**Section 15.70 Conditions of Loan**

Loans under this Part may only be issued pursuant to a binding, written agreement that contains the following conditions and requirements.

a) *The annual rate of interest shall be the lesser of either 2* *percent below the Prime Rate charged by banks, as published by the* *Federal Reserve Board, in effect at the time the Department* *approves the loan, or a rate determined by the Department, after* *consultation with the Bureau of the Budget, that will not* *adversely affect the tax-exempt status of interest on the bonds of* *the State issued in whole or in part to make deposits into the* *Airport Land Loan Revolving Fund, nor diminish the benefit to the* *State of the tax-exempt status of the interest on such bonds.* In no event shall less than 2 percent be charged. (Section 34b(b)(1) of the Act)

b) *The term of any loan shall not exceed five years, but it may be* *for less by mutual agreement.* (Section 34b(b)(2) of the Act)

c) *The loan shall be secured with the* property *purchased, in whole or in part, with the loan*. The property shall be collateral for the loan. *The Owner shall assign a first priority interest in the property to the State* and shall cooperate with the Department to record the Department's interest in the property. (Section 34b(b)(5) of the Act)

d) No funds may be transferred to an Owner under this Part until the Department's interest in the property is secured as outlined in subsection (c) of this Section.

e) If federal reimbursement will be requested for the real estate interest purchased with a loan granted under this Part, the real estate acquisition process must comply with the Uniform Relocation Assistance and Real Property Acquisition Policy Act of 1970, as amended (the Uniform Act) (42 USC 4601 et seq.). All real estate acquisition costs eligible under the Uniform Act may be paid with money lent under this Part; however, the amount of the loan cannot exceed fair market value of the property, as determined by the Department.

f) If any or all of the interest in the property is transferred (see Section 15.80(e)), the Owner and the Department shall retain an avigation easement in the transferred property interest that meets the requirements of the Department. (See 92 Ill. Adm. Code 14 and the FAA Policy and Procedures Memorandum 5190.6, Appendix 3, June 14, 1994.)

g) If a loan application is accepted, the Owner must do, and bear the cost of, the following:

1) provide an appraisal of the property by an appraiser currently licensed as a certified general real estate appraiser with the State of Illinois;

2) secure a title insurance policy for the purchase price of the parcel that is the subject of the loan; and

3) file the Notice of Lien with the county recorder for the county in which the subject property is located.

(Source: Amended at 25 Ill. Reg. 14523, effective October 27, 2001)