ditions under the normal operating farm loans than under an OEO loan.

Mr. GOODELL. In other words, you can have more liberal terms for the repayment of the loan under the OEO program?

Secretary FREEMAN. That is right.

Mr. GOODELL. When you are administering this program, I presume you do it through your local FHA committees, the poverty loans as well as the regular FHA loans?

Secretary FREEMAN. That is correct.

Mr. GOODELL. What guidelines do you give to your local committee? Do you tell them that for poverty loans you must only consider those who are ineligible for the regular FHA loan program?

Secretary FREEMAN. In effect, yes.

In the first place, as you know, no one can qualify for an FHA loan if he can get any other kind of outside financing.

Then he would come in and ask for an operating loan. The standards for repayment he might not be able to meet. If he couldn't meet them the question of whether he might meet the same repayment standards under the OEO loan would come into play.

On that basis, a loan would be made to a man who otherwise would not qualify under our normal FHA operating standards.

Mr. GOODELL. If we gave the FHA the authority directly to make poverty type loans as distinct from their regular FHA program, they probably could administer the program effectively without the involvement of OEO. We did not give FHA the authority to move in and focus on the hard core rural poor in the basic law setting up FHA.

We did give such authority to OEO by delegation to the Department of Agriculture.

Secretary FREEMAN. That is correct.

Mr. GOODELL. It seems to me your FHA people are just as capable of administering this program without OEO looking over their shoulders.

Secretary FREEMAN. In this case the FHA-OEO relationship has actually worked extremely well, and it does have the very desirable purpose, again, of tying the entire poverty program together consistent with the principle you enunciated a moment ago—the problem of coordinating and integrating the program closely so there can be a maximum impact from the combination.

It has really worked very very well but the mere fact that here—and you could say the same thing in a sense on the Job Corps conservation camps—the fact that this does now run through one place, even though it is substantially delegated out has, I think a very beneficial effect in maintaining the strong focus of emphasis on the poor and on the reaching of the very poor.

Mr. GOODELL. Excuse me. Did you finish your statement?

Secretary FREEMAN. I was just going to say I really think we get a better return through this system for the amount invested in terms of reaching the poor and particularly the very poor, than we would get on just a direct delegation at least at this time.

Mr. GOODELL. You indicated under regular FHA programs you are limited to making loans to farmers for farm operations; is that correct?

Secretary FREEMAN. Yes.