**Section 663.540 Termination**

a) Loan Termination by the Agency

1) The Agency, by written notice to the loan recipient, may terminate the loan in whole or in part. Cause for termination shall include, but not be limited to, the following:

A) failure by the loan recipient to comply with the terms and conditions of the loan;

B) after 10 days written notice from the Agency, failure by the loan recipient or any of its contractors or subcontractors to provide access as required by Section 663.620(i);

C) after 10 days written notice from the Agency, failure of the loan recipient or its contractors or subcontractors to make records available to the Agency.

2) Upon loan termination, the loan recipient shall refund any unexpended loan funds to the State of Illinois to be deposited in the PWSLP, except for any portion that may be required to pay the eligible cost of materials and equipment furnished or services rendered under an enforceable contract prior to the effective date of the termination. In addition, any loan recipient, contractor or subcontractor found in noncompliance with Section 663.620 shall repay any loan funds previously spent.

b) Project Termination by the Loan Recipient

A loan recipient who wishes to terminate a project for which the loan has been provided must submit a written request to the Agency that documents good cause for the proposed termination. If the Agency agrees that there is good cause for termination of all or any portion of the project, it shall enter into a termination agreement with the loan recipient or unilaterally terminate the loan. If the Agency finds that the loan recipient has terminated the project without good cause, it shall declare the loan in default, and all loan funds previously paid to the loan recipient, together with interest on the loan, shall be returned to the State of Illinois, in accordance with a schedule established by the Agency, for deposit into the PWSLP. Good cause to terminate a loan project includes, but is not limited to changes in economic circumstances within the loan recipient's service area.