

assist the student to finance himself through school and therefore repayment in the near future cannot and should not be expected. If the loan is to be successful and the terms of the contract complied with, it is necessary that such terms be in conformity with the period of turnover in the business where the loans are made. The period of turnover in education is five years and loans to students must be made on this basis to be successful. Five years from the date of the loan is the best period.

By far the larger number of loans are long term loans, but it is necessary that institutions be prepared to help the students over emergency periods of a few weeks or months. These loans can be handled in the same manner as commercial loans. The term not to be longer than is necessary for the student to obtain funds to cancel the note. In no case should it extend over one semester.

19. Methods of Repayment

Out of 105 institutions, 16 reported that payment was required in full when the loan became due, 60 reported the installment method of repayment, and 29 reported that it was optional with the student.

There is no reason for different institutions to adopt divergent methods of repayment. Any workable method that is best for one institution is usually best for others. When an institution requires payment in full at a specified time, it is requiring the impossible unless the note falls due four or five years after graduation.

The installment method of repayment is by far the best, and it need not entail as much accounting as some suppose. There is, however, more than one kind of installment payment plan, and it is necessary to adjust the one used to the student's peculiar needs. The amortized form is no doubt the best. After leaving college the student will be able to work off increasingly larger payments as he becomes better established and his income increases. The interest on the loan can thus be included in each payment and will not fall due in a large amount at an inopportune time. Since the student will be able to make continuously larger payments it is right that he be required to do so in order that the money be released sooner to be relented to new students.

It may seem involved to attempt such a method but with the working out of suitable tables it could become practically automatic and involve very little bookkeeping. It would be highly commendable that the amounts loaned be made in multiples of \$10 in all institutions. The adoption of such a unit would simplify matters considerably and the institutions could then co-operate in the printing of tables, record blanks, and necessary forms for the carrying out of such a system. Using ten dollars as the