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Commonwealth of Massachusetts
Division of Professional Licensure
Office of Private Occupational School Education
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BARBARA ANTHONY
UNDERSECRETARY OF OFFICE
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MARK R. KMETZ
DIRECTOR, DIVISION OF
PROFESSIONAL LICENSURE

Memorandum of Instruction
Certificates of Deposit

TO: Commonwealth of Massachusetts Banking Institution
FROM: Office of Private School Education
RE: Certificate of Deposit (CD)

The instructions below are being provided to you by an entity that is either licensed or is applying for licensure as a private occupational school within the Commonwealth of Massachusetts. The entity is in the process of establishing a certificate of deposit to satisfy the indemnification requirement of M.G.L. c. 112 § 263(g).

In order for the CD to be approved by the Division of Professional Licensure, the CD must meet the following criteria:

- 1) Be issued by a financial institution authorized by the Massachusetts Commission of Banking to operate a banking business within the Commonwealth (M.G.L. c.140E, § 1 and c. 167, § 1).
- 2) Be in the amount designated by the Office of the State Auditor (OSA). Said amount shall be amended as determined by the OSA, which may occur annually.
- 3) The funds must be in the school's name, but "held in trust for the benefit of students of [name of school]."
- 4) Use the school's taxpayer identification number for tax reporting purposes. The school may receive proceeds of interest from the CD with written approval from the Director of the Division of Professional Licensure or his/her designee.
- 5) Have a minimum term of one year.
- 6) The Director of the Division of Professional Licensure or his/her designee must be the **only** signatory on the account. The signature card for the account should be forwarded to the Division of Professional Licensure, which will obtain the appropriate signature and return the card to the financial institution. No funds may be disbursed from this account without the signature of the Director or his/her designee.
Please note that the Director of the Division of Professional Licensure or his/her designee will be signing as an agent for a state agency. Please note that state agencies are exempt from the Customer Identification Programs that Congress enacted under 31 C.F.R. §. 103.121; therefore, banks are exempt from collecting the Director's personal information under 31 C.F.R. s. 103.22(d)(2)(ii).
- 7) The Division must receive confirmation of the account, the amount, and the beneficiary from the financial institution in the form of a bank statement or passbook. Additionally, the Division must be copied on notices from the financial institution of the impending expiration or of the expiration of said account.

If you have any questions, or would like the Division to review the language drafted for the CD prior to execution, please feel free to contact the Division. Please note that all correspondence regarding this CD must be directed to:

MASSACHUSETTS DIVISION OF PROFESSIONAL LICENSURE
Office of Private Occupational School Education
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