

Mr. MARSHALL. No. Dr. Walker probably has expressed some preference, as I understand, for a private guarantee or a State guarantee. Keep it on the State or private nonprofit level rather than a Federal guarantee.

I have seen some of the regulations that have been forthcoming with respect to the guarantee.

Mr. QUIE. If the coinsurance does go through, I am informed that you people would withdraw from this program.

Mr. MARSHALL. I think the word is, rather, we would not "participate" in the new program. We would continue to participate in our present program.

Mr. QUIE. The Federal Government would have to look to the possibility of setting up another nonprofit agency to fill that role. You have heard of that?

Mr. MARSHALL. Yes. Actually, I think this would be a good operation for a private agency. I don't see why some agency seeking to make a profit shouldn't handle the clerical work for the Government on those conditions.

Mr. McCABE. One further aspect of such a development. It goes to Mr. Quie's question about the lenders, and I do not presume to speak for them.

I would like, however, to underscore one consideration which has been presented many times here; namely, that lenders prefer to have as few people as possible—as few operations as possible—to deal with, because the paperwork, the amount of time they devote to a transaction, increases their costs.

We are talking about here of the formation of a new agency. This is perfectly possible of achievement. It is no trick to set it up under law. It would, nevertheless, inject into the picture a new agency with which the various lenders would have to work. You would have to make your own assessment of how much of a problem that would be.

Mr. MARSHALL. Could I add one thought to that? I had a visit the other day from the coordinator of student aid from an Ivy League college. His principal complaint about the situation was the number of guaranteeing agencies with which he had to deal; presumably his students came from all 50 States.

He had to get into these different forms, application forms, and so on. He was trying to work out a program with me whereby it would simplify his operation.

Mr. QUIE. What has been the experience with the lenders when you have guaranteed a loan? What rates are they charging? And what kind of cost?

Mr. MARSHALL. The maximum they can charge under our program is 6 percent simple interest. We guarantee a hundred percent of the loan and the interest accrued on it.

So if a student defaults, is delinquent in payment, then we pick up 100 percent of his obligation to the bank. Then we have to try to collect it.

Actually, we have two national collection agencies who do that work for us.

Mr. QUIE. Your lenders, then, are looking for an additional \$25 or \$35 fee?