

required with each request for payment. Grantees will be required to submit audited financial statements on an annual basis, if available, or annual financial statements prepared by a licensed, independent public accountant, within 120 calendar days of the end of the grantee's fiscal year.

(2) For recipients of Research and Development Grants, reports will be required in accordance with agreed upon milestones and as part of the disbursement process.

(3) For recipients of Discretionary Grants, reports will be required as appropriate for the project, or on a schedule as described in paragraph(a)(1) of this section, whichever is more frequent.

(b) In addition, SBA may, from time to time, make site visits to the grantee, and review all applicable books and records.

**§ 119.18 What are the restrictions against lobbying?**

No assistance made available under the PRIME program may be expended by a grantee or subgrantee to pay any person to influence, or attempt to influence, any agency, elected official, officer, or employee of a Federal, State, or local government in connection with its participation in the program.

**§ 119.19 Is fundraising an allowable expense under the PRIME program?**

Expenditures of grant funds for fundraising activities are not allowable costs under this program. Applicants must be able to raise matching funds without the assistance of grant funds. Unless the full requirement for matching funds is waived, the applicant must demonstrate that it has adequate fundraising resources to obtain the required non-Federal matching funds to perform the project.

**§ 119.20 Should grantees and subgrantees raise conflict of interest matters with SBA?**

Each grantee or subgrantee must provide SBA with a copy of its conflicts of interest policies prior to receipt of funding under the program. Such policies must clearly describe the grantee's or subgrantee's protections

from conflicts of interest or the appearance thereof in the handling of grant funding and program provision under this program.

**PART 120—BUSINESS LOANS**

GENERAL DESCRIPTIONS OF SBA'S BUSINESS LOAN PROGRAMS

Sec.

- 120.1 Which loan programs does this part cover?
- 120.2 Descriptions of the business loan programs.
- 120.3 Pilot programs.

DEFINITIONS

- 120.10 Definitions.

**Subpart A—Policies Applying to All Business Loans**

ELIGIBILITY REQUIREMENTS

- 120.100 What are the basic eligibility requirements for all applicants for SBA business loans?
- 120.101 Credit not available elsewhere.
- 120.102 Funds not available from alternative sources, including personal resources of principals.
- 120.103 Are farm enterprises eligible?
- 120.104 Are businesses financed by SBICs eligible?
- 120.105 Special consideration for veterans.

INELIGIBLE BUSINESSES AND ELIGIBLE PASSIVE COMPANIES

- 120.110 What businesses are ineligible for SBA business loans?
- 120.111 What conditions must an Eligible Passive Company satisfy?

USES OF PROCEEDS

- 120.120 What are eligible uses of proceeds?
- 120.130 Restrictions on uses of proceeds.
- 120.131 Leasing part of new construction or existing building to another business.

ETHICAL REQUIREMENTS

- 120.140 What ethical requirements apply to participants?

CREDIT CRITERIA FOR SBA LOANS

- 120.150 What are SBA's lending criteria?
- 120.151 What is the statutory limit for total loans to a Borrower?
- 120.160 Loan conditions.

REQUIREMENTS IMPOSED UNDER OTHER LAWS AND ORDERS

- 120.170 Flood insurance.
- 120.171 Compliance with child support obligations.