

Small Business Administration

§ 109.510

change by Notice in the FEDERAL REGISTER.

§ 109.430 Loan purposes.

(a) An Eligible Small Business Concern may only use the proceeds of a loan under this program for the following purposes:

- (1) Working capital;
- (2) Real estate (except for real estate acquired and held primarily for sale, lease, or investment); and
- (3) The acquisition of materials, supplies, furniture, fixtures, or equipment.

(b) Revolving lines of credit are permitted. However, if, at any time, SBA determines that the ILP Intermediary's operation of revolving lines of credit is causing excessive risk of loss for the intermediary or the Government, the AA/CA or designee may terminate the ILP Intermediary's authority to use the ILP Relending Fund proceeds for revolving lines of credit. Such termination will be by written notice and will prevent the ILP Intermediary from approving any new lines of credit or extending any existing revolving lines of credit beyond the effective date of termination contained in the notice.

§ 109.440 Requirements imposed under other laws and orders.

Loans made by the ILP Intermediary under this program must comply with all applicable laws, including §§ 120.170 (Flood insurance), 120.172 (Flood-plain and wetlands management), 120.173 (Earthquake hazards), and the civil rights laws (see parts 112, 113, 117, and 136 of this chapter) prohibiting discrimination on the grounds of race, color, national origin, religion, sex, marital status, disability or age.

[76 FR 18015, Apr. 1, 2011, as amended at 85 FR 75834, Nov. 27, 2020]

§ 109.450 SBA review of ILP Intermediary loans to Eligible Small Business Concerns.

(a) *Review restrictions.* SBA does not review loans made by an ILP Intermediary under this program before approval of the loan by the ILP Intermediary. The ILP Intermediary is responsible for all loan decisions regarding eligibility (including size).

(b) *Subsequent review.* SBA will periodically review loans made by an ILP Intermediary after approval of the loan by the ILP Intermediary as part of the on-site and off-site reviews described in § 109.510. If SBA discovers that an ILP Intermediary has made a loan under this program to an ineligible business or for an ineligible purpose, SBA will require the ILP Intermediary to refinance the ineligible loan with non-ILP program funds and to deposit into its ILP Relending Fund an amount equal to the outstanding principal balance on the ineligible loan.

§ 109.460 Prohibition on sales of ILP Intermediary Loans to Eligible Small Business Concerns.

An ILP Intermediary may not sell all or any portion of a loan made to an Eligible Small Business Concern without prior written consent from the AA/CA or designee.

Subpart E—Oversight

§ 109.500 SBA access to ILP Intermediary files.

The ILP Intermediary must allow SBA's authorized representatives, including other officers of any other Federal agency and representatives authorized by the SBA Inspector General, during normal business hours, timely access to its facility and files to review, inspect, and copy all records and documents, including electronic and hard copy, relating to the operations of the ILP Intermediary, the ILP Loan, and the loans made from the ILP Relending Fund and other records and documents as requested for oversight of the ILP Intermediary.

§ 109.510 Reviews.

(a) *General.* SBA may conduct reviews and monitoring of ILP Intermediaries, including ILP Intermediaries' self-assessments. SBA may also perform reviews of ILP Intermediaries as needed, as determined by SBA in its discretion.

(b) *Corrective actions.* SBA may require an ILP Intermediary to take corrective actions to address findings from reviews. Failure to take required corrective actions may constitute an