

Thursday, April 5, 1990

## Financial study reveals failed real estate loans burden Texas economy

DALLAS (AP) — Texas financial institutions are saddled with \$43.6 billion worth of bad real estate loans, almost half of it on undeveloped land, according to a state study released Wednesday.

The study by the Finance Commission of Texas, which regulates both banks and savings and loans, says \$28.1 billion of those loans already have been foreclosed and are in the hands of the government or lending institutions.

The remaining \$15.5 billion, or 35.6 percent, are non-performing loans, that is three or more months past due, and candidates for foreclosure.

"This survey is the result of a cooperative effort of various state and federal agencies to determine the extent of the Texas real estate problem by various categories of holdings," Chairman R. Dary Stone said.

Stone said he did not expect the figure to grow significantly because of the inclusion of non-performing loans.

"I think that's the bulk of it," he said. "It can grow, but it's not going to double or be 50 percent again as much."

The estimate does not include loans held by out-of-state institutions, an amount Stone estimated could increase the total between \$10 billion and \$18 billion.

Bill Ferguson, an analyst who tracks the financial industry, estimated the bad loans represent about 16 percent of all banking and thrift assets.

"When you consider as a rule of thumb that (an institution) with more than 2.5 percent is in trouble or headed that way, I think this has significant implications for the short term economic outlook in Texas," Ferguson said.

"It still is not going to be good," Ferguson said. "This property is going to have to be disposed of and returned to income-producing form."

According to the study, compiled from the June 30, 1989 reports of federal and state agencies as well as Texas institutions, \$19.44 billion worth of the loans are on undeveloped land.

Stone, president of Delphinance Development Co. in Dallas, said he was surprised at how many of the loans were backed by raw land.

"There's really a small amount

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— Bill Ferguson, financial analyst

of office buildings, hotels, commercial properties, relative to the entire market," Stone said.

He said the survey also indicates government agencies charged with selling some of the seized properties will have a hard time disposing of their holdings, especially because of the current lack of a market for raw land.

Ferguson said the study indicates "there's still some significant hits to be taken. ... You have to conclude that the best use for some of that land is to hold the world together."

The best information available, according to Stone, indicated that distressed loans on developed real estate, or \$24.12 billion, was 5.5 percent of the value of all developed land, or \$436.07 billion.

## What do you think about B-CS?

# Survey to capture citizens' views

By PAM MOOMAN  
Of The Battalion Staff

Employees of the Texas A&M Public Policy Resource Lab are conducting a phone survey of College Station residents until April 12 to find out what they think about the city.

Peggy Calliham, public relations and marketing manager for College Station, said six years have passed since the last phone survey.

"The intent is to find out how citizens perceive services from College Station," Calliham said. "What are the good things? Why did (they) choose to live here?"

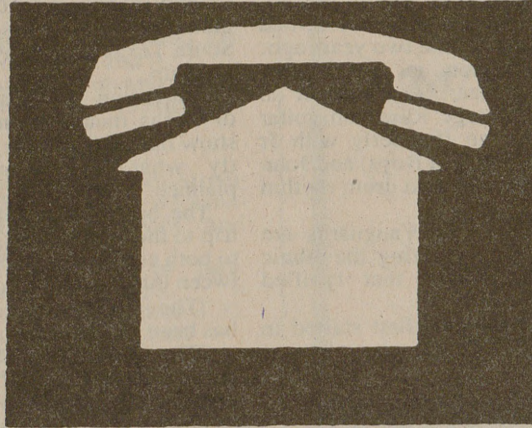
City officials also are interested in how citizens feel about city employees — whether they view them as helpful and polite.

"From the answers we get back, we hope to pinpoint some weaknesses," Calliham said.

Hopefully there will be positive responses, and the city can use them to market College Station to businesses and tourists, she said.

"It's a starting point for our annual planning process," she said.

The newly elected city council meets in June and decides how to prioritize spending time and money in the city, she said. The city already may



have ideas of the areas that need improvement, she said, but they don't want to assume anything.

The random telephone survey will sample 500 people, and a percentage of those will be students, Calliham said. However, probably less than 50 percent of those surveyed will be students.

"You want a balance," she said.

The city doesn't just want to survey registered voters and homeowners, but it also doesn't want a disproportionate amount of students, she said.

Calliham said the survey is confidential and callers never ask for names. The first question that is asked, however, is if the citizen lives in College Station.

If they say no, then the caller doesn't proceed with the survey, she said. Those surveyed also must be 18 or older.

Information obtained from this survey will be analyzed using statistical methods and broken down into demographics, which are characteristics of the sample population such as sex, income and occupation.

"It'll give us some information to do our homework," Calliham said.

Survey results should take two to three weeks to analyze, she said. Calliham said she expects the report to be made public around mid-May.

Although citizens might be annoyed when they are called and asked to give up 10 minutes of their time, Calliham said, she hopes they take time to participate in the survey.

The Public Policy Resource Lab is an on-campus group that surveys public opinion.

## Speaker backs school finance reform bill

AUSTIN (AP) — House Speaker Gib Lewis threw his weight behind a \$450 million school finance reform bill Wednesday, as teachers warned schools may close unless lawmakers act quickly to meet a May 1 court deadline for change.

"We're on a fast track, and we are hoping to get everything solved as soon as we possibly can," said Lewis, D-Fort Worth, who predicted House passage of the bill.

"It's a bill that I support," Lewis told House members. He asked them not to amend the bill when it comes up for debate, planned for Monday.

If the bill wins House approval, a conference committee could be appointed to work out differences between it and a Senate measure that would pump \$1.2 billion more into public schools in 1990-91.

Lawmakers are in a second special

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— Ollie Besteiro, president, Texas State Teachers Association

session to address a Texas Supreme Court ruling that the school finance system is unconstitutional because of disparities in funding available to property-rich and -poor school districts.

If they don't meet the deadline to reform the \$13.5 billion-a-year system — which relies on a combination

of local property taxes, state aid and some federal funds — the court could freeze school funding, closing most schools, said Ollie Besteiro, president of the Texas State Teachers Association.

Besteiro, whose group supports the Senate's \$1.2 billion plan, laid the blame at Gov. Bill Clements' feet

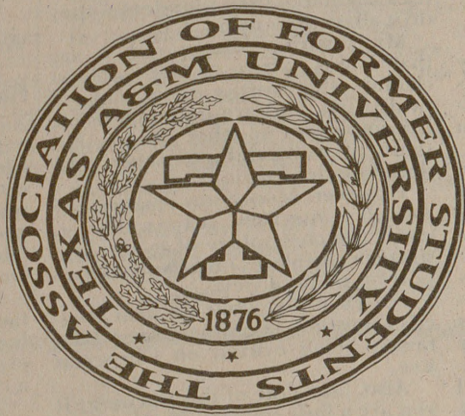
if schools close. She said his \$300 million limit on new school funding for 1990-91, meant to avoid a tax increase this year, is "woefully inadequate."

"History has recorded Gov. Clements as the first Republican governor in Texas since Reconstruction. If he shuts down our public schools ... I think it would be safe to predict that it may be many, many years before Texans will risk electing another Republican governor," she said.

If schools close, Besteiro said, TSTA would call on educators, parents and students to descend on Austin May 5 "in the largest demonstration of public outrage since the fall of the Alamo to Santa Anna."

Clements' press secretary, Rosanna Salazar, responded, "I don't think you can place the blame of the Legislature's being unable to reach a consensus on the governor."

## GATHRIGHT AWARDS AND BUCK WEIRUS SPIRIT AWARDS



ANNOUNCEMENT AND PRESENTATION

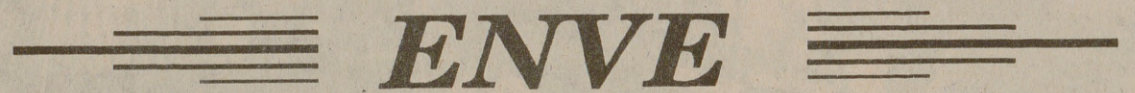
9:00 A.M.

SUNDAY, APRIL 8

RUDDER AUDITORIUM

All applicants should attend!

The Society for Entrepreneurship and New Ventures



Invites All Aggies to our General Meeting for Spring 1990

All Current Members Are Asked to Attend

Don't Miss this Discussion of ENVE's Future Plans!

**Monday, April 9**

@ 7:00 pm in Blocker 150

**Call 693-8978 For Info.**

(Ask For Britt)