§ 120.827 Other services a CDC may provide to small businesses.

A CDC may provide a small business with assistance unrelated to the 504 loan program as long as the CDC does not make such assistance a condition of the CDC accepting from that small business an application for a 504 loan. An example of other services a CDC may provide is assisting a small business in applying for a 7(a) loan (as described in §120.2). A CDC is subject to part 103 of this chapter when providing such assistance.

[68 FR 57981, Oct. 7, 2003]

§ 120.828 Minimum level of 504 loan activity and restrictions on portfolio concentrations.

(a) A CDC is required to receive SBA approval of at least four 504 loan approvals during two consecutive fiscal years.

(b) A CDC’s 504 loan portfolio must be diversified by business sector.

[68 FR 57981, Oct. 7, 2003]

§ 120.829 Job Opportunity average a CDC must maintain.

(a) A CDC’s portfolio must maintain a minimum average of one Job Opportunity per an amount of 504 loan funding that will be specified by SBA from time to time in a FEDERAL REGISTER notice. Such Job Opportunity average remains in effect until changed by subsequent FEDERAL REGISTER publication. A CDC is permitted two years from its certification date to meet this average.

(b) A CDC must indicate in its annual report the Job Opportunities actually or estimated to be provided by each Project.

(c) If a CDC does not maintain the required average, it may retain its certification if it justifies to SBA’s satisfaction its failure to do so in its annual report and shows how it intends to attain the required average.


§ 120.830 Reports a CDC must submit.

A CDC must submit the following reports to SBA:

(a) An annual report within one hundred-eighty days after the end of the CDC’s fiscal year (to include audited or reviewed financial statements of the CDC, as applicable, and any affiliates or subsidiaries of the CDC prepared in accordance with §120.26(c) and (d)), and such interim reports as SBA may require.

(i) The audited financial statements must, at a minimum, include the following:

(1) Audited balance sheet;

(2) Audited statement of income (or receipts) and expense;

(3) Audited statement of source and application of funds;

(4) Such footnotes as are necessary to an understanding of the financial statements;

(5) Auditor’s letter to management on internal control weaknesses; and

(6) The auditor’s report.

(ii) Such footnotes as are necessary to an understanding of the financial statements;

(iii) Auditor’s letter to management on internal control weaknesses; and

(iv) The auditor’s report.

(b) The reviewed financial statements must, at a minimum, include the following:

(i) Balance sheet;

(ii) Statement of income (or receipts) and expense;
§ 120.839 Case-by-case application to make a 504 loan outside of a CDC's Area of Operations.

A CDC may apply to make a 504 loan for a Project outside its Area of Operations to the District Office serving the area in which the Project will be located. The applicant CDC must demonstrate that it can adequately fulfill its 504 program responsibilities for the 504 loan, including proper servicing.