**Section 510.270 Administrative Requirements for Loans**

a) Loan Terms – The Department shall negotiate the loan terms and amortization schedule. All payments shall be applied first to interest and then to principal.

b) Default – Upon default, the entire principal of the loan, and any interest accrued thereon, shall become immediately due and payable upon the written demand of the Department, without any other notice or demand of any kind or any presentiment of protest, when one of the following events occurs. However, if the Borrower's payments have been deferred, the Borrower shall remit payments in accordance with the deferred payment plan. The Department may grant payment deferrals on a case by case basis after reviewing the Borrower's financial statements and projections in determining whether the Borrower will be able to make payments at a future date.

1) Failure to Remit Payments – The Borrower shall be considered to have breached the loan agreement when a scheduled payment is not timely remitted and remains unpaid for 15 days from the due date.

2) Inaccurate Representation – The Borrower shall be considered to have breached the loan agreement if it furnishes any inaccurate information, whether expressed or implied, to the Department in connection with the execution and/or delivering of the loan agreement.

3) Breach of Terms – If the Borrower fails to perform or comply with any of its obligations or duties under the terms of the loan agreement and if that nonperformance is not cured within 30 days after notice to the Borrower, the Borrower shall be held in default after either:

A) the nonperformance becomes known to an executive officer of the Borrower; or

B) written notice is given to the Borrower by the Department.

c) Notice of Default – The Department shall give the Borrower written notice of any breach specified in this Section. In the event the Borrower fails to cure the breach within 30 days after the notice, the Borrower shall be held in default.

d) Maintenance and Insurance of Property

1) The Borrower shall at all times maintain the property provided as security for the loan in such condition and repair that the Department's security will be adequately protected.

2) The Borrower shall maintain, during the term of the loan, adequate (at least covering the amount of the loan) hazard (e.g., tornado, hail, acts of God) insurance policies providing fire and extended coverage for all such other hazards. Insurance coverage shall be issued by an insurance company authorized to do business in the State of Illinois, with loss payee clauses in favor of the Department.

3) If at any time during the life of the loan, the Borrower's property is declared to be within a flood hazard area, the Borrower shall purchase federal flood insurance, if available. The flood insurance shall be equal to the amount of the loan.

4) The Borrower shall maintain liability and worker's compensation insurance.

5) The Borrower shall provide written notice to the Department of any public hearing or meeting before any administrative or other public agency that may, in any manner, affect the chattel, personal property or real estate securing the loan.