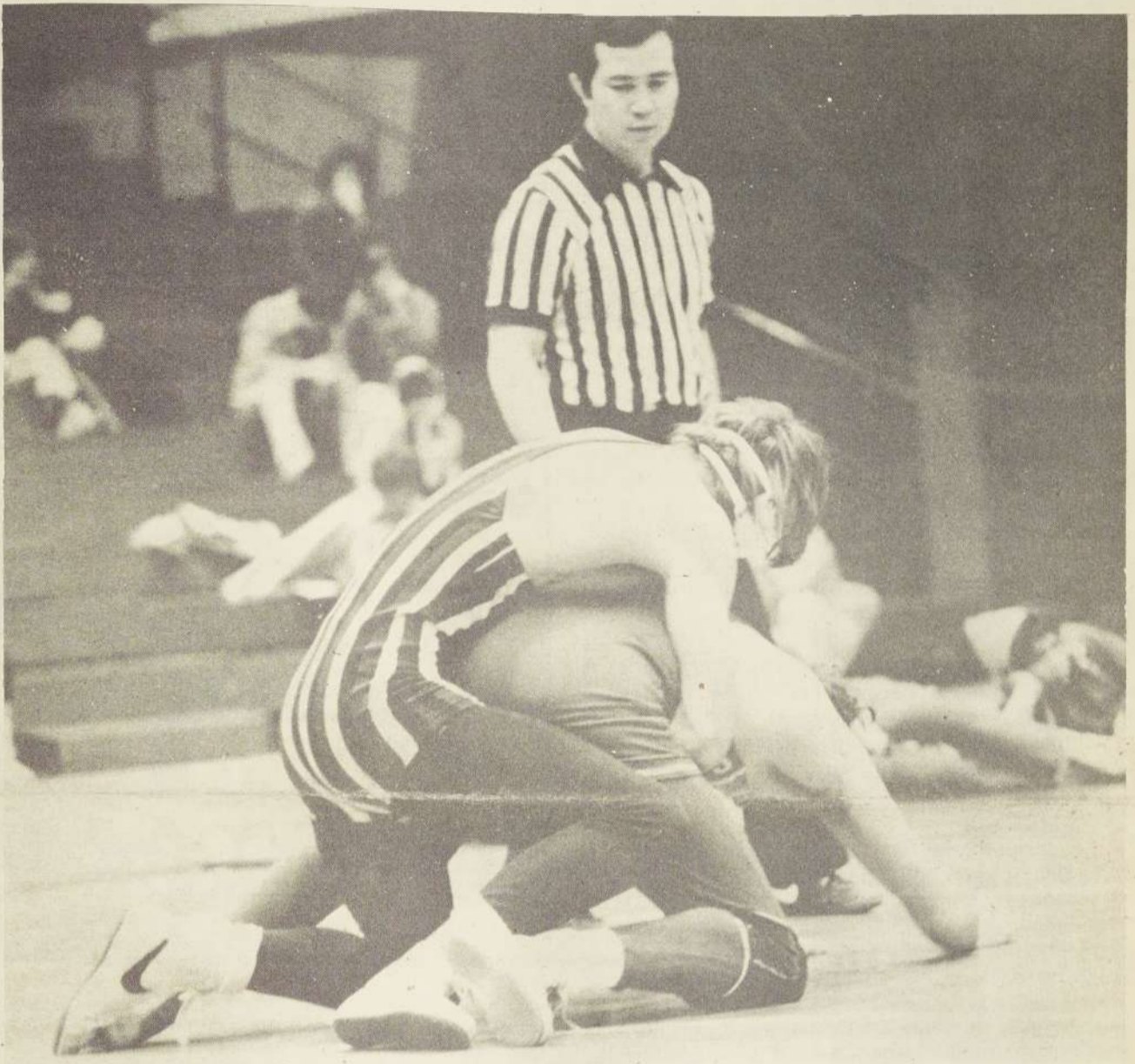


## Matmen win at tourney

The Cougar wrestling team sponsored a 15-team tournament this weekend featuring some of the best squads in the Northwest. Clackamas also was well represented as they showed by taking first place. For a few more details see page 7.



## Oregon ahead in loan repayment game

By Joe Woods  
For The Print

While students from coast to coast are earning poor marks on their credit ratings by defaulting on federally insured loans, Oregon student loan recipients are earning praise for making their loan payments on time.

The national rate for student loan defaults has skyrocketed to a whopping 23 percent recently. More than 250,000 recipients of state and federally guaranteed student loans are now truant in their repayments.

But in Oregon, the default rate is 7 percent for student borrowers.

The reason? Some suggest the success is linked to good communication between lenders and student borrowers.

Larry James is an example. In 1975, James dropped out of school owing a local bank \$2,000 on a loan which he had hoped would help him through college. But after three years of study, James was tired of

studying and left school. Ten months passed before he was notified payment was due on his student loan. He hesitated. More letters followed the first one. The correspondence included threats of income tax return attachment, one of the state-sanctioned methods of collection. James finally decided to pay up.

"They had me, I guess," said James. "I figured it would be easier to pay back \$30 a month than to be continually hounded by collection agencies and court proceedings." Today, James is making regular payments, and will continue to do so for the next few years.

James' case illustrates why Oregon is successfully beating the national 23 percent of default rate. Betty Hager, manager of student loans for U.S. National Bank in Oregon, cites good communication as the key reason for that success.

"Communication all the way through the process provides for a close watch on all poten-

tial defaulters," she said. "Extensive screening procedures also help to eliminate the would-be offenders from the outset."

All loans made to students in Oregon must be co-signed by a responsible adult if the student does not have established credit. After the loan is granted, the college is tasked with monitoring the student's progress. If the student leaves school or falls below adequate academic standards, the bank where the loan originated is contacted. Then the bank uses its own collection agency to achieve repayment. If the bank is not satisfied, the case is turned over to the state for action.

Most student loans in other states originate at, and are guaranteed by, the federal government. Most Oregon student loans are insured at the state level. The proximity of state and local agencies make collection prospects in Oregon much brighter.

Dick Thompson, director of

financial aid at the College, calls the Federally Insured Student Loan program "FIZ-ZLE" because, "on the national level, it has become a nightmare of bureaucratic red tape. Oregon had the foresight years ago to see the potential hazards in such a program and has been able to avoid most of them, making Oregon's default rate one of the lowest in the nation."

Oregon's policy of insuring loans at the state level has caused an alleviation of the headaches being suffered in other states where the federal government guaranteed student loans. When the federal government and the Office of Education is responsible for collecting, the truancy rate has been very high. Recently, regional offices have been set up in San Francisco and Dallas. Their job is to find "deadbeats" and make them pay up. So far, they have not been highly successful.

In Oregon and other states

where loans are guaranteed locally, the rates of collection have been encouraging. Jeff Lee, director of the Oregon State Scholarship Commission, believes Oregon's low default rate of seven percent is a direct result of keeping the entire loan process within the state. "Oregon is doing a better job in this respect because the lending institutions have worked closely with the state to insure better collection procedures. The lenders have done a better job in screening applicants than in other states," said Lee.

The average loan granted to a student in Oregon is \$1,600 per year. The volume of initial loans granted is up to \$14 million this year. The default rate has remained steady at seven percent. Thus, Oregon's plan of localizing all student loans seems to have worked. Lee expects that Oregon will realize only a three to four percent net loss on all defaults after collection procedures are followed throughout the state.

CLACKAMAS COMMUNITY COLLEGE ARCHIVES

