



## SBA 504 – Ineligible Businesses

- Non-profit businesses (*for profit subsidiaries are eligible*)
- Financial businesses primarily engaged in the business of lending, such as banks and finance companies. *Pawn shops, although engaged in lending, may qualify in some circumstances.*
- 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*)
- Life insurance companies
- Businesses located in a foreign country (*businesses in the U.S. owned by aliens may qualify*)
- Pyramid sales distribution plans
- Businesses deriving more than one-third of gross annual revenue from legal gambling Activities
- Businesses engaged in any illegal activity
- Private clubs/businesses that limit the number of memberships for other than capacity reasons
- Government-owned entities (*except for businesses owned or controlled by a Native American tribe*)
- Businesses principally engaged in teaching, instructing, counseling or indoctrinating religion or religious beliefs, whether in a religious or secular setting
- Consumer and marketing cooperatives (*producer cooperatives are eligible*)
- Loan packagers earning more than one third of their gross annual revenue from packaging



## **Businesses and/or borrowers who are Ineligible for SBA Loans**

- Businesses with an Associate who is incarcerated, on probation, on parole, or has been indicted for a felony or a crime of moral turpitude
- Businesses in which the CDC or any of its Associates owns an equity interest
- Businesses which present live performances of a prurient sexual nature; or derive directly or indirectly more than 5% of their gross revenue through the sale of products or services, of the presentation of any depictions or displays of a prurient sexual nature
- A business or applicant involved in a business which defaulted on a Federal loan or Federally assisted financing resulting in a loss to the government. A compromise agreement shall also be considered a loss
- Businesses primarily engaged in political or lobbying activities
- Speculative businesses (*such as oil wildcatting*)