

# College Money Available Let Uncle Sam Pay The Bills

NEW YORK (NAPS) — College students who need borrowed funds to finance their education are getting an unprecedented break in the new student loan program established by Public Law 89-329.

Since Uncle Sam will pay a big share of the interest charges, students will pay less interest than the banks' "prime rate," extended to such favored borrowers as the treasurer of General Motors or DuPont. Less, in fact, than the interest one bank pays when it borrows from another.

In addition, most students won't have to pay a cent of either interest or principal while they're in school. Students can borrow up to \$1,500 a year in most states, with no need to begin repayment until they're out of school and established in a job.

### HOW TO QUALIFY

How does a student qualify for one of these low-cost loans? The word from the bankers and other private lenders who'll be making the loans is that while perhaps 85 per cent of all college students will be eligible, under terms of the program, finding a source of funds is going to be the real problem in today's tight-money market.

Many students, say the bankers who helped set up the program, won't start go-

ing after these loans until they're in school this fall. Details of the program haven't yet been widely publicized, and most students probably will learn of them from their school's financial aid officer.

Because of this, it's expected that banks and other lenders in college and university towns will be swamped with applications. "Tight money" being what it is, that means a lot of students are going to be disappointed. There just won't be enough money to go around—as businessmen, home buyers and others needing borrowed funds have already discovered.

### EARLY BIRD

Advice from those who'll be making the loans, therefore, is: Be an early bird. Students with the best chance of getting one of the new loans will be those who apply at once, to their home-town banker or other approved lender.

Even though you have your finances all set for the fall term, get an application started now, in your home town, if you're going to need borrowed funds in the second half of the school year. If you wait until you get to school, and apply to a lender there, it's going to be like trying to get World Series tickets on opening day.

### 'ADJUSTED FAMILY INCOME'

How do you know whether you can qualify for one of these low-cost loans? There's a formula that determines "adjusted family income"—of the student, his parents, and his wife, if he's married. If that figure is less than \$15,000, the government will pay all interest while you're in school, and half the interest during repayment of the loan. That leaves the student only 3 per cent to pay. If family income is too high, and a student doesn't qualify

for an interest-subsidized loan, he may still apply for funds to cover college expenses. But he must pay the full interest—6 per cent—while in school and during repayment of the loan.

It's possible that, under the formula for "adjusted family income," a student may qualify for an interest-subsidized loan even when the family's gross income is as big as \$20,000. The liberal income limits have raised a few eyebrows, but as President Johnson said earlier this year, the cost of higher education has risen faster than family income, and "what was a sacrifice ten years ago is, for many, nearly impossible in 1966."

### NO PROFIT FOR BANK

Bankers emphasize that they're "not making any money on these loans." The 6 per cent interest established by law is far from a good rate in today's scarce money market—and the long-term loans can tie up a bank's lendable money for as long as 15 years.

A student begins repaying his loan nine to twelve months after leaving school, and repayment can be spread over five to ten years, depending on the amount borrowed. Nevertheless, most bankers will stretch availability as far as they can. More than a year ago, when there were bills in Congress that would have set up a government-financed and government-operated program, it was the banking industry that went to Congressional and administration leaders to argue that private lenders could do a better job.

Banking spokesmen won their point, in face of skepticism by some lawmakers, who doubted they could live up to their claims. Bankers are therefore going to make every effort to prove that private lenders can do the job, de-

spite the way Federal monetary controls have clamped down on their supply of money—one of the ways in which government is trying to stem inflation. Banking industry leaders are urging individual banks to stretch a point in making student-loan money available.

Last year, banks made \$150 million in guaranteed loans to students, under various state and private plans. Under the new loan program, it's estimated that as much as \$400 million may be loaned during the coming school year.

Though under supervision of the U.S. Office of Education, the new program relies on loans from private sources. In each state a "guarantee agency" will administer the program and guarantee repayment of the loans. Such agencies have now been established in 30 states. In 11 of these, and in 19 states with no agencies of their own, the program will be administered by the nonprofit United Student Aid Funds, which for six years has operated nationally a private loan program. In two states, plans are still unformulated.

### HOW TO APPLY

Just how does a student go about applying for one of these loans? Here are some of the questions he'll want answered—and the answers:

Q. Where do I go for a loan?  
A. Any commercial or savings bank, savings and loan association, credit union or other eligible private lender. A list of participating lenders in your state can be obtained from the designated state agency. To get its name and address, write or call your state's Commissioner of Education.

Q. How much can I borrow?  
A. Up to \$1,000 a year for to \$1,500 a year for graduate study or professional school, in an accredited college or university.

Q. How do I know whether I am eligible for a subsidized interest loan?  
A. Roughly, add up total family income—that of parents, student and student's wife. If this totals more than \$20,000, you are not eligible. If the total is less than \$15,000, you are eligible. If total family income is between \$15,000 and \$20,000, do this: Add together the deductions allowed on the most recent income tax return, and \$600 for each exemption claimed. Subtract this from the family's total or gross income. If the result is less than \$15,000, you're probably eligible. Banks and other lenders have forms for computing accurately this "adjusted family income" figure.

Q. Do my parents have to co-sign a note if I am a minor?  
A. State laws vary. Many states permit a minor to execute a binding obligation for educational expenses.



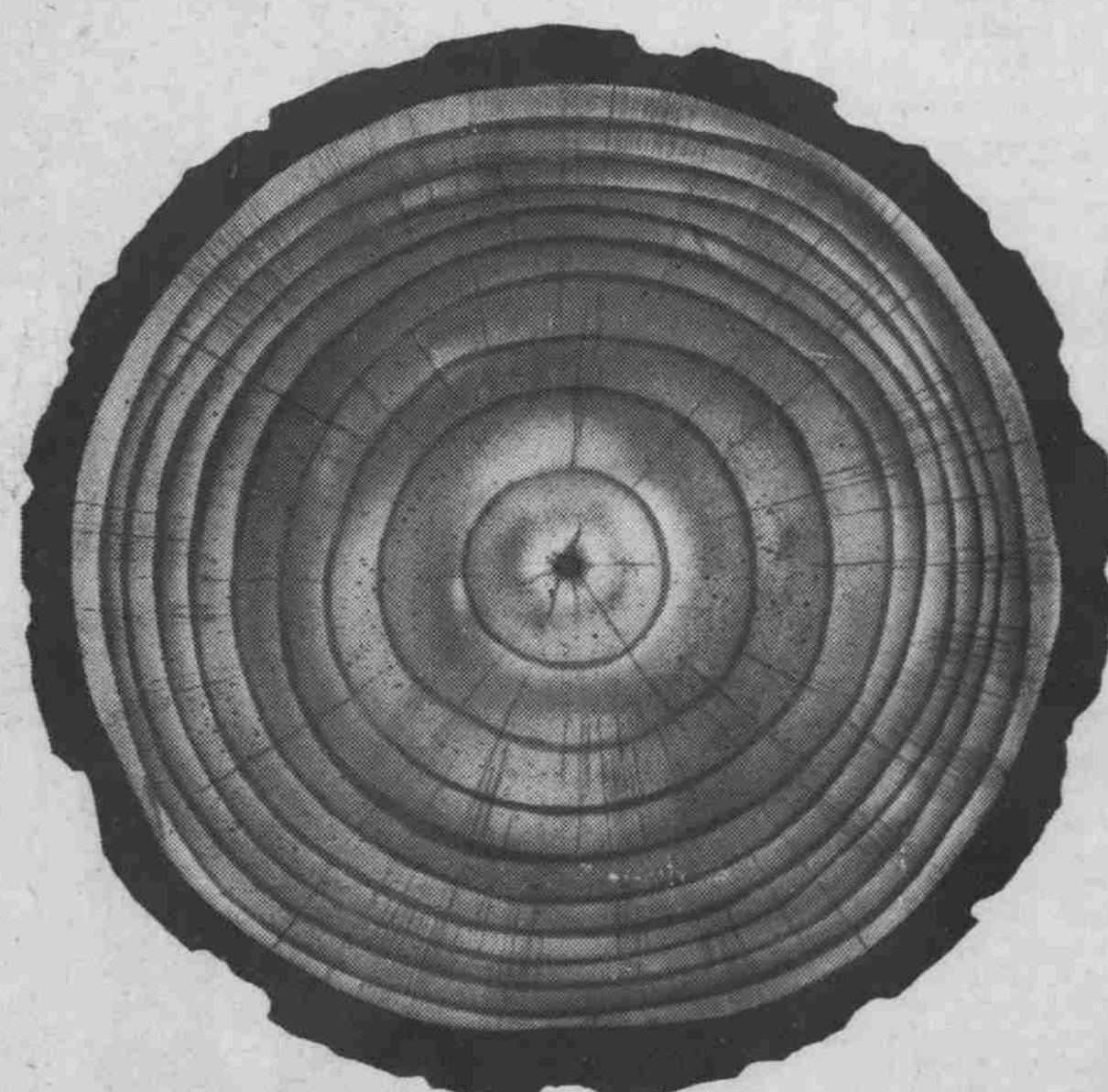
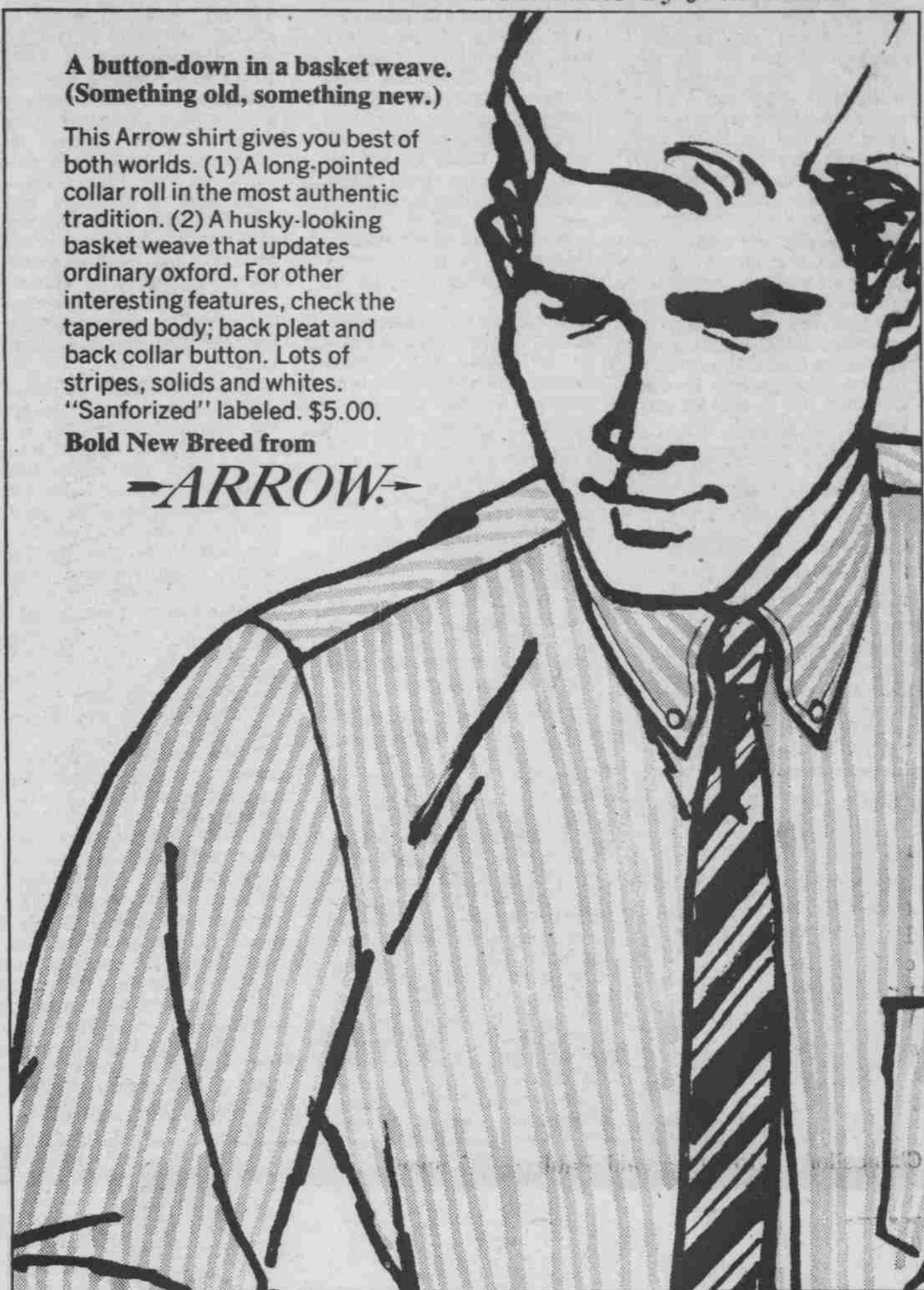
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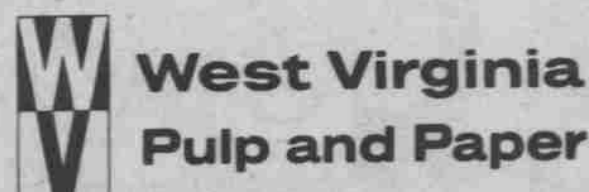
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**ACROSS**  
1. Immerse  
4. Crowd  
7. Window part  
8. Mine entrance  
10. Islands off Scotland  
12. Scrutinize  
14. Girl's nickname  
15. Bang  
17. Beverage  
18. Strange  
20. Cut  
22. Look  
24. Antlered animal  
25. Small, roofed theater: Gr.  
27. Branches  
31. Place  
33. Ship's deck  
34. Nerves: sl.  
38. Part of "to be"  
39. Japanese sash  
40. Child  
42. Compass point  
43. Wait for  
45. Separated  
47. Japanese drink  
49. Chinese money of account  
50. Guided  
51. Flimsy

**DOWN**  
1. Mail: India  
2. Wayside taverns  
3. Pares over  
4. Yes: Ger.  
5. Public notices  
6. O.T. book  
7. Rated (oneself)  
9. Story  
10. Convex molding  
11. University in Conn.  
13. Man's nickname  
16. Shaded walk  
19. English river  
21. Pass over  
23. Corrosion on metal  
26. Encounter  
28. Extinct bird  
29. Island in the East Indies  
30. Celery  
32. Journey  
34. Task  
35. Wading bird  
36. Kind of basin  
37. Ray  
41. Ireland  
44. Piece out  
46. Little child  
48. Man's nickname

**Yesterday's Answer**

1	2	3	4	5	6
7			8		9
10		11	12		13
14	15	16		17	
18	19	20		21	
22	23	24			
25	26	27	28	29	30
		31	32	33	
34	35	36		37	38
39		40		41	42
43		44	45	46	
47		48	49		
	50		51		

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SNOOPY HAS A GOOD SENSE OF DIRECTION DON'T YOU, SNOOPY?  
THE RED BARON HAS BEEN SIGHTED OVER CAMBRIDGE. I MUST BRING HIM DOWN!

**I SAID YOU CAN GET US HOME, CAN'T YOU, SNOOPY?**  
**MY FAITHFUL MECHANICS ARE STANDING BY MY SOPHISTICATED ATTITUDE...**

**IF YOU DON'T HEAR FROM US, SEND OUT A ST. BERNARD!**  
**AS I WALK ACROSS THE FIELD TO MY PLANE, EVERYONE WAVES... I WAVE BACK... SO LONG, CHARLIE! SO LONG!**

**-OH, IT'S NO USE TALKIN' T' YOU!**

**THAT'S WHAT YOU ALWAYS SAY WHEN I BRING UP THE SUBJECT OF GETTIN' OURSELVES STRAIGHTENED OUT**

**TCH! THIS FLIPPIN' WOMAN!**

**LOOK, FLORRIE, I'M WILLIN' T' BE REASONABLE - BUT YER ASKIN' ME T' GO OUT T' WORK!**

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