

share of any loan made under this subsection shall not exceed 3 per centum per annum, except that in the case of a loan made pursuant to paragraph (3), the rate of interest on the Administration's share of such loan shall not be more than the higher of (A) $2\frac{3}{4}$ per centum per annum; or (B) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the date of the loan and adjusted to the nearest one-eighth of 1 per centum, plus one-quarter of 1 per centum per annum. 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.

Mr. HENDRICKS. Would it be the chairman's wish that I read the entire statement of some six or seven pages?

The CHAIRMAN. You might put the entire statement in the record and highlight the disaster loan program for the committee. The entire statement may be included.

Mr. HENDRICKS. Yes, sir.

DISASTER LOAN ASSISTANCE

Sections 7(b)(1), 7(b)(2), and 7(b)(4) of the Small Business Act, as amended, empowers the Small Business Administration (1) to make loans to individuals, businesses of all sizes, churches, charitable and nonprofit organizations, private schools, colleges, universities, and hospitals which have damage to or loss of real or personal property as a result of floods or other catastrophies; (2) to make loans to small business concerns which suffered substantial economic injury as the result of a disaster in connection with which there has been a declaration by the President or the Secretary of Agriculture; and (3) to make loans to small business concerns which suffered substantial economic injury as a result of inability to process or market a product for human consumption because of a disaster or toxicity occurring in such product through natural or undertermined causes.

During the last full fiscal year 1967, 2,105 loans for a total of \$25.5 million were made under these programs. In this same period, there were 43 disasters declared in 30 states. This was a very considerable reduction from the all-time high of 30,920 loans for \$199.2 million made in fiscal year 1966 during which there were 46 declarations in 25 States.

In fiscal 1968 through March 31, 1968, there were 12,510 loans approved for \$99 million. Of these, 8,044 loans for \$30.3 million were made in the southwestern area primarily as a result of Hurricane Beulah in Texas. There were 3,393 loans for \$57.6 million made in the Pacific coastal area mainly as a result of the disastrous flood in Fairbanks, Alaska. The total of these two disasters, 11,437 loans for \$87.9 million, represents about 90 percent in number of loans and dollars of all disaster activity in fiscal 1968 through March 31, 1968. During this same period there were 30 disaster declarations in 24 States.

In previous fiscal years 1954 through 1966 there had been 57,867 loans approved for \$511.7 million. During this period there were 534 declarations. The total activity through March 31, 1968, amounted to 72,482 loans approved for \$636.2 million.

From the time SBA was created in 1953 through March 31, 1968, there have been 606 physical disaster declarations. The smallest number, 11, was declared in fiscal 1954, with the largest number, 62, declared in fiscal 1961 for an average of 41 declarations per year. These