

At the current stage, we would like this to be the position where it is viable to be able to consult as to the financial aspects of the program.

Mr. ERLNBORN. I understand the Treasury last year, when they testified about the annual fee, the conversion fee, and placement fee, talked about a level of \$25 at the present time. This year when they testified before us they didn't mention it, but talked about the maximum of \$35. Do you have any knowledge of as to what figure they would use with the \$35 maximum?

Mr. WALKER. At the present time, no, sir; I don't. I would hazard a guess it would be the \$20 to \$30 range. Actually, if you look at the chart of economic indicators, and this is attached to our statement, several of your interest rate levels are higher now than they were at the peak of the crisis or seriousness, and that is the latter part of 1966.

On the other hand, and this is an unusual situation, even though some interest rates are higher, monetary conditions are easier, it is easier to get a loan now than in August 1966. I would like that the Treasury would probably make a case for something similar to what they talked about before. I would not administratively stint this thing at first. I cannot emphasize how important it is to get this program well accepted in the lender's minds and to get the State agencies to set up operations and get more lenders into the picture.

After a time, over a time administratively you can move as you like and as seems fit depending on how costs develop and interest rates and other aspects of the program.

Mr. ERLNBORN. At the present time, without the student financial aid officer making a recommendation or having any voice in determining who should get a loan and how much, is it possible for the son of a family with an income of, say, \$30,000 or \$50,000 a year to come into the bank and borrow money at 6 percent and buy an automobile?

Mr. WALKER. Yes, sir.

Mr. ERLNBORN. And not have to begin repaying until he gets out of school?

Mr. WALKER. That is correct. If I were the banker I certainly wouldn't make a loan like that.

Mr. ERLNBORN. You wouldn't necessarily know what he was going to use that money for? The money is given to the student. He makes the loan, and he can use it then to purchase an automobile as well as pay for his education?

Mr. WALKER. That is right, and Mr. Smith would like to make a comment.

Mr. SMITH. Mr. Erlenborn, it is not a uniform situation. Under the Federal program this is now operative in 16 States, there is no bar to lending, to borrowing at the 6-percent rate because of family income, however, in the State programs, the minimum requirements for that State program to enter into agreement with the Office of Education only requires that the State program cover families up to the adjusted family income of \$15,000.

Now, how many States permit loans above that, I can't honestly say, but I did want you to understand it is not a 50-State uniform situation.