**Section 976.160 Obligation**

a) A grantee shall obligate the funds no later than 18 months after the Illinois State Comptroller has made the initial payment to the grantee.

b) Obligation occurs when one of the following is submitted to the Department:

1) A copy of a signed construction contract that is equal to or exceeds 30% of the total project cost (if a project involves construction or modernization that will be performed without a contract, obligation occurs when the hospital's Board of Directors authorized the project to commence);

2) A copy of a signed purchase order that equals or exceeds 30% of the total project cost for medical equipment or information technology; or

3) Documentation of the combined total capital expenditure of 30% or more of the project cost (documentation shall consist of a certification from the grantee attesting to the amount of funds expended).

c) Failure to submit an obligation notice within the prescribed time frame will result in the Department pursuing the recovery of grant funds (see Section 976.140).