

Mr. Patman, what is the interest rate on the FHA mortgages?

Mr. PATMAN. It was 5½ percent. It is about 6 now plus one-half of 1 percent for insurance fee.

Mrs. GREEN. Six and a half?

Mr. PATMAN. Yes, ma'am.

Mrs. GREEN. In the President's message on housing, does he recommend an increase?

Mr. PATMAN. Yes; the President recommends that the ceiling be taken off. I have stated that if it were shown that it would provide more money I would not object to it. But I have been unable to get any proof, documentary or otherwise, that would indicate more money would be available.

I am convinced there would not be any more money available. But if we were going to do it, it should certainly be for a temporary basis. We just should not take the ceiling off entirely.

Mrs. GREEN. On the FHA home improvement, what is the effective rate there?

Mr. PATMAN. It is up rather high. I do not know what it is right now. That is where all these scandals have been all over the country, where they would doctor the figures and get mortgages on homes when people did not know they were giving mortgages on their homes.

There are more scandals I suspect in that part of the housing program than any of the others, possibly than all the others. It is a very high rate, Madam Chairman.

Mrs. GREEN. What would you say it was?

Mr. PATMAN. I would say 18 to 20 percent. It is not the FHA. This is the home improvement rate that they make for 3 years and 5 years. It was 3 years at first. Then we extended it to 5 years.

Mrs. GREEN. It is your conviction that the banks do break even on the 6 percent on the guaranteed student loan?

Mr. PATMAN. They more than break even, Madam Chairman. They make money on them. Besides, they could not have a better public relations job. Why should not the banks do a little something for the public, especially for education?

You know, the banks have a monopoly, an exclusive monopoly on checking accounts. No other financial institution can do that, only the commercial banks. That means that they get half their capital absolutely free because it was written into the law one time, when nobody was looking, that it should be unlawful to pay interest on demand deposits.

That means half of their money that is available is absolutely free, they don't pay anything for it. No other institution has that favored position.

Mrs. GREEN. You suggested if there is not sufficient money in the guaranteed student loan that the Government should increase the amount and have a direct loan to students?

Mr. PATMAN. That is right; yes, ma'am.

Mrs. GREEN. I am convinced in my own mind that the expansion of the NDEA would be cheaper to the Federal Government over the long haul. I am concerned whether or not the dollars would be available this year of a tight budget.