under the highest interest rates and tightest money market conditions in 40 years with a great deal of administrative problems, there have been 685,000 loans made to a tune of $558 million.

I think it is significant that this is exactly the selling point that we took to our membership when we started in 1965–66 so actively promoting the program. I think it explains why 80 percent of lender participation, where we have the figures in the States where you have direct Federal guarantee, comes from commercial banks as compared with other financial institutions.

We have played this aspect to the absolute hilt, that it is good for the bank because it is good for the community, it is good for the country and in the long run it will give you more customers and may even give more recruits for employees and officer trainees in the future.

But this is not a sustainable, or not a way to really get the program going on all fours at the present time if the banker comes back and says, "Yes, but I am losing money on every loan I make."

If we can get the marginal amount there, we can have a tremendous push to the program and will do everything certainly we can to push it.

Mr. HATHAWAY. Do you think that bankers are relying on the expectation that Congress will increase the return of these loans? I notice you state that the number of loans have increased tremendously as we have gone along.

Mr. WALKER. The people closest to this are the people who are in charge of the various State plans whose representative will testify before you this week and I think that he will tell you that in certain States there has been tremendous reliance on forthcoming of the fee on a retroactive basis. I think some of the studies that have been made by college boards and others that are looked into this, support that thesis very, very much. This varies from State to State, but the indication I get from all over the country is the fee has been an important factor.

Mr. HATHAWAY. Relying on the whims of the Congress.

Mr. WALKER. I say at certain stages a person has to stick his neck out and I did.

Mrs. GREEN. Congressman Quie.

Mr. QUIE. What do you mean by the conversion fee? You mentioned there are four $35 fees, if there are four loans made?

Mr. WALKER. This is when the student graduates and goes into the bank and the loan which has sat there on the books for 4 years is then turned into a payout operation and he is going to say "I want to pay off in 6 years," and you compute what the amount is per month, and so on. There is also administrative cost there so there was to be a conversion fee, too, recommended in the same amount.

Mr. SMITH. Up until that point you were having effect on, let's say, our "for demand notes" laying in the bank and after the year's grace period is run the student comes in and consolidates those and on a payout agreement and decides what the monthly payments will be and how long he wants to take. That is conversion activity.

Mr. QUIE. What of the value of the Federal guarantee of every loan? You are not going to lose on any of those loans. You said that the automobile loan was not as expensive, but really. if you had a