We have two southern companies and one midwestern company, and actually you can tell from the statistics we have to date that we haven't had much reinsurance interest.

Mr. MITCHELL. Had you thought that the SBA might move on into this field and become a type of yardstick to establish this particular phase of the industry and lead it?

Mr. MOOT. As a matter of fact, that is exactly what we are doing, because you will note that out of the 44 commitments we have 35 of them are direct. What we are hopeful of, and quite frankly we have had outstanding national consultants, with national reputations in this field, working with us. It is our hope that we can, over a short period of time, do another actuarial study, and see if we can't reduce the cost rates here.

Mr. MITCHELL. One more question, Mr. Chairman, concerning the charging of this premium fully in advance. I believe section 401(b) of the act states, "The administration shall fix a uniform annual fee for its share of any guarantee under this section." Do you think it is following the legislative mandate to charge the full premium in advance rather than a uniform annual fee?

Mr. MOOT. I think there is very good reason for it, Mr. Mitchell. No. 1, it would sharply increase the cost, if we didn't collect the lump-sum premium and put it to work in terms of invested funds.

Secondly, because of the interpretation that we placed upon this, we did, as you know, come up and informally with the staff go over this point and our entire approach to this program as well as the Senate counterpart, and we felt that we were in agreement with the committee on this approach, because it did reduce the cost of the entire program, and it was our intent to encourage the landlord to spread the base of this cost throughout his rental structure, and also, as I previously mentioned, if it was necessary we intended to provide small loans to the extent necessary in order to pay premiums.

Mr. MITCHELL. That is all I have.

The CHAIRMAN. Mr. Administrator, the Congress has responsibility in this. The goals and objectives are good. You indicate in Mr. Hendricks' testimony that very few companies are evidencing much interest. There are no companies specializing in this area. They have to be encouraged, to use a mild term, to participate. Is this program available through all the regional offices?

Mr. MOOT. It is available. We are decentralizing it. We have gone through our training period, and we are decentralizing as of July 1, so that the authority will be in the field. Mr. Chairman, I think I need to correct for the record one misunderstanding that I caused. There is one company that has formed, as a wholly owned subsidiary of a larger company, for the purpose of guaranteeing commercial leases. It was a company that was working on this program prior to this legislation, and it is one of the three companies that has signed the reinsurance agreement with us.

The CHAIRMAN. We want to commend you, Mr. Administrator, in your diligent work in this, and suggest that you sharpen your pencil when you sit down at the "treaty" table with them. Let's take up, gentlemen, if there are no further questions, the disaster loan program, and then we will suspend for awhile. We consider this lease guarantee program a major advance for small business if we can go forward with it.