

EXHIBIT A

Ineligible Business

The Ineligible Businesses are listed below in subsections (b)-(j) and (m)-(s) and are highlighted in yellow:

§ 120.110 What businesses are ineligible for SBA business loans?

The following types of businesses are ineligible:

- a) Non-profit businesses (for-profit subsidiaries are eligible);
- b) Financial businesses primarily engaged in the business of lending, such as banks, finance companies, and factors (pawn shops, although engaged in lending, may qualify in some circumstances);
- c) Passive businesses owned by developers and landlords that do not actively use or occupy the assets acquired or improved with the loan proceeds (except Eligible Passive Companies under §120.111);
- d) Life insurance companies;
- e) Businesses located in a foreign country (businesses in the U.S. owned by aliens may qualify);
- f) Pyramid sale distribution plans;
- g) Businesses deriving more than one-third of gross annual revenue from legal gambling activities;
- h) Businesses engaged in any illegal activity;
- i) Private clubs and businesses which limit the number of memberships for reasons other than capacity;
- j) Government-owned entities (except for businesses owned or controlled by a Native American tribe);
- k) Businesses principally engaged in teaching, instructing, counseling or indoctrinating religion or religious beliefs, whether in a religious or secular setting;
- l) Reserved;
- m) Loan packagers earning more than one-third of their gross annual revenue from packaging SBA loans;
- n) Businesses with an Associate who is incarcerated, on probation, on parole, or has been indicted for a felony or a crime of moral turpitude;
- o) Businesses in which the Lender or CDC, or any of its Associates owns an equity interest;
- p) Businesses which: (1) Present live performances of a prurient sexual nature; or (2) Derive directly or indirectly more than de minimis gross revenue through the sale of products or services, or the presentation of any depictions or displays, of a prurient sexual nature;
- q) Unless waived by SBA for good cause, businesses that have previously defaulted on a Federal loan or Federally assisted financing, resulting in the Federal government or any of its agencies or Departments sustaining a loss in any of its programs, and businesses owned or controlled by an applicant or any of its Associates which previously owned, operated, or controlled a business which defaulted on a Federal loan (or guaranteed a loan which was defaulted) and caused the Federal government or any of its agencies or Departments to sustain a loss in any of its programs. For purposes of this section, a compromise agreement shall also be considered a loss;
- r) Businesses primarily engaged in political or lobbying activities; and
- s) Speculative businesses (such as oil wildcatting).