THE FIRST NATIONAL BANK OF MIAMI,
October 10, 1967.

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

DEAR CLAUDE: Your letter of August 23 regarding the Guaranteed Student Loan Program was received while I was on vacation, and I apologize for the delay in answering.

I have read with interest your letter and the material you sent. I feel the improvements you have suggested in your Bill would do a lot to help improve its acceptance by many lenders, particularly the request for an increase in rate.

I am sure you are aware that we have had our own education loan program for several years, which presently has approximately $60,000 outstanding with commitments for future advances per semester in excess of $300,000. Our thoughts with regard to educational financing are that we feel the loan should have some manner of immediate monthly repayment; therefore, we require the parent to sign. We do not feel it to be prudent lending to grant a loan with a minimum moratorium of at least four years, which could be lengthened by a student's entering the Armed Services. This would affect repayment to the point that in some cases it could take as long as twelve years to repay from the date of the first cash advance. Further, this debt repayment load would fall upon the young graduate who would most likely have gotten married and would just be starting on a new job with a minimum income. Therefore, we favor our own education loan program.

Sincerely,

HARRY HOOD BASSETT,
Chairman of the Board.

Mr. PEPPER. If they paid for 5 years, if they made one payment a month that would be $12 and then for 5 years that would be $60 for the service charge on the collection. In 10 years it would be $120. That would be the service part of it.

A maximum of 10 years for repayment and one a month for 10 years would be $120 for the fees for the collection of the installments.

Then the $35 and $35 and the $1, but the $35 would be paid only once.

If you paid the two $35's that would be $70—$120 and $70 would be about $190 that they would get in addition to the increased interest rate.

Mrs. GREEN. Thank you very much, Mr. Pepper.

We certainly do appreciate your interest in this, and your interest in the education program through the years.

Mr. PEPPER. Thank you, Madam Chairman.

Mrs. GREEN. We are also pleased to have another colleague with us this morning, the Honorable Wright Patman, the distinguished chairman of the Banking and Currency Committee of the House.

May I say that Congressman Patman has indicated to me his great interest in this particular program over a long period of time. We know of his knowledge in this area and we are especially anxious to hear his comments on the legislation that is pending before us.

It is my understanding, Congressman Patman, that you are also directing your attention to the guaranteed student loan program primarily and its cost to the Government.

STATEMENT OF HON. WRIGHT PATMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. PATMAN. Yes, Madam Chairman, including the other related issues.

Mrs. GREEN. Yes.

We are anxious to hear your comments.