

campus & city

# Local student loan board set up

By DINA KRUMNOW  
Battalion Reporter

If everything goes as planned, relief could be ahead for the financially troubled college student in this area.

Bryan and College Station are in the process of forming a corporation through which any qualified student may obtain financial aid. The program will give preference to Texas residents.

Although the program is not expected to be in full swing until the

**The interest on these loans is 7 percent. The current rate at banks is 14.5 percent.**

summer of 1981, a partial system could begin as early as next fall.

The loans will be made through commercial loan institutions, said Alvin Bormann, interim director of financial aid for Texas A&M University students.

The interest rate on these loans is 7 percent, compounded annually. The current rate on non-student loans from banks is 14.5 percent, Bormann said.

The amount of money available per student varies depending on

**This process allows banks to recover their money in about 90 days.**

classification, he said. Graduate students may receive up to \$5,000 a year and undergraduates can borrow a maximum of \$2,500 a year. These amounts are in accordance with requirements set by the federal government for student loans.

Before receiving a loan, students must be in good academic standing, and have at least a 2.0 grade point ratio, Bormann said.

Since freshmen have not established a grade point ratio, Bormann said, they may only receive up to \$1,750 a year.

Students must also be attending an accredited university or college and fill out a Federal Insured State Loan application, which is available at the financial aid office on YMCA building.

Once this application has been processed and accepted, a local bank makes payments in two equal installments.

The bank sells the promissory note on the loan to the loan authority, a governing body of trustees which establishes policy for obtain-

**Students may take up to 15 years to repay the loan.**

ing student loans. The promissory notes are kept in a holding bank in Dallas until the loan is repaid.

The loan authority, in this case set up by Bryan and College Station, sells tax-exempt municipal bonds to business groups, such as insurance agencies, to recover the cost of the loans. These bonds are not to be confused with a city bond issue, Bormann said.

This process allows banks to recover their money in about 90 days, Bormann said, instead of waiting for years.

Students may take up to 15 years to repay the loan, depending on the terms of the loan agreement, he said.

Although many policies are set,

details have not been established. A board, set up by the two others, consisting of eight local members, will work out the details of the plan.

**Participating banks will receive a supplement from the government to compensate for low interest rates.**

Bryan and College Station each have four members on the board.

The College Station delegates are John Koldus, Taylor Reidel, O.M. Holt and Bill Fitch.

Perry Pope, Charles Hart, Roy Simmons and Sam Nigh will represent Bryan on the board.

The plan was "favorably received" by local mayors, city managers and Texas A&M officials, Bormann said.

"The board has also taken a poll of local banks to get their response," he said. "They expressed a positive attitude. I feel they will all be involved."

The local banks have three main concerns, Bormann said. They are concerned with service to the community, reduction of paperwork and cost of the student loan operation.

The participating banks will receive a supplement from the federal government to compensate for low interest rates on student loans, he said.

"The problem is banks usually

don't want to participate because they can't meet the expenses," Bormann said, "but this will cover them."

Hatcher and Co., a financial consulting firm in Dallas, was instrumental in the inclusion of the requirement of monetary compensation, according to city documents.

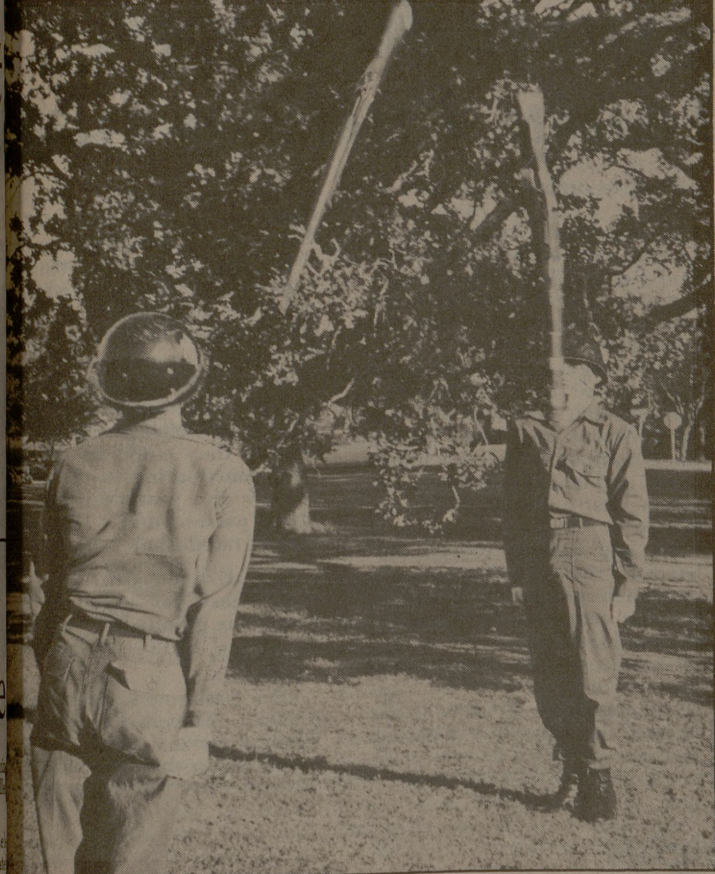
Hatcher and Co. did all the groundwork of the loan plan, Bormann said. The company has established this type of loan corporation in south, central and north Texas and parts of Oklahoma.

According to the Hatcher plan, each of the three corporations has designated counties in which they operate, Bormann said.

After one meeting, the local board has not decided which counties it will cover, he said, but Brazos County will be included. This means Texas A&M students and possibly Blinn College students could be loan candidates.

Ralph Russing is the financial consultant from the Hatcher company who will create the local student loan authority. Russing will also be involved with selling the municipal bonds to businesses, Bormann said.

"The plan will not be operated by A&M, but we will utilize it," Bormann said. "I think it will be a direct benefit to students. We're very optimistic about it and are looking forward to it."



Battalion photo by Ruth Graves

## Gunslinging fish

Fish Drill Team members Scott Sturgeon (left) and David Barton practice throwing 10-pound rifles for exhibition drills which are part of the team's performances. The drill team practices Monday through Thursday behind Duncan Dining Hall. First performance will follow the Corps march-in before the Texas-Texas A&M football game.

## Costly oil caused by U.S., prof says

Arabs and other citizens of OPEC countries are not to blame for the rising price of fuel or the nation's monetary problems, an economic expert at Texas A&M University said. "The amount of oil that an OPEC nation must give in exchange for gold is almost as much today as it was before 1971," Uselton said. While a barrel of oil cost \$1.80 eight years ago, an ounce of gold would buy 19.4 barrels. Now a barrel of oil costs \$20-\$22 but an ounce of gold still buys 19 barrels of oil.

"OPEC is not to blame for our domestic inflation," Uselton said. "Instead we should blame our own government for deficit spending, for shaving off the value of our money — and lowering the productivity of workers through regulation."

When it became known that the coins were not genuine, the wine dealer began to demand more of the less valuable coins in exchange for the goods, he said. Although the wealthy wine consumer complained bitterly about the increasing price of wine, the merchant explained that the price of gold in terms of pure gold had not changed.

Uselton said a similar situation occurred in 1971 when President Nixon announced an economic policy in which the U.S. government would no longer redeem its outstanding dollars with

## Clements names Miller to council

Texas A&M University President Jarvis E. Miller is among seven top educational administrators named by Gov. William Clements to the new Higher Education Management Effectiveness Council.

Clements said in a letter to the appointees that the council should "take responsibility for defining specific steps necessary to implement the overall Texas State Government Effectiveness Program in higher education and to oversee the actual implementation process."

Noting the public has expressed concern over management of both government in general and higher education in particular, the governor termed it "imperative that higher education take the initiative to speak to these concerns and, where needed, initiate changes."

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