

you any analysis that would support the proposal that the program would be successful if such an interest subsidy were canceled?

Mr. PARISH. Since the purpose, according to many people, of this program is to take care of moderate and upper income groups mainly, we feel—

Mr. BRADEMAs. I don't think that is accurate. I think the moderate or middle income is accurate, but I don't think it has been defended in here as an upper income.

Go ahead.

Mr. PARISH. Let us say that it has been used in some places for upper income people.

Since it is intended for the moderate income group, we consider, those of us who work in the field, that a 6 percent guaranteed interest rate is a subsidy and that it can be well afforded considering the payback provisions of this act.

We feel that the job has not been done under the program mainly because there isn't enough Federal insurance money provided so that it can be extended to all the moderate income groups and it has been used also in the low income group but although bankers are not too eager to help that group, certainly the moderate income group, the low interest loans, 6 percent, is we feel a very, very nice subsidy.

Mr. SCHUEER. Will my colleague yield?

In the field of housing, we give moderate income groups Government loans at  $3\frac{1}{8}$  percent to  $3\frac{3}{8}$  percent interest. Six-percent interest is the going bank rate. A person may not be able to get a 6-percent loan but if he can get a loan from a bank at all, he is not going to pay more than 6 percent.

I don't see any subsidy involved there at all except that you are making a loan at any interest rate available to him. If we can make it available for housing a moderate income person—and I am not talking about public housing, but a moderate income person above the public housing income level—and we give him a direct loan for 40 years at  $3\frac{1}{8}$  percent interest, why do we have to charge him 6 percent for an educational purpose which is just as important if not more important than his shelter?

Mr. PARISH. Let me say this: That the going rate for borrowing money for educational loans is of course even as stated at 6 percent has been twice that and much more. In fact, the loan companies that do involve themselves in this program may charge as much as 22 percent interest. It doesn't appear that way, but this is what actually happens if you really get the true rate of interest.

Mr. BRADEMAs. Are you endorsing the truth in lending?

Mr. PARISH. I think it would be very helpful speaking personally. But we feel that if you actually get a simple interest rate with the payback terms with this particular loan, it is a tremendous thing. All of us in the moderate income group, and again I speak personally, as well as for the committee, would be very happy with this if we can use the money that is not now being made available in our State particularly.

Certainly we had about \$6 $\frac{1}{2}$  million last year and we restricted because we knew we wouldn't have enough money, and, therefore, did not make it available to all the people it was intended to be made available to.