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## 40 C.F.R. § 35.3535

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### Authorized set-aside activities.

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- (a) *General.* (1) A State may use a portion of its capitalization grants for the set-aside categories described in paragraphs (b) through (e) of this section, provided that the amount of set-aside funding does not exceed the ceilings specified in this section.
- (2) A State may not use set-aside funds for those projects or project-related costs listed in § 35.3520(b), (c), (e), and (f), with the following exceptions:
- (i) Project planning and design costs for small systems; and
  - (ii) Costs for restructuring a system as part of a capacity development strategy.
- (b) *Administration and technical assistance.* A State may use up to 4 percent of its allotment to cover the reasonable costs of administering the DWSRF program and to provide technical assistance to public water systems.
- (c) *Small systems technical assistance.* A State may use up to 2 percent of its allotment to provide technical assistance to small systems. A State may use these funds for activities such as supporting a State technical assistance team or contracting with outside organizations or other parties to provide technical assistance to small systems.
- (d) *State program management.* A State may use up to 10 percent of its allotment for State program management activities.

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