

Mr. Moot. That is correct, sir.

The CHAIRMAN. Has there been any court interpretation of that opinion?

Mr. Moot. No, sir. We did testify last summer, in late July, subsequent to the Detroit problem, before the House Banking and Currency Committee, as to our legal interpretation of this language, and the report of the committee concurred in our legal interpretation of it. This was the House Banking and Currency Committee report, sir.

The CHAIRMAN. Therefore you now believe you are empowered to make loans not only for flood and tornadoes, but also as a result of riots and violence?

Mr. Moot. Yes, sir. We haven't in the recent disturbances, but we do think we have the authority to.

The CHAIRMAN. I think you did a marvelous job in New Orleans in Hurricane Betsy. You moved in there and thousands of loans were made and businesses were reestablished. I understand in the earthquake in Alaska that probably you made 4,000 loans and perhaps one has been criticized out of the 4,000, so that is a rather good record also, I would say.

I am not so sure of the soundness of your lawyer's opinion with respect to this other. From a humanitarian point of view it is good, but from a legal point of view I am not so sure, because the whole question is open in the Congress now as to whether or not there should be riot insurance or other insurance as a result of some of the current wave of problems that we are having.

Mr. Moot. Well, I might point out, Mr. Chairman, that——

The CHAIRMAN. The lawyers disagree, you know.

Mr. Moot. Yes. Actually a disaster declaration is probably not the best approach for this kind of assistance at any rate. First of all, we can't provide for economic injury, for the loss of business, under our disaster declaration. Only for the physical property loss.

Secondly, the problem generally is related to urban renewal, more to the displaced business loan, where the entire area is under redevelopment, and I think at the moment that we are much better off to do it on an orderly redevelopment basis, where you have given us authority, to where there is a designated urban renewal section, to bring into play the four and a quarter percent 10-year loan for displaced business loans. That would be 7(b)(3) as you look on down.

The CHAIRMAN. This language which you have read was enacted in 1967, last year?

Mr. Moot. No, sir. This is original language.

The CHAIRMAN. This has been there?

Mr. Moot. Yes, sir.

The CHAIRMAN. For a number of years?

Mr. Moot. Yes, sir.

The CHAIRMAN. And you indicated to us in testimony that this had been discussed by both the committees of the House and Senate, the authorizing committees, in their reports?

Mr. Moot. No, sir, just the House, although we have advised the Senate committees, but the House committee held a specific hearing on this section subsequent to the Detroit problem of last year.

The CHAIRMAN. Have there been any loans made in this area for reestablishment of businesses?

Mr. Moot. Yes, sir.