**Section 360.401 Project Initiation**

Any obligation of the State of Illinois and the Agency to make any payment of grant funds shall terminate absolutely unless the project is initiated no later than one calendar year from the date of acceptance by the grantee of the project grant offer or as otherwise provided by a special condition of this grant. For Step 1 and 2 grants, a project shall be deemed to have been initiated on the execution of an agreement or contract for any element of project work; or, if an agreement or contract covering an element of the work has previously been entered into, a notice to proceed with the work has been issued. A project shall be deemed to have been initiated on the issuance of a notice to proceed under a construction contract for any segment of Step 3 project work, or if notice to proceed is not required, execution of the construction contract.