

Change of Control, Structure or Organization

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Introduction

HLC policy defines various types of substantive change an institution may undergo that require HLC notification or prior HLC approval. Certain proposals that change, or have the potential to change, the governance of an institution or its fundamental structure or organization constitute a Change of Control, Structure or Organization, which is a type of substantive change.

Institutions contemplating a Change of Control, Structure or Organization should contact HLC as early in the process as possible. Candid and timely communication between HLC and an institution helps facilitate the review process.

Policy Background

Institutions should review the complete suite of Change of Control policies:

- [Change of Control, Structure or Organization \(INST.G.20.010\)](#)
- [Processes for Seeking Approval of Change of Control, Structure or Organization \(INST.G.20.020\)](#)
- [Monitoring Related to Change of Control, Structure or Organization \(INST.G.20.030\)](#)
- [Accredited Change of Control Status \(INST.G.20.040\)](#)

HLC's definition of a Change of Control, Structure or Organization includes and extends beyond change of ownership transactions as defined in federal regulation (see [34 C.F.R. § 600.31\(b\)](#)). As a result, per HLC's Glossary, the term "Change of Control" more broadly refers to any proposed change to which these policies apply.

Responsibility for Reviewing HLC Policies

HLC amends and publishes policies multiple times a year. Institutions are responsible for reviewing these and related policies on HLC's website. Each policy contains cross-references to other related policies for which institutions are also responsible for reviewing.

Policies in effect on the date of Board action govern that action. Institutions with Change of Control applications being reviewed by the Board are responsible for providing any required additional information, whether by supplementing their applications or as part of their institutional responses, to ensure they are responsive to policies in effect on the date of Board action.

Changes That Constitute a Change of Control

Institutions should review [Change of Control, Structure or Organization \(INST.G.20.010\)](#) for a list of potential changes to which these policies apply.

In addition to those items enumerated in the policy, a Change of Control may also be triggered by other types of changes, including, but not limited to, any of the following:

1. If an institution forms a relationship with an entity that has no corporate or financial relationship with the institution to perform certain services;
2. If an institution works with other related accredited institutions to pool or consolidate services into another related entity that may be another corporation or may be a division of one of the institutions;
3. If an institution has a parent or affiliated corporation that provides various services to the institution, or if an institution intends to purchase or merge with another accredited institution that has an existing relationship with a parent or affiliated corporation, and the relationship with the parent or affiliated entity is to be maintained after the purchase through a shared services relationship with the former parent or affiliated corporation; or
4. If an institution forms a new related or separate corporation into which the institution transfers some of its existing operations and/or services and this new corporation would then provide services to the accredited institution; or if an institution may transfer assets related to academics and student services into the new related or separate corporation, and the institution is expected to become the services corporation (which may also be authorized to sell its services to other institutions with which it had no previous relationship).

Notification and Approval Requirements

Institutions contemplating a Change of Control should consult with their HLC staff liaison to confirm whether notification or approval is required.

Approval of Change of Control

Approval of any proposed Change of Control is at the sole discretion of the Board of Trustees and represents HLC's willingness to continue the accreditation of an institution following completion of a proposed change.

When prior HLC approval is required, an institution must file an application that includes an institutional statement that addresses all elements articulated in **Materials for Application** on page 7 and includes any legal, financial or regulatory documentation applicable to the proposed Change of Control.

Peer reviewers, with the support of HLC, provide the Board of Trustees a report, called a Change of Control report, that analyzes the evidence provided by the institution in its application and evaluates whether the application meets the Key Factors for approval, enumerated in [Processes for Seeking Approval of Change of Control, Structure or Organization \(INST.G.20.020\)](#).

The Board will determine whether the application meets the Key Factors prior to taking action. The Board may approve, deny or defer action on any application. If the Board seeks to deny an application based on any reason other than a Not Met finding related to a Key Factor that was previously identified in the Change of Control Report, prior notice and an opportunity for an institutional response will be provided in accordance with HLC policy. Action to deny or defer any Change of Control application does not constitute an adverse action and cannot be appealed. Absent separate evidence of current noncompliance with HLC requirements, an institution's accreditation status with HLC remains unchanged if its Change of Control application is denied.

Notification of Change of Control

As with any type of substantive change, there are certain circumstances in which only notification to HLC is required. When notification is required, it should be made in advance of consummating any such Change of Control.

Any notification to HLC must also comply with procedures described in the Process Overview.

Institutional Eligibility

Only institutions that are currently accredited by HLC are eligible to apply for a Change of Control. Institutions in candidate status may need to file a new Eligibility Filing and seek a new candidacy status if they undergo a Change of Control. Applying institutions are strongly encouraged to complete any such changes prior to submitting an Eligibility Filing or, for the Accelerated Process for Initial Accreditation, prior to beginning the Preliminary Peer Review Process.

An institution's standing with other recognized accreditors, whether the institution is an HLC member institution or the institution is one seeking to be acquired (including through subsequent merger or consolidation) by an HLC member institution, may impact the HLC member institution's eligibility to apply for a Change of Control as set forth in HLC policy. HLC also will take into account any sanctions or loss of accreditation by specialized or professional accreditors in considering a proposed Change of Control.

Process Overview

HLC's procedure related to Change of Control allows HLC to conduct a prompt and thorough review of an application. Because of the breadth of scenarios subject to the policy, as well as the uniqueness of every application, timely and accurate information from the institution(s) is needed to facilitate a review for Change of Control. Institutions are encouraged to consult with their HLC staff liaison, review HLC's policies and adhere to these procedural steps.

HLC does not provide submission deadlines for applications. Rather, HLC works with institutions seeking a Change of Control to facilitate the review and accept applications on a rolling basis. The review timeline, generally ranging from four to six months, depends on the exact change proposed by the institution(s), and will generally follow these steps:

Step 1: Initial Interaction Submission

An accredited institution should promptly notify HLC when it is considering any change that is subject to review and approval under the Change of Control policy once the prospect is reasonably certain. HLC defines such a notification as an Initial Interaction Submission, and it should include:

- Preliminary, foundational documents related to a proposed change, such as a Letter of Intent, Memorandum of Understanding, draft Asset Purchase Agreement (if applicable), etc.

- A brief narrative from the institution(s) describing the proposed change and its impetus.
- Relevant supporting materials, such as a broad overview of applicable corporate change(s), organizational charts, and the planned timeline for effecting the change.

An Initial Interaction Submission should be provided to HLC electronically via hlcommission.org/upload. Select “Change of Control, Structure or Organization” from the list of submission options. Please note that providing documents directly to the institution’s HLC staff liaison is not sufficient to initiate the Change of Control process.

Step 2: Initial Interaction Meeting

Upon receipt of the Initial Interaction Submission, HLC will review the materials to determine the proposed change as it relates to HLC policies. As part of this step, the institution’s HLC staff liaison and members of HLC’s Legal and Regulatory Affairs will typically schedule a video conference call or, in limited circumstances, an in-person meeting with representatives of the institution(s). HLC defines this as the Initial Interaction Meeting. In some instances, HLC may waive the requirement for an Initial Interaction Meeting.

The Initial Interaction Meeting provides a formal opportunity for HLC, after having reviewed the Initial Interaction Submission, to learn more about the parties’ intentions, including the status of any negotiations, the parties’ communications with other agencies, and the parties’ planned steps for implementation.

The Initial Interaction Submission and Initial Interaction Meeting allow HLC to provide the institution(s) with an initial assessment of the applicability of HLC policies, including what form of review will apply based on the expected complexity of the proposed change.

Following the Initial Interaction Meeting, HLC will provide the institution(s) with a letter that sets forth HLC’s initial assessment of the level of review and the timeline for review based upon receipt of the institution’s application for Change of Control, and an initial estimate as to when the Board of Trustees may consider the application.

Step 3: Application Submission

The institution prepares and submits a Change of Control application, the purpose of which is to demonstrate that the HLC Board of Trustees should continue the accreditation of the institution after the proposed change takes place. The application explains the proposed Change of Control and any potential impact on the institution, including its ability to continue meeting HLC requirements following completion of the Change of Control. The narrative in the application is supported by any information that is pertinent to understand the legal, financial and state regulatory underpinnings of the proposed change.

Detailed instructions on what should be included in the application are provided under Materials for Application on page 7.



Note: HLC reserves the right to schedule an Initial Interaction Meeting with an institution that skips Step 1 by directly submitting an application. In the case that an institution bypasses Step 1 by direct submission of an application, HLC may treat the application as both the Initial Interaction Submission and the application for Change of Control, and will provide an assessment of the level of review and timeline for review after conducting an initial review of the application and any Initial Interaction Meeting.

The application must address the Key Factors for approval as detailed in HLC policy. The applying institution and any other parties expected to be involved in a proposed Change of Control should work together to provide information that describes the institution after the Change of Control occurs. (For example, the projections for enrollment or the business plan should be provided by the entity acquiring the institution or should be reviewed and endorsed by that entity.) Significant changes to information provided to HLC in the course of the review could result in a delay of Board action.

As part of addressing the Key Factors, information regarding compliance with HLC’s Eligibility Requirements and Criteria for Accreditation must address an institution’s compliance after the transaction, not its compliance at the time of the application or its last comprehensive evaluation.

The application must be submitted in accordance with HLC guidelines and requirements, must be thorough, and must contain all documents necessary to explain the proposed Change of Control and the expected effect on the accredited institution. The list of sample materials provided on page 7 is neither a universal nor exhaustive list of materials. The institution may need to submit information not listed to establish that the Change of Control application meets the Key Factors. In other cases, not all materials may be applicable.

Submissions that do not conform to these guidelines may be rejected and the institution will be required to resubmit its application. No application will proceed for HLC review unless it contains executable versions of the definitive document(s) necessary to consummate the transaction.

Submission of an application for Change of Control does not dictate the timeline for review. HLC will not initiate the review process for any Change of Control until it determines that the application is complete. HLC reserves the authority to reassess its determination of the level of complexity and/or timeline of a review based on the application.

Step 4: Review of the Application, Change of Control Evaluation

An application for Change of Control requiring Board approval also requires additional review known as a Change of Control Evaluation. A Change of Control Evaluation can take the following forms:

- A two- to three-day campus visit by a team led by peer reviewers (Change of Control Visit).
- A review of the application by a panel consisting of peer reviewers (Change of Control Panel).

All Change of Control Evaluations include consultation with and support from HLC and may include external experts (such as transactional attorneys or corporate finance experts). All Change of Control Evaluations result in the issuance of a Change of Control Report.

Peer reviewers may request additional information to better assess the projected impact of the change. All institutional materials must be submitted to HLC electronically via hlcommission.org/upload. Materials must not be emailed or mailed.

Importantly, HLC's review of a Change of Control application is not intended to replicate or re-examine any institution's (or other party's) due diligence, or to confirm the wisdom of pursuing a particular Change

of Control. The onus is on the applying institution to exercise judgment in determining what information is germane to HLC's role as an institutional accreditor evaluating the impact of the Change of Control on the institution's ability to continue to be accredited following the change.

Step 5: Change of Control Report

A Change of Control Report is prepared by the peer reviewers. The report provides an assessment of whether the proposed Change of Control meets the Key Factors and advises the Board as to any potential concerns that appear likely to arise following the Change of Control.

Step 6: Institutional Response (and Supplement to Change of Control Application, if applicable)

The institution will receive the final Change of Control Report and have 14 days to respond. In its response, the institution should address any concerns raised in the report as well as provide any corrections of errors of fact. The response will be provided to the Board with the application and Change of Control Report. Any institutional response is due no later than eight weeks in advance of the Board meeting.

The institution must supplement its Change of Control application if new information material to the Board's consideration and underlying change is available. Any such supplement is due no later than four weeks in advance of the Board meeting. As noted elsewhere in this procedure, material changes to an application for Change of Control during the review process may impact the timing of Board review.

Step 7: Board Decision

The Board will consider the Key Factors articulated in policy in determining whether to approve an application for Change of Control. If the Board determines that the application does not meet one or more of the Key Factors, the Board will not approve the application.

The Board has several options:

- Approve the proposed Change of Control with or without conditions, such as limitations on new educational programs, student enrollment growth, development of new campuses or additional locations (no condition would alter an institution's accreditation status).

- Defer consideration of the proposed Change of Control until the next scheduled Board meeting pending receipt of additional information or action by a third party.
- Require additional review through the Eligibility Process or a Change of Control Evaluation regarding whether the proposed Change of Control constitutes the creation of a new institution that bypasses ordinary processes for seeking accreditation.
- Deny the proposed Change of Control.

Following the Board decision, HLC will send an action letter to the institution. Information about the action will also be provided to other entities and the public in accordance with HLC policy.

As required by HLC policy, any denial of a proposed Change of Control will result in a Public Disclosure Notice being posted on HLC's website. HLC may also, at its discretion, post a Public Statement on its website regarding the approval of a Change of Control.

The next steps for the institution depend on the action taken by the Board:

- In the event of approval or approval with conditions: See Steps 8 and 9.
- In the event of additional review through the Eligibility Process or a Change of Control Evaluation: The Board will set forth the purpose and timeline for this review, and the results of the additional review will be available to and considered by the Board at a subsequent meeting.
- In the event of deferral: The Board will outline the specific information it requires and will set a timeline for the submission of that information and the Board's subsequent review of the Change of Control.
- In the event of denial: A Board action denying an application for Change of Control represents a refusal to continue the accreditation of the institution if the Change of Control is consummated. Denial of a Change of Control is not an adverse action and is therefore not subject to appeal. An institution denied a Change of Control may resubmit its request for approval no earlier than six months from the date of the Board's denial. This submission is a new request, subject to the same processes and fees as the previous review. HLC will provide a timetable for consideration of the new application at the time of submission, unless the six-month waiting period is explicitly waived by the Board.

Should a Change of Control close without prior approval of the Board when required, HLC policy [Change of Control, Structure or Organization \(INST.G.20.010\)](#) articulates consequences, up to and including withdrawal of accreditation.

A Change of Control involving the acquisition and subsequent merger or consolidation of an institution may be subject to additional requirements as set forth in the appendix of this procedure. This includes if either (a) an HLC member institution seeks to be acquired and subsequently merged or consolidated into the structure of another institution (which may or may not also be an HLC member institution) or (b) an HLC member institution seeks to acquire and subsequently merge or consolidate another institution (which may or may not also be an HLC member institution) into its structure.

Step 8: Institutional Acknowledgement and Transaction Closing

If the Board approves the transaction with conditions that require the institution's assent, the institution and other parties have 14 days after receipt of the action letter to indicate in writing that they accept the approval and any conditions. If the institution and other parties do not respond in writing to accept or decline the approval and any conditions, the Board may act to rescind approval.

In cases of an approval with or without conditions that require the institution's written assent prior to closing, the Board's action may designate an effective date of approval of a Change of Control provided that such effective date will be not later than 30 days from the date of Board action. In cases where the Board does not set an effective date, the institution must consummate the Change of Control within 30 days of the date of the Board's approval.

The institution must notify HLC in writing within one day of when the Change of Control occurs. HLC policy and federal regulations require that the transaction close within 30 days of the date of the Board's approval. If the institution is not able to close the transaction within 30 days of the Board's approval, the institution should indicate this in its application, identifying (if applicable) what additional steps are required beyond HLC approval prior to consummation of the transaction, and should contact HLC for further guidance. If applicable, the institution's notification of the consummation of a Change of Control must include the final, executed documents that effectuated the Change of Control.

Additionally, except as otherwise provided in the appendix of this procedure, if the transaction involves the termination of an institution's membership with HLC, the institution will need to formally resign its accreditation with HLC at the time of the transaction closing. Institutions should consult HLC policy [Voluntary Resignation of Accreditation or Candidacy \(INST.B.30.010\)](#) and the applicable procedure for more information.

Step 9: Subsequent Evaluation; Post-Change of Control Visit

HLC will conduct a focused visit, or other evaluation as determined by the Board, of the institution within six months of the completion of the approved Change of Control. This visit will verify, at a minimum, that the institution generally continues to meet HLC's Criteria for Accreditation and Eligibility Requirements, that it is making appropriate progress on any concerns identified as part of the review, and that it is fulfilling any commitments it made to HLC as part of the approval process. Additionally, the next comprehensive evaluation will take place no more than five years after the approval of a Change of Control.

Note: A Change of Control involving the acquisition and subsequent merger or consolidation of an institution into the structure of another institution may be subject to additional requirements as set forth in the appendix of this procedure. This includes if either (a) an HLC member institution seeks to be acquired and subsequently merged or consolidated into the structure of another institution (which may or may not also be an HLC member institution) or (b) an HLC member institution seeks to acquire and subsequently merge or consolidate another institution (which may or may not also be an HLC member institution) into its structure.

Materials for Application

File Format and Structure

An application for Change of Control must be submitted as a single PDF document that includes section headings and bookmarks, with titles, for navigation.

All documents and exhibits should be named in a List of Exhibits/Table of Contents that is included as a page in the application immediately after the General Introduction. Each Exhibit should be numbered (e.g., Exhibit 1, 2, 3, etc.).

An application may not contain links to external websites or documents. If the application includes supporting materials as appendices, these should be labeled and bookmarked.

Submission Instructions

An application for Change of Control must be submitted to HLC at hlcommission.org/upload. Select "Change of Control, Structure or Organization" from the list of submission options.

Contents

Because Change of Control, Structure or Organization encompasses a wide variety of changes, there is no standard application format. Rather, institutions must assemble an application appropriate to the proposed change. With respect to the narrative, materials, and supporting evidence described in this section, not every item listed will apply to every application. An institution with any questions regarding the documents for a Change of Control Application is encouraged to contact their HLC staff liaison or legalaffairs@hlcommission.org.

A. General Introduction

The introduction provides a narrative description of what change is proposed and how the institution will be transformed subsequent to the Change of Control. It should include the following:

- The nature of the change.
- Names and addresses of all relevant parties.
- The name of the institution.
- The institution's standing with any other recognized accrediting agencies.
- The name of the parent corporation or subsidiary entities that have a controlling relationship with the institution.
- Any other institutions that are a part of the transaction and their relationships with any recognized accrediting agencies.
- Any required internal or external approvals and anticipated dates of those approvals.
- The projected closing date of the transaction.

This section should be no more than 10 pages.

B. Legal, Financial and Regulatory Documents

An institution's application should include the following documents and any additional documents that are appropriate for the nature of the proposal and that provide information relevant to understanding

the effect of the Change of Control on the institution. If a transaction will occur at the level of a parent corporation or a subsidiary of a parent corporation holding a controlling relationship to the institution, include documents relevant to the outcome for the accredited institution as well as documents that explain the changes in the parent or other entity. Note that, as applicable, documents must generally be provided in executable format. Any material changes to an underlying document that forms the basis of the Change of Control during the review process may impact the review timeline and the level of complexity.

Begin this section with a short introduction that describes what documents from this list are included in the application and what documents from this list are not relevant to the proposal and therefore are not included in the application. These documents, to the extent applicable to the proposal, must be submitted. In all cases, any documentation submitted must accurately represent all of the terms that are material to HLC's evaluation as detailed in HLC policies. References to "the transaction" in the following list mean the Change of Control described in the application:

1. Contract of sale or transfer, or purchase agreement, including all attachments, exhibits and related agreements or merger agreement.
2. Revised or new Articles of Incorporation, Articles of Merger, etc., arising out of the transaction. Institutions must include the Articles of Incorporation for any buyer, its related corporations, and related investors.
3. New or revised corporate documents including Corporate Bylaws, Operating Agreement (LLC), Partnership or Joint Venture Agreement, etc. arising out of the Change of Control. Institutions must include the Bylaws for any buyer, its related corporations, and related investors.
4. For stock-related transactions, relevant filings completed with the Securities and Exchange Commission (SEC) including the S-1 and the 8-K.
5. Pre-acquisition packet filed with the U.S. Department of Education (if filed) and information filed with the relevant state higher education agencies.
6. Pre-acquisition review letter issued by the U.S. Department of Education (if available) and letter of approval from state higher education agency or a

letter from such agency explicitly indicating that approval is not required.

7. Financial information, including the most recent external audit, current budget, Form 990, and six months of cash statements for any buyer, for the institution, and for any parent corporation or for a subsidiary holding a controlling interest or other relationship with the accredited institution. Buyers and institutions that are for-profit entities should submit two years of federal income tax forms for their corporation and related corporations under the same parent entity. Investors or other third parties must also provide their most recent external audit and tax return. If they do not have an audit, they must provide third-party verification from a bank or other source documenting the funds to support the transaction and other funds to support any investment to be made in the institution within the first year subsequent to the closing of the transaction.
8. Organizational chart showing the institution, any parent or holding companies, governing boards, and key administrators at all levels currently in place and as anticipated by the transaction. Such charts should outline the relationship between the accredited institution and the corporate structure after the close of the transaction.
9. Lists of key administrators and governing board members, including qualifications and disclosure statements, at the institution and at each corporate level senior to the institution subsequent to the transaction. Identify any hiring or recruiting that must be done at these levels as a result of the transaction.
10. If the buyers own any other institutions of higher education not accredited by HLC, the records of those institutions with their institutional accrediting or quality assurance agency during the preceding 10 years.
11. If the transaction involves the acquisition of assets from an institution accredited by another recognized accreditor that is not HLC, including for purposes of merger or consolidation, the institution not accredited by HLC will need to provide its accreditation files with the other accreditor for the 10 years preceding the proposed transaction. This institution may also need to complete a separate Eligibility Filing and submit it with the application.

12. If an institution accredited by HLC is seeking to incorporate a separately accredited (by HLC or another U.S. Department of Education recognized accreditor), free-standing institution or component thereof under its HLC accreditation, it will need to include a branch campus and additional location substantive change application with the application for Change of Control.
13. If an institution accredited by HLC anticipates offering new academic programs that represent a significant departure from its existing academic offerings after the Change of Control, it will need to include a new program(s) substantive change application with the application for Change of Control.
14. If the institution forms a relationship with an entity that has no corporate or financial relationship with the institution to perform certain services, documentation is required specifically describing the services to be provided by the services provider, the costs thereof and how those costs will be financed.
15. If the institution works with other related accredited institutions to pool or consolidate services into another related entity that may be another corporation or may be a division of one of the institutions, documentation is required specifically describing the structure of the entity, the services it provides, the costs thereof and how those costs will be financed.
16. If the institution has a parent or affiliated corporation that provides various services to the institution, or if the institution intends to purchase or merge with another accredited institution that has an existing relationship with a parent or affiliated corporation, and the relationship with the parent or affiliated entity is to be maintained after the purchase through a shared services relationship with the former parent or affiliated corporation, documentation is required specifically describing the services to be provided, the costs thereof and how those costs will be financed.
17. If the institution forms a new related or separate corporation into which the institution transfers some of its existing operations and/or services and this new corporation would then provide services to the accredited institution or, if the institution may transfer assets related to academics and student services into the new related or separate corporation, and the institution may become the

services corporation (which may also be authorized to sell its services to other institutions with which it had no previous relationship), documentation is required specifically describing the structure of the new entity, the services to be provided, the costs thereof and how those costs will be financed.

C. Institutional Statement

The institution should provide a narrative response to each of the following points. Include any additional exhibits that substantiate and help explain the response. The institution should respond to each question with specific information about the institution as anticipated after the Change of Control and over the course of the next five years, and compare the current characteristics of the institution to those after the Change of Control.

1. Explain the mission of the institution before the Change of Control. How will the mission change after the Change of Control? If the current mission will continue, how will the institution with new buyers or investors support the mission under new control or structure?
2. Outline the educational programs that the institution currently offers and explain how those programs will be continued and supported after the Change of Control. Identify any new programs the parties intend to initiate in the next five years and how these programs will be developed and by whom. (Explain the learning and support resources for current and future programs. Include an academic plan prepared by the institution and the proposed buyers or investors that outlines planned academic programs and support services for the next five years.)
3. Explain the current delivery modalities (on-ground, distance, correspondence, etc.) of the institution's programs. Outline plans to change or expand any of the delivery modalities and timeframe for such changes or expansion.
4. Provide the current student enrollment by department and modality (on-ground, distance, correspondence, etc.) at the institution. Outline any plans that are in progress to support students through the transition and to assist students who may need or want to be transferred and taught-out if existing programs will be terminated or modified in the next 12 months. Describe the anticipated student body after the Change of Control, the plans and targets for recruitment, and the basis on which these plans are deemed attainable.

5. Identify the projected enrollment for each academic term for the next five years by campus, additional location, and delivery modality at the appropriate level.
6. Provide the marketing plan for the institution for the next five years after the Change of Control. How will the institution market to new or continuing students as well as to different populations of students?
7. Provide the business plan for the next five years after the Change of Control. How will the institution assure it can meet its debt or other financial obligations? What improvements or expansions to technology or infrastructure will be necessary to sustain financial operations, support current or planned enrollment increases, new educational programming, etc., and what will be the source of the funds? If the institution intends to use funds provided by an investor(s), what is the evidence of the investors' commitment to continue to provide funds over time to sustain operations and expansion?
8. Describe immediate and long-range strategic planning for the institution and at the parent or corporate level as contemplated by the Change of Control application and how it will affect the institution.
9. Explain the governance and management structure at the institution and at the parent or corporate level as contemplated by the Change of Control application and how it will affect the institution.
10. Explain the knowledge of and experience in higher education, or with accreditation, of the buyers, investors or other key parties involved in the Change of Control. Include key administrators in place or being hired.
11. Describe the current faculty including the number of faculty members in each department, a summary of their qualifications, the nature of their employment relationship (tenured, union, etc.) at the institution, and plans to terminate, retain, or supplement those faculty members after the Change of Control. Provide numbers of full- and part-time faculty before the event and numbers anticipated within one year of completion.
Provide drafts of all employment agreements or employment documents anticipated for update at or subsequent to closing as well as evidence that faculty have seen the draft documents and provided an acceptance or rejection of an offer of employment.
12. Explain the institution's current efforts to assess student learning and what efforts will be undertaken after the Change of Control to ensure continuity or improvement of these efforts.
13. Explain how the institution will continue to meet each of the Eligibility Requirements and each of the Criteria for Accreditation after the Change of Control.
14. Outline how the institution has been working to address any challenges identified by its last comprehensive evaluation and any issues to have been addressed in upcoming HLC monitoring. How will the Change of Control assist the institution in resolving the issues identified by HLC?
15. Provide any other information important to understanding the Change of Control or the effect it is expected to have on the institution.

Voluntary Resignation

Once a Change of Control has been approved and the institution is relinquishing its separate HLC accreditation, the institution must submit its voluntary resignation to HLC. The effective date of the resignation must reflect the close date of the transaction, except as otherwise provided in the appendix. (See [Voluntary Resignation Procedure](#).)

Provisional Plan

An institution that pursues a Change of Control during a period of financial exigency, or under other circumstances that could force the institution to close, may be required to submit a Provisional Plan for HLC approval with the application for Change of Control (see [Teach Out Procedure](#)). If required, the Provisional Plan should address what arrangements the institution would provide for students if the Change of Control application is denied and/or the institution does not proceed with the proposed Change of Control. The Provisional Plan should also address what arrangements the institution would provide for students if the Change of Control application were denied and the institution nevertheless proceeded with the transaction, risking withdrawal of accreditation. HLC reserves the right to require an institution to submit a Provisional Plan with its Change of Control application.

Fees for Change of Control, Structure or Organization

HLC assesses fees for Change of Control requests as listed in HLC's [dues and fees](#). HLC's fee schedule is revised annually; new fees are effective on September 1 of each year. Change of Control fees are dependent on the complexity of the anticipated review and HLC reserves the right, after the Initial Interaction, to reclassify applications as either more or less complex than initially contemplated once the full application is received. An institution will be notified and charged or reimbursed accordingly.

Questions?

Institutions should contact their assigned HLC staff liaison or legalaffairs@hlcommission.org with questions regarding this procedure.

Appendix: Additional Requirements for Certain Changes of Control Constituting an Acquisition and Subsequent Merger or Consolidation

In accordance with federal regulation, a Change of Control, Structure or Organization involving the acquisition and subsequent merger or consolidation of an institution into the structure of another institution is subject to additional procedural requirements. For more information on the applicable federal requirements, see [34 C.F.R. § 600.31\(b\)](#), [34 C.F.R. § 602.22\(a\)\(1\)\(ii\)\(G\)](#) and [GENERAL-22-70: Updated Guidance and Procedures for Changes in Ownership](#).

The requirements described in this appendix apply in either of the following scenarios:

- a. An HLC member institution seeks to be acquired and subsequently merged or consolidated into the structure of another institution (which may or may not also be an HLC member institution).
- b. An HLC member institution seeks to acquire and subsequently merge or consolidate another institution (which may or may not also be an HLC member institution) into its structure.

These requirements apply if both (a) and (b) are present in a single Change of Control application and transaction.

A. Transactions Where an HLC Member Institution Seeks to be Acquired and Subsequently Merged or Consolidated Into the Structure of Another Institution

When an HLC member institution seeks to be acquired and subsequently merged or consolidated into the structure of another institution, regardless of the identity of the institution, in accordance with HLC policy and federal regulation, the transaction constitutes a Change of Control for the HLC member institution. Therefore, prior review and approval by HLC is required. Such approval is required regardless of the identity of the acquirer or whether the institution will no longer be an HLC member institution following completion of the merger or consolidation.

Specifically, in such instances, the HLC member institution must seek approval from HLC for the acquisition of the institution by the other institution and/or related entities. This approval must be received before the other institution and/or related entities can proceed with effectuating a merger or consolidation of the HLC member institution into its structure.

To initiate this process, the HLC member institution must submit an application for Change of Control as described in this procedure and undergo a Change of Control Evaluation for review and approval by the HLC Board. Only after the HLC Board has approved the acquisition of the HLC member institution can the other (acquiring) institution/entity seek approval for a merger or consolidation from the appropriate accreditor and U.S. Department of Education.

Accredited Change of Control Status

Upon approval of the Change of Control application by the HLC Board and consummation of the HLC member institution's acquisition, the HLC member institution will be placed on Accredited Change of Control status. In accordance with HLC policy and federal regulation, the institution will also be required to host a focused visit within six months of the date on which the acquisition was consummated. This evaluation will be focused on the institution's general, ongoing compliance with the Criteria for Accreditation and Eligibility Requirements, as well as the institution's progress in effecting the merger or consolidation as described in the Change of Control application. Any evaluation of an institution

on Accredited Change of Control status will be conducted through application of HLC's Guidelines for Evaluating Institutions on Accredited Change of Control status.

An institution on Accredited Change of Control status will typically be precluded from submitting applications for substantive change. The institution will also be removed from its accreditation pathway and typically will not be required to undergo routine evaluative processes while on Accredited Change of Control status unless otherwise required by the HLC Board. Any limitations on substantive change will be set forth at the time the HLC Board approves the application for Change of Control.

The HLC member institution will remain on Accredited Change of Control status until one of the following occurs:

1. The HLC member institution voluntarily resigns its HLC accreditation following completion of the merger or consolidation into the other institution/entity. The effective date of the resignation must reflect the date on which the merger or consolidation was effectuated. (See [Voluntary Resignation Procedure](#).)
2. If the merger or consolidation does not proceed, the institution undergoes review and approval for a Change of Control to revert to its pre-acquisition ownership structure. If approved by the Board, the Board will set forth the evaluative schedule of the institution in accordance with HLC policy by removing it from Accredited Change of Control status and placing it on the appropriate accreditation status, including the appropriate accreditation pathway.
3. The HLC Board withdraws the institution's accreditation or takes other action as provided in HLC policy following the expiration of the period in which the institution may be on Accredited Change of Control status.

B. Transactions Where an HLC Member Institution Seeks to Acquire and Subsequently Merge or Consolidate Another Institution Into Its Structure

When an HLC member institution seeks to acquire and subsequently merge or consolidate another institution into its structure, regardless of the identity of the institution being acquired, in accordance with HLC policy and federal regulation, the Change of Control application will be reviewed by the HLC Board in two phases. First, the HLC member institution must undergo prior review and approval of the acquisition. Only after review and approval of the acquisition by the HLC Board may the institution seek subsequent approval of the merger or consolidation of the other institution into the structure of the HLC member institution as set forth in this procedure.

Unless otherwise required by the HLC Board, the HLC member institution intending to acquire and subsequently merge or consolidate the other institution into its structure will only need to submit a single application for Change of Control as described in this process. This may also include the submission of any applicable substantive change applications (such as an additional location or new program) embedded into the Change of Control application. The preparation and submission of the Change of Control application must follow the requirements set forth in this procedure.

Phase 1: Approval of the Acquisition

In acting on the application following the Change of Control Evaluation, the HLC Board will assess whether the continuation of the HLC member institution's accreditation following completion of the merger or consolidation is appropriate. However, in Phase 1, the HLC Board shall only approve the acquisition, not merger or consolidation, of the other institution seeking to be acquired.

Following this approval, the HLC member institution may then consummate the aspects of the transaction in which the HLC member institution acquires the other institution within the limitations set forth in HLC policy and federal regulations. The HLC member institution must consummate the acquisition within the period set forth by the HLC Board, or within 30 days of the date of the HLC Board's approval if no time period is specified.

The HLC member institution must provide HLC notification that it has consummated the acquisition within one day of the date on which the transaction occurred. Following consummation of the acquisition, the institution will be required to host a focused visit or other evaluation within six months of the date of the acquisition, as described in HLC policy and this procedure. This evaluation will be focused on the institution's general, ongoing compliance with the Criteria for Accreditation and Eligibility Requirements, as well as the institution's progress in effecting the merger or consolidation as described in the Change of Control application.

Following consummation of the acquisition of the other institution, the HLC member institution may not proceed with the merger or consolidation of that institution into its accreditation until the HLC Board approves phase 2 of the application as set forth below. Therefore, during the period between the approval of phase 1 and phase 2, while the HLC member will have acquired the other institution, it will not be included within its HLC accreditation.

Phase 2: Approval of the Subsequent Merger or Consolidation and Substantive Change(s)

Following the acquisition, once the HLC member institution receives the appropriate approvals(s) from the U.S. Department of Education, the institution must submit a supplement to its application for Change of Control. This supplement must:

1. Contain evidence of the approval for a Change in Ownership from the U.S. Department of Education, identify;
2. Explain any material changes to the transaction and/or any related agreements that occurred since the HLC Board approved the acquisition; and
3. Affirm, through appropriate narrative and supporting evidence, the HLC member institution's ongoing compliance with the Criteria for Accreditation, including following completion of the merger or consolidation.

Upon receipt of the supplement, the HLC Board will then review and may, in accordance with HLC policy, approve phase 2 of the Change of Control application.

This second approval would provide approval of those aspects of the Change of Control application related to the merger or consolidation of the other institution into the structure of the HLC member institution. This will include review and approval of any embedded substantive change application(s). The Board may also deny phase 2 of the Change of Control application, denying the continuation of accreditation following the merger or consolidation.

HLC reserves the right to schedule the institution for additional evaluation, including under this process, prior to the Board's decision on phase 2 of a Change of Control application.

Following HLC Board review and approval of phase 2, the HLC member institution can merge and consolidate the other institution into its accreditation. The HLC member institution must complete the merger or consolidation within the period set forth by the HLC Board, or within 30 days of the date of the HLC Board's approval if one is not specified. The institution must provide HLC with notification of the merger or consolidation within one day.

Note: The HLC member institution that is merging and consolidating another institution must receive a second, separate approval from the U.S. Department of Education for the merger or consolidation.

This approval will occur after HLC approval of phase 2 (merger or consolidation), but prior to the institution effectuating phase 2. In the event that this Departmental approval, and thus effectuation of the merger or consolidation, does not occur within 30 days of the date of approval by the HLC Board, the HLC member institution must contact its HLC staff liaison as soon as possible. The HLC Board will act to provide a new effective date if necessary. The HLC member institution cannot effectuate the merger or consolidation without a valid HLC approval in place.

The HLC member institution will then be required to host a second focused visit within six months of the date on which the merger or consolidation occurred.

C. Transactions Involving Both the Acquisition of an HLC Member Institution and Subsequent Merger or Consolidation Into the Structure of Another HLC Member Institution

In the event that a transaction involves an HLC member institution seeking to acquire and subsequently merge or consolidate another HLC member institution into its structure, the requirements of (A) and (B) apply. In such cases, HLC will accept a single, joint application from the institutions covering all aspects of the Change of Control, including the various steps required to ultimately effectuate the merger or consolidation.

In such cases, as described above in (B), the HLC Board must review and approve the application for Change of Control in two phases.

Accredited Change of Control Status

Upon consummation of the HLC member institution's acquisition of the other HLC member institution, the acquired HLC member institution will be placed on Accredited Change of Control status, as further described in (A), above.

That institution will remain on Accredited Change of Control status until one of the circumstances as described in (A), above, occurs.

Focused Visit

As further detailed in (A) and (B), above, following consummation of the acquisition, the HLC member institutions will be required to host a focused visit or other evaluation within six months of the date of the acquisition, as described in HLC policy and this procedure. At a minimum, this evaluation must occur at a location or campus of all HLC member institutions involved in the Change of Control. However, within HLC's discretion, this evaluation may be a single, joint evaluation.

Approval of the Subsequent Merger or Consolidation and Substantive Change(s)

Following the acquisition, once the institutions receive the necessary approvals(s) from the U.S. Department of Education, the institutions must submit a supplement to the application for Change of Control, as described in (B) above. Following the second HLC Board approval as described in (B), the HLC member institution on Accredited Change of Control status must effectuate its removal from that status in accordance with (A).

The HLC member institution will be required to host a second focused visit within six months of the date on which the merger or consolidation was effectuated.