

CARNER BANK OF MIAMI BEACH,
September 8, 1967.

Congressman CLAUDE PEPPER,
Congress of the United States,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN: We have your letter of August 23rd with regard to the Guaranteed Student Loan Program, wherein you ask our views on the subject as well as on your bill, H.R. 11978.

We have made a study of the material submitted with your letter and the following are our findings:

(1) These loans represent a lot of paper work for the Bank; they have to be followed up each semester for student's grades.

(2) The notes have to be handled over and over for years for balancing purpose and examinations.

(3) It is our opinion that this type of loan should yield no less than 5% add-on interest in order to be profitable.

(4) The processing and consolidation fees, plus the monthly service fee, will represent about 1% of the average loan for the entire four or five years of average life.

With best wishes,

Sincerely,

STEPHEN CARNER, *President.*

KEY BISCAYNE BANK,
Key Biscayne, Fla., September 8, 1967.

HON. CLAUDE PEPPER,
Cannon House Office Building,
Washington, D.C.

DEAR SENATOR: Thank you for your letter of August 23rd, 1967, regarding the Guaranteed Student Loan Program. This program certainly needs the effective support of concerned members of Congress.

Banks are all interested in participating in any way possible. The regulations heretofore, however, have made participation somewhat inconsistent with sound and prudent banking principles.

It is hoped that your efforts in this behalf prove fruitful. You are to be commended.

Yours very truly,

C. G. REBOZO.

CITIZENS NATIONAL BANK OF MIAMI,
September 14, 1967.

HON. CLAUDE PEPPER,
House of Representatives,
Washington, D.C.

DEAR MR. PEPPER: Due to the temporary absence of Mr. Lantz, I would like to take this opportunity to write you concerning our experience with the United Student Aid Funds, Inc. loans.

We began participating in this program approximately three years ago, and we discontinued the service after operating two years. We presently have on our books 55 loans, with an outstanding balance in excess of \$40,000. Of these 55 loans, only ten of them have reached the pay-out status, and it is with these ten loans we are having most of our problems. These students appear to have the wrong outlook as to the type of obligation they have and that it is not a personal obligation of their own. Also, our program was in operation before the Government began participating and subsidizing the interest expense for students. We have even had students tell us to obtain the money from the Government as they were supposed to be paying some of this too. In other cases, parents have refused to cooperate with us in locating the students who have moved since graduation.

Your plan provides for an adequate service fee, and for the banks to obtain a reasonable interest rate is very appropriate and we believe many banks will participate that are not now doing so, if this is provided. We would like to go a step further at the origination of these loans, and requiring parents endorsements which are not necessarily required now, and also require a satisfactory