

Appendix 16: Chart of Accounts for Small Business Investment Companies

A. *Account Numbering System.* This system provides for two-digit number designations for major categories under which accounts are listed, and three-digit number designations for individual general ledger accounts. The first two digits of an individual account number refer to the major category under which the account is classified and the third digit identifies the specific account. Digits from zero through nine are used to identify specific accounts; the first deposit bank account established will be designed "100" and the second "101". Some categories encompass individual accounts in sufficient number to require assignment of more than one two-digit number to identify the category. For example, "Cash on Hand and in Banks" has been assigned category numbers "10", "11" and "12."

B. *Additional Accounts.* Licensees may incorporate such additional accounts into their accounting system as are considered necessary. Any account may be subdivided provided that such subaccounts do not impair the integrity of the accounts set forth in the prescribed system. Subaccounts shall refer by number and title to the accounts to which they apply.

C. *Primary Classification of Accounts.* The primary classification of accounts is as follows:

Account No. Description

General Ledger

100 to 299 Asset and valuation accounts.
 300 to 399 Liability accounts.
 400 to 499 Capital accounts.
 500 to 599 Income/Gain accounts.
 600 to 799 Expense/Loss accounts.

Memorandum Records

NA-10 to NA-14 Nominal assets.
 CL-15 to CL-17 Contingent liabilities.
 OCS-1 Options on licensee's stock.
 AL-1 Actual (realized) losses.
 WI-1 Worthless investments -- written off.
 PDA-1 Preferred dividend arrearages on preferred stock.
 PPA-1 Prioritized Payments Accumulation Account.
 PPE-1 Prioritized Payments Earned Account.
 BCI-1 Binding commitments from Institutional Investors.
 CLC-1 SBA conditional leverage commitments.
 OCI-1 Other commitments from investors.
 PLI-1 Preferential liquidating interest of SBA.

D. *Detailed Chart of Accounts.* The detailed chart of accounts is organized according to the primary classification of accounts and identifies the account number and title of each account.

Asset and Valuation Accounts

10 - 12 -- Cash on Hand and in Banks
 100 - 108 -- Bank Deposits.
 110 - 112 -- Deposits in Imprest Account.
 118 -- Cash Items in Process of Collection.
 120 -- Petty Cash Fund.
 13 -- Invested Idle Funds
 130 -- U.S. Government Obligations, Direct and Fully Guaranteed.
 131 -- Insured Savings Accounts.

- 135 - 137 -- Time Certificates of Deposit.
- 138 -- Repurchase Agreements with Insured Institutions.
- 139 -- Other Investments in Insured Institutions.

- 14 -- Receivables
 - 140 -- Notes Receivable.
 - 141 -- Accounts Receivable.
 - 142 -- Allowance for Uncollectible Notes and Accounts Receivable.
 - 143 -- Accrued Interest Receivable.
 - 144 -- Allowance for Uncollectible Interest Receivable.
 - 145 -- Dividends Receivable.
 - 146 -- Receivables from Parent.
- 15 -- Current Maturities and Other Current Assets
 - 150 -- Current Maturities of Portfolio Securities.
 - 152 -- Current Maturities of Assets Acquired in Liquidation of Portfolio Securities.
 - 153 -- Current Maturities of Operating Concerns Acquired.
 - 154 -- Current Maturities of Other Securities.
 - 156 -- Other Current Assets.
- 16 -- Investment in Section 301(d) Licensee
 - 160 -- Investment in Section 301(d) Licensee.
- 17 -- Loans to Small Businesses
 - 170 -- Loans.
 - 172 -- Depreciation of Loans.
 - 173 -- Unearned Discount, Fees, and Other Charges on Loans.
- 18 -- Debt Securities of Small Businesses
 - 180 -- Debt Securities with Stock Purchase Warrants or Options, and/or Conversion Features.
 - 184 -- Debt Securities Divested of Stock Rights.
 - 186 -- Appreciation of Debt Securities.
 - 187 -- Depreciation of Debt Securities.
 - 188 -- Unearned Discount, Fees, and Other Charges on Debt Securities.
- 19 -- Equity Interests of Small Businesses
 - 190 -- Capital Stock of Small Businesses, with Stock Purchase Warrants or Options, and/or Conversion Features.
 - 191 -- Capital Stock of Small Businesses -- Other.
 - 192 -- Appreciation of Capital Stock.
 - 193 -- Depreciation of Capital Stock.
 - 194 -- Equity Interests of Unincorporated Concerns.
 - 195 -- Appreciation of Equity Interests in Unincorporated Concerns.
 - 196 -- Depreciation of Equity Interests in Unincorporated Concerns.
 - 197 -- Warrants, Options, and Other Stock Rights Acquired from Small Businesses.
 - 198 -- Appreciation of Warrants, Options, and Other Stock Rights Acquired from Small Businesses.
 - 199 -- Depreciation of Warrants, Options, and Other Stock Rights Acquired from Small Businesses.
- 20 -- Assets Acquired in Liquidation of Portfolio Securities
 - 200 -- Receivables from Debtors on Sale of Assets Acquired in Liquidation of Portfolio Securities.
 - 203 -- Depreciation in Values of Receivables from Debtors on Sale of Assets Acquired in Liquidation of Portfolio Securities.
 - 204 -- Assets Acquired in Liquidation of Portfolio Securities.
 - 205 -- Appreciation of Assets Acquired in Liquidation of Portfolio Securities.
 - 206 -- Depreciation of Assets Acquired in Liquidation of Portfolio Securities.
- 21 -- Operating Concerns Acquired
 - 210 -- Operating Concerns Acquired.
 - 211 -- Appreciation of Operating Concerns Acquired.

- 212 -- Depreciation of Operating Concerns Acquired.
- 22 -- Other Securities
 - 220 -- Notes and Other Securities Received on Sale of Portfolio Securities.
 - 221 -- Other Securities Received.
 - 222 -- Appreciation of Other Securities.
 - 223 -- Depreciation of Other Securities.
- 23 -- Prepaid Expenses
 - 230 -- Prepaid Expenses.
- 24 -- Furniture and Equipment
 - 240 -- Furniture and Equipment.
 - 241 -- Accumulated Depreciation on Furniture and Equipment.
- 25 -- Business Premises Owned
 - 250 -- Business Premises Owned.
 - 251 -- Accumulated Depreciation on Business Premises Owned.
 - 252 -- Leasehold Improvements.
- 26-- Deferred Tax Assets
 - 260 -- Deferred Tax Assets.
 - 261 -- Valuation Allowance for Deferred Tax Assets.
- 27 -- Other Assets
 - 275 -- Amounts Due From Directors, Officers, Owners, Employees, etc.
 - 277 -- Funds in Escrow.
 - 278 -- Deferred Financing Costs.
 - 279 -- Other Assets.

Liability Accounts

- 30 -- Notes and Other Obligations Payable to SBA
 - 300 -- Notes Payable to SBA.
 - 301 -- Debentures Payable to SBA.
- 31 -- Obligations Payable to Other than SBA
 - 310 -- Debentures Guaranteed by SBA.
 - 311 -- Long-Term Non-SBA Debt.
 - 312 -- Mortgages Payable.
 - 313 -- Mortgages Payable on Assets Acquired in Liquidation of Portfolio Securities.
- 32 -- Notes Payable -- Other
 - 320 -- Notes Payable -- Other.
- 33 -- Current Maturities of Long-Term Debt
 - 330 -- Current Maturities of Notes and Debentures Payable to or Guaranteed by SBA.
 - 331 -- Current Maturities of Non-SBA Debt.
- 34 -- Accounts Payable
 - 340 -- Accounts Payable.
 - 341 -- Accounts Payable Due Parent, Shareholders or Partners.
- 35 -- Accrued Expenses and Other Current Liabilities
 - 350 -- Accrued Interest Payable.
 - 351 -- Accrued Taxes.
 - 354 -- Estimated Income Taxes Accrued.
 - 358 -- Other Current Liabilities.
- 36 -- Dividends and Distributions Payable
 - 360 - 364 -- Dividends Payable on Capital Stock (by Class).
 - 365 - 369 -- Distributions Payable to General Partners/Limited Partners.
- 37 -- Trust Receipts
 - 370 -- Employee Taxes Withheld.

- 374 -- Unapplied Receipts.
- 378 -- Miscellaneous Trust Receipts.
- 38 -- Deferred Tax Liabilities and Other Deferred Credits
 - 380 -- Deferred Tax Liabilities.
 - 383 -- Other Deferred Credits.
- 39 -- Other Liabilities
 - 390 -- Other Liabilities.

Capital Accounts

- 40 - 41 -- Capital Stock and Surplus Accounts
 - 400 - 404 -- Capital Stock.
 - 406 - 407 -- Capital Stock Subscribed.
 - 409 - 410 -- Capital Stock Subscriptions Receivable.
 - 412 - 414 -- Treasury Stock.
 - 416 -- Paid-in Surplus.
 - 418 -- Restricted Contributed Capital Surplus.
- 42 -- 3 Percent Preferred Stock (Section 301(d) Licensees only)
 - 420 -- 3 Percent Preferred Stock (Issued to SBA).
- 43 -- Redeemable Securities
 - 430 -- 4 Percent Preferred Stock (Issued to SBA).
 - 431 -- Cumulative Undeclared 4 Percent Dividends.
 - 432 -- 4 Percent Preferred Limited Partnership Interests (Issued to SBA).
 - 433 -- Cumulative 4 Percent Returns Due on Preferred Limited Partnership Interests.
 - 434 -- Participating Securities (Partnership).
 - 435 -- Prioritized Payment Distribution Account.
 - 436 -- SBA Profit Participation.
- 44 -- Unrealized Gain (Loss) on Securities Held--Corporations
 - 440 -- Unrealized Appreciation on Investments--Corporations.
 - 445 -- Unrealized Depreciation on Loans and Investments--Corporations.
 - 448 -- Estimated Taxes on Net Unrealized Gain (Loss) on Securities Held.
- 45 -- Undistributed Realized Earnings--Corporations
 - 450 -- Noncash Gains/Income--Corporations.
 - 451 -- Undistributed Net Realized Earnings--Corporations.
 - 452 -- Year-to-date Net Income (Loss) Corporations.
- 47 -- Partners' Capital Contributions
 - 471 -- Entity General Partners' Permanent Capital Contribution.
 - 472 -- Individual General Partners' Permanent Capital Contribution.
 - 476 -- Limited Partners' Permanent Capital Contribution.
- 48 -- Partners' Unrealized Gain (Loss) on Securities Held
 - 481 -- Entity General Partners' Unrealized Appreciation on Investments.
 - 482 -- Individual General Partners' Unrealized Appreciation on Investments.
 - 483 -- Entity General Partners' Unrealized Depreciation on Loans and Investments.
 - 484 -- Individual General Partners' Unrealized Depreciation on Loans and Investments.
 - 485 -- Limited Partners' Unrealized Appreciation on Investments.
 - 486 -- Limited Partners' Unrealized Depreciation on Loans and Investments.
- 49 -- Partners' Undistributed Realized Earnings (Loss)
 - 491 -- Entity General Partners' Noncash Gains/Income.
 - 492 -- Individual General Partners' Noncash Gains/Income.
 - 493 -- Entity General Partners' Undistributed Net Realized Earnings (Loss).
 - 494 -- Individual General Partners' Undistributed Net Realized Earnings (Loss).
 - 495 -- Limited Partners' Non-cash Gains/Income.

- 496 -- Limited Partners' Undistributed Net Realized Earnings (Loss).
- 497 -- Partnership Year-to-date Net Income (Loss)

Income/Gain Accounts

- 50 -- Commitment Income
 - 500 -- Commitment Fee Income.
- 51 - 52 -- Interest Income
 - 510 -- Interest on Invested Idle Funds.
 - 512 -- Interest on Loans.
 - 516 -- Interest on Debt Securities.
 - 520 -- Interest Income -- Other.
- 53 -- Fee Income
 - 532 -- Management Service Fees.
 - 534 -- Investigation and Service Fees Charged Other Lenders.
 - 536 -- Application, Closing and Other Fees.
- 54 -- Dividends and Other Earnings
 - 540 -- Dividends on Capital Stock of Small Businesses.
 - 541 -- Sharing in Income or Revenue of Small Businesses.
- 57 -- Gain on Securities and Other Assets
 - 570 -- Gain on U.S. Government Securities.
 - 571 -- Gain on Loans.
 - 572 -- Gain on Debt Securities.
 - 574 -- Gain on Capital Stock of Small Businesses.
 - 575 -- Gain on Equity Interests in Unincorporated Concerns.
 - 576 -- Gain on Warrants, Options, and Other Stock Rights Acquired from Small Businesses.
 - 577 -- Gain on Assets Acquired in Liquidation of Portfolio Securities.
 - 578 -- Gain on Operating Concerns Acquired.
 - 579 -- Gain on Other Assets.
- 58 -- Miscellaneous Income
 - 582 -- Income from Assets Acquired in Liquidation of Portfolio Securities.
 - 584 -- Other Income.

Expense/Loss Accounts

- 60 -- Commitment Expense
 - 600 -- Commitment Expense.
- 61 - 62 -- Interest Expense
 - 610 -- Interest on Obligations Payable to/Guaranteed by SBA.
 - 622 -- Interest on Non-SBA Obligations.
- 64 -- Stock Record and Other Financial Expenses
 - 641 -- Annual Fee on Obligations Guaranteed by SBA.
 - 642 -- Stock Record and Other Financial Expenses.
- 65 - 67 -- Operating Expenses
 - 650 -- Advertising and Promotional Costs.
 - 651 -- Appraisal and Investigation Costs.
 - 652 -- Auditing and Examination Costs.
 - 653 -- Communications.
 - 654 -- Cost of Space Occupied.
 - 655 -- Depreciation of Business Premises Owned, Furniture, and Equipment.
 - 656 -- Amortization of Leasehold Improvements.
 - 657 -- Directors', Stockholders' or Partners' Meetings Costs.

- 658 -- Insurance.
- 659 -- Management Services Fees.
- 660 -- Investment Advisor Costs.
- 661 -- Legal Services.
- 663 -- Salaries.
- 664 -- Taxes, Excluding Income Taxes.
- 665 -- Travel.
- 670 -- Employee Benefits Expense.
- 672 -- Organization Costs.
- 673 -- Amortization of Deferred Financing Costs.
- 679 -- Miscellaneous Operating Expenses.
- 68 -- Estimated Losses on Receivables
 - 680 -- Estimated Losses on Receivables.
- 70 -- Loss on Securities and Other Assets
 - 700 -- Loss on U.S. Government Securities.
 - 701 -- Loss on Loans.
 - 702 -- Loss on Debt Securities.
 - 704 -- Loss on Capital Stock of Small Businesses.
 - 705 -- Loss on Equity Interests in Unincorporated Concerns.
 - 706 -- Loss on Warrants, Options, and Other Stock Rights Acquired from Small Businesses.
 - 707 -- Loss on Assets Acquired in Liquidation of Portfolio Securities.
 - 708 -- Loss on Operating Concerns Acquired.
 - 709 -- Loss on Other Assets.
- 71 -- Miscellaneous Expenses
 - 710 -- Expense on Assets Acquired in Liquidation of Portfolio Securities.
 - 715 -- Other Expenses
- 72 -- Income Taxes
 - 720 -- Income Taxes -- Net Income.
 - 722 -- Income Taxes -- Net Realized Gain on Investments.

Memorandum Records

Nominal Assets

NA - 10 -- Stock Purchase Warrants or Options on Stock of Small Businesses.

Contingent Liabilities

CL - 15 -- Commitments Outstanding.

CL - 16 -- Guarantees Outstanding.

CL - 17 -- Other Contingent Liabilities.

Options on Licensee's Stock

OCS - 1 -- Options on Licensee's Stock.

Actual Loss Experience

AL - 1 -- Actual (Realized) Losses.

WI - 1 -- Worthless Investments Written Off.

Preferred Dividend Arrearages

PDA - 1 -- Preferred Dividend Arrearages on 3 Percent Preferred Stock Sold to SBA.

Prioritized Payments Accumulation Account

PPA - 1 -- Prioritized Payments Accumulation Account.

Prioritized Payments Earned Account

PPE - 1 -- Prioritized Payments Earned Account.

Binding Commitments from Institutional Investors

BCI - 1 -- Binding Commitments from Institutional Investors.

SBA Conditional Leverage Commitments
 CLC - 1 -- SBA Conditional Leverage Commitments.
 Other Commitments
 OCI - 1 -- Other Commitments from Investors.
 Preferential Liquidating Interest of SBA
 PLI - 1 -- Preferential Liquidating Interest of SBA.

E. *Description of Accounts.* The following is a detailed description of each account.

Asset and Valuation Accounts

100 - 108 -- Bank Deposits

These accounts represent funds on demand deposit in a federally insured bank or savings and loan company, in accordance with 13 CFR 107.530.

Debit:

(a) With amount of funds deposited.

Credit:

(a) With amount of funds withdrawn, and charges made by bank for such items as dishonored checks, transfer of funds by wire, collection, exchange, etc.

110 - 112 -- Deposits in Imprest Account

These accounts represent funds on demand deposit in imprest bank accounts to be drawn upon for the payment of operating expenses and to be reimbursed periodically from the licensee's general funds bank account.

Debit:

(a) With amount of funds deposited.

Credit:

(a) With amount of funds withdrawn.

118 -- Cash Items in Process of Collection

This account represents the amount of cash items placed with banks for collection.

Debit:

(a) With amount of such items placed with banks for collection.

Credit:

(a) With amount of items collected.

(b) With amount of uncollected items returned or withdrawn.

120 -- Petty Cash Fund

This account represents the imprest petty cash fund maintained for the purpose of making small disbursements.

Debit:

(a) With amount placed in the fund when established.

(b) With amount of increase in the fund.

Credit:

(a) With amount of decrease in the fund.

Note: The petty cash fund may be reimbursed and expenditures recorded as often as circumstances require, but must be reimbursed at the close of the licensee's fiscal year. Checks to replenish the fund will be drawn on a general fund bank account and include "petty cash" as a payee.

130 -- U. S. Government Obligations, Direct and Fully Guaranteed

This account represents the cost of temporary investments in direct obligations of the United States Government and obligations guaranteed as to principal and interest by the United States Government.

Debit:

(a) With cost of securities acquired.

Credit:

(a) With cost of securities sold or disposed of otherwise.

131 -- Insured Savings Accounts

This account includes the balances in subaccount nos. 131.1, 131.2, etc.

131.1 -- Insured Savings in XXXXXXXX

This account represents funds in a savings account in a federally insured bank or savings and loan company, in accordance with 13 CFR 107.530.

Debit:

(a) With amount of funds invested.

(b) With amount of interest earned on such invested funds.

Credit:

(a) With amount of funds withdrawn.

135 - 137 -- Time Certificates of Deposit.

These accounts represent funds in Time Certificates of Deposit with a maturity of 1 year or less, issued by a federally insured institution.

Debit:

(a) With amount of funds deposited.

Credit:

(a) With amount of funds withdrawn.

138 -- Repurchase Agreements with Insured Institutions

This account represents funds invested in repurchase agreements with federally insured institutions, with a maturity of 7 days or less. In accordance with 13 CFR 107.530, the securities underlying the repurchase agreements must be direct obligations of, or obligations guaranteed as to principal and interest by, the United States.

Debit:

(a) With funds invested.

Credit:

(a) With funds withdrawn at maturity.

139 -- Other Investments in Insured Institutions

This account represents funds deposited or invested in insured institutions that can not be classified in any of the prior categories.

Debit:

(a) With the amount of funds deposited or invested.

Credit:

(a) With the amount of funds withdrawn.

140 -- Notes Receivable

This account represents the unpaid balance of miscellaneous notes receivable, such as notes for management consulting services. Notes representing amounts due from debtors on sale of assets acquired in liquidation of portfolio securities will be reflected in account no. 200.

Debit:

(a) With amount of such miscellaneous notes received.

Credit:

(a) With amount collected on principal of such miscellaneous notes.

(b) With unpaid principal balance written off or disposed of otherwise.

(If collection is in doubt, see account no. 142. For further information concerning collectibility of receivables, see "Accounting Standards and Financial Reporting Requirements for Small Business Investment Companies".)

141 -- Accounts Receivable

This account represents the amount due on open account for management consulting, appraisal, and miscellaneous services rendered; and miscellaneous current receivables. Accounts receivable representing receivables due from debtors on sale of assets acquired in liquidation of portfolio securities will be reflected in account no. 200.

Debit:

(a) With amount due the licensee.

Credit:

(a) With amount collected.

(b) With amount written off or disposed of otherwise.

Note: If collection is in doubt, see account no. 142. For further information concerning collectibility of receivables, see "Accounting Standards and Financial Reporting Requirements for Small Business Investment Companies".

142 -- Allowance for Uncollectible Notes and Accounts Receivable

This account represents the valuation reserve provided for estimated losses on notes and accounts receivable and should be maintained in an amount not less than a conservative estimate of probable losses. This valuation reserve will be adjusted as occasion demands, so that this account will reflect the best available estimate of probable losses on notes and accounts receivable.

Debit:

(a) With amount of decreases in such reserve.

(b) With amount of notes and accounts receivable written off.

Credit:

- (a) With amount of such reserve established.
- (b) With amount of increases in such reserve.
- (c) With amount of recoveries on notes and accounts receivable written off.

143 -- Accrued Interest Receivable

This account represents the amount of interest accrued on portfolio loans to and debt securities of small businesses, United States Government obligations, direct and fully guaranteed, notes receivable, sales contracts, and other interest-bearing amounts due from debtors, including funds placed in escrow pending the closing of financing and assets acquired in liquidation of portfolio securities as well as interest accrued on other securities.

Debit:

- (a) With amount of interest accrued on all items covered by this account.

Credit:

- (a) With amount of interest payments received.
- (b) With amount of accrued interest transferred to assets acquired in liquidation of loans and debt securities.
- (c) Upon disposition of interest-bearing obligations, with amount of accrued interest thereon included in this account.
- (d) With amount of accrued interest written off or disposed of otherwise.

Note 1. -- At the option of the licensee, interest payments received in cash from debtors prior to the interest maturity date may be credited to account no. 374 -- Unapplied receipts, until the maturity date.

Note 2. -- As stated in "Accounting Standards and Financial Reporting Requirements for Small Business Investment Companies", accrual of interest receivable should be discontinued with respect to a loan or debt security if the financed small business is in bankruptcy, insolvent, or if there is substantial doubt about its ability to continue as a going concern. Any interest payments received under these conditions should not be treated as interest income, but should be credited either as principal payments or as deferred income in account no. 383 -- Other deferred credits, pending determination of the appropriate accounting. In less serious situations, when the financed small business is in default more than 120 days, or the fair value of the loan or debt security is less than cost, or recovery thereon is doubtful, the accrual of interest receivable should be accompanied by an appropriate addition to the allowance for uncollectible interest receivable, or, as an alternative, the interest income should be deferred in account no. 383.

(See account no. 144.)

144 -- Allowance for Uncollectible Interest Receivable

This account represents the valuation reserve provided for estimated losses of accrued interest receivable, and should be maintained in an amount not less than a conservative estimate of probable losses. This valuation reserve will be adjusted as occasion demands, so that this account will reflect the best available estimate of probable losses of accrued interest receivable.

Debit:

- (a) With amount of decreases in such reserve.
- (b) With amount of accrued interest receivable written off.

Credit:

- (a) With amount of increases in such reserve established.
- (b) With amount of increases in such reserve.
- (c) With amount of recoveries of accrued interest receivable written off.

145 -- Dividends Receivable

This account represents cash dividends that have been declared on capital stock of small businesses but have not been distributed to stockholders.

Debit:

(a) With amount due the licensee of cash dividend declared.

Credit:

(a) With amount distributed to the licensee of the dividend declared.

(See account no. 540.)

Note 1. -- Stock splits are not recorded as dividends receivable or dividend income because the licensee's equity interest in the company declaring the dividend or split has not changed. Therefore, stock splits will be measured in the appropriate investment account (Account nos. 190 or 191).

Note 2. -- Dividends in kind will be recorded as income at the fair market value of the securities received and will be recorded in Account no. 221, Other securities received.

146 -- Receivables from Parent

This account represents receivables due licensee from its parent. Receivables due from parent will generally be from one of two sources: (1) Expenses shared pro-rata with the parent paid by the licensee, but not yet reimbursed by the parent and/or (2) licensee has a tax loss from which the parent (and/or consolidated group) have received a tax benefit.

Debit:

(a) With parent's share of any expense shared with the licensee which was paid by the licensee.

(b) With Licensee's share of any tax benefit derived by the parent from the filing of a consolidated tax return when the licensee has a taxable loss.

(c) With any other receivable due from parent arising from any other source.

Credit:

(a) With cash received from parent.

(b) With income taxes due from licensee but paid by the parent. (This credit can arise only as an offset to a previously recorded debit to this account; if there is no such debit balance, credit account no. 341.)

150 -- Current Maturities of Portfolio Securities

The account represents the principal amounts due the licensee on a cost basis of loans and debt securities of small businesses that are reasonably expected to be collected in the normal course of business in the next 12 months of operations.

Debit:

(a) With amount due the licensee during the current year.

Credit:

(a) With amount collected by the licensee.

(b) With amount not considered collectible on a current basis and restored to loan or debt security accounts.

(See account nos. 170, 180, and 184.)

152 -- Current Maturities of Assets Acquired in Liquidation of Portfolio Securities

This account represents the current principal amounts due the licensee on a cost basis of amounts due from debtors on sale of assets acquired; or the current principal amounts of their debt instruments that are classified as assets acquired in liquidation of portfolio securities. This account represents only those amounts reasonably expected to be collected in the normal course of business in the next 12 months of operations.

Debit:

(a) With amount due the licensee during the current year.

Credit:

(a) With amount collected by the licensee.

(b) With amount not considered collectible on a current basis and restored to the appropriate asset acquired in liquidation of portfolio securities account.

(See account nos. 200, 204.)

153 -- Current Maturities of Operating Concerns Acquired

This account represents the principal amounts due the licensee on a cost basis of debt instruments classified as operating concerns acquired that are reasonably expected to be collected in the normal course of business in the next 12 months of operations.

Debit:

(a) With amount due the licensee during the current year.

Credit:

(a) With amount collected by the licensee.

(b) With amount not considered collectible on a current basis and restored to other securities accounts.

(See account no. 210.)

154 -- Current Maturities of Other Securities

This account represents the principal amounts due the licensee on a cost basis of debt instruments classified as "other securities" that are reasonably expected to be collected in the normal course of business in the next 12 months of operations.

Debit:

(a) With amount due the licensee during the current year.

Credit:

(a) With amount collected by the licensee.

(b) With amount not considered collectible on a current basis and restored to other securities accounts.

(See accounts nos. 220 and 221.)

156 -- Other Current Assets

This account represents current assets not otherwise classified of the licensee that are expected to be converted to cash or expensed in the normal course of business in the next 12 months.

Debit:

(a) With amount of such asset.

Credit:

(a) With amount collected.

(b) With the proportionate amount allocated to the period as an expense.

160 -- Investment in Section 301(d) Licensee

This account represents the licensee's investment in capital stock of a specialized SBIC. The account will be maintained on the equity method of accounting.

Effective Date: 8/3/99

Debit:

- (a) With cost of capital stock of such Section 301(d) licensee.
- (b) With the licensee's proportionate share of the Section 301(d) licensee's net income.

Credit:

- (a) With the licensee's proportionate share of the Section 301(d) licensee's net loss.
- (b) With cash dividends received or fair value of dividends in kind received.
- (c) With the value on equity basis of stock in Section 301(d) licensee when sold.

170 -- Loans

This account represents the unpaid principal balance of Loans, as defined in 13 CFR 107.810.

Debit:

- (a) With face amount of direct loans.
- (b) With portion retained by licensee of loans in which participations were sold to others.
- (c) With amount of participations in loans of others.
- (d) With unpaid principal of loans represented by renewal notes accepted or notes taken in substitution for those held.
- (e) With reversal of prior credits when checks received representing repayments are dishonored, etc.

Credit:

- (a) With amount collected on face amount of direct loans.
- (b) With licensee's share of amount collected on principal of loans in which participations were sold to others.
- (c) With amount by which participations in loans are reduced by repayments transmitted by the "initiating" company.
- (d) With unpaid principal of loans represented by notes renewed or for which other notes have been substituted.
- (e) With amount transferred to assets acquired in liquidation of portfolio securities.
- (f) With unpaid principal of loans sold, written off or disposed of otherwise.

Note 1. -- A participation is defined as an undivided interest shared with one or more other lenders or investors in a note, debenture, certificate of stock, or other instrument evidencing a loan to, or equity financing of, a small business.

Note 2. -- It is assumed that in all loan participation arrangements the "initiating" company will service the loans.

172 -- Depreciation of Loans

This account represents the downward valuation of loans and should be maintained in an amount not less than a conservative estimate of probable losses. This valuation account will be adjusted as necessary.

Debit:

- (a) With amount of decreases in depreciation.
- (b) With amount of depreciation established in this account on loans that have been written off, sold or otherwise disposed of.

Credit:

- (a) With amount of depreciation established.
- (b) With amount of increases in depreciation.

173 -- Unearned Discount, Fees, and Other Charges on Loans

This contra account represents the amount of unearned discount, fees, and other charges included in the face amount of loans made to small businesses.

Debit:

- (a) With amount of discount, fees, and other charges which have become earned through collection or passage of time.
- (b) With amount of unearned discount, fee, and other charges which is rebated to borrowers upon early repayment of loans, or is closed into the asset account upon liquidation of loans at less than full amount.

Credit:

- (a) With initial amount of unearned discount, fees, and other charges included in the face amount of loans.
- (b) With unearned discount, fees, and other charges assigned to the licensee in connection with its participation in loans of other lenders.

Note 1. -- Unearned discount in this account will be transferred to account no. 512 -- Interest on loans, as it becomes earned; and unearned fees and other charges will be transferred to account no. 536 -- application and appraisal fees, under similar circumstances.

Note 2. -- Any fees and other charges considered earned immediately upon closing of loans will be recorded directly in the income account without first being entered in this account.

180 -- Debt Securities with Stock Purchase Warrants or Options, and/or Conversion Features

This account represents the unpaid principal balance of Debt Securities, as defined in 13 CFR 107.815. If the stock purchase warrants, options, or other stock rights have a separate purchase cost, or if a separate cost has otherwise been determined for them, the warrants, options, or other stock rights will be reflected at such cost in account no. 197.

Debit:

- (a) With face amounts of debt securities acquired.
- (b) With portion retained by licensee of debt securities in which participations were sold to others.
- (c) With amount of participations in purchases by others of Debt Securities.
- (d) With reversal of prior credits when checks received representing repayments are dishonored, etc.

Credit:

- (a) With amount collected on face amount of debt securities.
- (b) With licensee's share of amount collected on principal of debt securities in which participations were sold to others.
- (c) With amounts by which participations in debt securities are reduced by repayments transmitted by the "initiating" company.
- (d) With unpaid principal of debt securities converted into capital stock.
- (e) With unpaid principal of debt securities which have been divested of stock rights through the expiration of the conversion privilege, the exercise or the expiration of rights conveyed by nondetachable or detachable stock purchase warrants or options, or the detachment of detachable stock purchase warrants or options.
- (f) With unpaid principal of debt securities transferred to assets acquired in liquidation of loans and debt securities.
- (g) With unpaid principal of debt securities sold, written off or disposed of otherwise.

(See notes 1 and 2 to Account no. 170)

184 -- Debt Securities Divested of Stock Rights

This account represents the unpaid principal balance of debt securities which have been divested of stock rights through (1) the expiration of the conversion privilege of convertible debt securities, (2) the exercise or the expiration of rights conveyed by nondetachable or detachable stock purchase warrants or options of debt securities, or (3) the detachment of detachable stock purchase warrants or options.

Debit:

- (a) With unpaid principal of debt securities divested of stock rights.
- (b) With portion retained by licensee of such debt securities in which participations were sold to others.
- (c) With amount of participations in debt securities which have been subsequently divested of stock rights.
- (d) With reversal of prior credits when checks received representing repayments are dishonored, etc.

Credit:

- (a) With amount collected on face amount of debt securities divested of stock rights.
- (b) With licensee's share of amount collected on principal of such debt securities in which participations were sold to others.
- (c) With amount by which participations in such debt securities are reduced by repayments transmitted by the "initiating" company.

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- (d) With unpaid principal of such debt securities transferred to assets acquired in liquidation of loans and debt securities.
- (e) With unpaid principal of such debt securities sold, written off or disposed of otherwise.

186 -- Appreciation of Debt Securities

This account represents the amount by which the licensee's Board of Directors/General Partner(s) has valued debt securities with equity features above cost of such securities.

Debit:

- (a) With amount of such appreciation recognized.
- (b) With amount of increases in such appreciation recognized.

Credit:

- (a) With decrease in amount of such appreciation resulting from decline in fair value of securities.
- (b) With amount of appreciation established in this account for debt securities that have been sold or otherwise disposed of.

(See Note to account 187.)

187 -- Depreciation of Debt Securities

This account represents the downward valuation of debt securities and should be maintained in an amount not less than a conservative estimate of probable losses. This valuation reserve will be adjusted as occasion demands.

Debit:

- (a) With amount of decreases in depreciation.
- (b) With amount of depreciation established in this account for debt securities that have been written off, sold, or disposed of otherwise.

Credit:

- (a) With amount of depreciation established.
- (b) With amount of increases in depreciation.

Note -- When debt securities are sold or otherwise disposed of, cash or other appropriate asset account will be debited for the amount received, and the appropriate investment account will be credited for the related asset cost. Any gain will be credited to Account no. 572 and any loss will be debited to Account no. 702. The amount of the reserve which was established in this account for the debt security sold or disposed of otherwise will be reversed and offset against the appropriate unrealized depreciation account in the capital section (e.g., account no. 445 -- Stockholders' Unrealized Depreciation on Loans and Investments).

188 -- Unearned Discount, Fees and Other Charges on Debt Securities

This contra account represents the amount of unearned discount, fees, and other charges included in the face amount of debt securities acquired from small businesses.

Debit:

- (a) With amount of discount, fees, and other charges which have become earned through collection or passage of time.
- (b) With amount of unearned discount, fee, and other charges which is rebated to borrowers upon early repayment of debt securities, or is closed into the asset account upon liquidation of debt securities at less than full amount.

Credit:

- (a) With initial amount of unearned discount (including that equivalent to the determined cost of warrants, options or other stock rights, as explained in Note 2 to account no. 197), fees, and other charges included in the face amount of debt securities.
- (b) With initial amount of unearned discount (including that equivalent to the determined cost of warrants, options or other stock rights, as explained in Note 2 to account no. 197), fees, and other charges assigned to the licensee in connection with its participation in the purchase of debt securities by other investors.

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Note 1. -- Unearned discount will be transferred to account no. 516 -- Interest on debt securities, as it becomes earned; unearned fees and other charges will be transferred to account no. 536 -- Application and appraisal fees, under similar circumstances.

Note 2. -- Any fees and other charges considered earned immediately upon closing of financing through purchase of debt securities will be recorded directly in the income account without first being entered in this account.

190 -- Capital Stock of Small Businesses, with Stock Purchase Warrants or Options, and/or Conversion Features

This account represents the licensee's cost to acquire capital stock of small businesses, when such capital stock has attached stock purchase warrants, options and/or conversion features (capital stock without such rights will be recorded in account no. 191). If the warrants, options, or other stock rights have a separate purchase cost, or if a separate cost has otherwise been determined for them, such stock rights will be reflected at cost in account no. 197.

Debit:

- (a) With cost of such capital stock acquired.
- (b) With portion retained by licensee of such capital stock in which participations have been sold to others.
- (c) With amount of licensee's participations in acquisitions by others of such capital stock.

Credit:

- (a) With cost of such capital stock which has been divested of stock purchase rights through the expiration of the conversion privilege, the exercise or the expiration of rights conveyed by nondetachable or detachable stock purchase warrants or options, or the detachment of detachable stock purchase warrants or options.
- (b) With cost of such capital stock converted to another class of capital stock.
- (c) With cost of such capital stock sold, written off or disposed of otherwise.

(See notes 1 and 2 to account no. 170.)

191 -- Capital Stock of Small Businesses -- Other

This account represents the licensee's cost to acquire capital stock of small businesses, when such capital stock is acquired without conversion privileges or stock purchase warrants or options; or licensee's cost of stock which has been divested of additional stock rights as the result of (1) the expiration of conversion privileges, (2) the exercise or the expiration of rights conveyed by nondetachable or detachable stock purchase warrants or options, or (3) the detachment of detachable stock purchase warrants or options.

Debit:

- (a) With cost to acquire such capital stock.
- (b) With cost of such capital stock transferred from account no. 191 upon divestment of additional stock rights.
- (c) With portion retained by licensee of such capital stock in which participations have been sold to others.
- (d) With amount of licensee's participations in such capital stock acquired by others.

Credit:

- (a) With cost of such capital stock sold, written off or disposed of otherwise.

Note 1. -- The cost of capital stock acquired through the exercise of warrants or options will be the cost of the warrants or options surrendered plus the exercise price.

Note 2. -- Capital stock acquired through conversion of debt securities or shares of another class of stock will have the same cost as the converted security, plus any additional consideration required to effect the conversion.

192 -- Appreciation of Capital Stock

This account represents the amount by which the licensee's Board of Directors/General Partner(s) has valued capital stock of small businesses above cost of such securities.

Debit:

- (a) With amount of appreciation recognized.

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Credit:

- (a) With decrease in amount of appreciation resulting from decline in fair value of securities.
- (b) With amount of appreciation established in this account on capital stock that has been sold or otherwise disposed of.

(See Note to account no. 193.)

193 -- Depreciation of Capital Stock

This account represents the downward valuation of capital stock of small businesses by the licensee's Board of Directors/General Partner(s). This account will be maintained in an amount not less than a conservative estimate of probable losses and will be adjusted as occasion demands.

Debit:

- (a) With amount of decreases in depreciation.
- (b) With amount of depreciation established in this account on capital stock that has been written off, sold, or disposed of otherwise.

Credit:

- (a) With amount of depreciation recognized.

Note -- When capital stock is sold or otherwise disposed of, cash or other appropriate asset account will be debited for the amount received, and the appropriate investment account will be credited for the related asset cost. Any gain will be credited to account no. 574 and any loss will be debited to account no. 704. The depreciation which was established in this account for the capital stock sold or disposed of otherwise will be reversed and offset against the appropriate unrealized depreciation account in the capital section (e.g., account no. 445 -- Stockholders' Unrealized Depreciation on Loans and Investments).

194 -- Equity Interests of Unincorporated Concerns

This account represents the licensee's investment in equity interests of a small business organized as a limited partnership or other type of unincorporated concern. The equity method should **not** be used to account for such investments, as this method is incompatible with fair value accounting.

Debit:

- (a) With cost of equity interest acquired.

Credit:

- (a) With the licensee's proportionate share of cash distributions.
- (b) With cost of equity interest sold, liquidated, written off or disposed of otherwise.

195 -- Appreciation of Equity Interest of Unincorporated Concerns

This account represents the amount by which the licensee's Board of Directors/General Partner(s) has valued equity interests of unincorporated concerns above cost of such interests.

Debit:

- (a) With amount of appreciation recognized.

Credit:

- (a) With decrease in amount of appreciation resulting from decline in fair value of securities.
- (b) With amount of appreciation established in this account on equity interests that have been sold, liquidated or otherwise disposed of.

(See Note to account 196.)

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196 -- Depreciation of Equity Interests of Unincorporated Concerns

This account represents the downward valuation of equity interests of unincorporated concerns by the licensee's Board of Directors/General Partner(s). This account will be maintained in an amount not less than a conservative estimate of probable losses and will be adjusted as occasion demands.

Debit:

- (a) With amount of decreases in depreciation.
- (b) With amount of depreciation established in this account on equity interests that have been written off, sold, liquidated or disposed of otherwise.

Credit:

- (a) With amount of depreciation recognized.

Note -- When equity interests in unincorporated concerns are sold or otherwise disposed of, cash or other appropriate asset account will be debited for the amount received, and the appropriate investment account will be credited for the related asset cost. Any gain will be credited to account no. 575 and any loss will be debited to account no. 705. The depreciation which was established in this account for the capital stock sold or disposed of otherwise will be reversed and offset against the appropriate unrealized depreciation account in the capital section (e.g., account no. 445 -- Stockholders' Unrealized Depreciation on Loans and Investments).

197 -- Warrants, Options, and Other Stock Rights Acquired from Small Businesses

This account represents the cost basis (purchase price or cost as otherwise determined under generally accepted accounting principles) of warrants, options, and other stock rights acquired by the licensee from small businesses.

Debit:

- (a) With cost of such warrants, options, or other stock rights acquired.
- (b) With portion retained by licensee of the warrants, options, or other stock rights in which participations are sold to others.
- (c) With amount of licensee's participations in acquisitions by others of warrants, options, or other stock rights.

Credit:

- (a) With cost of such warrants, options, or other stock rights surrendered in exercising the stock rights.
- (b) With cost of such warrants, options, or other stock rights written off or disposed of otherwise.
- (c) With cost of such warrants, options, or other stock rights for which the exercise period has expired.

Note -- Under generally accepted accounting principles (APB Opinion No. 14), the purchase price of a debt security with detachable warrants must be allocated between the two elements. The allocation should be based on the relative fair values of the two types of securities at the time of issuance. Any resulting discount on the debt securities should be credited to account no. 188 -- Unearned discount, fees, and other charges on debt securities.

198 -- Appreciation of Warrants, Options, and Other Stock Rights Acquired from Small Businesses

This account represents the amount by which the licensee's Board of Directors General Partner(s) has valued warrants, options and other stock rights above the cost of such securities.

Debit:

- (a) With amount of appreciation recognized.

Credit:

- (a) With decrease in amount of appreciation resulting from decline in fair value of securities.
- (b) With amount of appreciation established in this account for warrants, options, and other stock rights that have been sold or otherwise disposed of.

(See Note to account no. 199.)

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199 -- Depreciation of Warrants, Options, and Other Stock Rights Acquired from Small Businesses

This account represents the downward valuation of warrants, options and other stock rights by the licensee's Board of Directors/General Partner(s). This account will be maintained in an amount not less than a conservative estimate of probable losses and will be adjusted as occasion demands.

Debit:

- (a) With amount of decreases in depreciation.
- (b) With amount of depreciation established in this account for warrants, options, and other stock rights that have been written off, sold, or disposed of otherwise.

Credit:

- (a) With amount of depreciation recognized.

Note -- When warrants, options or other stock rights are sold or otherwise disposed of, cash or other appropriate asset account will be debited for the amount received, and the appropriate investment account will be credited for the related asset cost. Any gain will be credited to account no. 576 and any loss will be debited to account no. 706. The depreciation which was established in this account for the warrants, options or other stock rights sold or disposed of otherwise will be reversed and offset against the appropriate unrealized depreciation account in the capital section (e.g., account no. 445 -- Stockholders' Unrealized Depreciation on Loans and Investments).

200 -- Receivables Arising from Sale of Assets Acquired in Liquidation of Portfolio Securities

This account represents the unpaid balance of accounts receivable, notes receivable, sales contracts, purchase money mortgages, and similar evidences of indebtedness to the licensee arising from the sale of assets acquired in liquidation of portfolio securities.

Debit:

- (a) With amount of such receivables.

Credit:

- (a) With amount collected on principal of such receivables.
- (b) With unpaid principal balance written off or disposed of otherwise.

203 -- Depreciation of Receivables Arising from Sale of Assets Acquired in Liquidation of Portfolio Securities

This account represents the downward valuation by the licensee's Board of Directors/General Partner(s) of notes or other securities received on sale of assets acquired in liquidation of portfolio securities. This account will be maintained in an amount not less than a conservative estimate of probable losses and will be adjusted as occasion demands.

Debit:

- (a) With amount of decreases in depreciation of such receivables.
- (b) With amount of depreciation established in this account on receivables that have been written off, sold, or disposed of otherwise.

Credit:

- (a) With amount of depreciation recognized.

204 -- Assets Acquired in Liquidation of Portfolio Securities

This account represents the licensee's investment in assets acquired by foreclosure, or otherwise, in liquidation of portfolio securities. Judgments, sheriffs' certificates (including property acquired subject to redemption), etc., will be reflected in this account.

Property acquired in this manner will be recorded at an amount no higher than the outstanding principal balance of the related portfolio securities. If this amount exceeds the net realizable value of the property, then the property will be recorded at its net realizable value and a loss will be recognized on the liquidated portfolio securities. Mortgaged real property will be recorded in this account at gross value, with the amount of the existing mortgage or mortgages reflected in account no. 313. Judgments will be recorded at their face amount.

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Debit:

- (a) With amount of the licensee's investment in asset at time of acquisition.
- (b) With amount of the licensee's investment in asset at date of judgment, sheriff's certificate, etc.
- (c) With amount of licensee's participation in assets acquired by others in liquidation of portfolio securities.

Credit:

- (a) With proceeds of partial sale of assets.
- (b) With amount of the licensee's investment at date of sale or other disposition of assets.
- (c) With amount written off.

Note -- Collateral notes receivable acquired in the liquidation of portfolio securities will be reflected in this account; but notes receivable that are subsequently accepted in connection with the disposition of assets acquired in the liquidation of portfolio securities will be included in account no. 200 -- Receivables from debtors on sale of assets acquired in liquidation of portfolio securities.

(See account nos. 170, 180, 184, and 200.)

205 -- Appreciation of Assets Acquired in Liquidation of Portfolio Securities

This account represents the amount by which the licensee's Board of Directors/General Partner(s) has valued assets acquired above their cost basis as recorded in account no. 204.

Debit:

- (a) With amount of appreciation recognized.

Credit:

- (a) With decrease in amount of appreciation resulting from decline in fair value of such assets.
- (b) With amount of appreciation established in this account on such assets that have been sold or otherwise disposed of.

(See Note to account no. 206.)

206 -- Depreciation of Assets Acquired in Liquidation of Portfolio Securities

This account represents the downward valuation by the licensee's Board of Directors/General Partner(s) of assets acquired in liquidation of portfolio securities. This account will be maintained in an amount not less than a conservative estimate of probable losses and will be adjusted as occasion demands.

Debit:

- (a) With amount of decreases in depreciation of such assets.
- (b) With amount of depreciation established in this account on such assets that have been written off, sold, or disposed of otherwise.

Credit:

- (a) With amount of depreciation recognized.

Note -- When assets acquired in liquidation of portfolio securities are sold or otherwise disposed of, cash or other appropriate asset account will be debited for the amount received, and account no. 204 will be credited for the related asset cost. Any gain will be credited to account no. 577 and any loss will be debited to account no. 707. The depreciation which was established in this account for the assets sold or disposed of otherwise will be reversed and offset against the appropriate unrealized depreciation account in the capital section (e.g., account no. 445 -- Stockholders' Unrealized Depreciation on Loans and Investments).

210 -- Operating Concerns Acquired

A licensee may take action to protect its investment in a portfolio concern and as a result may acquire a controlling interest in an operating concern. In such cases, the licensee will reclassify the aggregate amount due from the portfolio

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concern to this account. If the concern has ceased operations and is being liquidated, the aggregate amount due from the portfolio concern will be classified as assets acquired in liquidation of portfolio securities (account no. 204) rather than this account.

Debit:

- (a) With total amount of the licensee's investment in the operating concern at the time of the acquisition.
- (b) With additional financing provided by the licensee.

Credit:

- (a) With amount collected from such operating concern.
- (b) With proportionate cost of interest sold or disposed of otherwise.
- (c) With amounts written off.

(See account nos. 211 and 212.)

211 -- Appreciation of Operating Concerns Acquired

This account represents the amount by which the licensee's Board of Directors/General Partner(s) has valued securities of operating concerns acquired above their cost basis

Debit:

- (a) With amount of appreciation recognized.

Credit:

- (a) With decrease in amount of appreciation resulting from decline in fair value of such securities.
- (b) With amount of appreciation established in this account on such securities that have been sold or otherwise disposed of.

(See Note to account no. 212.)

212 -- Depreciation of Operating Concerns Acquired

This account represents the amount by which the licensee's Board of Directors/General Partner(s) has valued securities of operating concerns acquired below cost of such securities.

Debit:

- (a) With decreases in amount of such depreciation resulting from increases in fair value of such securities.
- (b) With amount of depreciation established in this account on such securities that have been sold, written off or otherwise disposed of.

Credit:

- (a) With amount of such depreciation recognized.

Note -- When operating concerns acquired are sold or otherwise disposed of, cash or other appropriate asset account will be debited for the amount received, and account no. 210 will be credited for the related asset cost. Any gain will be credited to account no. 578 and any loss will be debited to account no. 708. The depreciation which was established in this account for the assets sold or disposed of otherwise will be reversed and offset against the appropriate unrealized depreciation account in the capital section (e.g., account no. 445 -- Stockholders' Unrealized Depreciation on Loans and Investments).

220 -- Notes and Other Securities Received on Sale of Portfolio Securities

This account represents the securities taken by the licensee as part of the net sales price of portfolio securities sold.

Debit:

- (a) With assigned cost of such securities when acquired.

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Credit:

- (a) With cost of such securities when sold.
- (b) With cost of such securities when written off or disposed of otherwise.

(See accounts 221, 222, and 223.)

221 -- Other Securities Received

This account represents securities received by the licensee for which no funds were provided and which would not otherwise be classified as loans and investments. An example of such securities would be a dividend in kind received by licensee from a portfolio concern.

Debit:

- (a) With fair value of such securities when received.

Credit:

- (b) With carrying value of such securities when sold, written off or disposed of otherwise.

(See accounts 220, 222, and 223.)

222 -- Appreciation of Other Securities

This account represents the amount by which the licensee's Board of Directors/General Partner(s) has valued securities recorded in accounts no. 220 and 221 above licensee's cost basis.

Debit:

- (a) With amount of such appreciation recognized.

Credit:

- (a) With decrease in amount of such appreciation resulting from decline in fair value of securities.
- (b) With amount of appreciation established in this account on other securities that have been sold or otherwise disposed of.

(See Note to account no. 223.)

223 -- Depreciation of Other Securities

This account represents the amount by which the licensee's Board of Directors/General Partner(s) has valued securities recorded in accounts no. 220 and 221 below licensee's cost basis.

Debit:

- (a) With decreases in amount of such depreciation resulting from increase in fair value of such securities.
- (b) With amount of depreciation established in this account on other securities that have been sold, written off or otherwise disposed of.

Credit:

- (a) With amount of such depreciation recognized.

Note -- When "other securities" are sold or otherwise disposed of, cash or other appropriate asset account will be debited for the amount received, and account no. 220 or 221 will be credited for the related asset cost. Any gain will be credited to account no. 579 and any loss will be debited to account no. 709. The depreciation which was established in this account for the assets sold or disposed of otherwise will be reversed and offset against the appropriate unrealized depreciation account in the capital section (e.g., account no. 445 -- Stockholders' Unrealized Depreciation on Loans and Investments).

230 -- Prepaid Expenses

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This account represents the unexpired or unconsumed portion of expenses applicable to future periods for which no specific accounts have been provided. Such expenses should be amortized over the period during which benefits will be realized.

Debit:

(a) With amount of prepaid expenses.

Credit:

(a) With amounts amortized to expense.

240 -- Furniture and Equipment

This account represents the cost of furniture, fixtures, and equipment, including automobiles, owned by the licensee.

Debit:

(a) With cost of such assets purchased.

Credit:

(a) With cost of such assets sold or otherwise disposed of.

241 -- Accumulated Depreciation on Furniture and Equipment

This account represents the valuation reserve provided for depreciation of furniture, fixtures and equipment, including automobiles, owned by the licensee. This account should be maintained in an amount not less than a conservative estimate of the expired service life of such assets while owned by the licensee.

Debit:

(a) With amount of depreciation accumulated on assets sold or disposed of otherwise.

Credit:

(a) With periodic depreciation.

250 -- Business Premises Owned

This account represents the actual cost of acquisition of real property used as the licensee's place of business. The account also will include the actual cost of any improvements applicable to the property.

Debit:

- (a) With acquisition cost of real property.
- (b) With cost of any improvement to property.

Credit:

(a) With the acquisition cost of real property, plus cost of improvements made thereto, when the property is sold or disposed of otherwise.

251 -- Accumulated Depreciation on Business Premises Owned

This account represents the valuation reserve provided for depreciation of the premises (including depreciable improvements) owned and used as the licensee's place of business. This account should be maintained in an amount not less than a conservative estimate of the expired service life of such property and improvements while owned by the licensee.

Debit:

(a) With amount of depreciation accumulated on assets sold or disposed of otherwise.

Credit:

(a) With periodic depreciation.

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252 -- Leasehold Improvements

This account represents the cost of improvements to leased premises used as the licensee's place of business. The amount of this account will be amortized through account no. 656 over the life of the lease or the life of the improvements, whichever is shorter.

Debit:

(a) With cost of leasehold improvements.

Credit:

(a) With periodic amortization.

(b) With cost of leasehold improvements written off.

260 -- Deferred Tax Asset

This account represents the deferred tax consequences attributable to deductible temporary differences and carryforwards in accordance with FASB Statement 109. Such deductible temporary differences are differences between the tax basis of an asset or liability and its reported amount in the financial statements that will result in future deductible amounts when the reported amount of the asset or liability is recovered or settled, respectively. A licensee must reduce a deferred tax asset by a valuation allowance if, based on available evidence, it is more likely than not that some or all of the deferred tax asset will not be realized (see account 261).

Debit:

(a) With the amount of the deferred tax asset.

Credit:

(a) With deductible amount realized which had previously been recorded as a deferred tax asset.

261 -- Valuation Allowance for Deferred Tax Asset

This account represents a valuation allowance established in accordance with FASB Statement 109 as a reduction of a deferred tax asset if, based on available evidence, it is more likely than not that some or all of the deferred tax asset will not be realized.

Debit:

(a) With amount of a decrease in valuation allowance for a deferred tax asset.

(b) With amount of valuation allowance when a deferred tax asset is realized or expires.

Credit:

(a) With amount of valuation allowance established for a deferred tax asset.

(b) With amount of increase in valuation allowance for a deferred tax asset.

275 -- Amounts Due from Directors, Officers, Owners, Employees, etc.

This account represents the unpaid balance of amounts advanced to directors, officers, shareholders, general partners, limited partners and employees.

Debit:

(a) With amount of such advances made.

Credit:

(a) With amount collected on such advances.

(b) With amount transferred to appropriate expense classification upon proper authorization.

(c) With amount written off or disposed of otherwise.

277 -- Funds in Escrow

This account represents the amount of funds placed in escrow (e.g., funds escrowed pending the closing of a financing).

Debit:

(a) With amount of funds placed in escrow.

Credit:

(a) With amount of funds withdrawn from escrow.

278 -- Deferred Financing Costs

This account represents the unamortized balance of fees paid to SBA and other parties (such as underwriters) in connection with licensee's issuance of SBA-guaranteed debentures or participating securities. Leverage fees paid on debentures should be amortized over the life of the instruments (generally 10 years). Leverage fees paid on participating securities may be amortized over not less than 5 years.

Debit:

(a) With amount of fees paid.

Credit:

(a) With periodic amortization expense.

279 -- Other Assets

This account represents miscellaneous assets of the licensee for which no specific account has been provided.

Debit:

(a) With amount of the licensee's investment in such assets.

Credit:

(a) With amount of such assets sold or disposed of otherwise.

Liability Accounts

300 -- Notes Payable to SBA

This account represents the long-term principal balance of notes payable (1) for funds borrowed and received directly from the Small Business Administration, and (2) for funds borrowed from others through guaranteed loans which subsequently have been purchased by the Small Business Administration.

Debit:

- (a) With amount of principal payments made on such notes.
- (b) With amount of principal transferred to current maturities.

Credit:

- (a) With amount of funds borrowed.
- (b) With unpaid principal balance of guaranteed loans purchased by SBA (contra debit will be made to account no. 310).

(See account no. 330.)

301 -- Debentures Payable to SBA

This account represents the long-term outstanding principal balance of debentures issued to the Small Business Administration.

Debit:

- (a) With amount of principal payments made to SBA on such debentures.
- (b) With amount of principal transferred to current maturities.

Credit:

- (a) With face amount of such debentures issued.

(See account no. 330.)

310 -- Debentures Guaranteed by SBA

This account represents the long-term outstanding principal balance of debentures guaranteed by the Small Business Administration.

Debit:

- (a) With amount of principal payments made on such debentures.
- (b) With unpaid principal balance of such debentures purchased by SBA (contra credit will be made to account no. 300).
- (c) With amount of principal transferred to current maturities.

Credit:

- (a) With face amount of such debentures issued.

(See account no. 330.)

311 -- Long-Term Non-SBA Debt

This account represents the long-term outstanding principal balance of notes neither payable to nor guaranteed by the Small Business Administration.

Debit:

- (a) With amount of principal payments made on such notes.
- (b) With amount of principal transferred to current maturities.

Credit:

- (a) With amount of funds borrowed.

(See account no. 331.)

312 -- Mortgages Payable

This account represents the long-term outstanding principal balance of mortgages payable on real estate owned by the licensee, other than real estate acquired in liquidation of portfolio securities (see account no. 313).

Debit:

- (a) With amount of principal payments made on such indebtedness.
- (b) With amount of principal transferred to current maturities.

Credit:

- (a) With amount of funds borrowed.

(See account no. 331.)

313 -- Mortgages Payable on Assets Acquired in Liquidation of Portfolio Securities

Effective Date: 8/3/99

This account represents the outstanding principal balance of existing mortgages payable on assets acquired by the licensee in liquidation of portfolio securities.

Debit:

(a) With amount of principal payments made on such indebtedness.

Credit:

(a) With amount of such indebtedness.

(See account no. 204.)

320 -- Notes Payable -- Other

This account represents the outstanding principal balance of miscellaneous notes payable for which no specific account has been provided.

Debit:

(a) With amount of principal payments made on such notes.

Credit:

(a) With principal amount of such notes executed.

330 -- Current Maturities of Notes and Debentures Payable to or Guaranteed by SBA

This account represents the principal amount due on a current basis (payable by the licensee in the next 12 months of operations) of long-term debt shown in accounts 300, 301 and 310.

Debit:

(a) With amounts paid by the licensee or disposed of otherwise.

Credit:

(a) With amounts that become due on a current basis.

(See account nos. 300, 301, and 310.)

331 -- Current Maturities of Non-SBA Debt

This account represents the principal amount due on a current basis (payable by the licensee in the next 12 months of operations) of long-term debt shown in accounts 311 through 313.

Debit:

(a) With amounts paid by the licensee or disposed of otherwise.

Credit:

(a) With amounts that become due on a current basis.

(See account nos. 311 through 313.)

340 -- Accounts Payable

This account represents amounts payable on open account. The account also may include miscellaneous current payables for which no specific account has been provided.

Debit:

(a) With amount of such indebtedness paid, or disposed of otherwise.

Credit:

(a) With amount of such indebtedness incurred.

341 -- Accounts Payable Due Parent, Shareholders or Partners

This account represents payables due to licensee's parent or other shareholders or partners. Payables to parent generally arise from one of two sources: (1) Reimbursement due to parent for expenses paid on licensee's behalf, and/or (2) filing of a consolidated tax return with parent when licensee has taxable income.

Debit:

(a) With cash payments to parent.

(b) With licensee's share of any tax benefit resulting from the filing of a consolidated tax return with the parent when licensee has a taxable loss. (This debit can arise only as an offset to a previously recorded credit to this account; if there is no such credit balance, debit account no. 146.)

Credit:

(a) With expenses paid by parent to be reimbursed by licensee.

(b) With licensee's share of any tax liability resulting from the filing of a consolidated tax return with the parent when licensee has taxable income.

(c) With payables due parent or other shareholders or partners arising from any other source.

350 -- Accrued Interest Payable

This account represents the licensee's liability for interest accrued on its notes, mortgages, debentures and other interest-bearing obligations.

Debit:

(a) With amount of such interest paid.

Credit:

(a) With amount of such interest accrued on all interest-bearing obligations covered by this account.

351 -- Accrued Taxes

This account represents the balance of accrued payroll taxes, such as the licensee's share of social security taxes, which have not been remitted to the appropriate collectors of such taxes.

Debit:

(a) With amount of such taxes paid.

Credit:

(a) With amount of such taxes accrued.

(See account no. 664.)

354 -- Estimated Income Taxes Accrued

This account includes the balances in subaccount nos. 354.1, 354.2, 354.3, etc.

354.1 Estimated Federal Income Taxes Accrued -- This account represents the balance of estimated Federal income taxes accrued which have not been remitted to the Internal Revenue Service.

Debit:

(a) With amount of such taxes paid.

Credit:

(a) With amount of such taxes accrued.

354.2 Estimated State Income Taxes Accrued -- This account represents the balance of estimated State income taxes accrued which have not been remitted to the appropriate collector of such taxes.

Debit:

(a) With amount of such taxes paid.

Credit:

(a) With amount of such taxes accrued.

358 -- Other Current Liabilities

This account represents other current liabilities not provided for in other accounts.

Debit:

(a) With amounts paid or disposed or otherwise.

Credit:

(a) With amounts accrued.

360 - 364 -- Dividends Payable on Capital Stock (By Class)

These accounts represent a corporate licensee's liability for dividends declared by its Board of Directors on the respective types and classes of capital stock issued and outstanding. A separate account should be used to reflect the dividends payable for each type and class of capital stock outstanding.

Debit:

(a) With amount of dividends paid.

Credit:

(a) With amount of dividends declared.

365 - 369 -- Partnership Distributions Payable to General Partners/Limited Partners

Debit:

(a) With amount of distributions paid.

Credit:

(a) With amount of distributions accrued.

370 -- Employee Taxes Withheld

This account represents the amount of income and payroll taxes withheld from employees' salaries which have not been remitted to the appropriate collectors of such taxes.

Debit:

(a) With amount of such taxes remitted.

Credit:

(a) With amount of such taxes withheld.

Effective Date: 8/3/99

374 -- Unapplied Receipts

This account represents funds received by the licensee which have not been applied to loans, debt securities, interest receivable, etc. This account will be used only in instances when the funds received cannot be applied promptly.

Debit:

(a) With amount of such funds applied or disposed of otherwise.

Credit:

(a) With amount of funds received which cannot be applied promptly.

378 -- Miscellaneous Trust Receipts

This account represents the liability of the licensee for miscellaneous funds withheld or received in trust, including earnest money deposits, and funds withheld from employees' salaries for payment of group insurance premiums, pension fund contributions, etc. The account will also include amounts due other companies that are participants in financing where the licensee is the sponsor and is servicing the debt.

Debit:

(a) With amount of such funds disbursed or disposed of otherwise.

Credit:

(a) With amount of such funds withheld or received.

380 -- Deferred Tax Liability

This account represents the deferred tax consequences attributable to taxable temporary differences in accordance with FASB Statement 109. Such taxable temporary differences are between the tax basis of an asset or liability and its reported amount in the financial statements that will result in future taxable amounts when the reported amount of the asset or liability is recovered or settled, respectively.

Debit:

(a) With the amount of taxes paid which had previously been deferred.

Credit:

(a) With the amount of deferred tax liability.

(See accounts 260, 261 and 448.)

383 -- Other Deferred Credits

This account represents the amount of deferred credits of the licensee not specifically provided for in other accounts.

The account will include any gain on sale of assets which does not qualify as realized gain.

Debit:

(a) With amount of such deferred credits transferred to income or gain, or disposed of otherwise.

Credit:

(a) With amount of such deferred credits established.

(See Note 2 to account no. 143.)

Note 1. -- Deferred gain in this account will be transferred to appropriate gain accounts as it is realized.

390 -- Other Liabilities

Effective Date: 8/3/99

This account represents liabilities of the licensee not specifically provided for in other accounts.

Debit:

(a) With amount of such liabilities paid or disposed of otherwise.

Credit:

(a) With amount of such liabilities incurred.

Capital Accounts

400 - 404 Capital Stock

These accounts represent the total par or stated value of the capital stock issued. A separate account should be provided for each type and class of capital stock.

Debit:

(a) With par value of capital stock retired.

Credit:

(a) With par value of capital stock issued.

406 - 407 Capital Stock Subscribed.

These accounts represent the total amount at the subscription price of the licensee's capital stock subscribed. A separate account should be provided for each type and class of capital stock subscribed. These accounts reflect the licensee's responsibility to issue shares of its stock to subscribers who have made final payment of their capital stock subscriptions.

Debit:

(a) With amount at the subscription price of subscribed capital stock issued (credit will be made to accounts nos. 400 - 404).

(b) With amount at the subscription price of subscribed capital stock canceled or disposed of otherwise.

Credit:

(a) With amount at the subscription price of capital stock subscribed.

(See account nos. 409 - 410.)

409 - 410 -- Capital Stock Subscriptions Receivable

These accounts represent the total unpaid balances of capital stock subscriptions receivable from subscribers of the licensee's capital stock. A separate subscriptions receivable account should be provided for each type and class of capital stock subscribed.

Debit:

(a) With amount of capital stock subscribed.

Credit:

(a) With amount collected on capital stock subscriptions.

(b) With amount of capital stock subscriptions canceled or disposed of otherwise.

(See account nos. 406 - 407.)

412 - 414 -- Treasury Stock

Effective Date: 8/3/99

These accounts represent the total amount of the licensee's issued capital stock which has been reacquired through purchase or donation and has not been retired. A separate account should be provided for each type and class of such capital stock held by the licensee. The debits and credits listed below are based on the cost method of accounting for treasury stock.

Debit:

- (a) With cost of treasury stock purchased.
- (b) With fair market value of treasury stock acquired through donation (credit account no. 416, Paid-in Surplus).

Credit:

- (a) With cost of treasury stock reissued or retired.

416 -- Paid-in Surplus

This account represents the amount of surplus arising from: (1) initial sale of the licensee's capital stock at a price in excess of par value; (2) donations to the licensee of its issued capital stock carried as treasury stock; (3) retirements of capital stock purchased at less than its par value; (4) sales of treasury stock in excess of its carrying value on the books of the licensee; (5) donations or gifts to the licensee of assets carried at not more than their fair market value; and (6) other equity transactions with stockholders.

Debit:

- (a) With amount of loss on treasury stock reissued, but not to exceed the paid-in surplus attributable to such stock or to treasury stock previously reissued or retired (any additional loss will be charged to account no. 451).
- (b) With amount paid in excess of par value to acquire capital stock to be retired, but not to exceed the paid-in surplus attributable to such stock (any additional loss will be charged to account no. 451).

Credit:

- (a) With amount paid in representing the excess (after deduction of underwriters' fees, commissions and related expenses) over par value of the licensee's capital stock, when shares are issued.
- (b) With amount received by licensee in excess of cost for treasury stock reissued.
- (c) With par value of capital stock acquired through donation and retired by licensee.
- (d) With amount of discount below original issue price of capital stock repurchased by licensee and retired.
- (e) With amount not to exceed fair market value of donations or gifts of assets to the licensee.

418 -- Restricted Contributed Capital Surplus

This account will be used by Section 301(d) Licensees which have repurchased their 3 percent preferred stock from SBA. The account represents the amount by which the par value of the stock exceeds the repurchase price. At the time of repurchase, SBA is granted a preferential liquidating interest in this equity account. The liquidating interest is reported in the form of a footnote and declines on a straight-line basis over time (see memorandum account PLI - 1).

Note: This account will **NOT** be debited under normal conditions. Specifically, there will be **NO DEBIT** to the account as SBA's liquidating interest in this account is amortized. The amount credited at the time of the repurchase of 3 percent preferred stock will remain as a permanent balance in this account until the licensee is liquidated.

Credit:

- (a) With the amount by which the par value exceeds the repurchase price of 3 percent preferred stock repurchased from SBA by the Section 301(d) Licensee.

420 3 Percent Preferred Stock (Issued to SBA)

This account will be used by Section 301(d) licensees only. The account represents 3 percent preferred stock sold at par value to SBA. Such stock is not included in Regulatory or Leverageable Capital, as defined in 13 CFR 107.50.

Debit:

- (a) With the par value of 3 percent preferred stock redeemed or repurchased by the licensee.

Credit:

(a) With the par value of 3 percent preferred stock sold to SBA by the licensee.

430 -- 4 Percent Preferred Stock (Issued to SBA)

This account will be used by Section 301(d) Licensees only. The account represents preferred stock sold at par value to SBA on or after November 21, 1989. Such stock is not included in Regulatory or Leverageable Capital, as defined in 13 CFR 107.50. The stock must be redeemed by the Licensee no later than 15 years after the date of issuance at par value, plus any unpaid dividends accrued to the date of redemption. Dividends accrue at an annual rate of 4 percent on this preferred stock. Dividends accrued for a given period but undeclared by the Licensee are accumulated in account 431 -- Cumulative undeclared 4 percent dividends. Such accumulated undeclared dividends are added to the carrying amount of 4 percent preferred stock until declared (see account no. 431).

Debit:

(a) With the par value of 4 percent preferred stock redeemed by the Licensee.

Credit:

(a) With the par value of 4 percent preferred stock sold to SBA.

431 -- Cumulative Undeclared 4 Percent Dividends

This account will be used by Section 301(d) Licensees which have sold 4 percent preferred stock to SBA. The account represents the cumulative amount of undeclared 4 percent dividends in arrears. This cumulative amount of undeclared dividends will be recorded as a charge against undistributed net realized earnings and is added to the carrying amount of the 4 percent preferred stock. These dividends in arrears must be paid no later than the date of redemption of the preferred stock. The 4 percent preferred stock has a mandatory redemption date of no later than 15 years after the date of issuance.

Debit:

(a) With the amount of dividends currently declared which had previously been credited to this account as undeclared accrued dividends.

Credit:

(a) With the amount of 4 percent preferred stock dividends accrued but undeclared for a given period. The corresponding debit is to account 451 - Stockholders' undistributed net realized earnings.

432 -- 4 Percent Preferred Limited Partnership Interests

This account will be used by partnership Section 301(d) Licensees. The account represents preferred limited partnership interests sold to SBA on or after November 21, 1989. These interests must be redeemed by the licensee no later than 15 years after the date of issuance at the original purchase price plus any accumulated returns due SBA. Such returns accrue at an annual rate of 4 percent. Any 4 percent returns accrued but unpaid are accumulated in account 433 - Cumulative 4 percent returns due on preferred limited partnership interests. These accumulated returns are added to the carrying amount of the 4 percent preferred limited partnership interests until the distributions are made (see account 433).

Debit:

(a) With the issue price of 4 percent preferred limited partnership interests redeemed by Licensee.

Credit:

(a) With the issue price of 4 percent preferred limited partnership interests sold to SBA.

433 -- Cumulative 4 Percent Returns Due on Preferred Limited Partnership Interests

This account will be used by partnership Section 301(d) Licensees which have sold 4 percent preferred limited partnership interests to SBA. The account represents the cumulative amount of unpaid 4 percent returns in arrears. This cumulative amount of returns will be recorded as a charge against undistributed net realized earnings and is added

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to the carrying amount of 4 percent preferred limited partnership interests. The accumulated returns must be paid no later than the date of redemption of the securities. The 4 percent preferred limited partnership interests have a mandatory redemption date of no later than 15 years after the date of issuance.

Debit:

(a) With the amount of 4 percent returns paid in the current period which had previously been credited to this account as unpaid accumulated 4 percent returns.

Credit:

(a) With the amount of returns accrued at an annual rate of 4 percent on preferred limited partnership interests for a given period. The corresponding debits will be to account nos. 493, 494 and 496.

434 -- Participating Securities (Partnership)

This account will be used by partnership licensees which have issued Participating Securities and represents the carrying amount of the issued securities (original issue price less any amounts redeemed). These securities take the form of preferred limited partnership interests, with SBA as the preferred limited partner. The securities must be redeemed by the partnership no later than the redemption date (generally 10 years from the date of issue) at the Redemption Price plus any unpaid Earned Prioritized Payments and any additional earned amounts due pursuant to SBA regulations.

Debit:

(a) With amount of Participating Securities redeemed.

Credit:

(a) With original issue price of Participating Securities.

435 -- Prioritized Payments Distribution Account

This account will be used by partnership licensees which have issued Participating Securities and represents the total amount of Earned Prioritized Payments, earned Adjustments and earned Charges allocated to SBA in accordance with 13 CFR 107.1520, but not yet paid. Licensees are required to pay the balance in this account before any distributions can be made to their private investors.

Debit:

(a) With the amount of any payments made by the licensee representing Earned Prioritized Payments, Adjustments and Charges.

Credit:

(a) With the amount of any Prioritized Payments which have become Earned (see 13 CFR 107.1500 and 107.1520).

(b) With the amount of any Adjustments or Charges which have become Earned(see 13 CFR 107.1500 and 107.1520).

436 -- Profit Participation Allocated to SBA

This account will be used by partnership licensees which have issued Participating Securities and represents the amount of Profit Participation allocated to SBA under 13 CFR 107.1530, but not yet distributed. Distributions of allocated Profit Participation amounts to SBA are to coincide with distributions to private investors made in accordance with 13 CFR 107.1550, 107.1560 or 107.1570(a).

Debit:

(a) With distributions of Profit Participation allocated to SBA.

Credit:

(a) With Profit Participation allocated to SBA.

440 -- Unrealized Appreciation on Investments--Corporations

This is a credit balance account and represents the aggregate amount by which a corporate licensee's Board of Directors/General Partner(s) has valued the licensee's investments above cost.

Debit:

- (a) With decrease in amount of appreciation resulting from decline in fair value of securities held.
- (b) With amount of appreciation attributable to securities sold or disposed of otherwise.

Credit:

(a) With amount of appreciation recognized.

(See account nos. 186, 192, 195, 198, 205, 211 and 222.)

445 -- Unrealized Depreciation on Loans and Investments--Corporations

This is a debit balance account and represents the aggregate amount by which a corporate licensee's Board of Directors/General Partner(s) has valued the licensee's loans and investments below cost.

Debit:

(a) With amount of depreciation recognized.

Credit:

- (a) With decrease in the amount of depreciation resulting from increase in fair value of securities held.
- (b) With amount of depreciation attributable to securities sold or disposed of otherwise.

(See account nos. 172, 187, 193, 196, 199, 203, 206, 212 and 223.)

448 -- Estimated Taxes on Net Unrealized Gain (Loss) on Securities Held

This account represents an estimated income tax provision or benefit on net unrealized appreciation or depreciation recorded in account nos. 440 and/or 445. As the valuation of securities changes, the provisions for taxes will change.

Debit:

- (a) With tax provisions attributable to net unrealized gain.
- (b) With decreases in established tax benefits resulting from change in valuation of securities.
- (c) With established tax benefits attributable to securities sold, written off or disposed of otherwise.

Credit:

- (a) With tax benefits attributable to net unrealized loss (subject to likelihood of realization--see account nos. 260 and 261).
- (b) With decreases in established tax provisions resulting from change in valuation of securities.

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(c) With established tax provisions attributable to securities sold or disposed of otherwise.

(See account nos. 260 and 380.)

450 -- Noncash Gains/Income--Corporations

This is a credit balance account and represents a corporate licensee's realized gains and income that have not been converted to cash (see "Accounting Standards and Financial Reporting Requirements for SBICs, section V, paragraph X). While considered to be undistributed earnings, amounts in this account will not be available for distributions or capitalization. Therefore, such amounts are considered restricted undistributed realized earnings.

Debit:

- (a) With amount of cash collected of noncash gains/income previously recognized.
- (b) With amount of noncash gains/income written off or disposed of otherwise.

Credit:

- (a) With amounts of noncash gain/income recognized.

451 -- Undistributed Net Realized Earnings (Loss)--Corporations

This account represents the cumulative balance of periodic net income (loss) for a corporate licensee, including realized gain (loss) on securities sold, less dividend distributions, and excluding non-cash gains/income which are included in account no. 450.

Debit:

- (a) At end of the fiscal year, with the debit balance of all income and expense accounts, and accounts representing gains and losses on portfolio securities.
- (b) With amount of cash dividends (or fair value at declaration date of in-kind dividends) declared payable out of undistributed net realized earnings by the licensee's Board of Directors.
- (c) With loss on reissuance of treasury stock which exceeds paid-in surplus attributable to such stock or to treasury stock previously reissued or retired (see account no. 416).
- (d) With amount paid in excess of par plus paid-in surplus recorded at the time of issuance, to acquire capital stock to be retired.
- (e) With amount of dividends accrued for a period, but not yet declared, on 4 percent preferred stock sold to SBA by a Section 301(d) Licensee.

Credit:

- (a) At end of the fiscal year, with the credit balances of all income and expense accounts, and accounts representing gains and losses on portfolio securities, except for credit balances representing non-cash gains/income (see account no. 450).

452 -- Year-to-date Net Income (Loss)--Corporations

This account may be used to accumulate a corporate licensee's year-to-date balance of net income (loss). Any balance in this account should be closed at the end of the fiscal year to the appropriate Undistributed Net Realized Earnings (Loss) or Noncash Gains/Income account.

Debit:

- (a) For any given closing date within a fiscal year, with the year-to-date debit balances of all income and expense accounts, and accounts representing gains and losses on portfolio securities.

Credit:

- (a) For any given closing date within a fiscal year, with the year-to-date credit balances of all income and expense accounts, and accounts representing gains and losses on portfolio securities.

471 -- Entity General Partners' Permanent Capital Contribution

This account represents the capital actually contributed to a partnership licensee by an "entity" general partner, which may be a corporation, limited partnership or limited liability company. The account does not include unfunded commitments of the entity general partner.

Debit:

(a) With amount of any withdrawal during the fiscal period of capital contributions.

Credit:

(a) With amount of additional capital contributed by the entity general partner.

472 -- Individual general Partners' Permanent Capital Contribution

This account represents the capital actually contributed to a partnership licensee by one or more individual general partners. The account does not include unfunded commitments of the individual general partner.

Debit:

(a) With amount of any withdrawals during the fiscal period of capital contributions.

Credit:

(a) With amount of additional capital contributed by an individual general partner.

476 -- Limited Partners' Permanent Capital Contribution

This account represents the capital actually contributed to a partnership licensee by limited partners. The account does not include unfunded commitments of the limited partners.

Debit:

(a) With the amount of any withdrawals during the fiscal period of capital contributions.

Credit:

(a) With the amount of additional capital contributed by limited partners.

481 -- Entity General Partners' Unrealized Appreciation on Investments

This is a credit balance account representing the entity general partner's share of the aggregate amount by which the general partner(s) has valued the licensee's investments above cost.

Debit:

(a) With decrease in amount of appreciation resulting from decline in fair value of securities held.

(b) With amount of appreciation attributable to securities sold or disposed of otherwise.

Credit:

(a) With amount of appreciation recognized.

(See account nos. 186, 192, 195, 198, 205, 211 and 222.)

482 -- Individual General Partners' Unrealized Appreciation on Investments

This is a credit balance account representing the individual general partners' share of the aggregate amount by which the general partner(s) has valued the licensee's investments above cost.

Debit:

(a) With decrease in amount of appreciation resulting from decline in fair value of securities held.

(b) With amount of appreciation attributable to securities sold or disposed of otherwise.

Credit:

(a) With amount of appreciation recognized.

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(See account nos. 186, 192, 195, 198, 205, 211 and 222.)

483 -- Entity General Partners' Unrealized Depreciation on Loans and Investments

This is a debit balance account and represents the entity general partners share of the amount by which the general partner(s) has valued the licensee's loans and investments below cost.

Debit:

(a) With amount of depreciation recognized.

Credit:

(a) With decrease in the amount of depreciation resulting from increase in fair value of securities held.

(b) With amount of depreciation attributable to securities sold or disposed of otherwise.

(See account nos. 172, 187, 193, 196, 199, 203, 206, 212 and 223.)

484 -- Individual General Partners' Unrealized Depreciation on Loans and Investments

This is a debit balance account and represents the individual general partners' share of the aggregate amount by which the general partner(s) has valued the licensee's loans and investments below cost.

Debit:

(a) With amount of depreciation recognized.

Credit:

(a) With decrease in the amount of depreciation resulting from increase in fair value of securities held.

(b) With amount of depreciation attributable to securities sold or disposed of otherwise.

(See account nos. 172, 187, 193, 196, 199, 203, 206, 212 and 223.)

485 -- Limited Partners' Unrealized Appreciation on Investments

This is a credit balance account and represents the limited partners share of the aggregate amount by which the general partner(s) has valued the licensee's investments above cost.

Debit:

(a) With decrease in amount of appreciation resulting from decline in fair value of securities held.

(b) With amount of appreciation attributable to securities sold or disposed of otherwise.

Credit:

(a) With amount of appreciation recognized.

(See account nos. 186, 192, 195, 198, 205, 211 and 222.)

486 -- Limited Partners' Unrealized Depreciation on Loans and Investments

This is a debit balance account and represents the limited partners' share of the aggregate amount by which the general partner(s) has valued the licensee's loans and investments below cost.

Debit:

(a) With amount of depreciation recognized.

Credit:

(a) With decrease in the amount of depreciation resulting from increase in fair value of securities held.

(b) With amount of depreciation attributable to securities sold or disposed of otherwise.

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(See account nos. 172, 187, 193, 196, 199, 203, 206, 212 and 223.)

491 -- Entity General Partners' Noncash Gains/Income

This is a credit balance account and represents the entity general partner's share of realized gains and income that have not been converted to cash (see "Accounting Standards and Financial Reporting Requirements for SBICs, section V, paragraph X). While considered to be undistributed earnings, amounts in this account will not be available for distribution or capitalization unless specifically permitted by SBA regulations (see 13 CFR 107.1580). Therefore, such amounts are considered restricted undistributed earnings realized.

Debit:

- (a) With cash collections of noncash gains/income previously recognized.
- (b) With noncash gains/income written off, distributed in kind to partners, or disposed of otherwise.

Credit:

- (a) With amounts of noncash gains/income recognized.

492 -- Individual General Partners' Noncash Gains/Income

This is a credit balance account and represents the individual general partners' share of realized gains and income that have not been converted to cash (see "Accounting Standards and Financial Reporting Requirements for SBICs, section V, paragraph X). While considered to be undistributed earnings, amounts in this account will not be available for distribution or capitalization unless specifically permitted by SBA regulations (see 13 CFR 107.1580). Therefore, such amounts are considered restricted undistributed earnings realized.

Debit:

- (a) With cash collections of noncash gains/income previously recognized.
- (b) With noncash gains/income written off, distributed in kind to partners, or disposed of otherwise.

Credit:

- (a) With amounts of noncash gains/income recognized.

493 -- Entity General Partners' Undistributed Net Realized Earnings (Loss)

This account represents the entity general partner's share of the partnership's cumulative balance of periodic net income (loss), including realized gain (loss) on securities sold, less distributions, and excluding non-cash gains/income which are included in account no. 491.

Debit:

- (a) At end of the fiscal year, with entity general partner's share of the debit balances of all income and expense accounts, and accounts representing gains and losses on portfolio securities.
- (b) With entity general partner's share of cash distributions (or fair value of in-kind distributions) paid or allocated from undistributed net realized earnings.

Credit:

(a) At end of the fiscal year, with entity general partner's share of the credit balances of all income and expense accounts, and accounts representing gains and losses on portfolio securities, except for credit balances representing non-cash gains/income (see account no. 491).

494 -- Individual General Partners' Undistributed Net Realized Earnings (Loss)

This account represents the individual general partners' share of the partnership's cumulative balance of periodic net income (loss), including realized gain (loss) on securities sold, less distributions, and excluding non-cash gains/income which are included in account no. 492.

Debit:

(a) At end of the fiscal year, with individual general partners' share of the debit balances of all income and expense accounts, and accounts representing gains and losses on portfolio securities.

(b) With individual general partners' share of cash distributions (or fair value of in-kind distributions) paid or allocated from undistributed net realized earnings.

Credit:

(a) At end of the fiscal year, with individual general partners' share of the credit balances of all income and expense accounts, and accounts representing gains and losses on portfolio securities, except for credit balances representing non-cash gains/income (see account no. 492).

495 -- Limited Partners' Noncash Gains/Income

This is a credit balance account and represents the limited partners' share of realized gains and income that have not been converted to cash (see "Accounting Standards and Financial Reporting Requirements for SBICs, section V, paragraph X). While considered to be undistributed earnings, amounts in this account will not be available for distribution or capitalization unless specifically permitted by SBA regulations (see 13 CFR 107.1580). Therefore, such amounts are considered restricted undistributed earnings realized.

Debit:

(a) With amount of cash collected of noncash gains/income previously recognized.

(b) With amount of noncash gains/income written off, distributed to partners, or disposed of otherwise.

Credit:

(a) With amounts of noncash gains/income recognized.

496 -- Limited Partners' Undistributed Net Realized Earnings (Loss)

This account represents the limited partners' share of the partnership's cumulative balance of periodic net income (loss), including realized gain (loss) on securities sold, less distributions, and excluding non-cash gains/income which are included in account no. 495.

Debit:

(a) At end of the fiscal year, with limited partners' share of the debit balances of all income and expense accounts, and accounts representing gains and losses on portfolio securities.

(b) With limited partners' share of cash distributions (or fair value of in-kind distributions) paid or allocated from undistributed net realized earnings.

Credit:

(a) At end of the fiscal year, with limited partners' share of the credit balances of all income and expense accounts, and accounts representing gains and losses on portfolio securities, except for credit balances representing non-cash gains/income (see account no. 495).

497 -- Partnership Year-to-date Net Income

This account may be used to accumulate a partnership licensee's year-to-date balance of net income (loss). Any balance in this account should be closed at the end of the fiscal year to the appropriate Undistributed Net Realized Earnings (Loss) or Noncash Gains/Income account.

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Debit:

(a) For any given closing date within a fiscal year, with the year-to-date debit balances of all income and expense accounts, and accounts representing gains and losses on portfolio securities.

Credit:

(a) For any given closing date within a fiscal year, with the year-to-date credit balances of all income and expense accounts, and accounts representing gains and losses on portfolio securities.

Income/Gain Accounts

GENERAL NOTE: Income and gain accounts (account nos. 500 through 599) normally have credit balances. At year end, all such accounts must be closed to the appropriate Undistributed Realized Earnings account, either directly or through the use of one or more clearing accounts created by the licensee.

500 -- Commitment Fee Income

This account represents the amount of fee income earned on commitments to small businesses for loans and equity securities. Nonrefundable fees charged in connection with the origination of a financing may be recognized as income in the period in which the loan is originated. Alternatively, licensees may defer and amortize such fees (net of related costs) over the term of the financing. If a licensee has made a commitment for a financing which does not take place, any nonrefundable commitment fee or "break-up fee" (see 13 CFR 107.860(g)) to which the Licensee is contractually entitled is recognized as income when due.

510 -- Interest on Invested Idle Funds

This account represents the amount of interest earned on permitted investments of idle funds. For licensees with outstanding leverage or applying for leverage, such investments are limited to those listed in 13 CFR 107.530(b).

512 -- Interest on Loans

This account represents the amount of interest earned on loans to small businesses. See Note 2 to account no. 143 regarding accrual of interest under circumstances in which collection is doubtful.

516 -- Interest on Debt Securities

This account represents the amount of interest earned on debt securities of small businesses held by the licensee. See Note 2 to account no. 143 regarding accrual of interest under circumstances in which collection is doubtful.

520 -- Interest Income -- Other

This account represents the amount of interest earned on miscellaneous notes receivable, funds in escrow, and interest-bearing receivables not otherwise classified. See Note 2 to account no. 143 regarding accrual of interest under circumstances in which collection is doubtful.

532 -- Management Service Fees

This account represents the amount of fees charged for management services rendered to small businesses and other small business investment companies pursuant to section 13 CFR 107.900.

534 -- Investigation and Service Fees Charged Other Lenders

This account represents the amount of fees charged for investigation and services rendered to banks or other lenders or investors.

536 -- Application, Closing and Other Fees

This account represents the amount of "application" and "closing" fees earned in accordance with 13 CFR 107.860. The account may also include income earned on other appraisal, investigation, and related services rendered to small

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businesses. Nonrefundable fees charged in connection with the origination of a financing may be recognized as income in the period in which the loan is originated. Alternatively, licensees may defer and amortize such fees (net of related costs) over the term of the financing.

540 -- Dividends on Capital Stock of Small Businesses

This account represents the amount of income from dividends on common or preferred stock of small businesses held by the licensee. The account includes income from both cash and in-kind ("PIK") dividends.

541 -- Sharing in Income or Revenue of Small Businesses

This account represents the amount of sharing or participations in the income or revenue of small businesses which the licensee has financed by means of loans or debt securities.

570 -- Gain on U.S. Government Securities

This account represents the amount of gain on the sale or other disposition of U.S. Government obligations, direct or fully guaranteed, recorded in account no. 130. Amortization of original issue discount on United States Treasury securities will not be reflected in this account but will be credited to account no. 510 -- Interest on invested idle funds.

571 -- Gain on Loans

This account represents the amount of gain on the sale or other disposition of loans of small businesses recorded in account no. 170, and will include recoveries on loans previously written off.

572 -- Gain on Debt Securities

This account represents the amount of gain on the sale or other disposition of debt securities of small businesses recorded in account nos. 180 and 184, and will include recoveries on debt securities previously written off.

574 -- Gain on Capital Stock of Small Businesses

This account represents the amount of gain on the sale or other disposition of capital stock of small businesses recorded in account nos. 190 and 191, and will include recoveries on capital stock investments previously written off.

575 -- Gain on Equity Interests in Unincorporated Concerns

This account represents the amount of gain on the sale or other disposition of equity interests in unincorporated small businesses recorded in account 194, and will include recoveries on such equity interests previously written off. Under SBIC accounting guidelines, licensees account for their portfolio investments at fair value and do not use the equity method. Therefore, a licensee should not record as income or gain any undistributed income allocated to it by an unincorporated portfolio concern. However, actual distributions which represent income to the licensee (rather than returns of capital) may be recorded in this account.

576 -- Gain on Warrants, Options, and Other Stock Rights Acquired from Small Businesses

This account represents the amount of gain on the sale or other disposition of warrants, options, and other stock rights recorded in account no. 197 or memorandum account NA-10, and will include recoveries on such stock rights previously written off.

577 -- Gain on Assets Acquired in Liquidation of Portfolio Securities

This account represents the amount of gain on the sale or other disposition of assets acquired in liquidation of portfolio securities of small businesses recorded in accounts nos. 200 and 204, and will include recoveries on such assets previously written off.

578 -- Gain on Operating Concerns Acquired

This account represents the amount of gain on the sale or other disposition of investments in operating concerns acquired and will include recoveries on such investments previously written off.

579 -- Gain on Other Assets

This account represents the amount of gain on the sale or other disposition of assets not specifically provided for in other accounts, and will include recoveries on such assets previously written off.

582 -- Income from Assets Acquired in Liquidation of Portfolio Securities

This account represents the amount of income earned on assets acquired in liquidation of portfolio securities (account nos. 200 and 204), including the operation of properties. Any expenses incurred in connection with the operation or disposition of such assets should be charged to account no. 710.

584 -- Other Income

This account represents miscellaneous income which is not specifically provided for in other accounts.

Expense/Loss Accounts

GENERAL NOTE: Expense and loss accounts (account nos. 600 through 799) normally have debit balances. At year end, all such accounts must be closed to Undistributed Net Realized Earnings, either directly or through the use of one or more clearing accounts created by the licensee.

600 -- Commitment Expense

This account represents the amount of commitment expense associated with funding commitments obtained from non-SBA lenders. SBA leverage fees, whether paid pursuant to a commitment or at the time leverage is drawn, should be recorded initially in account no. 278 and amortized to expense over the appropriate period (see account no. 278).

610 -- Interest on Obligations Payable to or Guaranteed by SBA

This account represents the amount of interest expense accrued on debenture or other obligations payable to or guaranteed by the Small Business Administration.

622 -- Interest on Non-SBA Obligations

This account represents the amount of interest expense accrued on obligations neither payable to nor guaranteed by the Small Business Administration.

641 -- Annual Fee on Obligations Guaranteed by SBA

This account represents the amount of the additional fee (currently 1 percent per annum) payable to SBA on debenture leverage issued on or after October 1, 1996 (except for debentures issued pursuant to a commitment obtained from SBA before October 1, 1996). The annual fee is payable under the same terms and conditions as interest on the debentures.

642 -- Stock Record and Other Financial Expenses

This account represents the amount of charges to the licensee by its transfer agent and the registrar for services rendered in connection with the issuance and transfer of licensee's capital stock, and will include other financial expenses not provided for elsewhere.

650 - 679 -- Operating Expenses

650 -- Advertising and Promotional Costs

This account represents the cost of advertising and promoting the licensee's services, including the cost of entertaining prospective borrowers and clients.

651 -- Appraisal and Investigation Costs

This account represents charges made by outside firms and individuals for appraisal, investigation, and related services rendered to the licensee.

652 -- Auditing and Examination Costs

This account represents charges for auditing, examination, and bookkeeping services rendered by accountants not on the licensee's payroll, and examination fees charged by SBA.

653 -- Communications

This account represents telephone, postage, express delivery and related expenses.

654 -- Cost of Space Occupied

This account represents the cost of space occupied such as rent, alterations, light, heat, power, janitor service, maintenance and repair expense on buildings, furniture, and equipment (other than automobiles), etc.

655 -- Depreciation of Business Premises Owned, Furniture, Equipment and Automobiles

This account represents the provision applicable to the fiscal period for depreciation of real and personal property owned by the licensee and recorded in account nos. 240 and 250.

Licensee may depreciate such assets using any generally accepted method. Amortization of leasehold improvements will be recorded in account no. 656.

656 -- Amortization of Leasehold Improvements

This account represents the periodic amortization of leasehold improvements recorded in account no. 252.

657 -- Directors, Stockholders' or Partners' Meetings Costs

This account represents directors' fees and travel expense for attendance at directors' and stockholders' or partners' meetings. The account also will include the cost of holding stockholders' or partners' meetings, such as rental of the meeting hall and related expenses.

658 -- Insurance

This account represents fire, theft, employee group life insurance, and other insurance expense, including fidelity bond, premiums and insurance on automobiles. The portion, if any, of employee group life insurance premiums withheld from salaries or received from employees will be reflected in account no. 378. Prepaid insurance premiums will be recorded initially in account no. 230.

659 -- Management Services Fees

This account represents expense incurred for management services provided to licensee by outside firms or individuals, pursuant to a management agreement approved by SBA. A licensee which pays a management fee that covers its normal operating expenses may record the entire fee in this account; it is not necessary to allocate the fee to the various operating expense accounts.

660 -- Investment Advisor Costs

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This account represents expense incurred for investment management and advice provided to licensee by outside firms or individuals, pursuant to an agreement approved by SBA.

661 -- Legal Services

This account represents the cost of outside legal services rendered to the licensee.

663 -- Salaries

This account will include the balance in subaccount nos. 663.1 and 663.2.

663.1 -- Salaries of Officers or Partners

This account represents the salary expense for all officers/partners of the licensee, including directors' salaries, if any, but not directors' fees for attendance at meetings.

663.2 -- Salaries of Employees

This account represents the salary expense for all employees other than officers/partners, including salaries of any temporary or part-time employees engaged for specific assignments.

664 -- Taxes, Excluding Income Taxes

This account represents the cost of all taxes, including those on real property, motor vehicles and other personal property, licensee's portion of social security taxes, and other tax expense, exclusive of income taxes.

665 -- Travel

This account represents all travel expense, including transportation charges, automobile maintenance, operating expense, meals, lodging, telephone, and other costs incurred by partners, officers, employees, etc. while traveling on behalf of the licensee.

670 -- Employee Benefits Expense

This account represents expense incurred for employee retirement benefits and other types of employee benefits, except group life insurance. The portion, if any, of the cost of employee benefits withheld from salaries or received from employees will be reflected in account no. 378.

672 -- Organization Costs

This account represents the amount of legal fees, promotional expense, stock certificate costs, incorporation fees, taxes, and other related costs incurred in organizing the licensee. Previously, generally accepted accounting principles required organization costs to be capitalized and amortized over a 5-year period. However, in accordance with AICPA Statement of Position 98-5 (April 3, 1998), organization costs should now be expensed as they are incurred. The Statement is effective for fiscal years beginning after December 15, 1998, but earlier application is encouraged in fiscal years for which financial statements have not been issued.

673 -- Amortization of Deferred Financing Costs.

This account represents the portion of deferred financing costs from account no. 278 recognized as a period expense.

679 -- Miscellaneous Operating Expenses

This account represents the amount of operating expenses not specifically provided for in other accounts. Examples include dues, subscriptions, bank service charges, office supplies, etc.

680 -- Estimated Losses on Receivables

This account represents the amount of estimated losses applicable to the fiscal period on notes and accounts receivable, and interest receivable.

700 -- Loss on U.S. Government Securities

This account represents realized loss on the sale or other disposition of United States Government obligations, direct or fully guaranteed, recorded in account nos. 130 - 135.

701 -- Loss on Loans

This account represents realized loss on the sale, writeoff or other disposition of loans recorded in account no. 170.

702 -- Loss on Debt Securities

This account represents realized loss on the sale, writeoff or other disposition of debt securities recorded in account nos. 180 and 184.

704 -- Loss on Capital Stock of Small Businesses

This account represents realized loss on the sale, writeoff or other disposition of capital stock of small businesses recorded in account nos. 190 and 191.

705 -- Loss on Equity Interests in Unincorporated Concern

This account represents realized loss on the sale, writeoff or other disposition of equity interests in unincorporated concerns recorded in account no. 194. Under SBIC accounting guidelines, licensees account for their portfolio investments at fair value and do not use the equity method. Therefore, a licensee should not reduce its cost basis (in account no. 194) or reflect a loss in this account based on losses allocated to it by an unincorporated portfolio concern.

706 -- Loss on Warrants, Options, and Other Stock Rights Acquired from Small Businesses

This account represents realized loss on the sale, writeoff or other disposition of warrants, options, and other stock rights recorded in account no. 197 or memorandum account NA-10.

707 -- Loss on Assets Acquired in Liquidation of Portfolio Securities

This account represents realized loss on the sale, writeoff or other disposition of assets acquired in liquidation of portfolio securities, recorded in account nos. 200 and 204.

708 -- Loss on Operating Concerns Acquired

This account represents realized loss on the sale, writeoff or other disposition of investments in operating concerns acquired, recorded in account no. 210.

709 -- Loss on Other Assets

This account represents realized loss on the sale, writeoff or other disposition of miscellaneous assets not specifically provided for in other accounts.

710 -- Expense on Assets Acquired in Liquidation of Portfolio Securities

This account represents expense incurred on assets acquired in liquidation of portfolio securities (account no. 204), including the operation and depreciation of properties. The account also will include interest expense arising from mortgages on such assets assumed by the licensee.

715 -- Other Expenses

This account represents miscellaneous nonoperating expenses not specifically provided for in other accounts.

720 -- Income taxes -- Net Investment Income

This account will include the balances in subaccount nos. 720.1, 720.2, 720.3, etc.

720.1 -- Federal Income Taxes -- Net Investment Income

This account represents licensee's Federal income tax provision applicable to its net investment income for the current fiscal year. If licensee has a Federal income tax benefit, it may be credited to this account.

720.2 -- State Income Taxes -- Net Investment Income

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This account represents licensee's State income tax provision applicable to its net investment income for the current fiscal year. If licensee has a State income tax benefit, it may be credited to this account.

722 -- Income Taxes -- Net Realized Gain on Investments

This account will include the balance in subaccount nos. 722.1, 722.2, 722.3, etc.

722.1 -- Federal Income Taxes -- Net Realized Gain on Investments.

This account represents licensee's Federal income tax provision applicable to its net realized gain on investments for the current fiscal year. If licensee has a Federal income tax benefit, it may be credited to this account.

722.2 -- State Income Taxes -- Net Realized Gain on Investments.

This account represents licensee's State income tax provision applicable to its net realized gain on investments for the current fiscal year. If licensee has a State income tax benefit, it may be credited to this account.

Memorandum Records

Nominal Assets

NA - 10 -- Stock Purchase Warrants or Options on Stock of Small Businesses. This record will show the licensee's ownership of detachable stock purchase warrants or options on stock of small businesses, retained after the accompanying financing instruments have been disposed of, for which no consideration was given distinct from that surrendered for such financing instruments and for which no separate cost has otherwise been determined. Each such detachable stock purchase warrant or option certificate should be entered in this record, upon detachment, at a nominal value of one dollar. Upon sale, upon exercise or expiration of rights, or upon the determination of a cost to be recorded for such a detached stock purchase warrant or option, the entry established in this memorandum account will be discharged through an equivalent reduction.

(See accounts nos. 180, 190, and 197.)

Contingent Liabilities

CL - 15 -- Commitments Outstanding. This record will show the amount of financing commitments made and outstanding to small businesses. This record also will show the amount of deferred participations. A deferred participation is defined as a commitment under a participation agreement whereby the "participating" company will make funds available on a deferred basis to the "initiating" company in connection with the latter's financing of, or commitment to finance, a small business, or in connection with an "initiating" small business investment company's acquisition of loans or equity securities from other such companies. When funds are advanced against commitments, appropriate entry will be made in this record.

CL - 16 -- Guarantees Outstanding. This record will show the amount for which the licensee is contingently liable under guarantees issued to lending institutions or other non-Associate creditors in connection with the debt obligations of portfolio concerns.

CL - 17 -- Other Contingent Liabilities. This record will show the amount of miscellaneous contingent obligations not otherwise classified.

Options on Licensee's Stock

OCS - 1 -- Options on Licensee's Stock. This record will show details of outstanding options on the licensee's capital stock granted in lieu of salary or in payment for services actually rendered to the licensee. The following data will be included:

1. Identification of person or entity holding options.
2. Number of shares optioned.
3. Type and class of stock called for by options.
4. Dates of grant and of expiration of options.
5. Price or prices at which options exercisable, with dates they apply.
6. Fair market value, per share, of stock called for at date each option was granted.
7. Price of each option as percent of fair market value of optioned stock at date option was granted.
8. Provisions for termination in case of death or retirement of option holders, or other circumstances.
9. Details of authorization, shares reserved for, issuance, exercise, lapse, and forfeiture of options provided for under the licensee's stock option plan.

Actual Loss Experience

AL - 1 -- Actual (Realized) Losses. This record will show for each fiscal year, and also cumulatively, the amount of actual (realized) losses incurred through disposition, writedown, or write-off of loans and investments. Losses shall be stated in total for all loans and investments and also separately for loans; debt securities; capital stock of small Businesses; warrants; options, and other stock rights of small Businesses; assets acquired in liquidation of loans and debt securities; and amounts due from debtors on sale of assets acquired in liquidation of loans and debt securities. Losses realized shall be determined in relation to cost of the assets involved without regard to the existence or nonexistence of related allowances for losses.

WI - 1 -- Worthless Investments Written Off.

SBA Preferred Stock Dividends

PDA - 1 -- Preferred Dividend Arrearages on 3 Percent Preferred Stock Sold to SBA.

A memorandum account will be established showing:

- (a) The amount of each arrearage
- (b) The total amount of arrearage

The licensee will disclose the above information by an appropriate footnote.

Prioritized Payments Accumulated

PPA - 1 -- Prioritized Payments Accumulation Account. This record will be used by licensees which have issued Participating Securities and will show the total amount of Prioritized Payments, Adjustments and Charges (all as defined in 13 CFR 107.50) which are accumulated but not yet "earned." This record will be increased as Prioritized Payments, Adjustments and Charges are accumulated for a given period, and decreased as such accumulations become "earned" and transferred to account 435 - Prioritized Payment Distribution Account.

Prioritized Payments Earned

PPE - 1 -- Prioritized Payments Earned Account. This record will be used by licensees which have issued Participating Securities and will show the cumulative amount of Prioritized Payments, Adjustments and Charges which have become "earned", including those amounts already distributed. Each time that an amount is credited to the Prioritized Payment Distribution Account (account no.435), the Earned Payments Account must be increased by an equal amount. The Earned Payments Account balance is never decreased.

Binding Commitments from Institutional Investors

BCI - 1 -- Binding Commitments from Institutional Investors. This record will show the total amount of binding commitments from Institutional Investors to make future investments in the licensee. Such binding commitments are included in the licensee's Private Capital and, to the extent that collectibility is not considered to be questionable by SBA, the licensee's Regulatory Capital. This record will be increased/decreased to reflect any additions/reductions in the total amount of the Licensee's binding commitments from Institutional Investors.

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Other Commitments from investors

OCI 1 -- Other Commitments from Investors. This record will show the total amount of financing commitments made to licensee not qualifying as binding commitments from Institutional Investors. Such commitments are not included in the licensee's Private or Regulatory Capital. This record will be increased/decreased to reflect any additions/reductions in the total amount of such commitments to invest in Licensee.

Conditional Leverage Commitments by SBA

CLC - 1 -- Conditional Leverage Commitments by SBA. This record will show the total amount of SBA conditional commitments made to reserve leverage funds for future draws by the licensee. Such commitments expire on the 60th calendar day preceding the close of the next full fiscal year following the issuance of such commitment by SBA. This record will be increased/decreased to reflect any additions/reductions in the total amount of such leverage commitments granted by SBA.

Preferential Liquidating Interest of SBA

PLI - 1 -- Preferential Liquidating Interest of SBA. This record will be used by Section 301(d) Licensees which have repurchased their 3 percent preferred stock from SBA and will show SBA's preferential liquidating interest in the Licensee's equity account no. 418 - Restricted Contributed Capital Surplus. This liquidating interest will initially be equal to the amount credited to account 418 as discount from the repurchase of the 3 percent preferred stock. This interest will be amortized over a 5-year period or, if applicable, the term of any borrowing used to finance the repurchase.