The CHAIRMAN. Mr. Burton.
Mr. BURTON. Thank you, Mr. Chairman.
I would like to ask Mr. Greenberg to refer to his statement on page 10.
There, Mr. Greenberg, you point out to the committee that under some circumstances you can lend $15,000 up to 15 years at 5½ percent. Then, you go on to explain that you can make a maximum of $25,000 available for up to 15 years for those who the record can show have suffered from social and economic discrimination.
Obviously you have some criteria which you use to determine who is eligible for the $25,000 program. I would be interested to know what criteria you employ to determine who has been socially discriminated against, No. 1; and No. 2, who has been economically discriminated against.
Mr. GREENBERG. A handicapped person, for instance, would be one of the people that we think of as being economically discriminated against. There are other areas where an individual, because of certain racial or other social problems, has been unable to participate in the program, or participate in the economy. We believe there are many areas. I don't have the specific criteria here——
Mr. BURTON. "Handicapped" I can understand, but I don't understand the other criteria. If a colored man makes an application, is he automatically assumed to be economically discriminated against?
Mr. MOOT. Not necessarily, Mr. Burton. And in many instances, quite frankly, it gets down to a judgment determination. The two levels, $15,000 and $25,000, were established in order that we might take a plateau at a time. Congress authorized this program with a ceiling of $15,000. This was a congressional limit, for economic opportunity purposes, to keep the doors of economic opportunity open to those disadvantaged citizens that were in some way either physically or socially handicapped.
We have criteria which in effect says that if you want to establish a business, or if you are in a business, and your income is submarginal in terms of supporting your family, we will grant you a loan up to $15,000 on a character basis with little or no collateral if it looks as though you have a reasonable assurance of repayment.
Mr. BURTON. What is "submarginal"? Will you define that for me?
Mr. MOOT. Well, it depends upon the part of the country you are in; it depends upon the living costs, and it depends upon the family size. So we have not used what has been in the past the standard measure of $3,000, over and under.
This is the determination of our regional directors, depending upon the region that we are evaluating.
For example, it would be different in Salt Lake City than it would be in New York City.
Mr. CORMAN. Will the gentleman yield for a question at that point?
Mr. BURTON. Yes, I would be happy to yield.
Mr. CORMAN. I wonder if in dealing with this problem of minorities the regional director would look to the banking practices in the community to ascertain whether people of all colors got the same treatment from lending institutions, or if there was a pattern of practice in that community of putting different criteria on people solely because of their color. Would that be one of the considerations?