



SBA Information Notice

TO:	All SBA Employees and Certified Development Companies	CONTROL NO.:	5000-1956
SUBJECT:	Certified Development Company Annual Report Guide (SBA Form 1253)	EFFECTIVE:	9/18/2017

This Notice announces revisions that SBA has made to the Certified Development Company (CDC) Annual Report Guide (SBA Form 1253) and its Exhibit, *Job Creation Calculation for CDCs*, an Excel sheet which serves as a format template for the preferred method for CDC reporting data on job creation. SBA revised this information collection to update, clarify and provide further guidance on the current reporting requirements for CDCs outlined in the existing 504 loan program regulations. The agency obtained approval from the Office of Management and Budget to make the revisions. Program Participants must begin using the revised forms immediately.

Summary of Changes:

Introduction

- Revised to indicate that initial requests for Priority status, ALP status, PCLP authority, Local Economic Area Expansion, or Multi-State expansion should not be included in the Annual Report, but must be submitted separately to the Office of Financial Assistance.
- Added clarification of submission instructions.

Tab 1 – Economic Development Report

- Reorganized existing reporting requirements on CDC activity for a more efficient and concise report; and
- Added guidance on reporting non-lending investments for “Other Economic Development Activities.”

Tab 2 – Operating Report

- Reorganized existing reporting requirements for improved logistics and efficiency of SBA’s review of Report;
- Clarified existing reporting requirements for information on CDC Board of Directors, Executive Committee, Loan Committee(s), Staff, and Professional Service Contract(s), and CDC affiliations;
- Added “Section F – Independent Loan Review Package.”
 - CDCs are required by 13 CFR § 120.826 and SOP 50 10 to establish a Board-approved internal control policy, which includes providing for a periodic loan review function to be performed at least annually. In an effort to streamline and consolidate review by OCRM, SBA is requiring that CDCs submit the Independent Loan Review Package as part of the Annual Report.

Tab 3 – Financial Report

- Clarified existing requirements for the CDC’s annual Financial Report required by 13 CFR §§ 120.823 and 120.830;
- Removed duplicative requests for information already included in other Tabs;
- Added “Section H – 159 Reporting”
 - Existing regulations at 13 CFR § 103.5 require the completion of SBA Form 159 (504). SBA has a statutory obligation to monitor the fees charged to SBA applicants. Previously, the review of SBA Form 159 (504) to monitor the fees occurred during an OCRM risk-based review of a CDC (SMART Review), which may occur periodically, as determined by OCRM. SBA is now requiring that the forms be compiled annually and included in the CDC’s Annual Report. This consolidation of the forms will maintain a more consistent mode of monitoring.

Tab 4 – Analysis of 504 Employment Impact

- Clarified existing reporting requirements, including additional guidance and examples; and
- Revised the accompanying Exhibit, *Job Creation Calculation for CDCs*, to allow for separate reporting on manufacturing loans.

Tab 5 – Report on Compensation

- Added reporting requirements related to the CDC’s Executive Compensation policy and the CDC’s review and approval of executive compensation, and related to the compensation paid to the CDC’s current and former employees and independent contractors.

Tab 6 – Certification of Board of Directors

- Clarified the instructions for the annual certification required by each Board member, in accordance with 13 CFR § 120.823.

Questions

Questions and any comments 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.

Dianna L. Seaborn
Director
Office of Financial Assistance