**Section 2720.20 Lender Eligibility**

a) Lender Agreement

1) All approved lenders must execute an ISAC Lender Agreement prior to participating in the Federal Family Education Loan Program through ISAC. Lenders wishing to serve as lenders-of-last-resort are required to sign an Addendum that includes the provisions of section 428(j) of the Higher Education Act of 1965, as amended (20 USC 1078-10).

2) Lenders must have received ED approval prior to executing a Lender Agreement.

3) The Lender Agreement shall include provisions requiring lenders to:

A) comply with statutes, federal regulations and State rules; and

B) provide such information as ISAC may request relating to borrower demographics, collection records and other documents ISAC may need to comply with federal regulations. (See Sections 2720.60(a) and 2720.70(c).)

4) Lenders and ISAC shall electronically transmit and receive loan guarantee data. ISAC shall provide the lender with program documentation and reasonable technical assistance related to electronic data exchanges. ISAC and the lender shall agree that the information and data shall be confidential and shall not be used, disclosed, sold or shared for any purpose other than that which is directly related to the administration of ISAC's guaranteed loan programs.

5) Termination of the Lender Agreement may be made by either the lender or ISAC with 30 days' written notice. Termination shall not affect any obligations incurred prior to the time such termination becomes effective.

b) Eligible lenders shall employ an adequate number of qualified persons to administer their responsibilities under ISAC's rules. In determining whether a lender employs an adequate number of qualified persons, ISAC considers the number of students aided, the number of applications evaluated and the amount of funds administered.

c) In addition to the provision of subsection (a), the Lender Agreement for insurance companies approved as lenders shall require:

1) advertising and promotional materials consistent with Section 149 of the Illinois Insurance Code [215 ILCS 5/149] and 50 Ill. Adm. Code 909; and

2) compliance with Sections 421 through 434 of the Illinois Insurance Code [215 ILCS 5/421 through 434], which prohibit unfair methods of competition and unfair and deceptive acts and practices.

d) A loan guarantee shall be cancelled if the lender fails to comply with federal regulations, statutes, ISAC rules or procedures, provided such failure impairs ISAC's ability to recover the expense of reimbursing the lender for the defaulted loan.

e) ISAC conducts compliance reviews to determine if approved lenders are complying with federal regulations, statutes and rules.

f) Lenders wishing to participate in ISAC-guaranteed loan programs shall submit an application which shall include, but not be limited to: servicing/secondary market agreements; previous compliance and audit reviews conducted by other guarantors and the Department of Education; documentation relating to the percentage of student loans as compared to other installment loan portfolios; and other information relating to student loans requested by ISAC to show the lender's qualifications for participation. Program participation will be determined by an examination of those materials and compliance with federal laws and regulations and State rules and statutes.

g) Lenders wishing to participate in a blanket guaranty program for ISAC-guaranteed loans must execute a Blanket Certificate of Loan Guaranty agreement.

(Source: Amended at 33 Ill. Reg. 9758, effective July 1, 2009)