**Section 2775.40 Program Procedures**

a) Application and Disclosure Statement and Master Agreement

1) The application period for purchases of contracts for the prepayment of postsecondary registration fees shall commence and terminate on dates set annually and announced publicly by the Commission.

2) After receipt and approval of the purchaser's application, the Disclosure Statement and Master Agreement and a participation and payment schedule shall be mailed to the purchaser. The contract shall be comprised of these three documents.

3) Each prepaid tuition contract must have one person designated as purchaser and one person designated as qualified beneficiary, except as provided in the Disclosure Statement and Master Agreement.

b) Contract Prices and Fees

The Commission shall annually review contract prices and adjust prices for new contracts, referencing annual changes in registration fees at Illinois public universities and Illinois community colleges. An implied interest rate for installment payment plans will be calculated annually, and subsequently approved or reaffirmed by the Commission as part of its pricing policy for the program. The Commission shall also approve annually a schedule of administrative, service and cancellation fees.

c) Payment Options

All contributions must be made in cash or its equivalent. Payments may be made only by check, money order, authorized monthly debit (ACH) from a bank account, payroll deduction, if available, or other payment method established by the Commission. Payments are due in accordance with conditions set forth in the contract. Payments may be made by lump sum or by installments. No penalty shall be assessed for early payment of installment contracts.

d) Delinquency and Default

1) Contracts purchased on or after November 1, 2009

A) A late fee will be assessed if no contract payment is received by the first payment due date.

B) An account will be cancelled if the initial payment is not received within 15 days after the first payment due date.

C) For monthly payment plans, failure to make full payment within 15 days after the due date shall result in assessment of a late fee and suspension of the qualified beneficiary's rights under the plan.

D) For annual payment plans, failure to make full payment within 30 days after the due date shall result in assessment of a late fee and suspension of the qualified beneficiary's rights under the plan.

E) Contracts that are suspended for missing information will be cancelled on the 16th of the month, along with those accounts that have made no contract payment.

F) If an account is delinquent for 210 days, the account is automatically converted from an installment plan to the same contract plan type reflecting the number of semesters already paid in full at the time of conversion, less any outstanding fees. If the amount paid towards the account is insufficient to pay in full the same contract plan type at the time the application was submitted, the account is cancelled and the purchaser is sent the appropriate refund amount.

2) Contracts purchased prior to November 1, 2009

A) For monthly payment plans, failure to make full payment within 15 days after the due date shall result in assessment of a late fee and suspension of the qualified beneficiary's rights under the plan.

B) For lump sum and annual payment plans, failure to make full payment within 30 days after the due date shall result in assessment of a late fee and suspension of the qualified beneficiary's rights under the plan.

C) If an account is delinquent for 210 days after the scheduled payment date, the account is cancelled and the purchaser is sent the appropriate refund amount.

e) Termination

There are two types of contract termination, involuntary and voluntary:

1) Involuntary termination shall occur upon a finding of fraud in the verification of residency of a qualified beneficiary at the time of application or the nonpayment of any appropriate payments due within established time frames.

2) Voluntary termination shall occur within 30 days after receiving written notice of a purchaser's desire to cancel a contract.

f) Refunds

Generally, no refund shall exceed the amount paid into the Illinois Prepaid Tuition Trust Fund by the purchaser and no refund shall be authorized under any prepaid tuition contract for any term partially attended but not completed. Refunds shall be made payable to the order of the purchaser only. The Commission shall authorize refunds in excess of the amount paid into the Illinois Prepaid Tuition Trust Fund only for contracts held for at least three years under the following conditions:

1) When a qualified beneficiary is awarded a grant or scholarship, the terms of which duplicate the benefits covered by his or her prepaid tuition contract, then the moneys paid for the purchase of the contract shall be returned to the purchaser, in term installments that coincide with the matriculation of the qualified beneficiary.

A) If the qualified beneficiary is enrolled at an Illinois Public University or Illinois Community College, the refund will be equal to the institution's current in-state or in-district registration fees, less any registration fees not covered by the scholarship and any applicable service fees.

B) If the qualified beneficiary is enrolled at a nonpublic institution of higher education, the refund will be equal to the current mean-weighted average of registration fees at Illinois public universities or Illinois community colleges, depending on the plan purchased under the contract, less the registration fees not covered by the scholarship and any applicable service fees.

2) In the event of death or total disability of the qualified beneficiary, moneys paid for the purchase of the contract shall be returned to the purchaser together with all accrued earnings.

3) In cases where a public university plan contract is converted for usage at an Illinois community college, then the amount refunded shall be on a term-by-term basis. The refund should be the current value of the original contract minus the current value of the contract after conversion.

4) In all instances of a voluntary contract cancellation, the amount refunded shall be the original purchase price of the contract less the applicable cancellation fees.

(Source: Amended at 37 Ill. Reg. 9554, effective July 1, 2013)