

have involved areas of various sizes in all 50 States as well as Guam, Puerto Rico, and the Virgin Islands. Every State except Vermont has had two or more declarations with the largest being 51 made in Texas. California ranked second with 44 and Kansas and Illinois third with 32 each.

Our disaster programs, by providing funds not available from any other source, have given a very substantial economic uplift to many stricken areas. SBA has received warm approval and commendations from individuals, businesses, and public officials for our disaster lending activities.

Effective for declarations made after March 19, 1968, in order to comply with the desire to improve management practices and to conserve Federal funds to the extent feasible, a number of changes were made in the operating procedures applicable to the SBA physical and economic injury disaster programs. The newly adopted procedures are as follows:

LOANS TO HOUSEHOLDERS

1. The limit of SBA share of loans to any one household group may not exceed \$20,000 for repairs or replacement of structures. Up to \$10,000 in addition to or separate from funds for structures may be approved for repair or replacement of household goods. The total for both purposes combined, however, cannot exceed \$25,000 SBA share.

2. No refinancing of debt of any type is permitted, except on existing SBA disaster loans made as a result of a previous disaster, in order to provide better ability to repay the total debt to SBA. This requires no additional outlay of SBA funds and aids in loan administration by having only one loan to service.

3. Private credit to the extent it can be obtained on reasonable terms and costs shall be used by any householder where the gross income is in excess of \$10,000 plus \$600 additional allowance for each dependent other than the applicant. Procedures have been established to require use of both cash and liquidable assets held by householders to the extent it exceeds the total number of members of such household by \$600 each.

LOANS TO BUSINESS

1. In no event will a loan to any firm or business-classed entity be in excess of \$100,000 SBA share. Loans on a bank/SBA guarantee basis can be made for any amount with the SBA guarantee being provided for up to 90 percent of the loan.

2. Where a firm has total equity of three times total debt, privately supplied funds must be obtained for any excess over this ratio to the point the assets to liabilities fall below the 3-to-1 ratio. After such private credit is obtained to this extent, a disaster loan may be considered for additional funds needed.

3. The foregoing paragraph 2 shall not apply to any firm with a post disaster adjusted net worth of less than \$10,000. None of the requirements of this section on business loans is applicable to churches, hospitals, privately owned schools and colleges or eleemosynary institutions, although loans to such entities are considered business loans.

4. Any other assets not required in the normal operation of the business, which can be liquidated for 90 percent value, must be dis-