**Section 662.420 Post**-**Loan Issuance Construction Contract Requirements**

a) The loan recipient shall provide construction engineering and project monitoring to assure that the construction substantially conforms to the approved plans and specifications.

b) The following procedures shall apply to construction contracts awarded by loan recipients for the construction phase only. They shall not apply to personal and professional service contracts.

1) Executed Contract. For each construction contract awarded, the loan recipient shall submit an executed contract, performance and payment bond for the bid amount, certificate of insurance with the loan recipient added as additional insured, and the notice to proceed.

2) Change Orders

A) When the loan recipient authorizes the contractor to add, delete, or revise the work within the general scope of the contract documents, or authorizes an adjustment in the contract price or contract time, the loan recipient shall submit a change order to the Agency.

B) For each change order, the loan recipient shall submit to the Agency for approval the following documentation:

i) one copy of the fully executed change order signed by the loan recipient, construction engineer, and the contractor; and

ii) a description of any changes, with justification for the changes.

C) Prior approval by the Agency of a change order is required when a change order results in:

i) alterations in design scope that require a modification to a construction permit; or

ii) an increase in the amount of loan funds needed to complete the project.

D) Failure to give timely notice of proposed project changes or action by the loan recipient that is not consistent with the Agency's determination on those changes may result in disallowance of loan participation for costs incurred that are attributable to the change.

(Source: Amended at 43 Ill. Reg. 11209, effective October 1, 2019)