

## Rural Utilities Service, USDA

## § 1778.13

- (f) Equipment replacement.
- (g) Connection and/or tap fees.
- (h) Pay costs that were incurred within six months of the date an application was filed with the Agency to correct an emergency situation that would have been eligible for funding under this part.
- (i) Any other appropriate purpose such as legal fees, engineering fees, recording costs, environmental impact analyses, archaeological surveys, possible salvage or other mitigation measures, planning, establishing or acquiring rights associated with developing sources of, treating, storing, or distributing water.
- (j) Assist rural water systems to comply with the requirements of the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) (FWPCA) or the SDWA when such failure to comply is directly related to a recent decline in quality of potable water. This would not apply to changes in the requirements of FWPCA or SDWA.
- (k) Provide potable water to communities through means other than those covered above for not to exceed 120 days when a more permanent solution is not feasible in a shorter time frame.

### § 1778.10 Restrictions.

- (a) Grant funds may not be used to:
  - (1) Assist any city or town with a population in excess of 10,000 inhabitants according to the most recent decennial census of the United States. Facilities financed by RUS may be located in non-rural areas. However, loan and grant funds may be used to finance only that portion of the facility serving rural areas, regardless of facility location.
  - (2) Assist a rural area that has a median household income in excess of the statewide nonmetropolitan median household income according to the most recent decennial census of the United States.
  - (3) Finance facilities which are not modest in size, design, cost, and are not directly related to correcting the potable water quantity or quality problem.
  - (4) Pay loan or grant finder's fees.
  - (5) Pay any annual recurring costs that are considered to be operational expenses.

- (6) Pay rental for the use of equipment or machinery owned by the rural community.
- (7) Purchase existing systems.
- (8) Refinance existing indebtedness, except for short-term debt incurred in accordance with § 1778.9(h).
- (9) Make reimbursement for projects developed with other grant funds.
- (10) Finance facilities that are not for public use.
- (b) Nothing in paragraph (a)(1) of this section shall preclude rural areas from submitting joint proposals for assistance under this part. Each entity applying for financial assistance under this part to fund their share of a joint project will be considered individually.

### § 1778.11 Maximum grants.

- (a) Grants not to exceed \$500,000 may be made to alleviate a significant decline in quantity or quality of water available to a rural area that occurred within two years of filing an application with the Agency, or to attempt to avoid a significant decline that is expected to occur during the twelve month period following the filing of an application.
- (b) Grants made for repairs, partial replacement, or significant maintenance on an established system to remedy an acute shortage or significant decline in the quality or quantity of potable water, or an anticipated acute shortage or significant decline, cannot exceed \$150,000.
- (c) Grants under this part, subject to paragraphs (a) and (b) of this section, shall be made for 100 percent of eligible project costs.

### § 1778.12 [Reserved]

### § 1778.13 Set-aside.

- (a) At least 70 percent of all grants made under this grant program shall be for projects funded in accordance with § 1778.11(a).
- (b) At least 50 percent of the funds appropriated for this grant program shall be allocated to rural areas with populations not in excess of 3,000 inhabitants according to the most recent decennial census of the United States.