site tools to administer and regulate the industry in a manner to insure a successful program with losses to the Government minimized or completely eliminated.

Outlook For The Future.—After the recent period of shakedown, we believe the SBIC industry is well on its way to becoming a viable financial institution. There is still much work to be done: (1) Many areas of the country remain inadequately served by SBIC's. We are continuing to foster interest in the program in these areas and particularly in ghetto and other depressed and rural areas; (2) Strict surveillance and rapid action must be taken to minimize violations and prosecute those SBIC's who do not adhere to the Act and regulations; (3) Current licensing screening procedures must be continually reviewed and improved to assure that the management is capable, the proposed equity base is sufficient, and that there is a real need for the SBIC in the area of proposed operation.

Section VI—Disaster Loan Programs

A. *Loan volumes.*—Section 7(b) of the Small Business Act authorizes assistance to individuals, businesses, churches, charitable and non-profit organizations, private schools, colleges, and universities which have suffered as a result of floods or other catastrophes. Since the inception of the program, through December 31, 1967, almost 69,000 loans of all types for a total of almost $626 million have been approved (Table 22). In the past fourteen years, there have been a total of 599 disaster declarations involving all 50 states, Guam, Puerto Rico and the Virgin Islands.

A summary of our lending assistance under each of our disaster loan programs follows:

1. During the first half of FY 1968, under Section 7(b)(1), 8,967 loans for $73.3 million were approved to alleviate losses from physical disasters: flooding, hurricanes, tornadoes, etc. Over the life of this program, almost 68,000 loans for over $585 million have been approved.
2. Under Section 7(b)(2), small businessmen who suffered economic injury as a result of drought, excessive rainfall, freezes, floods, hurricanes, etc., obtained 1,240 loans for over $28 million through December 31, 1967; 82 loans for $5.8 million were made in FY 1968 through December 31, 1967.
3. Under Section 7(b)(4), a total of 36 loans for nearly $3.0 million have been made to small businessmen as a result of inability to market a product for human consumption due to circumstances beyond their control, cumulative through December 31, 1967. No such loans have been made in fiscal 1968.

The principal activity in the disaster program during the first half of FY 1968 has resulted from the flood in Fairbanks, Alaska, in August 1967, and Hurricane Beulah which struck south Texas in September 1967. In Fairbanks, through December 1967, there were 2,813 loans approved for almost $50 million and in Texas 5, 243 loans for $21.9 million.

B. *Riot Assistance.*—Under the disaster loan program, SBA can provide loans to businesses and householders who suffer losses as a result of riots. We have provided such assistance in Detroit, Michigan, and Newark, New Jersey. During FY 1968, there were 185 loans for $3.1 million made in Detroit and 30 loans for $305.6 thousand made in Newark.

C. *Disaster Procedures.*—When a disaster occurs in any area, a survey and report of same is made within 24 hours. When a justification exists for a declaration of SBA disaster loan assistance, a disaster cadre in the regional or area office (depending on the size of the disaster) proceeds immediately to the area to obtain space in which to operate. Supplies are immediately shipped to the operating disaster office.

Operating personnel are obtained from regional offices in the area involved to the extent they are available. Upon request from the field, additional personnel are detailed to the emergency area by the Central Office. These come from a list of Government and other retirees indicating availability for disaster work. Also, members of SCORE (Service Corps of Retired Executives) are used, 120 of whom have had special disaster work training by SBA.

During the past few months, the application forms used for requesting disaster loans have been completely revised. Two forms were completely eliminated and others changed so that applicants could more readily supply SBA with information needed for expeditious processing and statistical purposes. These new forms, coupled with special training given representative members of all field