**Section 2721.40 Institutional Procedures**

a) Institutions must have executed Program Participation Agreements with ED and with ISAC in order to participate in ISAC-administered Alternative Loan Programs.

b) Institutions must demonstrate administrative capability and financial responsibility, as defined by federal regulations (see, e.g., 34 CFR 668.15 and 668.16), in order to begin and to continue participation in ISAC-administered Alternative Loan Programs.

c) Eligible institutions may not have federal cohort default rates, calculated and announced by ED for the three most recent fiscal years, in excess of the rates annually established and publicized as acceptable by ISAC.

d) Institutions shall be subject to the audit and investigation conditions outlined in General Provisions, including those relating to audits and investigations, 23 Ill. Adm. Code 2700.60.

e) Institutions not maintaining the standards of administrative capability or financial responsibility demonstrated in their original application for participation, or required by federal regulations, may be subject to administrative Limitation, Suspension or Termination Proceedings. (See 23 Ill. Adm. Code 2790.)