

credit standing for the family. Even though these loans are fully guaranteed by the United Student Aid Funds, Inc., we do not enjoy processing claims for non-payment, which we have already had to do. We believe that adequate credit requirements will prevent unnecessary loss and expense of collecting for the program without leaving a bad taste in lenders mouths, as we presently have.

We appreciate this opportunity of stating our views, and wish you success in your House Rules Bill 11978.

Very truly yours,

R. F. BUSBY,
Vice President.

UNITED BANKING GROUP,
Coral Gables, Fla., September 12, 1967.

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

DEAR SENATOR: Thank you for your recent letter regarding the Guaranteed Student Loan Program.

We are now participating in the United Student Aid Funds, Inc. plan. This is presently the only program available for bank participation in the state of Florida that is government subsidized.

Our decision to make these loans was prompted by a desire to serve the residents of Dade County. We do not expect to break even making student loans in their current form.

Bank participation in Guaranteed Student Loan programs was necessitated by the Administration's desire to curtail the National Defense Loan Program and fill the resultant void with funds from the private sector of the economy. Is this the most expedient approach? Certainly a program which will further the education of those who are unable to provide it for themselves, and therefore raise the standard of living of the less fortunate, warrants the backing of the Administration and Congress. Might this situation be better handled directly at the state or federal level? Administering the payment of interest and fees is, in itself, a gigantic task for the government to undertake. From this point, supplementing the administrative procedures rather than starting from scratch would appear to be less expensive.

The real question is whether the administration should force private enterprise to implement philanthropic programs which might be better administered by the government itself.

Since our experience in this area is limited, we are unable to provide you with a written analysis of the costs involved in granting these loans. However, it would seem that the charges you are proposing would cover our costs. You have taken a meaningful and realistic approach to this problem.

I hope this letter will be of some help in getting the reaction of one banker.

Kindest regards,

FRANK SMATHERS, Jr.

REPUBLIC NATIONAL BANK OF MIAMI,
September 15, 1967.

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

DEAR CONGRESSMAN: Your communication of August 23, 1967 addressed to Mr. Ernest Janis regarding the re-vitalization of the Guaranteed Student Loan Program is being reviewed. Since Mr. Janis is out of town at the present time, I wanted to acknowledge your letter and thank you for the information you sent us.

I have followed this program since its inception, and have discussed it in detail at various banking meetings. Being a rather recently chartered new bank, it has been our policy to seek loans of a shorter maturity and with a higher yield. As we continue to grow and increase our loan portfolio, we shall continue to watch the progress of your bill. Certainly the service fee you are now proposing will be beneficial to banks and should make it more attractive.

Your interest in this bank and in banking in general is sincerely appreciated.

Very truly yours,

R. J. GRAZIER,
Executive Vice President.