like to enumerate some of the reasons and, where appropriate, offer suggestions for improvement.

One of the major reasons for the lack of participation by many credit unions has been the lack of legal authority to do so. And I have already cited the AFL-CIO example here in the District. While the acts themselves granted participative authority to federally chartered credit unions, State-chartered credit unions had to seek enabling legislation in the State legislature. Most States have now granted such authority. They have been prohibited and forbidden from making such a loan unless they can get their State law changed. In many instances, they have been able to do this. In many States the law establishing the State guarantee program however precluded or appeared to preclude participation by credit unions.

In such States, it was necessary either to amend the law or to seek rulings from the attorney general enabling credit unions to participate. In some cases still this authority has not been forthcoming. There are a number of States where State credit unions in effect are not able to legally make these loans, which will cut out a substantial portion of the credit unions I cited earlier.

Closely connected with the legal blockades, has been the administrative interpretations of some of the State guarantee agencies. In Michigan, the State guarantee agency has been most cooperative in regard to the credit unions and is one of the greatest potential sources of funds for these loans. When it became obvious that bank participation was going to be bad, as the editorial, for instance, this morning shows is nonexistent in the District, then many of the agencies have turned to the credit unions in an attempt to get them to try to fill the gap.

Other States, however, did place asset limitations on credit unions. That is to say, you may participate in this program, but to no more than 5 or 10 percent of your total assets. It would limit the degree of participation of the credit union. Since the average credit union is very small across the country, perhaps a half million dollars in total assets, an asset limitation of this type obviously precludes any credit union from making very many loans.

Other States did not actively encourage credit union participation. These attitudes and actions were not malicious. They appear to have been founded on ignorance and lack of familiarity. There are a lot of these people who really don't know anything about credit unions. This is true of people throughout the United States. We are still a fairly new phenomenon and not clearly understood by a lot of people. A substantial improvement in attitude has been noticed, however, and we feel that the problem which initially existed has been substantially or generally solved.

Another legal barrier has been the inclusion of 10 percent limit on the number of loans that federally chartered credit unions can make under the Higher Education Act. This is, however, partly softened by the fact that an additional 5 percent limit is tacked on for the National Vocational Act, which will give them a total of 15 percent, although, as a matter of fact, very few loans have been made under the National Vocational Act. Most of them have been made under the provisions for general colleges.