

# Payment Integrity Scorecard

**Program or Activity**  
504 Certified Development  
Company Guaranty Approvals

**Reporting Period**  
Q3 2021

**Change from Previous FY (\$M)**

**\$217M**

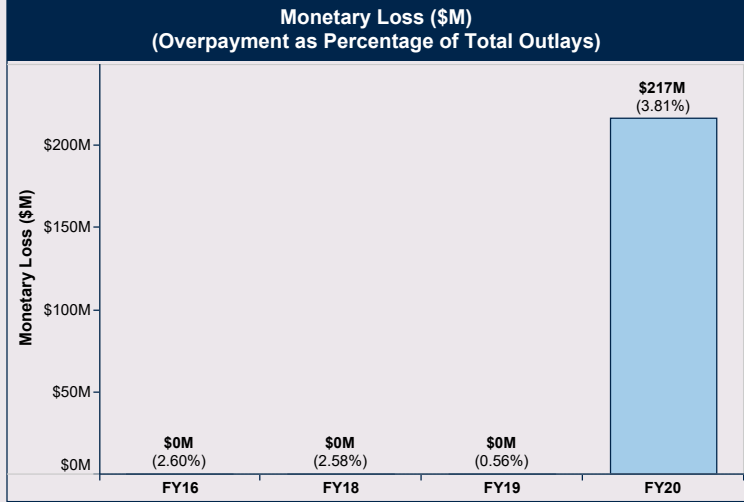


**SBA**  
504 Certified Development Company Guaranty  
Approvals

**Brief Program Description:**

The 504 Loan Program provides long-term, fixed rate financing of up to \$5 million for major fixed assets that promote business growth and job creation. 504 loans are available through Certified Development Companies (CDCs).

Key Milestones	Status	ECD
1 Develop mitigation strategies to get the payment right the first time	On-Track	Sep-21
2 Evaluate the ROI of the mitigation strategy	On-Track	Sep-21
3 Determine which strategies have the best ROI to prevent cash loss	On-Track	Sep-21
4 Implement new mitigation strategies to prevent cash loss	On-Track	Sep-21
5 Analyze results of implementing new strategies	On-Track	Dec-21
6 Achieved compliance with PIIA	On-Track	Mar-22
7 Identified any data needs for mitigation	On-Track	Sep-21



Goals towards Reducing Monetary Loss	Status	ECD
1 Q3 2021 Improper payments identified in FY2020 reviews have been resolved through obtaining appropriate documentation or modification of the loan. Corrective actions were generally completed within 180 days with all actions taken by end of the fiscal year.	Completed	Sep-21

Recovery Method	Brief Description of Plans to Recover Overpayments	Brief Description of Actions Taken to Recover Overpayments
1 Recovery Activity	There is no monetary loss on loan approvals. SBA will continue to obtain loan documentation to mitigate or eliminate improper payments.	Obtain additional loan documentation to mitigate or eliminate improper payment.
2 Recovery Activity	There is no monetary loss on loan approvals. SBA will continue to work with lenders/CDCs to modify loan terms to mitigate or eliminate improper payments.	Modification of loan terms to mitigate or eliminate improper payment.
3 Recovery Activity	There is no monetary loss on loan approvals. There is a substantial time difference between this approval date and the loan closing. SBA works extensively with the CDC to mitigate or eliminate improper payment before loan closing.	There is a substantial time difference between this approval date and the loan closing. SBA works extensively with the CDC to mitigate or eliminate improper payment before loan closing.

Accomplishments in Reducing Monetary Loss	Date
1 Developed Corrective Action Plan for 504 Loan Program Approval Center.	Sep-20
2 Identification of tolerable Improper Payment Rate for 504 Loan Program Approvals of 2.04 percent.	Sep-20
3 Resolved improper payments that were identified in FY2020 by obtaining additional documentation, or by modification of the loan.	Sep-20

Amt(\$)	Root Cause of Monetary Loss	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
N/A	Failure to verify: other eligibility data	CDCs' failure to authenticate borrowers' eligibility at origination in compliance with loans program requirements, as a result of lack of documentation to verify eligibility and non-compliance with SBA loan policy requirements.	Training	Internal collaboration to ensure CDC deficiencies are monitored and incorporated into lenders' Risk Based Reviews. CDCs will be made aware of non-compliance in those review reports. External training for lenders to ensure appropriate documentation.

**Monetary Loss** - Monetary loss to the Government includes amounts that should not have been paid and in theory should/could be recovered.