Mr. HENDRICKS. Approximately 104, Mr. Chairman.

The CHAIRMAN. Has SBA declined any local development company loans because of insufficient funds? I assume that there would be declination if the corporate structure wasn't set up properly, or it wasn't sound, but have you declined any for lack of funds?

Mr. MOOT. We haven't declined any because of lack of our resources. We have declined projects that did not look viable to us because of various aspects of the proposal.

The CHAIRMAN. Gentlemen, we have two other programs, the lease guarantee and the disaster loan program, and if it is the wish of the Administrator and his associates, we will proceed. We do have permission to sit this afternoon. We have been in session more than 2 hours. Would you like to continue?

Mr. MOOT. We are at your pleasure, sir.

The CHAIRMAN. Proceed with the Lease Guarantee Program, Mr. Hendricks.

Mr. HENDRICKS. Thank you, sir.

The Lease Guarantee Program. In 1965 Congress authorized the original lease guarantee program. The initial legislation was limited to small firms that had been forced to relocate because of federally financed urban renewal, highway, or other construction programs, or to small firms that would qualify for assistance under SBA's economic opportunity loan program.

New legislation which became effective on January 9 of this year extended this program to all small businesses eligible under SBA's business and economic development loan programs. The program was designed to assist small businesses in obtaining leases of prime commercial and industrial property. Specifically:

The lease guarantee program enables the qualified small business to be selective in its choice of a site. It increases the number of possible selections, thus improving the small firm's chances of success in the new location.

All types of eligible small businesses stand to benefit from the program—manufacturers, wholesalers, retailers, and service trades.

The program is designed to preserve and promote competition. In particular, it enables small businesses to compete with large firms and thus helps to strengthen the position of small business and to open up new avenues of expansion for the seasoned smaller enterprise.

The various safeguards written into the program are assurance that losses should be small and covered by the premiums.

We expect the program will result in both the lending institutions and the landlords becoming more interested in accommodating small business. This will come about because the small businessman armed with a lease guarantee represents even greater security than a triple A rated tenant.

We believe that as this new program gathers momentum the insurance companies and perhaps other financial institutions will develop supplemental programs of their own.

The program enables the small businessman to compete without having to finance heavy real estate purchases or be handicapped by crippling construction costs.

These are the chief reasons that make lease guarantee an important factor in the future growth of the small business sector of the economy.

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