



# SBA Procedural Notice

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**TO:** SBA Employees, Certified Development Companies, and SBA Resource Partners Requiring 504 Background Check Clearance

**CONTROL NO.:** 5000-856893

**EFFECTIVE:** May 2, 2024

**SUBJECT:** Update to SOP 50 56 1 related to Form 1081 CDC Character Determinations

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The purpose of this Notice is to revise SOP 50 56 1 and SBA Form 1081 to update 504 corporate governance resource partner vetting. Although other SBA program offices also use SBA Form 1081, SBA is only updating the resource partner clearance procedures that specifically relate to the 504 corporate governance requirements.

As of the effective date of this notice, SOP 50 56 Page 67, Section B is replaced with the procedures set forth in this notice. Note that the requirements for CDC managers, officers, Board members, CDC staff, and contracts are now the same as for CDC loan committee members (collectively “Subject Individuals”). Therefore SOP 50 56 1, Section B, Chapter 1, Paragraphs B.1 and B.2 are combined into one subparagraph. The other significant change is that resource partners will only be required to undergo an FBI fingerprint background check if they answer “Yes” to questions 10a, 10b, 10c, 11a or 11b on SBA Form 1081. The other guidance remains the same but is included here since the subparagraphs are being renumbered.

Consequently, SOP 50 56 1, Section B, Chapter 1, Paragraph B. is deleted in its entirety and replaced with the following:

## **“B. FORM 1081 CDC CHARACTER DETERMINATIONS**

SBA uses the character determination process to clear individuals (i.e., CDC manager, officer, Board member, CDC staff, loan committee member) to participate in a CDC’s activities. Individuals may not begin activities at the CDC until the clearance process is complete. When fingerprints are required, the clearance process is complete when SBA provides written notification to the CDC. Once an individual is cleared by SBA, the clearance does not need to be renewed as long as the individual maintains uninterrupted service with the same CDC, and the CDC or SBA has no indication that the individual would need to update SBA Form 1081 due to a change in circumstances.

For the protection of personally identifiable information (PII) such as names, tax identification numbers, addresses, financial information, etc., the CDC must limit access to PII to only those who have been cleared through this process.

1. The CDC must obtain the SBA Form 1081 for each new: CDC manager; officer; Board member; CDC staff, including contractors who are providing services to the CDC under a professional services contract that requires prior SBA approval under 13 CFR 120.824; and Loan Committee members (Subject Individuals). The CDC must submit to SBA the SBA Form 1081 for all Subject Individuals with the exception of Loan Committee members. However, the CDC must also submit to SBA the SBA Form 1081 for each new Loan Committee member who responds “yes” to question numbers 10a, 10b, 10c, 11a, or 11 b on SBA Form 1081.
2. For Subject Individuals responding “yes” to question numbers 10a, 10b, 10c, 11a, or 11b on SBA Form 1081, the CDC’s SBA Form 1081 submission must also include any supporting documentation related to question 10a, 10b, 10c, 11a, or 11b. The Subject Individual must also undergo an FBI Fingerprint Background Check.
3. For those who answer “no” to question numbers 10a, 10b, 10c, 11a, or 11b, the CDC must retain the signed SBA Form 1081 in the CDC’s files. No FBI Fingerprint Background Check is required.
4. The following are not required to be cleared and do not have to complete SBA Form 1081:
  - a. Attorneys providing legal services in connection with loan liquidation or litigation; and
  - b. Contractors providing services under co-employment contracts for payroll and employee benefits (although the CDC staff co-employed through these contracts are not exempt).
5. FBI Fingerprint Background Check: When required, the Subject Individual must provide one of the following:
  - a. Fingerprint Submission.
    - i. SBA will use an FBI-approved, SBA-contracted channeler to conduct fingerprint background checks via [Applicant Services](#).
    - ii. After a CDC determines that a fingerprint background check is required, the CDC will refer the Subject Individual to the approved channeler’s website where they must create an account and register. The Subject Individual will select the “SBA Form 1081” option and complete the fingerprint process by following the directions on the approved channeler’s website: [Applicant Services](#).
    - iii. The channeler will provide expedited fingerprint processing by directing Subject Individuals to approved electronic fingerprinting facilities listed on the channeler’s website based on the Subject Individual’s location. Depending on the circumstances, the channeler will also provide additional locations where hard-copy fingerprints may be taken and will provide the FBI Form FD-258 Fingerprint Card for the Subject Individual to capture the fingerprints along with instruction on submitting the fingerprint cards to the SBA-contracted channeler for continued processing.
    - iv. The channeler will electronically submit the fingerprints to the FBI, and the FBI will provide the results of the background check to the channeler who will, in turn, provide the results to SBA via a secure portal; or

- b. Evidence of a Federal clearance (e.g. FDIC, OCC, Federal Reserve) from the individual's current employer.

6. Submission to SBA.

SBA Form 1081 must be signed and dated within 90 days of submission to SBA. After the CDC has verified that the Subject Individual has submitted fingerprints to the channeler, the CDC must submit SBA Form 1081 along with supporting documents such as resume and court documents (if applicable) to SBA either by:

- a. Email: [OCA1081@sba.gov](mailto:OCA1081@sba.gov); or
- b. Hard copy: Overnight mail or courier to U.S. Small Business Administration, Office of Capital Access, Attn: 1081 Processing, 409 3rd Street SW, 8th Floor, Washington, DC, 20416.

**NOTE:** CDCs must also notify SBA at [504Requests@sba.gov](mailto:504Requests@sba.gov) of the following: changes in CDC's management, compensated and uncompensated officers, Board members, Executive Committee members, Loan Committee members, and staff (including contractors who are providing services to the CDC under a professional services contract that requires prior SBA approval under 13 CFR 120.824). See paragraph E, Reporting Requirements below.

7. CDC Certification Applications: Clearances made by SBA during the CDC certification application process will remain valid while the certification application is being processed; however, if the application is pending and more than 1 year has lapsed since an individual was cleared by SBA, the individual must certify under penalty of perjury either that nothing has changed on any of the responses to the questions in SBA Form 1081 or, if there have been changes, the individual must identify any such change(s) that have occurred since the individual signed and submitted the SBA Form 1081 that was used by SBA to clear the individual. The CDC must submit the certification to SBA at [504Requests@sba.gov](mailto:504Requests@sba.gov) and maintain a copy in the CDC's files."

## Questions

Questions concerning this Notice may be directed to Jerome Gray at [cornelius.gray@sba.gov](mailto:cornelius.gray@sba.gov).

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