offices and a complete new line of directives applicable to each required function, have greatly streamlined and simplified disaster office operations.

D. *Loan Authority and Policy*—

1. *Loan authority.*—Over the years, legislative amendments to the Small Business Act of 1953 progressively expanded the scope of disaster relief assistance:

1953—Loans were authorized to restore disaster victims, as nearly as possible to the pre-disaster physical condition.

1955—Loans were authorized to farm-oriented small businesses suffering economic injury from prolonged drought.

1958—Loans to farm-oriented small business concerns were authorized to those suffering economic injury due to excessive rainfall.

1964—Loans authorized to small business concerns suffering economic injury from *any* major disaster as determined by the President or natural disaster as determined by the Secretary of Agriculture.

2. *Current Loan Policy*—

(a) Applicants showing a strong cash or a readily liquidable asset position must use their funds to the extent available to reduce or obviate entirely the need for SBA funds.

(b) No upgrading in size of structure, number of rooms or type, is allowed as a replacement for one lost or to be repaired.

(c) Machinery and equipment lost may be replaced with new items of similar size and capacity, unless satisfactory used equipment is available and desired by the victim in order to reduce the debt incurred. Furniture and household goods should be repaired, if feasible. If unrepairable or lost, they can be replaced with new articles of similar size and quality. Loans to replace automobiles are permitted only to acquire one of the same age and condition as the car or truck lost. A wide choice of used cars is readily available in most areas.

(d) Collateral is not a primary requirement in disaster loans and no loan is declined only for lack of collateral. Refusal of an applicant to pledge whatever worthwhile collateral is available may be reason to refuse a loan request.

(e) Loans are generally repayable in level monthly installments, including principal and interest. Although loans may be for a period up to 30 years (with five additional years allowable in certain proved hardship cases), the time allowed for repayment is set at the shortest time possible without creating undue hardship.

Appendix B

STATISTICAL PRESENTATIONS