10. ~~Institutions~~Postsecondary career schools whose only physical presence in this state  
28       consists of students enrolled in practicums; or internships; ~~clinicals, or student~~  
29       teaching in this state.
- 30       11. Postsecondary educational institutions regulated under chapter 15-18.1.

1       **SECTION 4. AMENDMENT.** Section 15-20.4-02.1 of the North Dakota Century Code is  
2 amended and reenacted as follows:

3       **15-20.4-02.1. Voluntary application for authorization to operate.**

4       Although a postsecondary ~~educational institution~~career school not operating in this state is  
5 exempt from this chapter by section 15-20.4-02, the ~~institutions~~school may subject itself to the  
6 requirements of this chapter by applying for and being awarded an authorization to operate by  
7 the board. An authorization to operate, as applied to a postsecondary ~~educational-~~  
8 ~~institution~~career school not operating in this state, means approval of the board to offer to  
9 students in this state educational services leading to educational credentials.

10       **SECTION 5. AMENDMENT.** Subsections 1, 2, 3, 4, 5, and 8 of section 15-20.4-03 of the  
11 North Dakota Century Code are amended and reenacted as follows:

12       1. Establish and require compliance with minimum standards and criteria for  
13 postsecondary ~~educational institutions~~career schools under this chapter. The  
14 standards and criteria must include quality of education, ethical and business  
15 practices, health and safety and fiscal responsibility, which applicants for authorization  
16 to operate shall meet:

17       a. Before such authorization may be issued; and

18       b. To continue such authorization in effect.

19       The criteria and standards developed will effectuate the purposes of this chapter, but  
20 will not unreasonably hinder legitimate educational innovation.

21       2. Prescribe forms and conditions for, receive, investigate as it may deem necessary, and  
22 act upon applications for authorization to operate postsecondary ~~educational-~~  
23 ~~institutions. Authorization to operate an academic or professional postsecondary-~~  
24 ~~educational institution offering educational credentials may be issued only upon-~~  
25 ~~approval of the executive officer and the commissioner of the state board of higher-~~  
26 ~~education or the commissioner's designee~~career schools.

27       3. Maintain a list of postsecondary ~~educational institutions~~career schools authorized to  
28 operate in this state under the provisions of this chapter. The list must be available for  
29 the information of the public.

30       4. Negotiate and enter into interstate reciprocity agreements with similar agencies in  
31 other states, if in the judgment of the board such agreements are or will be helpful in

1 effectuating the purposes of this chapter; provided, however, that nothing contained in  
2 any such reciprocity agreement may be construed as limiting the board's powers,  
3 duties, and responsibilities with respect to independently investigating or acting upon  
4 any application for authorization to operate, or any application for renewal of such  
5 authorization to operate, a postsecondary ~~educational institution~~career school, or with  
6 respect to the enforcement of any provision of this chapter, or any of the rules or  
7 regulations promulgated hereunder.

8 5. Receive and cause to be maintained as a permanent file, copies of academic records  
9 specified by the board in the event any postsecondary ~~educational institution~~career  
10 school required to have an authorization to operate under this chapter proposes to  
11 discontinue its operation.

12 8. Require fees and bonds from postsecondary ~~educational institutions~~career schools in  
13 such sums and under such conditions as it may establish; provided, that fees  
14 established may not exceed the reasonable cost of the service being provided.

15 **SECTION 6. AMENDMENT.** Section 15-20.4-03.1 of the North Dakota Century Code is  
16 amended and reenacted as follows:

17 **15-20.4-03.1. ~~Authorization~~Career school fee fund.**

18 There is created ~~an authorization~~ a career school fee fund into which fees provided to the  
19 board upon application for authorization to operate a postsecondary ~~educational-~~  
20 ~~institution~~career school under section 15-20.4-03 must be deposited. The fund and interest  
21 earned on the fund may be spent by the board pursuant to legislative appropriation exclusively  
22 to carry out the intent and purpose of this chapter. This fund is not subject to section 54-44.1-11.

23 **SECTION 7. AMENDMENT.** Section 15-20.4-04 of the North Dakota Century Code is  
24 amended and reenacted as follows:

25 **15-20.4-04. Minimum standards - Exceptions.**

26 1. All postsecondary ~~educational institutions~~career schools must be accredited by  
27 national or regional accrediting agencies recognized by the United States department  
28 of education. The board may additionally require such further evidence and make such  
29 further investigation as in its judgment may be necessary. Any postsecondary  
30 ~~educational institution~~career school operating in this state seeking its first authorization  
31 to operate may be issued a provisional authorization to operate on an annual basis

1           until the ~~institution~~school becomes eligible for accreditation by a recognized  
2           accrediting agency. ~~Institutions~~Schools issued a provisional authorization to operate  
3           must demonstrate a substantial good-faith showing of progress toward such status.  
4           Only upon accreditation shall an ~~institution~~a school become eligible for a regular  
5           authorization to operate.

6           2. This section does not apply to postsecondary ~~educational institutions~~career schools  
7           operating in this state that do not grant degrees and that offer mainly hands-on training  
8           in low census occupations, as determined by the board. "Degree" as used in this  
9           subsection means a document that provides evidence or demonstrates completion of  
10          a course of instruction that results in the attainment of a rank or level of associate or  
11          higher.

12          **SECTION 8. AMENDMENT.** Subsections 1 and 2 of section 15-20.4-05 of the North Dakota  
13 Century Code are amended and reenacted as follows:

14          1. Operate, in this state, a postsecondary ~~educational institution~~career school not  
15          exempted from the provisions of this chapter, unless said ~~institution~~school has a  
16          currently valid authorization to operate issued pursuant to the provisions of this  
17          chapter.  
18          2. Instruct or educate, or offer to instruct or educate, including advertising or soliciting for  
19          such purpose, enroll or offer to enroll, contract or offer to contract with any person for  
20          such purpose, or award any educational credential, or contract with any  
21          ~~institution~~school or party to perform any such act, at a facility or location in this state  
22          unless such person, group, or entity observes and is in compliance with the minimum  
23          standards and criteria established by the board pursuant to subsection 1 of section  
24          15-20.4-03, and the rules and regulations adopted by the board pursuant to  
25          subsection 6 of section 15-20.4-03.

26          **SECTION 9. AMENDMENT.** Section 15-20.4-06 of the North Dakota Century Code is  
27 amended and reenacted as follows:

28          **15-20.4-06. Refund of tuition fees.**

29          1. Postsecondary ~~educational institutions~~career schools shall refund tuition and other  
30          charges, other than a reasonable application fee, when written notice of cancellation is  
31          given by the student in accordance with the following schedule:

- 1           a. When notice is received prior to, or within seven days after completion of the first  
2           day of instruction, or after receipt of the first correspondence lesson by the  
3           ~~institution~~school, all tuition and other charges must be refunded to the student.
- 4           b. When notice is received prior to, or within thirty days after completion of the first  
5           day of instruction, or prior to the completion of one-fourth of the educational  
6           services, all tuition and other charges except twenty-five percent thereof must be  
7           refunded to the student.
- 8           c. When notice is received upon or after completion of one-fourth of the educational  
9           services, but prior to the completion of one-half of the educational services, all  
10          tuition and other charges except fifty percent thereof must be refunded to the  
11          student.
- 12          d. When notice is received upon or after the completion of fifty percent of the  
13          educational services, no tuition or other charges may be refunded to the student.
- 14          2. The provisions of this section do not prejudice the right of any student to recovery in  
15          an action against any postsecondary ~~educational institution~~career school for breach of  
16          contract or fraud.
- 17          3. A postsecondary ~~educational institution~~career school may implement a refund  
18          schedule that deviates from subsection 1 if the proposed refund schedule is more  
19          favorable to the student than the schedule described in subsection 1.

20          **SECTION 10. AMENDMENT.** Section 15-20.4-08 of the North Dakota Century Code is  
21          amended and reenacted as follows:

22          **15-20.4-08. Cancellation of contract for instrument.**

23          Any person has the right for any cause to rescind, revoke, or cancel a contract for  
24          educational services at any postsecondary ~~educational institution~~career school within seven  
25          days after entering into such contract without incurring any tort or contract liability. In such  
26          event, the postsecondary ~~educational institution~~career school may retain the amount of tuition  
27          and other charges as set forth in subsection 1 of section 15-20.4-06.

28          **SECTION 11. AMENDMENT.** Section 15-20.4-09 of the North Dakota Century Code is  
29          amended and reenacted as follows:

1           **15-20.4-09. Remedy of defrauded student - Treble damages.**

2           Any person defrauded by any advertisement or circular issued by a postsecondary  
3 educational institution career school, or by any person who sells textbooks to the  
4 institutions school or to the pupils thereof, may recover from such institutions school or person  
5 three times the amount paid.

6           **SECTION 12. AMENDMENT.** Section 15-20.4-13 of the North Dakota Century Code is  
7 amended and reenacted as follows:

8           **15-20.4-13. Jurisdiction of courts - Service of process.**

9           Any postsecondary educational institution career school not exempt from this chapter, which  
10 has a place of business in this state, and which instructs or educates, or offers to instruct or  
11 educate, enrolls or offers to enroll, or contracts or offers to contract, to provide instructional or  
12 educational services in this state, whether such instruction or services are provided in person or  
13 by correspondence, to a resident of this state, or which offers to award or awards any  
14 educational credentials to a resident of this state, submits such institutions school, and if a natural  
15 person, the person's personal representative, to the jurisdiction of the courts of this state,  
16 concerning any claim for relief arising therefrom, and for the purpose of enforcement of this  
17 chapter by injunction pursuant to section 15-20.4-14. Service of process upon any such  
18 institutions school subject to the jurisdiction of the courts of this state may be made by personally  
19 serving the summons upon the defendant within or outside this state, in the manner prescribed  
20 by the North Dakota Rules of Civil Procedure, with the same force and effect as if the summons  
21 had been personally served within this state. Nothing contained in this section limits or affects  
22 the right to serve any process as prescribed by the North Dakota Rules of Civil Procedure.

23           **SECTION 13. AMENDMENT.** Subsection 1 of section 15-20.4-14 of the North Dakota  
24 Century Code is amended and reenacted as follows:

25           1. The attorney general of this state, or the state's attorney of any county in which a  
26 postsecondary educational institution career school is found, at the request of the  
27 board or on the attorney general's own motion, may bring any appropriate action or  
28 proceeding {, including injunctive proceedings, or criminal proceedings pursuant to  
29 section 15-20.4-12}, in any court of competent jurisdiction for the enforcement of the  
30 provisions of this chapter.

1       **SECTION 14. REPEAL.** Sections 15-20.4-15, 15-20.4-16, 15-20.4-17, and 15-20.4-18 of  
2 the North Dakota Century Code are repealed.

3       **SECTION 15. REPORTS TO LEGISLATIVE MANAGEMENT.** During the 2013-14 interim,  
4 the state board of higher education shall provide periodic reports to an interim committee  
5 designated by the legislative management which provide status updates on the progress of the  
6 board in implementing and administering the provisions of section 1 of this Act.