**Section 900.118 Terms of Guaranteed Participating Loans**

All guaranteed participating loans shall:

a) Have a repayment term of 24 months or less, including any extensions or renewals thereof;

b) Set forth the number and timing of principal and interest installments;

c) Bear interest at the rate stated by the Authority in its commitment, which rate may fluctuate during the life of the commitment, as set forth therein, but which rate shall in no event be less than a rate equal to the net borrowing rate of the Authority;

d) Have a principal amount which is equal to or less than 81% of the total value of the pre-export or the eligible export;

e) Contain an affirmative covenant that the on-loan to be supported by the guaranteed participating loan is collateralized as set forth in Section 900.140 of this Part;

f) Contain an affirmative covenant that the eligible exporter's financial risk in the pre-export or eligible export is at least 10% of the total value of the pre-export or eligible export;

g) Contain an affirmative covenant that, within three (3) business days of receipt by the financial intermediary from the eligible exporter of collected funds constituting any payment of the eligible exporter's obligations to the financial intermediary pursuant to an on-loan, the financial intermediary will pay to the Authority an amount equal to

1) the amount of collected funds so received, times

2) an amount equal to the initial principal of the guaranteed participating loan divided by the initial principal of the on-loan;

h) Contain an affirmative covenant that the rate of interest charged the eligible exporter in the on-loan does not exceed the rate set forth in the Authority's commitment;

i) Contain an affirmative covenant that the terms of the on-loan conform to the requirements of the guaranteed participating loan, the Act, this Part, and the comprehensive export credit insurance policy;

j) State that the financial intermediary is unconditionally liable to the Authority for the repayment of the full amount of the principal, interest and other sums due under and in connection with the guaranteed participating loan; and

k) Be collateralized in accordance with Sections 900.115(c) and (k) of this Part.

(Source: Amended at 11 Ill. Reg. 3100, effective February 3, 1987)