**Section 340.206 Termination of Loan Disbursements**

a) If the Authority is the sole source of funds for the Program, excluding origination and servicing fees, the Authority shall declare a default and thereafter terminate loan disbursements and accelerate the note executed by the Loan institution, if any, 30 days after the Authority gives the Lending Institution written notice of the default, if it is determined by the Authority that the Lending Institution is not complying with the Act, or this Part, or the terms of the documents executed in connection with the loan to the Lending Institution or with State or federal laws applicable to the Lending Institution, as defined in this Act. If the Lending Institution cures, or enters into an agreement with the Authority to cure, the default within 30 days after the Authority's written notice of the default, the loan shall be reinstated and the default status terminated; however, if the Lending Institution is misappropriating loan proceeds, the Authority shall terminate loan disbursements and accelerate the note executed by the Lending Institution, if any, and ban further participation by the Lending Institution in the Program. No act of non-feasance or malfeasance by a Lending Institution shall cause the acceleration of a note executed by a Loan Recipient under this Program.

b) If the Authority participates in the Program with funds from other participants, excluding origination and servicing fees, the agreement between the participants shall control as to the right to terminate loan disbursements and the right to accelerate the note executed by the Lending Institution, if the Lending Institution is misusing loan proceeds or is not complying with the Act, or this Part, or the terms of the documents executed in connection with the loan to the Lending Institution or State and federal laws applicable to Lending Institutions, as defined in the Act.