**Section 2790.10 Summary and Purpose**

a) This Part establishes rules for the limitation, suspension or termination of an otherwise eligible institution or applicant participating in any or all of the student assistance programs administered by the Illinois Student Assistance Commission (ISAC). These rules apply to an applicant who and an institution which violates the provisions of the statutes, rules, regulations, special arrangements, agreements or limitations set forth in Lender Agreements or Program Participation Agreements and the Higher Education Act of 1965, as amended (20 USCA 1070 et seq.), including but not limited to: the provisions dealing with the Guaranteed Student Loan Programs (20 USCA 1071); Need Analysis (20 USCA 1087kk); General Provisions Relating to Student Assistance Programs (20 USCA 1088); Teacher Scholarships and Fellowships (20 USCA 1111); and the regulations of the U.S. Secretary of Education relating to student assistance programs, under the Higher Education Act of 1965, as amended, including but not limited to: Institutional Eligibility (34 CFR 600); Paul Douglas Teacher Scholarship Program (34 CFR 653); Student Assistance General Provisions (34 CFR 668); Guaranteed Student Loan and PLUS Programs (34 CFR 682); and the State Student Incentive Grant Program (34 CFR 692).

b) This Part establishes rules which govern the limitation, suspension or termination proceedings. Additional rules and definitions are contained in General Provisions, 23 Ill. Adm. Code 2700.

c) The purpose of this Part is to protect the integrity of the programs and to guard against losses on behalf of the applicant, the lender, the school, ISAC or the Federal Government.

d) ISAC's failure to invoke the provisions contained in this Part does not, however, automatically imply compliance or lessen an applicant's or an institution's obligation to follow federal or State rules and regulations governing scholarships, grants, and loan programs. Any action taken under this Part will not affect an applicant's or an institution's responsibility to fulfill the requirements of the Higher Education Act, federal regulations or ISAC rules, published policies and procedures applicable to outstanding scholarships, grants and loan programs. Further, any action taken under this Part will not affect an applicant's or an institution's rights, if any, to benefits or payments that are based on prior participation in the programs.

e) This Part does not apply to:

1) a determination that an institution fails to meet the definition of an institution of higher education, a proprietary institution of higher education, a postsecondary vocational institution, as defined in Section 481 of the Higher Education Act of 1965, as amended (20 USCA 1085(c)), or an eligible lender, as defined in Section 435(d) of the Higher Education Act of 1965, as amended (20 USCA 1085(d));

2) a determination of a school's loss of eligibility by the U.S. Secretary of Education due to its default experience (see Section 435(a)(2) of the Higher Education Act of 1965, as amended);

3) any administrative action taken by the U.S. Department of Education (ED) against a lender (34 CFR 682.700 - 682.713), an educational institution (34 CFR 668.81-668.98) or an individual (34 CFR 85.300-85.420);

4) any administrative action taken by the Illinois Department of Professional Regulation, the Illinois State Board of Education or the Illinois Board of Higher Education terminating, suspending or limiting an educational institution's authority to offer educational programs within the State of Illinois; or

5) any administrative action taken by a nationally-recognized accreditation association (see Section 496 of the Higher Education Act of 1965, as amended) terminating, suspending or limiting an educational institution's accreditation status.

In any such case, ISAC shall terminate the participation of the institution by sending notice of such termination, certified mail return receipt requested (see Section 2790.80).

f) ISAC recognizes ED's corresponding federal regulations, namely Limitation, Suspension or Termination of Lender Eligibility Under the Guaranteed Student Loan Program and the PLUS Program (34 CFR 682.700 - 682.713), Fine, Limitation, Suspension and Termination Proceedings as applied to educational institutions (34 CFR 668.81 - 668.98), and Debarment and Suspension proceedings as applied to persons (34 CFR 85.300 - 85.420).

(Source: Amended at 22 Ill. Reg. 11123, effective July 1, 1998)