**Section 580.240 Penalty for Failure to Fulfill Obligation**

a) If the grant agreement is breached, *loan repayment recipients shall repay the Department a sum equal to the amount received under the program, plus* an annual percentage rate (APR) of 7% *interest.* (Section 35 of the Act) Repayment of the obligation shall be made as agreed to by the grantee and the Department in the grantee's agreement and in accordance with Section 580.250.

b) A breach of grant agreement shall include, but not be limited to, the:

1) Failure to practice *full time* *in a designated shortage area* at the location specified and for the time period required in the grant agreement (Sections 30(c) and 35 of the Act);

2) Relocation to an area that has a lower priority ranking as a designated shortage area;

3) Material misstatement in reporting information to the Department, for example, misstating the percentage of low income patients served;

4) Making any material misrepresentation to the Department for the purpose of obtaining a grant;

5) Failure to allocate at least 20% of all patient appointments as required by Section 25 of the Act and Section 580.210(b)(7).

c) When the Department determines that the grant agreement has not been fulfilled and all applicable requirements of Section 580.250 have been met, the Department and grantee shall enter into a contract for the repayment of the obligation.

1) To fulfill the repayment requirements of the Act and this Section, the grantee shall have 30 calendar days after the conclusion of all applicable requirements of Section 580.250 to enter into a contract with the Department.

2) Payment shall be made in equal monthly installments in amounts so that all sums due shall be paid within a period of time equal to the grantee's service term, or remaining portion thereof, or as otherwise approved by the Department.

d) If the grantee does not repay all funds owed to the Department within the required time period, the Department shall refer the matter to the Illinois Attorney General, a collection agency, or a licensed attorney for resolution.

(Source: Amended at 36 Ill. Reg. 2313, effective January 27, 2012)