

**§ 4290.585**

**7 CFR Ch. XLII (1-1-11 Edition)**

request, you may consider your request automatically approved if:

- (1) You are in regulatory compliance;
- (2) The security interest in your assets is limited to either those assets being acquired with the borrowed funds or an asset coverage ratio of no more than 2:1;
- (3) Your request is for approval of a secured line of credit that would not cause your total outstanding borrowings (not including Leverage) to exceed 50 percent of your Leverageable Capital.

**VOLUNTARY DECREASE IN REGULATORY CAPITAL**

**§ 4290.585 Voluntary decrease in RBIC's Regulatory Capital.**

You must obtain the Secretary's prior written approval to reduce your Regulatory Capital by more than two percent in any fiscal year. At all times, you must retain sufficient Regulatory Capital to meet the minimum capital requirements in the Act and § 4290.210, and sufficient Leverageable Capital to avoid having excess Leverage in violation of section 384E(d) of the Act.

**Subpart H—Recordkeeping, Reporting, and Examination Requirements for RBICs**

**RECORDKEEPING REQUIREMENTS FOR RBICs**

**§ 4290.600 General requirement for RBIC to maintain and preserve records.**

(a) *Maintaining your accounting records.* You must establish and maintain your accounting records using SBA's standard chart of accounts for SBICs, unless the Secretary approves otherwise. You may obtain this chart of accounts from SBA or at <http://www.sba.gov/INV/chartof.pdf>.

(b) *Location of records.* You must keep the following records at your principal place of business or, in the case of paragraph (b)(3) of this section, at the branch office that is primarily responsible for the transaction:

- (1) All your accounting and other financial records;
- (2) All minutes of meetings of directors, stockholders, executive commit-

tees, partners, members, or other officials; and

(3) All documents and supporting materials related to your business transactions, except for any items held by a custodian under a written agreement between you and a Portfolio Concern or lender, or any securities held in a safe deposit box, or by a licensed securities broker in an amount not exceeding the broker's per-account insurance coverage.

(c) *Preservation of records.* You must retain all the records that are the basis for your financial reports. Such records must be preserved for the periods specified in this paragraph (c) and must remain readily accessible for the first two years of the preservation period.

(1) You must preserve for at least 15 years or, in the case of a Partnership RBIC or LLC RBIC, at least two years beyond the date of liquidation:

- (i) All your accounting ledgers and journals, and any other records of assets, asset valuations, liabilities, equity, income, and expenses;
- (ii) Your Articles, bylaws, minute books, and RBIC application; and
- (iii) All documents evidencing ownership of the RBIC including ownership ledgers and ownership transfer registers.

(2) You must preserve for at least six years all supporting documentation (such as vouchers, bank statements, or canceled checks) for the records listed in paragraph (b)(1) of this section.

(3) After final disposition of any item in your Portfolio, you must preserve for at least six years:

- (i) Financing applications and Financing instruments;
- (ii) All loan, participation, and escrow agreements;
- (iii) All certifications listed in § 4290.610 of this part;
- (iv) Any capital stock certificates and warrants of the Portfolio Concern that you did not surrender or exercise; and
- (v) All other documents and supporting material relating to the Portfolio Concern, including correspondence.

(4) You may substitute a microfilm or computer-scanned or generated copy for the original of any record covered by this paragraph (c).