due to the applicant’s financial position and is clearly to the advantage of the grant applicant.

(g) Ordinarily, not more than one grant will be made for a project. Nevertheless, in certain circumstances a second grant may be made to applicants for a new project or expansion of the original project. An additional grant will not be approved for an economic enterprise previously funded under the provisions of title IV of the Indian Financing Act of 1974 except for expanding a successful enterprise, provided the total of grants made shall not exceed $250,000 to an Indian tribe and $100,000 to an Indian individual, partnership, corporation, or cooperative association.

(b) An application for a second grant will not be approved if the applicant:

1. Has not complied with the reporting requirements in connection with the first grant, or
2. Has not followed the plan of operation, if any, developed for the management and operation of the economic enterprise, or
3. Did not follow and use the management and technical assistance furnished, or
4. Is in violation of one or more provisions of the loan agreement entered into between the applicant and the lender who furnished the loan portion of the financing in connection with the first grant.

(i) An applicant for an expansion grant must meet the same eligibility requirements as an original applicant.

(j) A grantee will be required to return all or a portion of the grant if the business or enterprise for which the grant was utilized is sold within three years of the date on which the grant was dispersed to the grantee, unless the proceeds from the sale are re-invested in a new business or business expansion which will benefit the Indian reservation economy. Such sale and re-investment must have the prior approval of the local agency superintendent. The grantee shall refund the lessor of the grant amount or a pro rata portion of sales proceeds. The pro rata portion of sales proceeds shall be based on the ratio of grant amount to its corresponding matching financing. The new business or business expansion utilizing such sale proceeds must meet the same criteria for eligibility as an original grant.

§ 286.21 Return of unused funds.

Grantees will be required to return unused grant funds to the Assistant Secretary if the economic enterprise for which the grant was approved is not initiated, i.e., lease obtained, if needed, construction started, equipment purchased or other, within the time stated in the grant agreement. The Assistant Secretary may, if warranted by circumstances beyond the control of the grantee, extend the time to allow for initiation of the enterprise, provided there is assurance the enterprise will be initiated forthwith within the extended time period. The Assistant Secretary will notify the lender in writing

§ 286.19 [Reserved]