would be a single fee; when all four of these are paid into a repayment schedule there would be another $35. In other words, there would be five $35 fees paid in this example cited here, $35 each time a loan was placed and $35 at the time the four of them were consolidated into one for payout.

What I am really saying is that I don't know the answer exactly, Mrs. Green. I am reasonably sure if the payout period of, let us say, 5 years was taken to bring us down to a zero balance, the true rate might well run 8 percent, or something like that. I doubt whether it would be close to 15. In effect I think what I am saying is that it seems to me that Congressman Patman in his testimony yesterday erred twice on interest rate, once on setting our interest rate too low, and another time in setting the bank interest too high. This reflects partly the fact that Congressman Patman loves credit unions and does not care much for banks.

In any event, the true rate, I am sure, would be substantially higher than 6 percent by the time these amendments were included. Now I speak as an economist. I think that is clearly necessary. It is one thing to piously proclaim that the banks ought to be making loans at 6 percent, or credit unions ought to be making loans at 6 percent, or mutual savings, because this is a great group of kids who need help. As a matter of fact, banks and these other institutions have obligations to others besides these students. They must be businesslike. A 6-percent rate simply is not businesslike.

As Congressman Patman pointed out yesterday, that is the prime rate right now. If you can lend a hundred million dollars to General Motors at 6 percent, or you can lend $400 to a student who is going to pay it back in 13 years and go through all the paperwork and the problem of splitting the interest halfway between the Government and the student, you are not going to like the 6 percent on the little one, even though you know it is a worthy purpose and you endorse what the student is trying to do.

I think that this is a difficult question to answer. I would guess maybe around 8 percent, or something like that, which is the true rate we would be talking about. Congressman Pepper says that wouldn't give the banks interest——

Mrs. GREEN. Do you think Congressman Pepper's proposal to add another dollar a month would help?

Mr. MARIN. I am not so sure. I think very few of these loans are repaid on a monthly basis. This is my experience on the loan officer side. The vast bulk of the loans we processed were on an annual repayment basis. Note that if the total loan is $2,000 and it is to be repaid over 10 years, the typical student pays $200 a year, or $150 a year, or something like this, and he does not pay $10 or $12 a month. So, the dollar per payment might be justified. I have some hesitation about that one.

I think it would be substantially less than $10 a year on the typical loan. I think most of those will be paid annually, semiannually, or quarterly. It would be $4 a year. Here I am speaking NDEA, which I think is a worthy experience because of course the other one is too new to have any real volume on repayments yet.

Mrs. GREEN. As a former college administrator, if you had your choice between a liberalized NDEA program and the guaranteed loan program, which do you think would be better?