

Mr. MOOT. We could put on the record, Mr. Chairman, that since the inception of the program in 1961, through December of 1967, a total of 1,308 loans for \$96.9 million have been approved. This year we have available to us, for this particular program, \$54 million, and next year we will have available \$56 million.

The CHAIRMAN. A very good summary.

Mr. Reporter, place in the record just prior to Mr. Hendricks' statement on the displaced business disaster loan the statutory authority pertaining to those loans.

Mr. KLUCZYNSKI. Mr. Chairman, while we are on the subject, we had a disaster area just outside of Chicago only a year ago last week, and I was very happy to be a member of this committee and member of Congress, because the Small Business Administration was in the vicinity before the Red Cross got there. I want you to know that, Mr. Moot, that you have a wonderful office in Chicago, and they did their share and I was very happy to see that this agency was very active at this time.

Mr. MOOT. Thank you, Congressman Kluczynski.

The CHAIRMAN. Very good. Now, the development loan assistance program.

(The legislative authority for State and local development company loans was received into the record at this point.)

SMALL BUSINESS INVESTMENT ACT OF 1958, AS AMENDED

TITLE V—LOANS TO STATE AND LOCAL DEVELOPMENT COMPANIES

SEC. 501. (a) The Administration is authorized to make loans to State development companies to assist in carrying out the purposes of this Act. Any funds advanced under this subsection shall be in exchange for obligations of the development company which bear interest at such rate, and contain such other terms, as the Administration may fix, and funds may be so advanced without regard to the use and investment by the development company of funds secured by it from other sources.

(b) The total amount of obligations purchased and outstanding at any one time by the Administration under this section from any one State development company shall not exceed the total amount borrowed by it from all other sources. Funds advanced to a State development company under this section shall be treated on an equal basis with those funds borrowed by such company after the date of the enactment of this Act, regardless of source, which have the highest priority, except when this requirement is waived by the Administrator.

SEC. 502. The Administration may, in addition to its authority under section 501, make loans for plant construction, conversion or expansion, including the acquisition of land, to State and local development companies, and such loans may be made or effected either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis: *Provided, however,* That the foregoing powers shall be subject to the following restrictions and limitations:

(1) All loans made shall be so secured as reasonably to assure repayment.

In agreements to participate in loans on a deferred basis under this subsection, such participation by the Administration shall not be in excess of 90 per centum of the balance of the loan outstanding at the time of disbursement.

(2) The proceeds of any such loan shall be used solely by such borrower to assist an identifiable small-business concern and for a sound business purpose approved by the Administration.

(3) Loans made by the Administration under this section shall be limited to \$350,000 for each such identifiable small-business concern.

(4) Any development company assisted under this section must meet criteria established by the Administration, including the extent of participation