The amendments to the NASM Handbook 2007-2008 presented in this document were ratified by the Membership on Sunday, November 18, 2007. The Board of Directors approved amendments to the Rules of Practice and Procedure on Friday, November 16, 2007.

The revisions set forth in this document are effective immediately. All institutions and evaluators must follow standards and guidelines reflected in the current Handbook and any approved revisions and/or addenda current at the time of application.

BYLAWS

BYLAWS

NASM Handbook 2007-2008 – page 8
Article III. Government
Section 2. Duties of Officers

B. Vice President

Add new first sentence as follows:

The Vice President shall be the President-Elect and, following election as Vice President, shall succeed to the office of President upon completion of one term as Vice President without further election [effective for the 2009 election and beyond].

Strike present last sentence: “Normally, the Vice President shall be nominated...”

NASM Handbook 2007-2008 – page 8
Article III. Government
Section 2. Duties of Officers

C. Treasurer

Amend second and third sentences as follows:

The Treasurer shall present a report based on the past fiscal year to the Association at each Annual Meeting or at any other time a report may be requested by the Executive Committee or by the Board of Directors. The Treasurer shall ensure that the Executive Director prepares a proposed annual budget for review and action by the Executive Committee, arranges for a yearly audit of the books by a Certified Public Accountant, and maintains an itemized account of all receipts, expenditures, and investments.
Article III. Government
Section 3. Board of Directors

Amend first sentence as follows:

The Board of Directors shall be composed of the Officers (as defined in Article III., Section 1., above), the Chair and Associate Chair of the Commission on Accreditation, the Chair of the Commission on Community/Junior College Accreditation, a representative from the non-degree-granting institutional membership, and three appointed Public Members, together with the Immediate Past President, if eligible.

Add the following after the amended first sentence:

The Immediate Past President is eligible to serve as a member of the Board of Directors if affiliated with a member institution irrespective of whether or not he or she is the official representative. However, if the Immediate Past President is no longer the designated official representative, he or she may vote on the business of the Board of Directors, but will not vote on the business of the Association as an institutional representative. If the Immediate Past President is not eligible for Board service, the position will remain vacant.

Begin new paragraph with remainder of original first paragraph, amended as follows:

With the exception of the Public Members, the Board shall be…

Article V. Elections and Appointments
Section 3. Terms of Office

Replace the last sentence of paragraph 3 with the following:

When necessary, temporary replacements or consultants for a Commission meeting may be appointed by the Executive Director from among individuals previously elected to the Commission by the membership.

Article VII. Executive Director
Section 4.

Amend first sentence of first paragraph as follows:

The Executive Director shall consult with the Treasurer, maintain the financial records of the Association, prepare an annual budget for review and approval by the Executive Committee, and arrange for an annual audit by a Certified Public Accountant.

Amend first sentence of third paragraph as follows:

The Executive Director shall serve as an authorized signer of Association checks.
**RULES OF PRACTICE AND PROCEDURE**


Article IV. Association Procedures  
Section 2. Conflict of Interest  

Amend as follows:

**Section 2. Conflict of Interest.** NASM works to avoid conflict of interest or the appearance of conflict of interest in any aspect of its accreditation activities and in its other operations. The Association expects all individuals involved in any relationship with NASM to declare potential conflicts of interest as they appear. Questions concerning conflicts of interest should be addressed to the office of the Executive Director.

With regard to financial matters that come before the Executive Committee or Board of Directors, if an issue involves potential conflict of interest for a Member, it is the responsibility of that Member to: (a) identify the potential conflict in any area where they, their families, employees, or close associates could or would receive benefit or gain; (b) not be present or otherwise participate in discussion of or vote on the issue, program, or motion being considered, both to be recorded in the minutes of the Executive Committee or Board.

In official decision making and in the accreditation process, potential conflict of interest may arise based on personal associations, past or projected affiliations, past or current financial relationships, geographic proximity, or for other reasons.

No member of the Commission on Accreditation or the Committee on Ethics shall participate in any way in decisions in which he or she has a pecuniary or personal interest (or the appearance of same) or with respect to which, because of present institutional or program association, he or she has divided loyalties or conflicts (or the appearance of same) on the outcome of the decision. This restriction is not intended to prevent participation and decision-making in a general run of cases that do not directly or substantially affect the institution or program with which the member of the Commission or Committee on Ethics is associated or its competitive position with a neighboring institution or program under review.

If a conflict of interest issue arises, the matter shall be forwarded to the Executive Director, who shall gather information, solicit advice as appropriate, and attempt to resolve the matter to the satisfaction of all concerned, consistent with the published policies and procedures of the Association and with consideration of standard practice within the postsecondary accreditation community. Should the Executive Director be unable to achieve resolution, he or she shall bring the matter to the Executive Committee. The Executive Committee shall seek resolution through procedures developed to address the specifics of each case.

**Add new Section 3:**

**Section 3. Bonding.** Association officers and staff with financial responsibilities shall be identified by the Bylaws or by the Executive Director and be bonded in a manner approved by the Executive Committee.

*Renumber existing Sections 3. through 7. as Sections 4. through 8.*
STANDARDS FOR ACCREDITATION

II. Purposes and Operations
G. Library and Learning Resources

Replace the word “slides” with “images” throughout Section II.G.

II. Purposes and Operations
J. Community Involvement

Add to item 1. as follows

Institutions must publish any formal relationships and policies concerning community involvement that are connected to curricular offerings.

Section XIV. Specific Master’s Degrees
B. Practice-Oriented Degrees
6. The Master’s Degree in Performance

Add the following paragraph at the close of XIV.B.6.:

NOTE: Normally, conducting is an independent major and not a specialization under performance. All master’s level majors in conducting are reviewed using standards XIV.B.3. and II.I.1.e.

Appendix I.A.: Specific Operational Standards for All Institutions of Higher Education for which NASM is the Designated Institutional Accreditor

Appendix I.A. becomes Section XXI. in the Standards, and is amended as follows:

XXI. SPECIFIC OPERATIONAL STANDARDS FOR ALL INSTITUTIONS OF HIGHER EDUCATION FOR WHICH NASM IS THE DESIGNATED INSTITUTIONAL ACCREDITOR

Please Note: The following standards apply only to independent institutions of higher education that offer professional education and training in music and for which NASM is the designated institutional accreditor. Such institutions do not have regional or other institutional accreditation; they may be degree- and/or non-degree-granting; they may be not-for-profit or proprietary. These standards are in addition to the standards in Sections II. and III. above. Additional standards apply to proprietary schools; see Section XXII. below.
Section 1. Standards for Accreditation

In addition to meeting all operational and curricular standards of the Association appropriate to the scope of programs offered, institutions of higher education for which NASM serves as the institutional accrediting body shall meet the following standards:

A. **Title.** The descriptive title of the institution shall be appropriate to its purpose, size, and complexity.

B. **Operating Authority.** The institution must have specific official documentation confirming that the institution has a charter and/or formal authority of incorporation and state recognition and/or licensure.

C. **Finances**

1. The institution must demonstrate that tuition and other fees are reasonable and appropriate in relation to subject matters taught; the goals, objectives, and time requirements of the degrees, credentials, or programs offered; and to any other relevant variables.

2. The institution must conduct an annual financial review resulting in an annual audit with opinion prepared by an independent certified public accountant. The annual audit must be completed within 180 days after the close of each fiscal year.

3. If the institution supplements tuition revenue with contributions private or public or earnings from endowment, evidence must be provided that there are appropriate policies, plans, procedures, and volunteer and/or professional resources to generate sustainable non-tuition revenue sufficient for the needs of the school.

D. **Governance and Administration**

Note: Sections D.1.a. and D.3. below apply to not-for-profit institutions. The remaining paragraphs apply to both not-for-profit and proprietary institutions.

1. **Governing Board**
   a. **Structure**
      (1) A not-for-profit institution must have a governing board consisting of at least five members with the duty and authority to ensure that the overall mission of the institution is carried out.
      
      (2) The governing board must be the legal body responsible for the institution it holds in trust.
      
      (3) The presiding officer of the board, along with a majority of other voting members, must have no contractual, employment, or personal or familial financial interest in the institution.
      
      (4) The board must have adequate representation of the public interest recognizing that institutions serve a public purpose when they provide educational services and opportunities. Public representatives receive no financial benefit from the operation of the institution.
   
   b. **Financial Responsibilities.** For all institutions, the duties of the board include securing financial resources to support the achievement of institutional mission, goals, and objectives. The board is responsible for approving the annual budget, reviewing periodic fiscal audits, participating in and overseeing any non-tuition revenue gathering and management, and approving the long-range financial plan.

   c. **Conflict of Interest.** In all institutions, the board shall maintain policies concerning conflict of interest, both with respect to its own actions and to actions of administration, faculty, and staff.

   d. **Duties.** All institutions must have an official document that defines board duties, responsibilities, and operations, including the number of members, length of service, rotation policies, organization and committee structure for overseeing areas such as finance, properties, and programs, and frequency of
regular meetings. Board policies shall clearly state that no member or committee acts in place of the board, except by formal delegation of authority by majority vote of the board of directors.

2. **Governance Scope.** If the institution is involved with multi-campus, off-campus, continuing education, evening and weekend programs, etc., governance and administrative procedures must be clearly defined and appropriately integrated and incorporated into the total governance and administration system.

3. **Chief Executive Officer**
   a. In all not-for-profit institutions, the institution must have a chief executive officer whose primary responsibility is to the institution and who is an employee of the institution.
   b. The board selects and regularly evaluates the institution’s chief executive officer using consultative mechanisms described in the official document outlining duties of the board.
   c. The chief executive officer must not be the presiding officer of the board, but may be an *ex officio* member of the board.
   d. The board must delegate to the chief executive officer and, as appropriate, to other officers whose primary responsibilities are to the institution, the requisite authority and autonomy to manage the institution effectively and formulate and implement policies compatible with the overall structures and intents established by the board.

4. **Administration and Record Keeping**
   a. For all institutions, the administrative structure of the institution must be sufficient in size and competence to cover business, registrar, maintenance, security, safety, and student services functions.
   b. The institution shall have appropriate administrative and physical capabilities to protect the permanent records of students and any other permanent records as board policies and applicable laws and regulations may dictate.

E. **General Studies in Undergraduate Programs**

1. **Content.** Institutions granting associate degrees (with the exception of two-year vocational programs, which should follow standards in Section VI.C.) or baccalaureate degrees must develop and operate or otherwise provide for general studies programs addressing the content listed in Section VII.D. for liberal arts programs, or Section VIII.A.6. and applicable portions of Section IX. for professional programs.

2. **Evaluation.** Institutions shall have means for evaluating student achievement in general studies against general curricular and specific subject matter goals.

3. **Resources and Program Components.** Institutions providing general studies programs must document the presence and application of adequate resources and program components to support the content of each course or type of study offered. These resources include but are not limited to qualified faculty, facilities and equipment, library and information resources, and distance learning if applicable. Program components include but are not limited to credit and time requirements, program continuity, and forms of instruction. Resources and program components for general education must be in compliance with applicable standards outlined in Sections II. and III. above.

4. **General Studies Offered by Other Institutions.** If any or all of the general studies requirements for degrees offered by the institution are offered through another institution, the second institution shall be accredited by the appropriate nationally recognized regional or national accrediting agency.
5. **Review Protocol.** If an institution administers its own general studies program, at least one member will be added to each NASM visiting team unless the team is empanelled for a specific purpose that does not include general education. This member(s) shall have expertise and experience in the operation and assessment of undergraduate general studies programs, and in cooperation with other members of the team, be responsible for reviewing the general studies program at the institution.

F. **Facilities and Equipment**

1. If the institution depends on facilities, equipment, or resources outside of its direct control (for example, rehearsal and performance facilities, library resources, recording studios), there must be a written, clear, fixed understanding with those controlling the outside resources that ensures the reasonable continued availability of those resources during the accreditation period.

2. The institution must provide clear guidelines and procedures for its constituents’ use of such resources and must ensure that such descriptions are readily available to students whose programs of study require use of these resources.

G. **Student Services**

1. **General.** Consistent with its mission, goals, and objectives, the institution shall provide a physical, philosophical, and human environment that fosters the artistic, intellectual, and personal development of students. The institution’s program of student services is derived from the relationship between specific goals for student development and the purposes of the institution.

2. **Personnel.** Student services shall be organized and managed by individuals with appropriate training, experience, and abilities.

3. **Access**
   a. All types of services shall be available to all students.
   b. Institutions must provide an effective orientation program that acquaints new and transfer students with all aspects of the institution related to their course of study and their personal well-being.
   c. The institution shall provide and/or facilitate access to education, counseling, and professional care associated with the maintenance of physical and mental health.
   d. The institution shall provide and/or facilitate access to counseling covering personal, social, vocational, and financial issues.

4. **Financial Transactions.** Students and the institution shall confirm in writing their mutual agreement regarding any financial requirements and conditions associated with enrollment, tuition, or scholarship awards.

5. **Financial Aid and Student Loans**

   a. **Financial Aid**

      (1) If the institution administers a program of financial aid, such aid shall be provided and administered in an organized and accessible manner.

      (2) Awards are based on the equitable application of clear and published eligibility criteria.

      (3) The financial aid program must be audited at least once a year.

      (4) Records for financial aid shall be accurate and clearly documented.
b. Student Loans

(1) If the institution participates in student loan programs, such programs shall be provided and administered in an organized and accessible manner.

(2) Awards are based on the equitable application of clear and published eligibility criteria.

(3) Students must be made aware of the exact conditions under which loans are made.

(4) The student loan program must be audited by an independent auditing firm at least once a year.

(5) Records for student loans shall be accurate and clearly documented.

6. Housing and Food Service

a. If provided, housing must be conducive to individual well-being and personal development. Housing controlled by or affiliated with the institution must meet recognized standards of health, safety, and security, and be appropriately staffed.

b. If provided, food service must meet recognized standards of nutrition, sanitation, and safety. Food services must be professionally administered and operated.

7. Student Records. The institution must have policies regarding the kinds of information that will be included in the permanent record of students. It shall also have policies regarding the retention, safety and security, and disposal of records. Information-release policies shall respect the rights of individual privacy, the confidentiality of records, and the best interests of students and the institution.

8. Complaints. The institution must maintain policies concerning student responsibilities and rights, including complaint procedures. Policies must be clearly stated, well publicized and readily available, and administered fairly and consistently.

9. Opportunities. The institution should provide opportunities for student leadership consistent with its mission, goals, objectives, and policies. Students should be encouraged to develop their abilities to work with people in as many settings and contexts as feasible. Opportunities to be involved in appropriate institutional decision-making processes are highly desirable.

H. Occupations of Graduates

If NASM accreditation enables the institution’s participation in federal student loan and grant programs, and if the institution participates in such programs or plans to participate in the next academic year, the institution must have systems for:

1. Requesting and compiling occupation information from graduates, particularly the most recent graduates.

2. Considering the compiled information in efforts to improve.

For purposes of this standard, occupation refers to employment or further study.

I. Teach-Out Agreements. Teach-out agreement means a written agreement between accredited institutions that provides for the equitable treatment of students if one of those institutions stops offering an educational program before all students enrolled in that program complete the program.

If an NASM-accredited institution has or enters into a teach-out agreement with another institution, the agreement shall:

1. Be consistent with

   a. NASM standards, the NASM Code of Ethics, and the NASM Rules of Practice and Procedure; and
b. Applicable federal and state regulations.

2. Provide for the equitable treatment of students by ensuring that:
   a. Students are provided, without additional charge, all of the instruction promised by the closed institution prior to its closure but not provided to the students because of the closure.
   b. The teach-out institution is geographically proximate to the closed institution and can demonstrate compatibility of its program structure and scheduling to that of the closed institution.

3. Be articulated with an institution accredited by a nationally recognized accrediting agency.

Section 2. Procedural Requirements

In addition to meeting all procedural requirements of the Association appropriate to the scope of programs offered, institutions of higher education for which NASM serves as the institutional accrediting body shall be subject to the following procedures:

A. Supplemental Annual Report. In addition to the regular HEADS/NASM Annual Report, the institution must file a Supplemental Annual Report at a time and in a format stipulated by the Association, which contains the following information:

1. Written confirmation of the institution’s institutional accreditor. If NASM serves this role, then the following information shall be provided.

2. Current tuition and fee schedules.

3. A complete summary of the institution’s involvement with federal and state student loan and grant programs, with breakdowns for each loan and grant program, and the percentage of general expenditures derived from Pell Grant funds. If the institution does not participate in these programs, it must so certify in writing as part of the Supplemental Annual Report.

4. The percentage of the institution’s tuition income, and the percentage of its total income, derived from:
   a. Federal loans and grants to students, with breakdowns by category of loan and grant.
   b. State loans and grants to students, with breakdowns by category of loan and grant.

5. The annual audited financial statement of the institution with auditor’s opinion.

6. Notice of any actions pending to review the institution by:
   a. A state-wide authority that monitors operations of educational institutions,
   b. Another institutional or specialized accreditor,
   c. Federal or state student grants and loan authorities.

7. The status of any applications for accreditation or reaccreditation to other accrediting bodies.

8. If NASM accreditation enables the institution’s participation in federal student loan and grant programs, and if the institution participates in such programs or plans to participate in the next academic year, summary information regarding the occupational record of the graduates of the previous year.

For purposes of this standard, *occupation* refers to employment or further study.
B. Major Changes in Control

1. NASM Policy. Accreditation is not automatically transferable when there is a major change in control.

2. Definition. Major change includes but is not limited to sale; transfers of stock, assets, and liabilities; mergers; divisions; the complete replacement of one set of board members by another, in less than a six-month period; or the change in over seventy-five percent of board membership at any one time.

3. Institutional Responsibility. All such changes must be reported in advance to NASM, or if the possibility of such changes is not known in advance, they must be reported immediately after the change. Institutions with major changes in control will be subject to special NASM procedures, described herein and in separate documents.

4. NASM Review. Continuation of accreditation will depend upon the institution’s demonstration that it continues to meet requisite NASM standards for all programs offered.
   a. This review will be conducted in accordance with standard evaluation and operational procedures or with appropriate monitoring when an institution is being closed.
   b. A review for change of control may include a visit to the institution by NASM evaluators to determine the extent to which a change of control has affected conditions for maintenance of accreditation. Normally, such a visit will be scheduled within six months of a change of control. The institution will assume the responsibility for fees and expenses associated with this visit.

C. Starting a Branch Campus or Similar Entity. If an accredited institution plans to establish a new branch campus, or similar entity that functions in the same manner, in the U.S. or elsewhere, the following materials must be submitted at least six months prior to the opening of the branch:

1. A business plan. At minimum, the business plan must contain a complete description of:
   a. The educational program to be offered at the branch campus;
   b. The projected revenues and expenditures and cash flow at the branch campus; and
   c. The operation, management, and physical resources at the branch campus.

   At the same time, the institution must provide:
   d. Information showing the financial relationship of the branch to the main campus; and
   e. The most recent audited financial statement of the institution.

2. Information in the standard NASM format demonstrating compliance with operational standards and applicable curricular standards.

   If the institution:
   a. Has a total of three or fewer additional locations;
   b. Has not demonstrated a proven record of effective educational oversight of additional locations; or
   c. Has been placed on administrative warning, probation, show cause, or is subject to some limitation on its accreditation status; then within six months of the opening of a branch campus or similar entity, the branch must host a team of NASM visiting evaluators.

D. Teach-Out Arrangements. If an NASM-accredited institution plans to establish teach-out arrangements with another institution (see Section 1.1. above), the agreement must receive approval from the NASM Commission on Accreditation prior to ratification by parties of the agreement.
E. Automatic Actions

1. Automatic Review. The following circumstances will cause an automatic review of the institution’s accreditation status:

   a. Declaration or evidence of financial exigency.
   
   b. State or federal action that results in the removal of the institution’s eligibility to participate in state or federal student loan and grant programs.
   
   c. Change in ownership or major change in control, provided NASM is given at least five days’ advance notice in writing of the date of the change. This includes but is not limited to:
      
      (1) The sale of the institution or the majority of its assets;
      
      (2) The transfer of the controlling interest of stock of the institution or its parent corporation;
      
      (3) The merger of two or more institutions;
      
      (4) The division of one or more institution(s) into two or more institutions;
      
      (5) The transfer of controlling interest of stock of the institution to its parent corporation;
      
      (6) Change in over seventy-five percent of board membership at any one time;
      
      (7) The complete replacement of one set of board members of the accredited institution by another within a six-month period.
      
      However, the five-day advance-notice rule does not apply in cases where transfer of ownership occurs by right of survivorship upon the death of an owner, or similar circumstances. In these cases, NASM must be notified within five days of the occurrence.
   
   d. Any transfer of assets or liabilities between the institution and any parent corporation that would substantially alter the current accreditation record regarding compliance with NASM standards.
   
   e. Notice to establish a branch campus or other entity that would offer degrees and programs eligible for review by NASM, or notice of intent to significantly expand affiliative uses of the institution’s name.
   
   f. Failure to gain accreditation or candidacy status upon application to another nationally recognized institutional accrediting agency, or loss of accreditation or candidacy status held with such agency.

2. Automatic Suspension. Automatic suspension of accreditation will occur under the following circumstances:

   a. The filing of Chapter 11 bankruptcy proceedings by the institution.
   
   b. The filing of Chapter 7 bankruptcy proceedings by the institution.
   
   c. Change in ownership or major change in control without five days’ advance notice in writing to NASM. This includes but is not limited to:
      
      (1) The sale of the institution or the majority of its assets;
      
      (2) The transfer of the controlling interest of stock of the institution or its parent corporation;
      
      (3) The merger of two or more institutions;
      
      (4) The division of one or more institution(s) into two or more institutions;
(5) The transfer of controlling interest of stock of the institution to its parent corporation;

(6) Change in over seventy-five percent of board membership at any one time.

d. Failure to report to NASM in writing any transfer of assets or liabilities between the institution and any parent corporation that would substantially alter the current accreditation record regarding compliance with NASM standards.

e. The establishment, without prior notice, of a branch campus or other entity offering degrees and programs eligible for review by NASM, or significant expansion, without prior notice, of affiliative uses of the institution’s name.

Following automatic suspension, accreditation may be reinstated only upon application to, and approval by, the NASM Commission on Accreditation. Because the suspension results without action or prior approval on the part of the Commission, this change in status does not constitute formal withdrawal of accreditation, and thus is not a negative action subject to review of adverse decisions or to appeal.

F. Policies and Protocols for Institutions Participating in Federal Student Loan Programs

1. Context of Accreditation Reviews. In compliance with Public Law 102-325, the Higher Education Amendments of 1992, the NASM accrediting Commission must take into account the following information as it considers the accreditation or reaccreditation of any institution that participates in federal student loan programs and for which NASM is the institutional accrediting agency:

a. Default rates in student loan programs under Title IV of the Higher Education Act of 1965 as periodically amended, based on the most recent data provided to the institution and/or to the accrediting body by the U.S. Secretary of Education.

b. Records of any student complaints received by NASM.

c. Evidence concerning compliance with program responsibilities under Title IV of the Higher Education Act of 1965 as periodically amended, based on the most recent data provided to the institution and/or to the accrediting body by the U.S. Secretary of Education, including any results of financial or compliance audits, program reviews, and such other information as the U.S. Secretary of Education may provide to NASM.

2. Arbitration Rule. The institution shall provide in writing its agreement to abide by the initial arbitration rule in Section 496 of Public Law 102-325:

“The U.S. Secretary of Education may not recognize the accreditation of any institution of higher education unless that institution of higher education agrees to submit any dispute involving the final denial, withdrawal or termination of accreditation to initial arbitration prior to any other legal action.”

3. Change in Ownership or Major Change of Control. Change in ownership or major change of control will result in an on-site review within six months of the change. The preparation for the visit, the visit, Commission review and Commission action shall follow regular NASM procedures. The institution will assume the responsibility for fees and expenses associated with this visit.

4. Third-Party Comment Rule. Three months prior to the date of a Commission review for Membership or renewal of Membership, the Association shall provide an opportunity for third-party comment in writing regarding the institution’s qualifications relating to NASM standards. The mechanism shall be NASM publications and NASM correspondence with recognized accreditation organizations and state higher education agencies. Third-party comments shall be due six weeks prior to a Commission meeting, and the institution shall have the opportunity to respond in writing to all comments received.
Third-party comment is not a substitute for the NASM Procedures for Complaints Against Member Institutions.

Third-party comment must be restricted to issues of accredited institutional Membership. The procedure will not be used to settle disputes between individuals and institutions whether students, faculty, administration, or members of other groups are involved. Third-party comment will not be accepted in cases where parties are in litigation with each other.

5. Rules Concerning Notification of Action by the NASM Commission on Accreditation.

a. Notification Protocols. NASM will notify the U.S. Secretary of Education, the appropriate state licensing or authorizing agency, the appropriate accrediting agencies, and the public of the following types of decisions, no later than thirty (30) days after a decision is made:

(1) A decision to award accreditation status for the first time.
(2) A decision to renew accreditation.
(3) A final decision to deny, withdraw, suspend, terminate, or otherwise affect the accreditation status.
(4) A decision to place on probation.
(5) A decision by an accredited institution or program to withdraw voluntarily from accreditation status. The date of the decision is the date on which the accrediting agency receives notification from the institution that it is voluntarily withdrawing from accredited institutional membership.
(6) A decision by an accredited institution or program to let its accreditation lapse. The date of the decision is the date on which accreditation lapses.

b. Adverse Decisions

(1) When the final decision is to deny, withdraw, suspend, terminate, or otherwise affect the accreditation status, the U.S. Secretary of Education, the appropriate state licensing or authorizing agency, and the appropriate accrediting agencies will be notified of the decision at the same time as the institution, but no later than thirty (30) days after the decision is made.

(2) When the final decision is to deny, withdraw, suspend, terminate, or otherwise affect the accreditation status, the public will be notified of the decision within twenty-four hours.

(3) No later than sixty (60) days after a final decision, NASM makes available to the U.S. Secretary of Education, the appropriate state licensing or authorizing agency, and the public upon request, a brief statement summarizing the reasons for NASM’s determination to deny, withdraw, suspend, terminate, or otherwise affect the accreditation status, and the comments, if any, that the affected institution may wish to make with regard to that decision.
Appendix I.B. becomes Section XXII. in the Standards, and is amended as follows:

XXII. SPECIFIC OPERATIONAL STANDARDS FOR PROPRIETARY INSTITUTIONS OF HIGHER EDUCATION

Proprietary institutions shall not differ significantly in their educational operations from those of public or non-profit institutions.

Section 1. Standards for Accreditation

The institution must meet all operational standards of the Association and other standards and requirements appropriate to the scope of programs offered. In addition, proprietary institutions shall present or demonstrate the following:

A. The operation of the institution under the guidance of a specific institutional Board of Directors, at least one-third of whom have no ownership interest in the institution, and at least two-thirds of whom have no kinship with the principal owners. The membership of the Board shall reflect the public interest. This is to assure that the governing body includes individuals who do not represent per se the interests of the administration, faculty, or students, or of the proprietors; and that such representation is not merely a token representation but has an effective, although not necessarily a majority, vote in the affairs of the governing body.

B. The complete structure of the financial organization of the institution, including an annual financial audit with opinion prepared by a certified public accountant independent of ownership or governance relationships with the institution, and such balance sheets, operating statements, budgets, salary determinations, etc., that will produce a complete fiscal picture of the institution and any parent corporation. (See also Section II.C., and, if applicable, XXI. Section 1.C.)

C. An established record of fiscal allocation and management demonstrating that the fundamental purpose is educational excellence, and evidence that such policies will be continued. The distribution of gross income in support of educational purposes and goals is especially significant in this regard. (See also Section II.C., and, if applicable, XXI. Section 1.C.)

D. The existence of clearly defined roles based upon individual qualifications for the owner(s), manager(s), administrative personnel, and faculty. (See also Section II.D., and, if applicable, XXI. Section 1.D.)

Section 2. Requirements for Change in Ownership to Maintain Eligibility for Accreditation

A change of ownership may be effected in a number of ways, including but not limited to outright sale or purchase, and/or sale or purchase of stock, and/or inheritance of stock. Accreditation is not automatically transferable with change in ownership. Therefore, to maintain eligibility for accreditation, the following information is to be fully documented and submitted to NASM within two weeks after change of ownership of an NASM accredited institution:

A. Exact date of change of ownership.

B. Curriculum vita of new owner (or documentation regarding new management).

C. Legal documentation of the transfer of assets from one party to another.

D. Financial statement by an outside accounting firm documenting that the new ownership is fiscally capable of continuing the work of the institution.
E. Current financial statement of the institution by an outside accounting firm.

F. Any changes in music program enrollments due to change of ownership.

G. A notarized statement by buyer and seller or other transferring parties assuring NASM and any interested parties such as students, financial institutions, state, and government agencies, etc., that appropriate provisions have been made for all tuition refunds now due or which may become due for all students to whom the institution has an obligation.

H. Documentation that the institution still maintains its state license or approval, and that its license or approval has been transferred to the new owners.

I. All other pertinent information regarding changes in location, programs, refund policy, tuition, faculty, and administration caused by the transfer of ownership.

A visit to the institution shall be made by NASM if the institution qualifies under item XXI., Section 2.F.3. above, or at the discretion of the Commission on Accreditation based upon the response of the institution to items A. through I. above. Any such action shall take place within six months of the date of change of ownership to cover the points above as well as to determine that educational conditions consistent with the original accreditation continue to be met. A report of the visit will be submitted to the Commission for review and action concerning continuation of accredited status. The visit, Commission review, and Commission action shall follow regular NASM procedures.