

## CONSTANTINE CAPITAL, INC. LOAN POLICY

### MISSION STATEMENT

It is the mission of Constantine Capital, Inc. (CCI) to assist all chapters of Sigma Chi Fraternity in providing adequate housing to its members by making available, and managing existing, loan funds from the General Fraternity and the Foundation. CCI will also explore and seek out new sources of capital that may also be made available for this same purpose. It is the responsibility of CCI to preserve and grow existing funds by utilizing prudent lending practices.

### PURPOSE

It is the purpose of CCI to make available term real estate loans to Sigma Chi chapter house corporations / associations serving Sigma Chi chapters that are in good standing with the General Fraternity. Loans or guarantees will be made only to legally established Sigma Chi house corporations / associations that are in good standing with the General Fraternity and the local authorities where they operate.

Loans may be for the purpose of purchasing, constructing, rehabilitating, or refinancing. Commitments may be made for the guaranty of real estate loans made by other parties. Said loans or guarantees will be secured primarily by a first or second lien on real property used or intended to be used for the lodging or housing of Sigma Chi chapters.

CCI may also extend small single payment loans for the purpose of producing feasibility studies regarding construction cost and fund raising initiatives.

### LENDING LAWS

It is the policy of CCI to comply with the letter and intent of all applicable laws and regulations of the United States and Canada and of the states or provinces in which CCI does business.

### LOAN SERVICING

CCI will engage an organization proficient in the business of mortgage loan servicing to service its loans.

### LOAN REQUIREMENTS

The primary consideration in extending credit is the credit worthiness of the applicant. Acceptable debt service coverage and adequate cash flow are important elements of the credit decision. CCI will utilize underwriting standards and documentation procedures that are generally followed by regulated commercial financial institutions. Applications must be submitted in complete form and in accordance with the application guidelines supplied by CCI.

### UNDERWRITING GUIDELINES AND PROCEDURES

The Board of CCI shall develop, document, and make available to the General Fraternity written Underwriting Guidelines and Procedures. The board of CCI may make changes in the Guidelines and Procedures at its discretion.

#### CONFLICTS OF INTEREST

Each of the Directors of CCI will inform the CCI board if he has a potential conflict of interest regarding any loan request or servicing exception. A board member will excuse himself from voting on, or handling, a transaction in which he has a conflict.

In the event that CCI becomes aware of a conflict of interest among alumni or other parties managing or seeking financing for Sigma Chi housing, CCI will bring said conflict to the attention of the involved parties and excuse itself from the transaction if the conflict is not resolved.

CCI will favor utilizing the services of Sigma Chi's in conducting its business, however CCI will take measures to assure that any amounts paid to others are at commercial reasonable rates.

## LOAN UNDERWRITING GUIDELINES AND PROCEDURES

### LOAN APPLICATION

A loan request requires a minimum amount of documentation to be provided to CCI. The required information shall include a Loan Application and Loan Checklist that will be useful to potential borrowers, loan underwriters, and loan processors. The completed application and all related correspondence should be directed to the President of CCI and the board member assigned the responsibility for underwriting the loan request.

### GOOD STANDING

Applicant house corporations and the chapter that they serve must be in good standing with their relevant governing institutions and authorities.

### INTEREST RATE & TERM

It is the responsibility of the Board of Directors of CCI to periodically establish current loan rates. It is the desire of CCI to maximize the return on the dollars loaned while at the same time to be competitive with the market.

Terms of CCI loans are limited to a final maturity of five years. Amortization of these loans will be consistent with current market practices, generally not to exceed 15 to 20 years.

All loans require equal monthly installments due on the first day of each month following the closing of the loan (the first month's payment may be prorated to adjust for the original closing date). Late fees will be assessed on all payments not received within the specified time frame of each loan as specified in the loan documents. Subject to local laws, if payments are not received within 10 business days of due date a late fee will be assessed equal to 5% of the payment due or a minimum of \$50.00.

### LOAN GUARANTEE

In certain situations, it is to a Sigma Chi house corporation's advantage for CCI to be the guarantor of a certain part of a loan made by another institution. The advantage to the borrower may be an increased loan amount, better rate, or increased comfort for a conventional lending source. The advantage to CCI is the maximization of its capital. Guarantees will be based on the declining balance of the top portion of the loan being guaranteed. Guarantees may not exceed a term of 5 years.

### FEES

Origination Fees are assessed on all loans made by CCI. These fees may range up to 2 percent of the loan or guarantee amount. The fee is due and payable at the time of the loan closing. The amount of the fee is based on the complexity of the loan underwriting and documentation process.

Guaranty Fees are assessed on all guarantees made by CCI. These fees are payable upon the issuance of the guarantee and on an annual basis on the anniversary date of the

issuance of the guarantee. Guaranty fees will be at least 1 percent of the existing guarantee balance at the time of the assessment.

If CCI issues a binding forward commitment, a Commitment Fee is appropriate. At the Board's discretion, at closing, the commitment fee may be applied to the balance due on the origination fee. Commitment fees are otherwise nonrefundable.

#### LOAN-TO-VALUE LIMITS

Loans funded or guaranteed by CCI have a maximum loan-to-value ratio of 80%. Included in this ratio would be all loans that have a senior lien position to CCI's. The loan-to-value ratio is defined as the total amount of credit being extended divided by the value (or cost) of the underlying property (whichever is less).

#### APPRAISAL

Appraisals are required on loans made by CCI. If the loan is in participation with another source such as a bank, savings institution or mortgage banker, CCI will follow their procedures and requirements for appraisals. If CCI is the only loan on the property, appraisal requirements will be on a case-by-case basis, subject to the conditions placed on the loan at Board approval. Comprehensive appraisals may be waived in cases where the loan amount is small relative to the value of the collateral, however in all cases a realistic estimate of value must be obtained.

Appraisal fees are payable by the borrower at the time the appraisal is ordered.

#### ENVIRONMENTAL IMPACT STUDIES

CCI requires a "Level I" environmental study. The findings of this study will determine if any further action will be required. Fees for environmental studies are payable at the time the study is ordered.

#### INSURANCE

The Risk Management Foundation's policies and procedures shall govern the minimum insurance coverage carried by the chapter and the house corporation.

This coverage shall include without limitation, fire and extended coverage on all insurable buildings and other qualified improvements for replacement coverage. The policy must include a Lender's Loss Payable endorsement naming CCI (and/or its assigns) as loss payee. Said insurance should also cover the minimum liability coverage required by the Risk Management Foundation of the Fraternity (see General Headquarters RMF Guidelines). Other forms of insurance may also be deemed appropriate and necessary depending on location, such as flood, earthquake and other disasters not usually covered in a standard policy.

#### TITLE INSURANCE

A preliminary title search will be required on all loan applications to determine the condition of title. An ALTA policy will be required on loans insuring the dollar amount

loaned. Applicable endorsements may also be required depending on local requirements and law. All title fees will be borne by the borrower.

#### GENERAL

CCI is in business to make loans and/or guarantees for Sigma Chi housing, not to exceed \$250,000. Constantine Capital, Inc. encourages house corporations to seek local financing and will assist house corporation officers in their pursuit of local funding.

Personal guarantees are required on CCI loans. The total amount of the personal guarantees will range from 10% to 20% of the total loan amount. It is preferred that personal guarantees be obtained from local alumni and house corporation officers on a prorata basis, for an amount not less than \$1,000 per guarantor.

Borrower must comply with all RMF risk management rules and regulations.

All closing cost are to be paid by the borrower.

Subsequent to closing, Constantine Capital, Inc. will require borrowers to provide annual financial statements with respect to the house corporation and chapter.

CCI desires that the applicant / borrower's effort required to document the application and the cost associated with procuring the loan not be disproportionate to the complexity and risk associated with the loan. Accordingly, CCI may reduce or waive certain requirements for specific loans, as conditions warrant.

CCI's Board of Directors will use their discretion to decline, defer, or approve all loans. A majority of the Board must vote for the approval of a loan request.

CONSTANTINE CAPITAL, INC.  
LOAN APPLICATION

	_____
	Date
House Corporation Name	_____
	Address
President's Name	_____
	Phone
Chapter	_____
	Address
Consul's Name	_____
	Phone
College/ University	_____
	Address
Dean of Students Name	_____
	Phone

1. PROPERTY PROFILE:

**EXHIBIT** Provide a general description of the location of the subject property including its proximity to the university, to other Greek housing and to commercial areas. A location map should be included.

Answer the following:

Does the school have a designated Greek area? \_\_\_\_\_ Y \_\_\_\_\_ N

If no, does the school plan to develop one in the future? \_\_\_\_\_ Y \_\_\_\_\_ N

If yes, is your project located in an approved area for Greek housing? \_\_\_\_\_ Y \_\_\_\_\_ N

2. DESIGN AND CONSTRUCTION:

**EXHIBIT** Provide a complete set of preliminary plans and specifications and a current photograph of the existing property. The plans should include floor plans as well as interior and exterior elevation drawings.

Please indicate the following:

New Construction \_\_\_\_\_ Y \_\_\_\_\_ N

Renovation / Addition to Existing Structure \_\_\_\_\_ Y \_\_\_\_\_ N

3. BUILDING PROFILE:

EXHIBIT Please summarize the condition of your property, including number of bedrooms, bed count, dining capacity, age of subject, etc.

4. FINANCING AND COST:

EXHIBIT Provide a detail cost breakdown of the proposed improvements. Be certain to include the cost of all architect and engineering fees and permits, processing fees, loan fees, etc. Also include cost of any land to be purchased. Provide a schedule of the cost of any proposed furnishings.

What is the current value of the property? \$ \_\_\_\_\_

What is the total cost of the proposed project? \$ \_\_\_\_\_

How much cash will the house corporation have on hand at the date of the closing of the loan to pay toward the above cost? \$ \_\_\_\_\_

How much money will the house corporation need to borrow?  
\$ \_\_\_\_\_

EXHIBIT Describe any current loans on the property. Give the lender's name, the balance, the collateral, the rate, the amount of the payment, and the final payment date. Indicate any unusual provision regarding the loans.

EXHIBIT Describe the sources and amounts of money you intend to borrow, including any preexisting loans or liens that will remain on the property. Give the lender's name, the balance, the collateral, the rate, the amount of the payment, and the final payment date. Indicate any unusual provision regarding these sources.

5. INSURANCE

List insurance agent and coverage carried (or to be carried) on chapter house:

Company: \_\_\_\_\_

Agent: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

Coverage: Amount:  
Fire, Real Property: \$ \_\_\_\_\_

Fire, Personal Property: \$ \_\_\_\_\_

Tornado, Flood, Hurricane  
Earthquake: \$ \_\_\_\_\_

Boiler: \$ \_\_\_\_\_

Liability: \$ \_\_\_\_\_

Other: \$ \_\_\_\_\_

**VI. PROFESSIONAL REFERRALS**

**EXHIBIT** If you have a preference, please list the names and phone numbers of local professionals that CCI may engage to facilitate loan processing. These should include a closing attorney, appraiser, and architect. Please indicate if any of these individuals are Sigma Chi's.

**VII. APPROVALS AND CERTIFICATION:**

The undersigned officers of the house corporation certify the following:

- The application is being submitted under the proper authority.
- To the best of your knowledge, the application, documents, and exhibits are accurate.
- The undersigned have no, or have fully disclosed herewith, any conflicts of interest regarding the proposed project and financing.
- The undersigned are familiar with the Underwriting Guidelines and Procedures published by CCI

Name and address of house corporation officers with their signatures:

1) \_\_\_\_\_  
President (signature)  
\_\_\_\_\_  
Print Name Chapter & Year  
\_\_\_\_\_  
Street Telephone  
\_\_\_\_\_  
City, Sate, Zip

2) \_\_\_\_\_  
Vice President (signature)  
\_\_\_\_\_  
Print Name Chapter & Year  
\_\_\_\_\_  
Street Telephone  
\_\_\_\_\_  
City, Sate, Zip

3) \_\_\_\_\_  
Secretary/ Treasurer (signature)



---

Print Name

---

Chapter & Year

---

Street

---

Telephone

---

City, State, Zip

CONSTANTINE CAPITAL, INC.  
LOAN PROCESSING CHECKLIST

1. Application Form/Property and Financing Summary

Completed Loan Application, plus requested supporting documentation including the following:

- \_\_\_\_\_ i) A letter from the house corporation stating the amount and terms requested and clearly explaining the intended use of the proceeds
- \_\_\_\_\_ ii) A description of any current loans or liens affecting the property
- \_\_\_\_\_ iii) A current picture of subject house and/or property
- \_\_\_\_\_ iv) A map or aerial photograph of campus showing location of house or property relative to the university, other Greek housing, and commercial areas.
- \_\_\_\_\_ v) A summary description of the existing property
- \_\_\_\_\_ vi) A detailed cost breakdown of the proposed project

2. Chapter Information

- \_\_\_\_\_ a) A copy of a current balance sheet and income statement
- \_\_\_\_\_ b) In the United States, a copy of Tax Returns for the past three years, including Form 990.
- \_\_\_\_\_ c) A copy of the chapter's current budget and a budget for the next school year, including the impact the proposed loan
- \_\_\_\_\_ d) A chapter resolution endorsing the loan application
- \_\_\_\_\_ e) A copy of the chapter bylaws, including a set of house rules and regulations. The bylaws must include provisions for a judicial process used when brothers are accused of damaging house corporation or chapter property or failing to pay obligations to the chapter and house corporation.
- \_\_\_\_\_ f) A list of the chapter's current officers and phone numbers and a list of incoming officers if elections have been held
- \_\_\_\_\_ g) The most recent Leadership Consultant evaluation
- \_\_\_\_\_ h) A copy of the current Peterson Award application

3. Housing Corporation Information

- \_\_\_\_\_ a) A current balance sheet and income statement.
- \_\_\_\_\_ b) A statement of income and operating expenses for the past three years. In the United States, a copy of Tax Returns for the house corporation for the past three years, including IRS Form 990.

- \_\_\_\_\_ c) A proposed operating budget for the next three years
- \_\_\_\_\_ d) Copies of the house corporation's Articles of Incorporation, including a reversionary and relationship clause to the General Fraternity.
- \_\_\_\_\_ e) A copy of your house corporation Bylaws, including a reversionary and relationship clause to the General Fraternity
- \_\_\_\_\_ f) A resolution that the house corporation is authorizing the loan application
- \_\_\_\_\_ g) A listing of all directors / trustees and officers of the house corporation, including their initiating chapter, current address, and phone number

4. Other Documents

- \_\_\_\_\_ a) Your statement regarding the school administration's policy towards your house, including any restrictions that may apply
- \_\_\_\_\_ b) A copy of the original deed with legal description
- \_\_\_\_\_ c) Copy of the current insurance - i.e. - coverage summary
- \_\_\_\_\_ d) Preliminary plans and specifications for the proposed project

PRECOMMITMENT CHECKLIST

1. Approval/Reports

- \_\_\_\_\_ a) A letter from the Executive Secretary of Sigma Chi Fraternity indicating that the chapter and house corporation are in good standing with the General Fraternity
- \_\_\_\_\_ b) A letter from the College or University indicating that the chapter and house corporation are in good standing with the school
- \_\_\_\_\_ c) Letters from the Chapter Advisor, Grand Praetor and Grand Trustee supporting your request for a loan.
- \_\_\_\_\_ d) An attorney's letter certifying the good legal standing of the house corporation

PRECLOSING CHECKLIST

1. Proof of Ownership / Security Position

- \_\_\_\_\_ b) Attorney's letter describing the proposed documentation of the loan and a statement that all documents will be prepared in accordance with applicable laws
- \_\_\_\_\_ b) A copy of a current preliminary title report confirming good title to the real property

2. Certificate of Incumbency

\_\_\_\_\_ a) A certificate of incumbency or resolution reflecting the person(s) authorized to sign documents

3. Proof of Insurance

\_\_\_\_\_ a) A currently in force certificate of insurance reflecting CCI as loss payee

\_\_\_\_\_ b) If insurance is not provided by RMF, a statement from the hose corporation and chapter pledging adherence to RMF risk management rules and regulations

4. Appraisal and Property Information

\_\_\_\_\_ a) A complete and current appraisal of subject real estate owned or to be purchased including all improvements

\_\_\_\_\_ c) Construction contract with accompanying budget. CCI prefers that contracts be in AIA format

\_\_\_\_\_ d) Approved plans and specifications for new construction or renovation

\_\_\_\_\_ e) If applicable, a copy of the current occupancy permits

\_\_\_\_\_ f) Building permits

\_\_\_\_\_ g) A Phase I environmental report

\_\_\_\_\_ h) A copy of the most recent regulatory inspections; i.e., fire, health building, etc

CLOSING DOCUMENTS

1. Attorney's Opinion Letters

\_\_\_\_\_ a) Approval of legal documentation of the loan transaction

\_\_\_\_\_ b) An ALTA title policy

c) Such additional documentation as may be required by legal counsel representing CCI, or by local counsel based on local law