**Section 800.320 Financing the Project**

a) The Department will make available to the recipient in the form of a loan or grant, such funds in such amounts as are necessary to finance the project. The Department generally offers funds in the form of a loan except for one or more of the following reasons:

1) When the offering of a grant instead of a loan affects the projects viability;

2) When the offering of a grant instead of a loan attracts investment by another party or parties greater than the State's investment;

3) When the offering of a grant instead of a loan is necessary due to a recipient's limited ability to repay loan amounts;

4) When the offering of a grant instead of a loan is warranted because the projected profitability of the rail operation subsequent to the rehabilitation, improvement or construction provides insufficient return to cover the repayment of loaned funds; and

5) When the offering of a grant instead of a loan is warranted because of the high level of public, transportation, and economic benefits which will accrue as a result of the project.

b) The terms and conditions of a loan shall be:

1) the term of a loan shall be the minimum equal to that of the benefits, or the benefit stream (five year benefit equals a five year loan);

2) the interest rate shall never be higher than the prime; and

3) repayment may be made without interest penalties.

c) State funds will be provided on a reimbursement basis. The State's total share of the project cost shall be stated in the contract. The terms and conditions under which the Department will make such funds available to the recipient are contained in the contract.

d) The recipient may not delete or add to any of the work items in the contract without written approval of the Department. Deletions and additions will be approved provided they do not affect the costs or benefits of a project in such a way that they cause the cost of a project to equal or exceed the benefits of a project as described in 800.120. Any costs incurred by the recipient in excess of the net project cost, as provided in the contract, shall be the sole responsibility of the recipient. The obligation of the Department to make funds available pursuant to the contract and to make payments under the contract is subject to appropriations by the Illinois General Assembly.

e) Costs incurred prior to contract execution are ineligible as project costs.