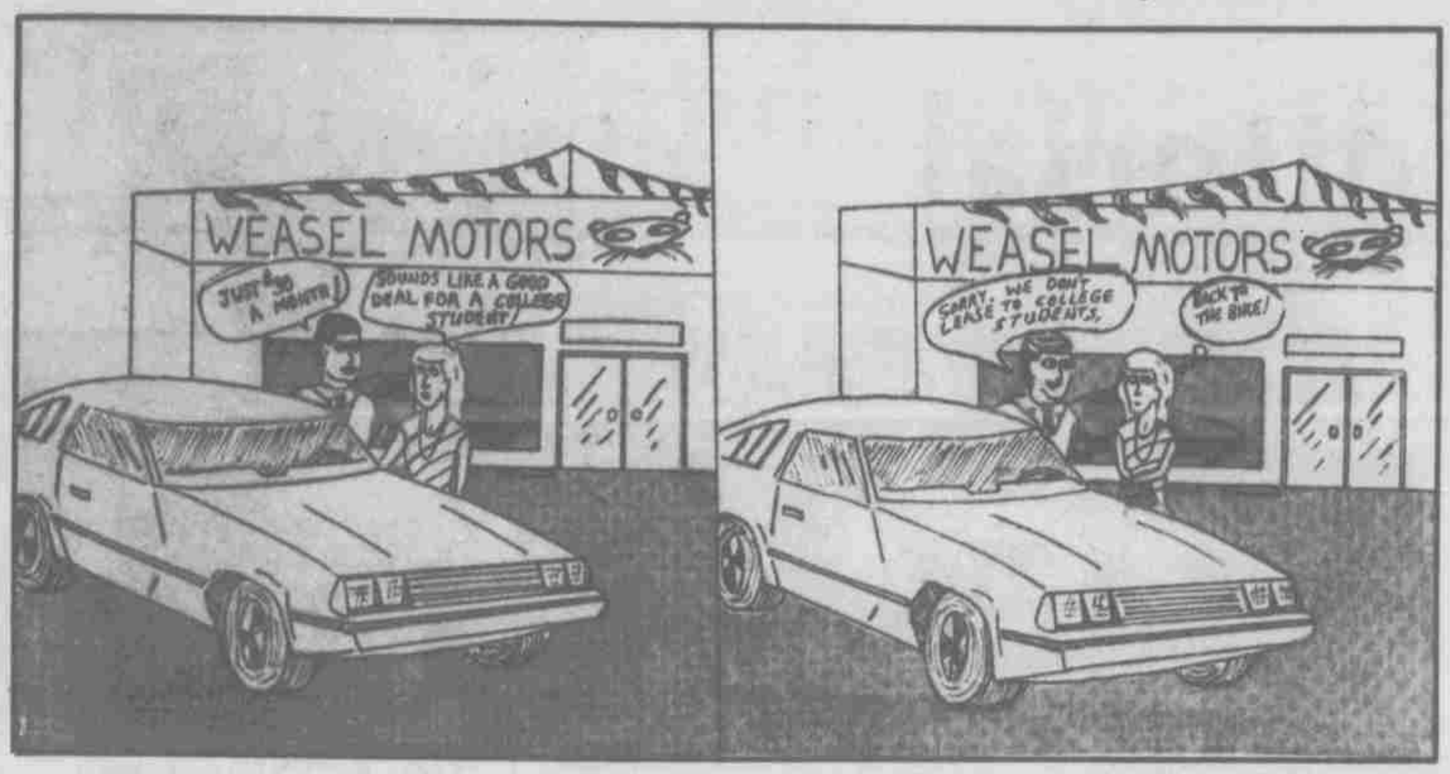

Gene Reiser/Daily Nebraskan

One in six not owned

Leasing of autos on upswing

By Jody Halbrook
Staff Reporter

Driving a new car is a lot more fun than financing it. That's why many prospective car owners are signing contracts to lease rather than to buy.

Although some local car dealerships have been leasing cars for as long as 20 years, the trend is developing rapidly. Today one in every six vehicles in the United States is leased. Ten years ago one-tenth of the cars were leased, according to Money magazine.

"More cars will be leased as their prices become higher," said Lenny Davis, sales representative of William-son Oldsmobile-Honda. "By 1990, with inflation, the price of a new car will be $20,000."

"The biggest advantage is that you can put less down and have lower payments than you have with a loan," said Brad Rank, sales manager of Dean's Ford Inc.

In these aspects, leasing a car works like renting a house.

"At the end of the lease, you can walk away from it," Davis said. "Yet at the end, you have a pile of 36 months worth of receipts, and you end up owning nothing."

He said the lessee actually owned only the time he spent driving a new car, because dealers only lease new cars.

Davis said his company won't contract anything older than a 1984 model because, as mileage increases, the car's value becomes harder to determine.

Drivers may lease from one to four years with payments averaging from $250 to $350 a month depending on the car's value. The lessee pays all insurance and maintenance costs, said Rosemary Dillow, accountant for M-K Leasing.

Most people who lease cars are young couples and business people, she said.

"They're mostly salesmen and businessmen who need a car because the lease serves as a tax write-off," Dillow said.

The dealers said they don't lease cars to college students.

"You have to have better credit to lease a car than to buy one," Dillow said.

She said drivers must choose whether to buy an older model or lease a new model.

No one will know that the sleek, new model is only a rental.

But, as Dillow said, "it's not yours. It's still ours."

Police Report

The following incidents were reported to UNL police between 1:12 a.m. and 9:21 p.m. Sunday.

1:12 a.m. — Knee injury reported near Mueller Tower. Person was taken to the hospital.

5:13 a.m. — Vandalism reported to a window at Pound Hall.

2:01 p.m. — Hit-and-run accident reported in Parking Area 16 north of Nebraska Union.

2:37 p.m. — Car-bicycle accident reported at 16th and S streets. No injuries were reported.

7:52 p.m. — Two computers reported stolen from Bancroft Hall.

9:21 p.m. — Money reported stolen from Abel Hall.

Report outlines troubles in state's farm economy

By Kim Vavrina
Staff Reporter

Even with about 30 percent of Nebraska's 58,000 farmers operating with no debt, the financial problems facing the farm economy will not quickly disappear and could take well into the next decade to resolve, according to a mid-year report from the UNL agricultural economics department.

Bruce Johnson, associate professor of agricultural economics, reported on the financial instability of Nebraska's farmers in a recent departmental report.

In determining financial instability, economists use a debt-to-asset ratio, which compares the dollars of debt to dollars of assets. Generally, Johnson said, more than a 40-cent debt for every $1 of assets signals probable financial problems in agriculture.

Nebraska's debt-to-asset ratio averages 35 percent, he said, even though 17,500 farmers have no debt at all. Another 4,800 farmers operate with small debts, only a 10 percent debt-to-aset ration.

Johnson said the figures show that about 23,000 Nebraska farmers are trying to carry a debt-load above the recommended level.

Of this indebted group, 13,000 farmers have debts equaling about 40 percent to 70 percent of their assets, he said.

The remaining 10,000 farmers have debts equalling 70 percent or more of their assets, Johnson said.

Farmers with debt-to-asset ratios of more than 40 percent hold the majority of unpaid loans in Nebraska, Johnson's report shows.

According to the report, even farmers with little or no unpaid debts suffer because of the economic situation. Declining values of assets affect all farmers.

With the estimated debt of Nebraska's farming sector totaling about $9.6 billion, "uncertainty clouds the economic horizon," the report said.

Johnson says in the report that adjustment to current economic conditions must come. The kind and size of adjustment depends heavily on farm income.

"Change will be inevitable, and not without pain," the report said.