**Section 664.1010 Determination of Allowable Costs**

The loan recipient shall be paid, upon request, in accordance with Section 664.1030 (Disbursement of Loan Funds) of this Subpart, for all costs that are within the scope of the approved project, not to exceed the total amount of the loan, and that are determined to be allowable in accordance with the following criteria:

a) Allowable Project Costs

All reasonable and necessary costs directly attributable to the design and construction of an eligible, loan assisted public water supply project that are not excluded from loan funding by law or non-waivable regulations. Categories of necessary costs include, but are not limited to, the following:

1) The direct purchase of materials, equipment and personal services specifically necessary for the completion of a loan funded project;

2) Professional and consultant services contracts necessary for design, bidding and construction of a loan funded project, except as elsewhere limited by this Part;

3) Costs under approved construction contracts; and

4) Costs for premiums for required flood insurance during the project construction period.

b) Ineligible Costs

Categories of costs that are ineligible for loan assistance, and are not subject to the "reasonable and necessary" test of allowability include, but are not limited to, the following:

1) Costs for preparing a project planning document;

2) Costs outside the scope of the approved project plan;

3) Site acquisition, including easement compensation;

4) Construction of any facilities that do not clearly fall within the definition of a community water supply facility as contained in the federal Safe Drinking Water Act; and

5) Costs of projects whose main purpose is fire protection or servicing future growth.

c) Disputes Concerning Allowable Costs

The loan recipient shall seek to resolve any questions relating to cost allowability or allocation at the earliest opportunity. Final determinations by the Director concerning the allowability of costs shall be conclusive.