

The CHAIRMAN. You say for a business the maximum loan that may be made resulting from a disaster is \$100,000?

Mr. Moot. This is an administrative restriction, Mr. Chairman.

The CHAIRMAN. Yes. Now, the maximum to a homeowner is—

Mr. Moot. Is \$25,000, sir.

Mr. HENDRICKS. That would be \$25,000.

The CHAIRMAN. In certain areas it is \$10,000 and in other areas it is \$25,000. Where is the line of differentiation?

Mr. Moot. There is \$25,000 for the real property damage limitation for a home and \$10,000 for the household furnishings, for the contents. The combination, however, under no circumstances can exceed \$25,000 under our current administrative limitation.

The CHAIRMAN. And these are term loans of how many years?

Mr. Moot. These can be up to 30 years, sir.

The CHAIRMAN. What is the interest rate?

Mr. Moot. The interest rate is 3 percent, sir.

The CHAIRMAN. Would a riot such as occurred in the District of Columbia be considered a disaster?

Mr. Moot. It could be, sir.

The CHAIRMAN. In the definition of the law or interpretation by SBA?

Mr. Moot. Yes, sir. The law, as you know, reads certain specific natural disasters or other disasters.

The CHAIRMAN. The Office of Emergency Planning, in testifying before another subcommittee on which I serve, said that they only make loans and grants for natural disasters, and they say a flood or tornado is a natural disaster, and they don't state that their jurisdiction runs to riots and violence. The SBA has a different definition, a different interpretation?

Mr. Moot. Under 781, Mr. Chairman, we have a definition which has been legally ruled, and this is the physical disaster, as to include a manmade disaster. Under 782, which is economic injury type of disaster, which is declared in the case the President declares it—

(Discussion off the record.)

The CHAIRMAN. Read the definition into the record.

Mr. Moot. (reading):

The administration is also empowered to make such loans, either directly or in cooperation with banks or other lending institutions through agreement to participate on an immediate or deferred basis, as the administration may determine to be necessary or appropriate because of floods or other catastrophies.

Now, it has been construed legally, Mr. Chairman, that "or other catastrophies" does give us the authority to declare—

The CHAIRMAN. The Office of Emergency Planning statutory authority refers to natural disasters.

Mr. Moot. Yes, sir.

The CHAIRMAN. The words "natural disaster" are not included in your statutory language.

Mr. Moot. It is not, Mr. Chairman.

The CHAIRMAN. It refers to floods or other catastrophes.

Mr. Moot. That is right, sir.

The CHAIRMAN. And your counsel has in a formal opinion advised you that destruction of a business from a riot through violence or arson could be within the category of other catastrophes such as a flood?