

Mr. BARR. You can. When I say a bank officer, I don't mean the chairman of the board. I also have been informed in VA and FHA loans that that one-half of 1 percent for administrative costs does not cover those closing costs that are incurred when you put that loan on the books. That is a separate charge.

Mr. GIBBONS. I know. They charge that to the borrower at the closing time.

Mr. BARR. Correct.

Mr. GIBBONS. Could you not do most of the paperwork for this loan at the university site or give the person a form to check off and let him bring the papers in, verifying whether or not the fellow is actually a student and he has a certificate from the registrar that he is a student? He can have the other papers on income right there. Somebody, it seems to me, in 15 minutes could negotiate this loan and put it on the books and do everything that has to be done—15 minutes.

Mr. BARR. All I can do is refer you to this study.

Mr. GIBBONS. I would like to read it.

Mr. BARR. You can take the testimony as we have taken it from lending officers of all financial institutions. They are roughly parallel, there is no divergences between them.

Mrs. GREEN. Did you translate the \$35 fee that you are suggesting into terms of interest rate?

Mr. BARR. Yes, Ma'am. It is at the very back of my statement.

Mrs. GREEN. Well, why don't you go ahead with your statement?

Do you have more questions?

Mr. GIBBONS. I have finished with my questions.

Mrs. GREEN. Why don't you proceed with your statement, and we will come to it.

Mr. BARR. Madam Chairman and members of the committee, I appreciate this opportunity to testify in support of proposed amendments to improve the guaranteed student loan program, because I believe that this program has a vital part to play in our effort to make certain that no young American will be denied a college education for want of financial resources.

We are about to begin the second full year of operations under this program, following its enactment in the Higher Education Act of 1965. As the committee knows, the program got off to a promising start last year, all things considered. It is clear that the program does help to meet an extremely important need in this country—the urgent need of large numbers of American families for assistance in financing the high and rising costs of higher education.

Although a good start has been made, it also is clear that the program has not expanded as rapidly as we all had hoped. President Johnson determined to do everything in his power to remedy any difficulties involved in the program, to enable it to meet the needs and expectations of American students. Earlier this year, the President announced that he had instructed all of the executive agencies concerned—HEW, Treasury, the Budget Bureau, and the Council of Economic Advisers—to review the operations of the program and recommend any appropriate improvements.

The amendments before this committee were developed as a result