

Small Business Administration

§ 120.837

(5) Labor Surplus Areas listed in the Department of Labor's publication "Area Trends."

(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.

§ 120.830 Reports a CDC must submit.

A CDC must submit the following reports to SBA:

(a) An annual report within 90 days after the end of the CDC's fiscal year, and such interim reports as SBA may require;

(b) Resumes for all new Associates and staff;

(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).

EXTENDING A CDC'S AREA OF OPERATIONS

§ 120.835 Application to extend an Area of Operations.

SBA may expand a CDC's Area of Operations if the proposed Area of Operation is not being adequately served by existing CDC(s) and the expanding CDC is well-qualified to serve it. A CDC seeking to expand its Area of Operations must apply in writing to the SBA District Office serving the geographic area in which the CDC proposes to expand.

(a) A CDC may submit an application to expand its Area of Operations if the existing CDCs serving the area have not averaged, over the last two years, at least one loan approval per 100,000 of general population in the Area of Operation. The one loan per 100,000 population requirement applies only to the area proposed for expansion, not the entire Area of Operations of the exist-

ing CDC or CDCs serving the expanded area.

Example to paragraph (a) of this section. CDC A averages 0.8 loans per 100,000 of general population state-wide, but 1.2 loans per 100,000 in city X. CDC B seeks to expand its Area of Operations only into city X. CDC B's application will be denied without further review because CDC A meets the 1 loan per 100,000 population requirement in the proposed expanded Area of Operation.

(b) The application to expand must demonstrate to the satisfaction of SBA the expanding CDC's ability to provide full service to small businesses in the expanded territory, including processing, closing, servicing, and, if authorized, liquidating 504 loans. The expanding CDC must also demonstrate in its application that it will have a local presence and representation in the expanded Area of Operations before submitting any 504 loans for approval.

§ 120.836 Public notice and opportunity for response.

SBA will notify all CDCs servicing the proposed area of expansion, allowing at least 30 days for the existing CDCs to respond to the District Office. The expanding CDC also must publish a notice in a general circulation newspaper in the proposed area of expansion, advising of its intent to expand and giving the public at least 30 days to comment to SBA. The burden of proof in opposing the application will be upon the existing CDC or CDCs to show why SBA should not grant the application for extension.

§ 120.837 SBA decision on application for extension.

(a) The SBA District Office may consider any factor presented to it concerning the proposed area of expansion, the expanding CDC and its Area of Operations, and the existing CDC or CDCs serving the area, including the following: number of loan approvals per 100,000 of general population; number of loan approvals per 100,000 of small businesses; the density of small businesses; jobs created and retained; the number of 504 loan closings; the average 504 loan amount; urban, suburban, or rural character of the expanding area; the mix of small businesses; the prevailing economic conditions; servicing record