

Mr. MARIN. Guaranteed loan program, by all means. Let me just again emphasize why. I was student loan officer of Aquinas College all by myself with no collection experience in that capacity. I fortunately had some collection experience because of my credit union contact. But most of these student loan departments don't. In a typical small college you take a student who is a graduate of yours and who has been away for 7 or 8 years. You have to be a very efficient skip tracer. You have to be a hard-nosed collector. You have real problems that you are not competent to cope with under the NDEA.

Mrs. GREEN. What if a liberalized NDEA program were coupled with a regional collection agency?

Mr. MARIN. This would be a substantial assistance. I think that might make it palatable. Under the present provisions of NDEA on the collection of funds and, incidentally, of course, the requirement for the matching funds on a one-ninth basis, this in effect has precluded our colleges' effective participation in terms of the administration's willingness to go into debt to secure their college share.

Mrs. GREEN. What if we made it 100 percent instead of 90 percent and had a regional collection agency?

Mr. MARIN. All of these things would help.

Mrs. GREEN. The cost to the Government would be considerably less?

Mr. MARIN. I am not really sure about that. You would need a very substantial capital investment in the program and, depending on what loss ratios ultimately emerge, and so on, it might be less. But you certainly would be involving a much larger capital appropriation with a good chance of ultimate recovery perhaps, under the NDEA approach. I think both of them are good approaches. It seems to me that if the guaranteed loan program really worked—and I am the first to admit that it hasn't—it would have been a better answer, probably, than an extension of NDEA in its present form. The extension you have for regional collection authority, and so on, would vastly improve the program from the colleges' point of view, I am sure.

Mrs. GREEN. In your judgment, will the banks or credit unions give preference to those students whom they decide will probably have a better repayment?

Mr. MARIN. I doubt it, although this is a very difficult position to really document one way or the other. My experience as a loan officer has been that in Grand Rapids we have effectively only one bank that is making these loans. They are taking everybody that we send them. We don't have much of a problem, really, in our community. They take people who have no connection with this bank. When they know even, for instance, that his father is a director of another bank in town and their bank is not making the loans, this bank will. Their attitude is very excellent.

But by generalization, I would say that it is more or less typical, these loans are simply not big enough, they don't rate enough income to be very preferential in granting them. If you are going to get into them, you are probably going to process all of them until your money runs out. I don't think you are going to get into too much prescreening of who the borrower is. Some banks, I understand, are guilty of this, but this has not been our experience.