**Section 2720.35 Holder Eligibility**

a) All approved holders must execute an ISAC Holder Agreement prior to participating in the Federal Family Education Loan Program through ISAC.

b) Holders must have received ED approval prior to executing a Holder Agreement.

c) The Holder Agreement shall include provisions requiring holders to:

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

2) 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).)

d) Holders and ISAC shall electronically transmit and receive loan guarantee data. ISAC shall provide the holder with program documentation and reasonable technical assistance related to electronic data exchanges. ISAC and the holder 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.

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

f) Eligible holders shall employ an adequate number of qualified persons to administer the holders' responsibilities under ISAC's rules and federal regulations. In determining whether a holder 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.

g) In addition to the provisions of subsection (c), the Holder Agreement for insurance companies approved as holders 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 Article XXVI of the Illinois Insurance Code [215 ILCS 5/Art. XXVI].

h) A loan guarantee shall be canceled if the holder fails to comply with statutes, federal regulations and State rules, provided such failure impairs ISAC's ability to recover the expense of reimbursing the holder for the defaulted loan.

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

j) Holders 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 ED; documentation relating to the percentage of student loans as compared to other installment loan portfolios; default rates; policy and procedures manuals; promotional materials; a statement relating to previous and anticipated loan volume; and other similar information relating to student loans requested by ISAC to show the holders' 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.

(Source: Amended at 24 Ill. Reg. 9101, effective July 1, 2000)