

Frequency of Regulation Findings
for Exam Reports Issued during Fiscal Year 2003

Exam Reports Issued During Fiscal Year 2003.....	368
Exams Reports with No Findings	241
Exams Reports with Only Other Matters Findings.....	47
Exams Reports with Findings	80
Exam Reports on Licensees with No Leverage	81
Exam Reports on Licensees with Leverage	287
Total Findings.....	242
Total Findings with Big Nine Violations	117
Total Violations	262
Total Big Nine Violations	133
Number of Regulations Violated.....	45

<u>Regulation</u> <u>Number</u>	<u>Description of Violation</u>	<u>Number of</u> <u>Citings</u>
107.503	*Valuations	38
107.640	Requirement to File Portfolio Financing Reports	26
107.830	*Minimum Duration/Term of Financing	21
107.680	Changes in Licensee Prior to SBA Approval	17
107.1830	*Capital Impairment	13
107.590	Licensee's requirement to maintain active operations	13
107.1840	*Computation of Licensee's Capital Impairment Percentage	12
107.530	Restrictions on Investments of Idle Funds	11
107.506	Safeguarding Licensee's Assets/Internal Controls	9
107.900	Management Services	9
107.610	Required Certifications for Loans/Investments	8
107.730	*Conflicts of Interest	8
107.740	*Portfolio Diversification (Overline Limitation)	8
107.620	Information from Portfolio Concerns	6
107.720	*Small Businesses That May be Ineligible for Finance	6
107.520	*Management Expenses of a Licensee	5
107.600	Requirement for Licensee to Maintain Records	5
107.865	*Restrictions on Control of Small Concern	5
107.500	*Lawful Operations under the Act	4
107.850	Restrictions on Redemption of Equity Securities	4
107.630	Requirement for Licensees to file financial statements	3
107.855	*Cost of Money	3
	23 Other Violations	28

* by Description indicates a Big Nine violation based on Section Numbers from the January 1996 Regulations.