

Business

Despite default record, guaranteed student loans still available

By **CRYSTAL BERNSTEIN**
Staff Writer

The guaranteed student loan (GSL) program has a successful past and a bright future, although numerous incidents of student default have been reported, said Stan Broadway, executive director of the N.C. State Education Assistance Authority.

The student loan program is accessible to anyone who needs aid for education beyond high school, regardless of previous academic performance or planned field of study, Broadway said.

Funds for the loans are supplied by banks and other financial institutions. The loans are guaranteed against default by a state agency or

a private non-profit agency insured by the state, he said.

The average size of a guaranteed student loan in 1987 was \$2,473. The average Stafford loan was \$2,100, the average supplementary loan for students was \$2,600, and the average parental loan was \$3,000, Broadway said. The loans were all funded by the GSL program.

About 93 percent of the students in North Carolina who obtain loans under the program eventually pay the money back, he said. "Generally, the repayment of the student loans is done on time and is done by most people."

Between 93 and 95 percent of the money loaned has gone back into the system, he said.

The national default rate for the 1987 fiscal year was 6.2 percent, said Ross Kleinman, communications director for the Student Loan Marketing Association, an organization that buys loans from lenders.

A certain level of default, which is defined as being at least three months late in making a loan payment, is to be expected in a program that has such a broad mandate for access, Broadway said.

"How much cost we are willing to sustain in order to preserve that principle of open access" is one of the main issues in conducting the program, Broadway said. The GSL program would have to be more restrictive in giving out funds to cut the number of defaults.

UNC students usually repay their loans on time, said Eleanor Morris, director of the scholarships and financial aid office at the University. "We have a good record of repayment from UNC students," she said.

The low rate of default is partially due to the efforts of the collection staff, who keep students informed about their loans and work with students who are having difficulties repaying them to prevent default, Morris said. An extension of the repayment period or a decrease in the monthly payment are possible arrangements for students having difficulty meeting their loan payment plans, she said.

If the overall rate of default were to become unacceptable, government

funding to lending agencies could be retracted, Broadway said.

At UNC, the office of scholarships and student aid would be put on probation and would not be allowed to make loans if too many students neglected to pay back their borrowed funds, Morris said.

Those who neglect to repay face strong penalties. Provisions for debt collection are enforced to the maximum, Broadway said. Students who default on loans can be taken to court, where a judgment can be obtained to take the student's tax refunds or seize his property, he said.

UNC loan officials can hold the academic transcripts of students who neglect to repay their loans and refuse

them readmission to the University, Morris said.

Students who default on their loans also risk damage to their credit rating, which will impair their ability to get future loans, Broadway said. "It will eventually come back to haunt you if you default," he said.

A wage garnishment law is also used in several states, which allows for a deduction of a portion of the borrower's wages on a monthly basis to repay the student loan, Broadway said.

Students should be encouraged not to borrow beyond their limits to teach them the consequences of failing to repay their loans, Broadway said. "Don't borrow unless you are willing to accept the obligation of the debt."

2 local pizza deliveries to offer credit payment options

By **JAMES BENTON**
Staff Writer

The competition among area pizza businesses is heating up, as some pizza deliverers are expanding their services to get a bigger slice of the Chapel Hill pizza market.

Managers of two businesses, University Pizza and Gumby's, said they would allow customers to use credit cards to pay for orders.

In October, Carolina Dining Services began offering a service with Domino's Pizza that allows students to pay for pizza orders with their meal cards.

Managers of some area pizza businesses said the new service had hurt their business and was unfair.

University Pizza, a new delivery service, opened its Chapel Hill franchise last Thursday and is offering the University Pizza Card (UPC), a credit card that students can use to charge pizza or calzone orders.

"Basically, the idea is to simplify the delivery business between us and the customer," said Doug Hampton, University Pizza manager. Students can obtain a University Pizza Card by filling out a credit application and taking it to the store at 300 W. Rosemary St.

Once the information is verified, students are issued a charge card with a limit of either \$125 or \$250 per month and are eligible for a 5 percent discount when paying their monthly bill. Students must pay a \$10 one-time charge for the card, which is credited to their account, and a \$2 monthly charge for billing and

processing. And cardholders also get a two-for-one pizza offer when they come to the store to pick up their orders, instead of having them delivered.

The card will benefit customers and pizza deliverers, Hampton said. Customers won't have to scrounge for money to pay for pizza, and delivery drivers won't have to carry large amounts of cash.

Instead, the customer signs a ticket and gives it to the driver, presenting a picture ID.

Hampton said he expects the UPC offer to do well against other Chapel Hill pizza businesses, including the Domino's meal card plan.

Only about 7,000 students have meal cards, Hampton said, which leaves a huge market of students which University Pizza can focus on for their business. The Domino's meal card plan doesn't offer discounts to students or allow them to charge tips to drivers like the UPC does, he said.

Another area pizza business is developing new services to stay competitive in the pizza market.

Gumby's is considering allowing students to charge their pizza orders on MasterCard or Visa, said Jim Caramello, Gumby's manager. This option would probably begin next semester, he said.

Since many students at UNC have credit cards and Gumby's has lower prices than their competitors, the credit card option could make ordering pizza easier for customers and improve business, he said.

The University Pizza Card will probably affect Gumby's business slightly, Caramello said, but not as much as the Domino's meal card offer did.

The Domino's offer cut Gumby's business on campus by 70 percent and reduced it by 50 percent overall, Caramello said. Since the offer

started Oct. 24, most of Gumby's business has shifted to apartment complexes in Chapel Hill and Carrboro, he said.

The UPC won't drastically affect Gumby's business, since getting a UPC is "too much hassle" and students already have their meal cards and access to Domino's, he said.

Construction causes drop in sales at Stores

By **SIMONE PAM**
Staff Writer

UNC Student Stores has experienced a decline in holiday sales as a result of the construction in the building, officials said Tuesday.

Overall Student Stores sales have decreased 20 percent since construction began Sept. 26, Bill Scarborough, Student Stores controller, said.

The decrease has affected the main floor area of the store and the Bull's Head Bookshop.

"We thought it wouldn't affect us as badly as it has," Erica Eisdorfer, assistant manager at the Bull's Head Bookshop, said. The bookshop will have to take books off the shelves because it's condensing its book category sections, she said.

Because December is the biggest month in terms of sales for the bookshop, Eisdorfer said, she expects

sales to increase over the next few weeks.

The Bull's Head Bookshop is the focal point of the holiday season at UNC Student Stores, mainly because it offers special giftbooks and holiday specials, said John Gorsuch, Student Stores administrative assistant.

To appeal to customers, the bookshop runs discounts such as the Thursday Special, a markdown of certain sections in the store during the holiday season, Eisdorfer said.

The Bull's Head Bookshop offers many holiday gifts, such as discount calendars and new N.C. quilts, Eisdorfer said. The bookshop also carries several books that serve as excellent presents, she said.

Student Stores is trying to help the bookshop's business by selling merchandise in areas outside the building, such as the Pit.

"I think it's a case of too little, too late," Caramello said.

Randy Easter of Domino's Pizza said it was too early to tell whether the UPC would affect business. Domino's business increased substantially when it began the meal card pizza offer but has since leveled off, he said.

The competition among pizza businesses in Chapel Hill is good, Easter said, and Domino's is looking for ways to improve its business.

"Any competition gives us a reason to improve our business," he said. But Domino's does not wait for other businesses to offer innovations before coming up with its own, he said.

Retailers report booming holiday business

By **MYRNA MILLER**
Staff Writer

Chapel Hill shoppers certainly aren't being Scrooges with their money this Christmas season. Employees of various businesses at University Mall and on Franklin Street said sales have increased this year.

"Business is wonderful," said Shelton Henderson, owner of the Shrunken Head Boutique. "We are selling a lot of the super-heavy Carolina sweatshirts and the Carolina afghan throw blankets."

Kathy Sapp, manager of Carolina Pride, also said she was pleased with sales, but she had not seen a real pre-Christmas rush yet. "It is hard to tell how good sales will be because the students are leaving so much later this year," she said.

Farther up Franklin Street, at the Intimate Bookshop, sales are also better than last year, manager Peter Mock said. "People just don't seem to mind spending their money," he said.

At the store, the big seller this season is David MacCauley's "Why Things Work," a scientific book that explains how machines work in a way that people can understand. "It is the big Christmas book this year," Mock said. "We are sold out, every-

body is looking for it, and nobody can find it."

Record Bar is making more money this year for several reasons, manager Richard Layne said. "The compact disc explosion has been a real important factor," he said. Also, he said, the economic situation seems good this year.

Layne said 30 percent to 50 percent of his sales come from UNC students' purchases. The big sellers at Record Bar are the new releases from U2 and R.E.M., as well as traditional Christmas music, he said.

Students are also spending money on Christmas decorations, said Barbara Nowell, manager of Rite Aid Discount Center. "People are buying all kinds of candy and Christmas decorations," she said. "We are even sold out of spray snow."

Roses at University Mall is also a popular spot for economy Christmas shoppers. "Sales this year are tremendously over those of last year," office assistant Belinda Hill said.

The biggest-selling items at Roses are the Nintendo game machines, but similar Atari games have stopped selling, she said. "We are sold out of the Nintendos, which cost from \$99.97 to \$149.97," she said.

Belk-Leggett Co. assistant manager Madeline Sparrow said the University Mall branch was doing equally well compared to last year. "People are buying everything, including jewelry, clothing and especially housewares," Sparrow said.

And people are not forgetting to stop in at the smaller gift shops. "Our sales are up about 35 percent compared to last year," said Allen Lyles, owner of Provisions, a gift shop in University Mall.

Housing

and the RHA's requests. "We listen very carefully to what RHA says," Kuncel said. "There is no way to meet everyone's needs."

Randolph said the housing department is just trying to ensure that the residence halls are filled. "One thing they had hoped to do was to take the sophomores, and by guaranteeing this high-demanding group housing, they could fill 80 percent of the spaces right off the bat," he said.

The housing department is making incorrect assumptions about juniors' and seniors' housing needs, Randolph said. "The juniors and seniors who have to stay on campus would (have to) be willing to live anywhere," he said. "I don't think it will work that way."

Collin Rustin, associate director of contracts and administration, said sophomores make up more than half of the on-campus housing waiting list, making the combined total of juniors and seniors a minority of those waiting for spaces.

The popular gifts for women are soaps and toiletries, Lyles said. And the store offers 100 different imported beers, which are often popular gifts for men, he said. Other quick-selling items in the store are smoked turkeys, 52 different kinds of coffees and coffee grinders.

One Chapel Hill shopper, Paige Christopher, said she is spending more this year. "I'm buying clothes as gifts this year, and they are expensive," she said.

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"The reality is that rising sophomores stay on campus, while juniors and seniors tend to move off campus," he said. "We looked at where the demands are."

A survey conducted by the department showed that 74.8 percent of the students favored guaranteed sophomore housing, Kuncel said. "Even the majority of sophomores, juniors and seniors approved this," he said.

The housing department constructed its proposal after requests from the faculty and students, Kuncel said. Also, he said, "there is a large base of parental support of the sophomore housing policy."

Brian Sipe, Scott College governor, said the housing department is not really addressing the needs of students. "Housing should be open to everyone," he said.

Sipe said he hopes the advising board will honor RHA's proposal, but fears it will discount what RHA says.

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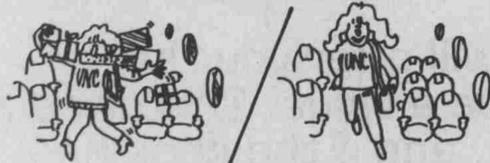
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