

by the Secretary) that, subject to the limitations of this paragraph and subject to such other requirements and conditions as the Secretary may prescribe, shall be paid by the Commissioner to eligible lenders with respect to loans made by them and insured under this part by the Commissioner or under a program of a State or of a nonprofit private institution or organization. No such application fee and no such other fee shall exceed \$35. No more than one such application fee may be paid by the Commissioner to any such lender with respect to all loans to the same student borrower for the same academic year (or its equivalent) of study and no more than one such consolidation or other conversion fee may be paid to any such lender in respect of the total insured indebtedness of a student incurred for the pursuit of his entire study program (as defined by the Secretary). In establishing such schedules, the Secretary may take into account among other factors the reasonable and necessary administrative costs (not adequately compensated for by allowable interest charges) to eligible lenders of making and servicing loans to be insured under this part.

"(b) (1) There is added after the first sentence of paragraph (1) of section 428(a) the following new sentence: 'In addition, the Commissioner shall pay, when due, such authorized application fees and consolidation or other conversion fees as may be provided pursuant to subparagraph (B) of section 428(a) (2) with respect to loans to any such student but without regard to the student's adjusted family income.'"

15. *To project future needs, a task force should be assigned to identify all the elements involved in estimating future requirements of guaranteed loans, and each State should be requested to prepare its projections for the next 5 years. (See recommendation 7.)*

OE position

The Office of Education currently makes projections of demand and supply for the guaranteed loan program as well as all other programs. We believe the estimated needs and loan availability in each State could be made a part of this projection.

16. *To increase participation from the present potential sources of individual lending institutions, the Office of Education should be enabled to enter into agreements with those larger nationwide insurance companies, credit unions, universities, and others who would commit themselves to designated minimum amounts of loan funds over a period of years. (See ch. VIII, pp. 37-38.)*

OE position

We endorse this recommendation and will seek to encourage any potential lender to make guaranteed loans available to eligible students, when lenders with a national clientele do not fit into a pattern of State guarantee activity. This is now permissible in any State in which Federal insurance is available.

17. *Greater efforts should be made on the part of States to gain new and increased participation by individual lending institutions within the States. States should be advised also of methods for providing new and supplementary sources of loan funds and encouraged to give these sources consideration in anticipation of greater demands for loans to be made upon them. (See ch. VIII, p. 38-39.)*

OE position

We agree with this recommendation and hope that additional OE field staff can be provided, so that a determined effort can be made to encourage greater lender participation in each State's program.

18. *To make loans available to students now finding it difficult, if not impossible, to obtain loans, States should be encouraged to set up a central service division and, where necessary, a central pool of credit to provide loan funds for such students. (See ch. VIII, p. 39-40.)*

OE position

Basically, this concept has been explored in several areas of the country. North Carolina was the first to do this and was followed by Washington, D.C. The idea thus far has proved very ineffective, since lenders tend to use such pools as an excuse for extremely limited participation in the program.

19. *Guaranteed loans should be made eligible as matching funds for grants under the educational opportunity grants program. (See ch. VIII, pp. 40-41.)*