**Section 650.260 Terms and Conditions of Loan Agreement**

a) Loan proceeds under this program shall be used exclusively for the purposes listed in Section 650.210 and shall be expended in accordance with the approved application and the recipient's policies and procedures related to those expenditures. In the event the loan proceeds are not expended in the manner approved, the recipient, upon written notification from the State Board of Education, shall be required to submit, by the next payment due date, payment of the outstanding loan.

b) Loan proceeds shall be obligated no later than six months following receipt of the loan.

c) Use of the loan proceeds shall be accounted for in accordance with generally accepted standards of governmental accounting principles.

d) Recipients shall submit a report to the State Board of Education detailing how the loan proceeds were used no later than nine months after the receipt of the loan.

f) In the event of default that is not cured within 90 calendar days, the State Superintendent or his or her designee shall take the action specified either in subsection (f)(1) or (f)(2). The recipient shall be ineligible for additional loans until good standing has been restored.

1) In the event of default that is not cured within 90 calendar days, the State Superintendent or his or her designee shall notify the recipient in writing by certified mail, return receipt requested, that payment of the outstanding loans on the date of the notification is due immediately. The recipient shall have 30 days from the date the notification is received to submit its payment.

2) The State Board may deduct amounts necessary to repay the loan from funds due to the recipient or may require that the local school board that authorized the charter school deduct those amounts from funds due to the recipient and remit these amounts to the State Board, provided that the local school board shall not be responsible for repayment of the loan.

g) The contents of the approved application and terms and conditions of the loan shall be incorporated into a promissory note. Should the indebtedness represented by the promissory note or any part of that note be collected at law or in equity or in bankruptcy, receivership or other court proceedings or, if the promissory note is placed in the hands of attorneys for collection after default, the participant agrees to pay reasonable attorneys' fees and costs of collection.

(Source: Added at 42 Ill. Reg. 3182, effective January 31, 2018)