**Section 365.530  Stop-Work Order**

a) In the event of any violation of this Part or noncompliance with the terms of the loan agreement, the Agency may, by written order, require the loan recipient to stop all or any part of the project work for a period of not more than 30 days after the date of the order, and for any further period to which the parties may agree. Any such order shall include a list of the project activities to which it applies. Upon receipt of a stop-work order, the loan recipient shall immediately comply with its terms and shall minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage. Within 30 days after the date of the stop-work order, or within the period of any extension to which the parties have agreed, the Agency shall:

1) cancel the stop-work order upon resolution of the violation or cause leading to that stop-work order; or

2) terminate the work covered by the stop-work order as provided in Section 365.540(a).

b) If a stop-work order is canceled or the period of the order or any extension expires, the loan recipient shall resume work. An adjustment may be made in the loan period, the project period, the loan amount, or any combination of these, and the loan amended accordingly, if the loan recipient asserts a written claim for an adjustment within 30 days after the end of the work stoppage.

c) All costs that are incurred by the loan recipient after the receipt of a stop-work order, or during any extension of the stop-work order period to which the Agency and the loan recipient have agreed, shall be deemed ineligible costs unless otherwise authorized by the Agency in writing or authorized under the loan procedures.