**Section 835.40 Terms of the Loan Agreement**

a) The minimum yearly amount of a loan shall be $500 and the maximum yearly amount shall be $4,000, and the maximum amount that can be borrowed over four years shall be $16,000.

b) The interest rate for each loan shall be assigned at the time the original loan is made and shall remain fixed at that rate for all successive loans for that student.

c) A student shall receive only one loan per calendar year up to a maximum of four years, but the four years need not be consecutive.

d) Interest shall begin accruing and repayment of the loan shall begin six months after:

1) graduation,

2) the student ceases to be a full-time student, or

3) the expiration of the four years of eligibility, whichever comes first.

Payment of the principal, but not the interest, may be deferred if the individual continues his or her undergraduate program or enters graduate school.

e) Repayment of the loan will follow a payment schedule as established by the Committee based on the ability to repay, employment and earnings. The maximum time period that will be allowed to repay a loan is ten years. The minimum monthly repayment is $50.00.

f) The loan may be paid off prior to the time it is due without penalty.

g) The loan will be forgiven if the individual who received the loan dies or becomes further disabled in a way that permanently interferes with employment or the ability to repay. Repayment of the loan may be deferred if the individual incurs temporary disability that interferes with employment of the ability to repay until the temporary disability ceases.

h) Legal or other collection action shall be taken against individuals judged by the Committee capable of making reasonable monthly payments based upon employment, earnings and other debts, but not making payments in accord with the loan agreement.

(Source: Amended at 23 Ill. Reg. 10321, effective August 10, 1999)