**Section 310.404 Development Funds and Property**

All Development Funds received by an Owner or its agent shall be deposited to and maintained, as the Authority directs, in appropriate accounts with the Authority, or in a federally insured bank or savings and loan association or other financial institution located and qualified to do business in Illinois and whose deposits are insured by the federal government, or in other fiduciaries acceptable to the Authority. The Authority shall, in the Regulatory Agreement for the Development, establish priorities for the disbursement and use of Development Funds, including the funding of reserves and escrows, and require that the Owner have personal liability for Development Funds or Development property that comes into its hands or the hands of its agents that the Owner is not entitled to retain or has disbursed or used in violation of Authority requirements. In establishing these priorities, the Owner and Authority shall take into account the purposes of the Program, the financial stability of the Development, the physical condition of the Development, the value of the Development as security for the Mortgage Loan, and other relevant factors. It shall be a violation of the Rules for the Owner or its agent to disburse, use or retain Development Funds or Development property other than in accordance with the requirements or priorities established pursuant to this Section and set forth in the Regulatory Agreement or other Mortgage Loan documents.

(Source: Amended at 31 Ill. Reg. 4392, effective February 28, 2007)