participation, and with this agreement with the American Bankers Association, and the dissemination of news to the banking community, that today you are able to inject more financing into the overall economy by the cooperation arranged with banks.

Mr. HENDRICKS. Yes, sir.

The CHAIRMAN. And that SBA was unable to supply all the needs but now the private sector is supplying I believe, as Mr. Moot said, about 50 percent.

Mr. HENDRICKS. And we find, Mr. Chairman, an increasing interest on the part of the banking industry to get into this type of lending.

The CHAIRMAN. Is it rather well accepted today, is it popularly accepted, is it approved by the great majority of the financial community?

Mr. HENDRICKS. It is becoming very much accepted, I would say, Mr. Chairman, but there is still a considerable amount of missionary work that must be done. It may make the point a little more clear to say that we have participated with approximately 7,000 to 8,000 of the 14,500 banks. This would indicate we still have a considerable distance to go, but the improvement is very marked.

The CHAIRMAN. Very good.

Mr. HENDRICKS. In the latter part of fiscal year 1967 we implemented the simplified bank guarantee plan —SBLG— which has been well accepted by the banking community. This plan streamlines procedures and reduces paperwork to the mutual benefit of banks and SBA. The bank and SBA execute one blanket or master guaranty agreement against which all subsequent transactions are written.

We continue to exercise surveillance over lending policies, size standards and credit with the same care used in our other plans, but on an expedited basis. Improvements include:

(1) a one-page application form that the bank executes for the guarantee,

(2) use of the bank's loan instruments, thus eliminating the SBA forms,

(3) action on the application by SBA within 10 work days,

(4) simplified repayment and reporting procedures,

(5) servicing actions are handled almost entirely by the lender, which is the bank,

(6) reduction from 90 to 60 days in the default period required before the lender can make demand on SBA, and

(7) a commitment by SBA to purchase its guaranteed percentage within 20 days after receipt of lender's demand.

By December 31, 1967, there were 614 SBLG agreements signed with banks, many of them the largest in the country, and 340 loans approved for $26 million under the agreements.

I might ad lib, Mr. Chairman, that actually this figure stands closer to 800 today, because there have been approximately 140 agreements which were in the process of being signed since the preparation of this statement.

This committee's report on the 1966 hearings urged that "extreme caution should be exercised in imposing any fiscal restraints that will limit financial assistance to the small business community."

I believe that the record loan level anticipated for fiscal years 1968 and 1969, as previously stated, should allay the committee's fear in