Mr. QUIE. If this is the case then, we could handle the subsidization some other way. Why is it necessary to put a limit on the interest rate that a bank can charge on a guaranteed loan program?

Mr. BARR. It is not necessary. The committee can remove that limit if it so desires. The Congress is removing limits on FHA and VA, or are requesting they be removed now. The rates at issue here would be high, I think if you went to the GAO Credit Union, and I assume they have a credit union, for a college loan, they would probably charge you 9 percent—I think they would have to at the moment.

Mr. QUIE. Well, wouldn't any institution have to charge more when the Federal Government would not act as the guarantor?

Mr. BARR. Yes.

Mr. QUIE. So I think it is an advantage to have the Federal Government behind the loan.

Mr. BARR. Yes, but I think the credit union, even with a guarantee, might well charge 8 or 9 percent at the moment for these small loans. This is what we are talking about, Mr. Quie. Even a nonprofit institution, a credit union, would have to get about that much.

If you like, we can do this.

(The following was submitted for the record:)

The Treasury credit union education loan plan described in the attached folder involves (1) a 9 percent interest rate (2) repayment while in school, (3) minimum annual payments of $348 for loans of $600 per year or $468 for loans of $800 per year, and (4) cosignatures of parents as well as student.