

UNL employs agencies to keep loan defaults down

By Liz Austin

The default rate for federal student loans through UNL has doubled in the past five years but is still well under the national average, a UNL official said.

According to Ken Pischel, assistant director of Student Accounts, the UNL default rate on federal loans for students is 6.6 percent compared with the national average of 17 percent.

The Department of Health, Education and Welfare may decrease federal funds for universities with the highest default rates on student loans, but UNL won't be affected because of its low rate, Pischel said.

To keep the default rate low, UNL employs two collection agencies, National Account Systems in Lincoln and Credit World Services Inc. in Kansas, he said.

It is the agencies' job to recover the money for UNL so that it can be loaned out again, he said.

When a loan payment is 180 days past due it is placed with one of the agencies, Pischel explained. The agency tries every legal means to recover the loan he said.

Accelerated loans

He said if the agency locates the person who flatly refuses to pay, then the loan is accelerated and the agency goes to court to collect the total amount of the loan.

But after six months if the agency has made no progress the loan goes to the second agency.

At this point, the amount due is automatically accelerated to the total amount of the loan, Pischel said.

Since the second agency is looking for more money, they may try a little harder

to find the person, he said, adding when the agency locates the person, they go to court to recover the money.

According to Nancy Wiederspan, loan adviser for UNL Scholarships and Financial Aids, going to court for the entire amount often means the defaulter has to take out a loan with a high interest rate to pay back the school loan.

When this happens all the benefits of a low-interest school loan are "out-the-window," she said.

Not receiving payment notices is no excuse for not paying back the loan, she said, because students are told that if they are not contacted within three months after their graduation it is their responsibility to contact the UNL.

Bankruptcy no excuse

Many also think filing bankruptcy will excuse them from paying a school loan, but student loans are not discharged under bankruptcy, Wiederspan said.

Financial aids officials take steps to prevent default on loan payments before the student is out of school, she said.

Before students are given the loans they must attend a meeting for pre-loan counseling. At this meeting it is stressed that a loan is not a grant so it must be paid back, Wiederspan said.

Students also sign a statement of rights and responsibilities which essentially says the student understands that it is his responsibility to repay the loan and promises to do so, Wiederspan explained.

Before the students leave school, they are required to attend an exit meeting. It is basically the same as the first meeting but explains payment plans and what to do if

not contacted about payments, she said. "We also use a few scare tactics in terms of responsibility," Wiederspan said.

Financial aids officials have tighter control over short-term loans, she said. If they aren't payed back by May, the student can't get back into school.

UNL won't release transcripts on anyone with a defaulted school loan, she added.

Wiederspan said problems with repay-

ment arise when students get themselves over-extended by taking more than one loan at once.

"Students see loans as an immediate short term solution to long term problem," she said. "I see too many kids who get out and ask me why I didn't tell them how hard it would be to pay back those loans."

Wiederspan said she advises students to work more and carry less hours so they won't get over-extended.

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Gasahol production could help cut harvest surpluses—speaker

By Kim Wilt

Increased gasahol production would benefit the United States in five ways, the president of the National Gasahol Commission said Tuesday night.

Speaking to members of the press, Holly Hodge said gasahol production would provide a market for surplus agricultural products, be a renewable source of fuel, reduce United States dependency on imports, reduce automobile emissions and create a new industry and a new source of jobs.

Nebraska has had a gasahol program since 1971, Hodge said, when the state began a road test program, using gasahol in emergency vehicles. When a seven member Gasahol Committee considered that test and later ones successful, and then set up a gasahol distributing station in Holdrege in 1975.

Since then, Nebraska has established 50 gasahol distributing center.

Illinois alcohol

Gasahol is 90 percent unleaded gasoline, and 10 percent grain alcohol. The alcohol can be produced from many sources, Hodge said, including corn, corn stocks, sugar beets and sweet potatoes, he said.

Nebraska transports its grain alcohol from Decatur, Ill. because no alcohol is produced in the state. Hodge credited this to the high cost.

He estimated that the largest plant would produce 20 million gallons of gas-

hol per year, and would cost \$30 million to build. More federal loan guarantees, like the \$15 million provided by the 1977 Federal Farm Bill are needed, he said.

Presently, Nebraska adds 15 cents to the cost of its gasahol, which is the cost of transporting the alcohol from Illinois.

With the 15 cents addition, the total price of the gasahol is \$1.64 per gallon. But, the consumer pays about 74 cents per gallon because of federal and state tax credits.

Production not limited

Last year, Nebraska distributed between 100,000 and 120,000 gallons of gasahol. Total gasoline use in the state averages 900 million gallons per year.

Other states are also testing gasahol, and developing programs for its use, Hodge said. Because alcohol can be produced from a variety of agricultural products, he said, gasahol production is not limited anywhere in the country.

"Each state is unique in the raw materials it can use for gasahol," he noted.

The National Gasahol Commission represents 26 states and three Canadian provinces. The commission is a tax-exempt, non-profit organization, established in 1978, "to accumulate and disseminate information to everyone interested in gasahol," he said.

The Midwest Energy Alternatives, an organization interested in the use and production of alternate forms of energy, sponsored Hodge's talk.

Letter-writing campaign starts

In an effort to inform the people of Nebraska about the academic situation and the NU Board of Regents' regard for student opinion, the Residence Hall Association is mailing letters to newspapers of Nebraska, according to Jay Curtiss, chairman of the RHA committee coordinating the effort.

The letter is the same as the one printed in the *Daily Nebraskan* on Friday, February 16. In short, it states that the members of RHA are opposed to the approved 9,000 seat stadium expansion.

Curtiss cited three main reasons for this opposition: the regent's spend too much time on football concerns and not enough time on educational interests, the method of funding is unsound and approval was

given at a time not conducive to student input.

Student signatures will be included with the letters. Students sign the letter going to their hometown.

About 400 names have been obtained and response has been good, Curtiss said.

"We want to make it clear that we are not against football, but we feel that other interests could use more attention. If nothing else, we want to make the people of Nebraska curious about what goes on here," he said.

RHA representative Kevin Bernit said, "We are more opposed to the regents non-interest in students' ideas and their needs, than we are to the stadium expansion."

The letter will be mailed sometime next week to about 40 Nebraska papers.

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