

**§ 120.827**

**13 CFR Ch. I (1–1–10 Edition)**

**§ 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.

[61 FR 3235, Jan. 31, 1996, as amended at 68 FR 57981, Oct. 7, 2003]

**§ 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 §120.826(c) and (d)), and such interim reports as SBA may require.

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

- (i) Audited balance sheet;
- (ii) Audited statement of income (or receipts) and expense;
- (iii) Audited statement of source and application of funds;
- (iv) Such footnotes as are necessary to an understanding of the financial statements;
- (v) Auditor's letter to management on internal control weaknesses; and
- (vi) The auditor's report.

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

- (i) Balance sheet;
  - (ii) Statement of income (or receipts) and expense;
  - (iii) Statement of source and application of funds;
  - (iv) Such footnotes as are necessary to an understanding of the financial statements; and
  - (v) The accountant's review report.
- (b) For each new associate and staff, a Statement of Personal History (for use by non-bank lenders and CDCs) and other information required by SBA;
- (c) Reports of involvement in any legal proceeding;
  - (d) Changes in organizational status;
  - (e) Changes in any condition that affects its eligibility to continue to participate in the 504 program; and
  - (f) Quarterly service reports on each loan in its portfolio which is 60 days or more past due (and interim reports upon request by SBA).
- (g) Other reports as required by SBA.

[61 FR 3235, Jan. 31, 1996, as amended at 68 FR 57981, Oct. 7, 2003; 73 FR 75518, Dec. 11, 2008]

**EXTENDING A CDC'S AREA OF OPERATIONS**

**§ 120.835 Application to expand an Area of Operations.**

(a) *General.* A CDC that has been certified to participate in the 504 program