setts that have cut down their percentage of lending funds would immediately increase the percentage of loaning funds which would make the availability of funds at the source much greater which we feel is the crux of the whole program.

Mr. NESTOR. Madam Chairman, the experience there has been that in the words of the lender when I have to appear before our board and defend our loan portfolio in terms of profit and loss, it becomes rather embarrassing.

When I have to lighten the load in terms of the nonprofit types of business venture, this is one area that I can reduce.

Now this has been expressed by a number of lenders at the present time.

Let us remember that some of them do not have too heavy a portfolio perhaps this year but they are building it in New Jersey very rapidly.

We can see almost as they tend to build their portfolios they begin to place restrictions, as has already been pointed out, on those to whom they will make the loans, that they must have an account with them and indeed in a couple of instances they must reside in the immediate area or even attend the local high school.

This has caused some serious problems throughout New Jersey. In one county a student can't get a loan. In other counties the situations are very tight. I must say, however, that I do not feel that this matter of the fee business would be argued as strongly by all lenders.

I think there is some difference of opinion among the lenders. I think there are some lenders in the program who are in it because they believe in the program, in the necessity for providing some assistance to the kinds of students that are getting these loans, in all honesty will stick with the program.

Mrs. GREEN. Accepting what you have just said, you say they are in it because they want to help these kinds of students to get loans to go to colleges, I find that is a bit of conflict that they require the parents to have a bank account there.

Mr. NESTER. Excuse me, I say some are in it this way.

What I tried to do is to point out that there is a difference. In other words, simply to say that by increasing the fee to the lender is not going to solve the problem, this is a problem with a great many lenders but there are other problems involved, too.

Mr. HOLLISTER. We happen to have more outstanding than other States do. I believe if we could identify, on this reserve city formula there was a large group of reserve city banks which were not restricting loans to children whose parents had accounts there.

I do know in the State of New York, at the moment, of only three commercial banks which so far has a restriction. The largest lenders we have in Metropolitan New York are not making such a restriction but they are constantly calling my office and asking the question, "Has anything happened on this fee part?"

I think they are getting quite critical now, wondering what they are going to do for this next academic year. I would expect in our particular State we have had more restrictions come in than we have had in the past. Unless some better return is provided for the lenders, I think they would continue with the students they started with but I think the student just starting his program would have more difficulty.