

President of the Senate
State House
Annapolis, Maryland 21404

Dear Mr. President:

In accordance with Article II, Section 17 of the Maryland Constitution, I have today vetoed Senate Bill 80.

This bill increases from \$40 to \$60 the service fee that the Maryland Higher Education Loan Corporation may pay a lending institution for services performed in providing a student loan.

This is the very same fee which was increased from \$25 to \$40 as recently as 1977. In addition to this \$40 fee the lending institution also receives both an additional \$40 when the student begins to repay the loans, 7% interest from either the student or the federal government, and a special allowance from the federal government on a quarterly basis.^{1/}

Finally the loans made under the Higher Education Loan Program are not normal personal loans and the interest and fees paid on these loans cannot be evaluated as they would be for normal loans. The lender of these loans operates without the risk attendant other personal loans. The loans in question are 100% guaranteed loans.

I am not persuaded that the cost of processing these 100% guaranteed loans warrants a further increase in this fee only two years after its last increase.

For these reasons I have decided to veto Senate Bill 80.

Sincerely,
Harry Hughes
Governor

^{1/} E.g., in addition to the two \$40 fees, the institution receives, for calendar year 1978, the 7% plus a special allowance from the federal government of 4.0313%, or a total of 11.0313%.