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B-121589, Nov. 22, 1955

Number: B-121589

Date: 1955-11-22

B-121589, NOV. 22, 1955

TO HONORABLE WENDELL B. BARNES, ADMINISTRATOR, SMALL BUSINESS ADMINISTRATION:

REFERENCE IS MADE TO YOUR LETTER OF OCTOBER 19, 1955, REQUESTING A DECISION AS TO WHETHER THE LIMITATION OF THE INTEREST RATE ON DISASTER LOANS TO THREE PERCENT PER ANNUM, CONTAINED IN THE PROVISO IN SECTION 207 (B) (1) OF THE SMALL BUSINESS ACT OF 1953, AS AMENDED BY THE ACT OF AUGUST 9, 1955, PUBLIC LAW 549, 69 STAT. 549, APPLIES ONLY TO DISASTER LOANS MADE FOR THE ACQUISITION OR CONSTRUCTION OF HOUSING OR THE PERSONAL OCCUPANCY OF THE BORROWER OR WHETHER THE LIMITATION APPLIES TO ALL TYPES OF DISASTER LOANS.

SECTION 207 (B) (1) OF THE SMALL BUSINESS ACT OF 1953, AS AMENDED, PROVIDES, IN PERTINENT PART, AS FOLLOWS:

"/B) THE ADMINISTRATION ALSO IS EMPOWERED---

(1) TO MAKE SUCH LOANS (EITHER DIRECTLY OR IN COOPERATION WITH BANKS OR OTHER LENDING INSTITUTIONS THROUGH AGREEMENTS TO PARTICIPATE ON AN IMMEDIATE OR DEFERRED BASIS) AS THE ADMINISTRATION MAY DETERMINE TO BE NECESSARY OR APPROPRIATE BECAUSE OF FLOODS OR OTHER CATASTROPHIES * * * PROVIDED, THAT NO SUCH LOAN, INCLUDING RENEWALS AND EXTENSIONS THEREOF MAY BE MADE FOR A PERIOD OR PERIODS EXCEEDING TEN YEARS, EXCEPT THAT WHERE SUCH LOAN IS FOR ACQUISITION OR CONSTRUCTION (INCLUDING ACQUISITION OF SITE THEREFORE) OF HOUSING FOR THE PERSONAL OCCUPANCY OF THE BORROWER IT MAY BE MADE FOR A PERIOD NOT TO EXCEED TWENTY YEARS AND AT AN INTEREST RATE NOT TO EXCEED 3 PERCENTUM PER ANNUM; " YOU STATE THAT YOUR ADMINISTRATION IS OF THE OPINION THAT THE LANGUAGE USED IN THE PROVISO IN QUESTION ESTABLISHES A LIMITATION ONLY ON THE INTEREST RATES WHICH MAY BE CHARGED ON LOANS, THE PROCEEDS OF WHICH ARE TO BE USED FOR THE ACQUISITION OR CONSTRUCTION OF HOUSING FOR THE PERSONAL OCCUPANCY OF THE BORROWER.

IT IS AN ELEMENTARY RULE OF STATUTORY CONSTRUCTION THAT WHERE THE LANGUAGE OF A STATUTE IS PLAIN AND FREE FROM AMBIGUITY AND EXPRESSES A SINGLE, DEFINITE AND SENSIBLE MEANING, THAT MEANING IS PRESUMED TO BE THE MEANING WHICH THE LEGISLATIVE BODY INTENDED TO CONVEY. BLACK ON INTERPRETATION OF LAWS, 2D EDITION, PAGE 45; 19 COMP. GEN. 636, AND AUTHORITIES CITED THEREIN. THE LANGUAGE USED IN THE PROVISO IN QUESTION IS PLAIN AND UNAMBIGUOUS. IT IS CLEAR FROM SUCH LANGUAGE THAT THE LIMITATION ON THE INTEREST RATE ON DISASTER LOANS APPLIES ONLY TO DISASTER LOANS MADE FOR THE ACQUISITION OR CONSTRUCTION OF HOUSING FOR PERSONAL OCCUPANCY OF THE BORROWER AND THAT THE LIMITATION DOES NOT APPLY TO OTHER TYPES OF DISASTER LOANS. ACCORDINGLY, WE CONCUR WITH THE VIEWS OF YOUR ADMINISTRATION IN THE MATTER.