

basic unit, ten months as the unit of time and five years as the period of the loan, an almost ideal system could be set up that would be much more practical than any system now in use or as yet devised.

## 20. Collections

Very little attention has been given to this problem in most institutions. A sound collection system must aim not only at collecting loans overdue but must take the matter in hand soon enough so that loans will be paid when due. This is another side of student loans where business principles can be taken over bodily. The final stage in a loan transaction is to induce payment on time.

An effective collection system must be exacting, precise, and prompt. The borrower should be sent a notice, sufficiently in advance, that his payment is soon to fall due. If he fails to pay without explanation a second notice should be sent. Both can be in printed or mimeographed form. If these two reminders fail to bring in a payment or an explanation of his failure, he can be notified in a personal way that will be suited to his peculiar case. If the borrower is made to meet his first payments on time he will find it easier to meet the other payments in the same manner.

## 21. Organization to Administer Loans

It is important to determine what organization can best administer such funds. There are four types of organizations that could take up this task and see it to a successful end. They are the educational institution itself, the philanthropic and semi-philanthropic foundations, banks and trust companies, and charitable, religious and fraternal organizations.

## 22. Charitable, Religious and Fraternal Organizations

In most cases these organizations administer the funds themselves. No funds should be accepted by institutions to be administered unless they are turned over without conditions attached. Where the college or university has a well worked-out system of student loans, funds turned over to it should be with the understanding that they will be administered as all other funds in the institution. It would seem a wise policy for institutions to refuse to administer funds from any source unless the institution were given a free hand in their administration.

## 23. Banks and Trust Companies

Banks and trust companies have been lending money to students on a purely business basis and have been very successful. In some cases they have required insurance or other collateral, in other cases organizations or