

At the time of writing, only three per cent. of the money that has become due is ninety days or more in arrears. Toward the end of each month the percentage of the total overdue items is about eight, but a large part of this is delinquent only during the current month and is met at the next pay day. There have been no repudiations of loan obligations. Even in the case of the three borrowers whose accounts have been turned over to the Foundation's attorney for collection, the debt has been openly acknowledged and the statement made that the intention is to pay. The difficulty is that the borrowers who have allowed their accounts to fall behind have not taken advantage of the provision in their contract to arrange for an extension of time, if for valid reasons they are unable to make specified payments. They fail to realize that the Foundation stands in exactly the same relation toward them as if it were a bank and that negligence or late excuses when they have to be forced, will not be tolerated. Their attitude represents an undeveloped rather than a warped conscience.

It is confidently expected that the guarantee requirement will eventually be cut from ten to five per cent. This cannot be done, however, until the course of repayment has been studied for a longer time, and, more important still, until the methods of collection have been more definitely developed, both as to office procedure and tradition of repayments has spread among successive groups of borrowers.

The group guarantee has proven the only part of the plan that has not been accepted easily by those who are studying the administration of loan funds. While the Division of Student Loans does not regard its form of safeguarding the fund an ideal feature, it does maintain that this method of handling the problem is the least objectionable, least cumbersome, and by far the most economical to the student and the administering organization. It obviates the necessity of a heavy service charge, property collateral, or the assignment of personal life insurance where the family should properly be the beneficiary. In other words, the Harmon Loan Plan has been arranged in this respect so that the man or woman who borrows may finance his education in part at least, arranging for repayment after graduation in such a way as not to be handicapped too greatly in his business or private undertakings.

In the operation of a student loan fund, especially where the principal is used, obviously some form of protection is necessary. Where large groups are concerned, some defaults are inevitable. In this connection it should be emphasized that only a small number, not more than one-half of one per cent. at most, will occur through death. Insurance may take one of several forms, but owing to the over-head it is relatively expensive in any form.