

I might say that this afternoon we are going to make an announcement with Congressman Patman on the way we are going to support an expansion of the SBICs, using funds from other financial institutions.

So I think what you have really given me is a new responsibility. When I first came in the SBA it was, where was I going to find the capital, the money to operate it. And we are going to the private institutions. And I assure you, Congressman, this is the businesslike way to approach the matter anyway.

Mr. DINGELL. The question I have, though, I do run into a number of instances back home with constituents, businessmen who do find themselves unable to get direct loans, not because they don't qualify, but simply because from time to time there will be a freeze on, or there is a shortage of direct loan money. I have found that the SBA officers back home are extremely cooperative in this area, and they do their level best. But the information I have been able to gather from my own scrutiny is that a lot of the difficulties that come from the direct loan program stem directly and entirely from a shortage of funds available to you to carry forward this program, a lot of times because of budgetary freeze, or something of this kind. And I would like to get whatever comment you can give us at this time that would be helpful in this regard.

Mr. SAMUELS. Mr. Congressman, this will continue, and I see no help certainly in terms of the present restraints put on us by Congress, looking at next year, that we are going to have more direct money. Therefore, it is my job and my responsibility to get the banks in your district deeply involved. But in reality, if we are willing to take the guarantee up to 90 percent of the loans of the banks, the banks should be willing to take a reasonable risk.

What I am saying to you Congressman, is that I hope we will be able to service you better, because we are moving from \$800 million to over a billion dollars this year, and I hope over a billion and a half next year, and we will be able to service you better, despite the fact that we have less direct money, with a vigorous effort to get the banks involved as our partners.

Mr. DINGELL. You are still going to have a shortage of direct loan funds, which is going to hurt?

Mr. SAMUELS. It shouldn't necessarily hurt if the borrower can get the money from the banks directly, as long as he can get the money. And the same kind of criteria that we use should be criteria that the banks would accept, particularly if we are going to guarantee up to 90 percent of the loans.

Mr. DINGELL. Let me ask you this: Are your procedures for the guarantees going to be substantially similar to those of SBA procedures?

Mr. SAMUELS. Very similar, in terms of reducing paperwork, to SBA procedures.

The CHAIRMAN. Further questions?

Mr. DINGELL. No further questions.

The CHAIRMAN. Mr. Morton.

Mr. MORTON. Thank you, Mr. Chairman.