the students of Aquinas College, as well as the faculty and alumni, makes an average of about a hundred educational loans to 125 educational loans each semester. These loans are generally in the range of $400 to $500 each. But these loans are not made under the Higher Education Act of 1962, they are standard educational loans and are treated exactly the same as other loans.

Incidentallv, these loans are made at rates much lower than the typical private programs. In other words, our true interest rate runs around 9, 9½ percent on these loans, with interest rebate. If you check the rates of Tuition Plan, Inc., Education Funds, Inc., and the major lending programs which are offered by most colleges through private sources as opposed to Government guaranty sources, these rates will run generally from about 18 to 30 percent, depending on the maturity, depending on the insurance provisions that are selected, and so on.

But the so-called 4 Per Cent Plan, for instance, which is used by most of these on a single year, is a matter of a payout of half of the money in September and half of the money in February. You sign the note in September, however, to which they add 4 percent. On a thousand dollar loan, they would add $40. They would pay out $500, but you would start paying back and paying interest on a thousand dollars immediately. The pay-back period is not a year, it is 10 months. So that this apparently 4 percent loan works out to about a 17-percent rate.

So this rather long digression merely says that we have a lot of credit unions making educational loans at 9 percent, 9½ percent, somewhere in this range. A 12-percent rate with a rebate generally after the fact on part of the interest paid, a patronage refund. Very few credit unions have participated in the Government plan, not entirely for the matter of rate. I think, quite frankly and honestly, the rate is one of the problems, just as the banks will tell you the rate is one of the problems. Both in most of the area of the problems I think it is things other than rate, which I will touch on in the testimony.

We do estimate that the Federal credit union alone—and I will remind you this is about half of the credit unions, roughly 50 percent of the credit unions are chartered by the Federal Government and 50 percent by the various State jurisdictions—the Federal loans have about a hundred million dollars in educational loans outstanding. We estimate no more than 1 or 2 percent of this is under the Government guaranteed program, and perhaps 98 percent of it is on a nonguaranteed basis at a higher rate.

This would indicate that the credit unions do have a sincere desire to help finance college education for the members. We regard this as a laudable purpose for borrowing. It is my own feeling that the loan process as opposed to the scholarship or the outright grant has a great deal to be said for it. I say this in terms of my past experience, not only in the credit union, but I was a financial aid officer in the college when I was processing the entire scholarship and loan program and trying to integrate it into a package for these kids that needed help.

There are many reasons why credit union participation has not been more extensive. Some of the reasons are based on the structure of credit unions, others are based on the structure of the program. We would