



SBA Information Notice

TO: All Employees

CONTROL NO.: 5000-1374

SUBJECT: Certified Development Company
Reporting of Job Creation and
Retention

EFFECTIVE: February 26, 2016

The purpose of this Notice is to clarify the guidance in the Certified Development Company (CDC) Annual Report Guide (SBA Form 1253) and Attachment (SBA Form 1253A) concerning CDC reporting of job creation and retention as a result of a 504 project.

In its Annual Report, each CDC must report either estimated or actual job creation and retention numbers for all funded debentures (except debentures that have been accelerated) as follows:

- A. Debentures Funded Two or More Years: The actual jobs (as reported by the borrower on the 2 year anniversary of the funding of the debenture) created and/or retained. *The CDC must collect this information in writing from the borrower on borrower letterhead or in an email from the borrower. The CDC must retain the information in the applicable loan file.*
- B. Debentures Funded Less Than 2 Years: The estimated jobs (*as indicated on the loan application-SBA Form 1244*) created and/or retained.

SBA Form 1253A provides the format for reporting actual or estimated (as appropriate) jobs created or retained, and requires that each funded debenture be listed by the CDC. Column 4 of the format for reporting actual job creation or retention requires the CDC to provide the date the numbers were verified by the CDC.

SBA Form 1253 defines “Jobs Created” as full-time equivalent (8 productive hours per day/40 productive hours per week) permanent or contracted employment created within 2 years of financing. SOP 50 10 5(H), Subpart C, Chapter 2, Para. II.H. provides that a Job Opportunity does not have to be at the project facility, but 75% of the jobs must be in the community where the project is located. An example of this is as follows:

Example 1: A small business operates from locations in Community A and Community B. The business obtains a loan for an expansion of the facility in Community A. The loan enables the business to create 20 jobs. If at least 15 of the jobs are located in Community A, the CDC can report 20 jobs created.

SBA Form 1253 defines “Jobs Retained” as jobs that otherwise *might be lost to the community* if the project were not done. A CDC may not count all existing jobs as being retained if they were not at risk of being lost. Examples of a sufficient basis for reporting jobs retained are as follows:

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SBA Form 1353.3 (4-93) MS Word Edition; previous editions obsolete
Must be accompanied by SBA Form 58

Example 1: A small business has lost a contract, which would require it to lay off 10 employees. The company has an offer for another contract to replace the contract it lost, but the new contract would require a new piece of equipment. If the company purchases the new equipment and changes its processes, it can retain the 10 employees who would otherwise be laid off. The CDC can report 10 jobs retained.

Example 2: A small business operates from locations in Community A and Community B. The business obtains a loan for expansion of the facility in Community A. The loan enables the business to retain 10 jobs there that would otherwise be moved to the facility in Community B. The CDC can report 10 jobs retained. If, on the other hand, the business would have retained those 10 jobs in Community A whether or not the facility was expanded, those jobs cannot be reported as jobs retained.

Notification and Questions

SBA field offices must notify CDCs about this Notice. Questions concerning this Notice should be directed to the lender relations specialist in the local SBA field office. The local SBA field office may be found at www.sba.gov/about-offices-list/2.

Linda T. Reilly
Acting Director
Office of Financial Assistance