addition, the CDC must have satisfactory SBA performance, as determined by SBA in its discretion. The CDC’s Risk Rating, among other factors, will be considered in determining satisfactory SBA performance. Other factors may include, but are not limited to, on-site review/examination assessments, historical performance measures (like default rate, purchase rate and loss rate), loan volume to the extent that it impacts performance measures, and other performance related measurements and information (such as contribution toward SBA mission). The District Office may approve the application if:

(a) The applicant CDC has previously assisted the business to obtain a 504 loan; or
(b) The existing CDC or CDCs serving the area agree to permit the applicant CDC to make the 504 loan; or
(c) There is no CDC within the Area of Operations.


§ 120.841 Qualifications for the ALP.

An applicant for ALP status must show that it substantially meets the following criteria:

(a) CDC staff experience. The CDC’s staff must have well-trained, qualified loan officers who are knowledgeable concerning SBA’s lending policies and procedures for the 504 program. The CDC must have at least one loan officer with three years of 504 loan processing experience and at least one loan officer with three years of 504 servicing experience or two years experience plus satisfactory completion of SBA-approved processing and servicing training. The same loan officer may meet these qualifications. In addition, the CDC’s staff must have demonstrated satisfactorily to SBA the ability to process and service 504 loans.

(b) Number of 504 loans approved and size of portfolio. SBA must have approved at least 20 504 loan applications by the CDC in the most recent three years, and the CDC must have a portfolio of at least 30 active 504 loans. (An “active” 504 loan is a loan that was approved and closed by the CDC and has a status of either current, delinquent, or in liquidation.)

(c) CDC reviews. CDC reviews conducted by SBA must be current (within the last 24 months, if applicable) for applicants for ALP status. The CDC must have demonstrated satisfactory performance on these reviews.

[68 FR 57982, Oct. 7, 2003]