



FINANCIAL LOAN APPLICATION GUIDELINES

VISION:

To provide, preserve and protect student housing opportunities that strengthen the Sigma Chi undergraduate experience.

MISSION STATEMENT:

Constantine Housing Initiative's (CHI) Mission is to increase the level of General Fraternity support to volunteers, staff and local House Corporations, as they strive to maintain and improve the quality of Sigma Chi housing.

PURPOSE:

Loans may be for the purpose of purchasing, constructing, renovating, 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 members.

LENDING LAWS:

It is the policy of CHI 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 CHI does business.

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. CHI 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 CHI.

CONFLICTS OF INTEREST:

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

CHI will favor utilizing the services of Sigma Chis in conducting business; however, CHI will take measures to assure that any amounts paid to others are at commercial reasonable rates.

LOAN APPLICATION:

Required information shall include a loan application and loan checklist that will be useful to potential buyers, loan underwriters, and loan processors. The completed application and all related correspondence should be directed to the chairman of CHI and the staff member assigned to coordinate the responsibility for underwriting the loan request.

INTEREST RATE, TERM, and PAYMENTS:

The Board of Directors of CHI will establish loan rates consistent with the type of loan and the credit worthiness of the applicant entity. CHI desires to maximize the return on the dollars loaned while remaining competitive with the market. Terms of CHI loans vary based on underwriting, with general terms of 5 to 10 years to maturity with amortization not to exceed 15 to 20 years.

All loan payments will be made in quarterly installments due on the first day of the new quarter following the closing of the loan (the first payment may be prorated to adjust for the closing date). **Loans must be paid via electronic wire or bank-to-bank ACH transfer.**

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 the due date, a late fee will be assessed equal to 5% of the payment due or a minimum of \$50.00.

LOAN GAURANTEE:

In certain situations, it may be advantageous for House Corporations to have CHI serve as the guarantor of a percentage of the loan made by another institution. The advantage to the borrower may be an increased loan amount, better rates, or increased comfort for a conventional lending source. The advantage to CHI is the maximization of its capital. Guarantees will be based on the declining balance of the Top portion of the loan being guaranteed. Guarantees will be based on the term of the loan.

FEES:

Origination Fees are assessed on all loans made by CHI. These fees may range up to 2 percent of the loan 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.

Guarantee fees are assessed on all guarantees made by CHI. These fees are payable upon the issuance of the guarantee and on an annual basis on the anniversary date of the issuance of guarantee. Guarantee fees will be at least 1% of the existing guarantee balance at the time of the assessment.

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

LOAN-TO-VALUE LIMITS:

Loans funded or guaranteed by CHI have a maximum loan to value ratio (LTV) of 80%. Included in this ratio would be all loans that have a senior lien position to CHI'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 CHI. If the loan is in participation with another source such as a bank, savings institution or mortgage banker, CHI will follow their procedures and requirements for appraisals. If CHI has 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:

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

INSURANCE:

For loans provided by CHI, property insurance must be maintained via membership in the Risk Management Foundation (RMF). In the event the applicant entity wants to procure property insurance coverage outside of RMF, all coverages and limits must match or exceed those provided under the RMF program, including catastrophic coverages where applicable (flood, wind, and earthquake), and ancillary coverages such directors & officers liability and crime/bond.

TITLE INSURANCE:

A 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.

DISBURSEMENTS DURING NEW CONSTRUCTION AND RENOVATION:

CHI reserves the right to inspect a project at any point during the construction process and withhold portions of the loan payout if the project is not meeting safety guidelines or any other parameter set forth in this document.



LOAN APPLICATION

Date: _____

House Corporation Name: _____

Address: _____

FEIN: _____

President's Name: _____

Email & Phone: _____ Chapter: _____

Chapter Address: _____

Consul's Name: _____

Email & Phone: _____ School: _____

Dean of Students: _____ Email & Phone: _____

ANSWER THE FOLLOWING:

1. Does the school have a designated Greek Housing Area: _____
2. If Yes, is the project located in this Area: _____
3. Is this project New Construction, Renovation or an Addition: _____
4. What entity owns the property: _____
5. Does this entity own the house and land? If not, what are the terms of the lease agreements that are in place: _____
6. PROVIDE PROOF THAT THE BORROWING ENTITY IS IN GOOD STANDING WITH THE IRS.

7. PROPERTY PROFILE

- a. **EXHIBIT:** Provide a general description of the location of the subject property including its proximity to the University, Other Greek Housing and to commercial areas. A map should be included if possible.

8. DESIGN AND CONSTRUCTION (For new construction or renovation)

- a. **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 elevations.

9. BUILDING PROFILE

- a. **EXHIBIT:** (ANSWER ONLY IF RENOVATION OR ADDITION) Summarize the condition of your current property, including number of bedrooms, bed count, dining capacity, age of subject, etc.

10. FINANCING AND COST

- a. **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.

- 1. What is the current value of the property? \$ _____
- 2. What is the total cost of the proposed project? \$ _____
- 3. 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? \$ _____
- 4. How much money will the house corporation need to borrow? \$ _____

- b. **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.

- c. **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.

11. APPROVALS AND CERTIFICATION:

The undersigned officers of the House Corporation certify the following:

1. The application is being submitted under the proper authority.
2. To the best knowledge of undersigned, the application, documents, and exhibits are accurate.
3. The undersigned have no, or have fully disclosed herewith, any conflicts of interest regarding the proposed project and financing.

Name and address of house corporation officers with their signature:

1. President (signature)_____

Print Name

Chapter & Year

Street

Email / Telephone

City, State, Zip

2. Vice-President (signature)_____

Print Name

Chapter & Year

Street

Email / Telephone

City, State, Zip

3. Secretary (signature)_____

Print Name

Chapter & Year

Street

Email / Telephone

City, Sate, Zip

INSURANCE CONFIRMATION:

If not in the RMF program, list insurance agents and coverages carried on the Chapter House.

COMPANY: _____

AGENT: _____

ADDRESS: _____

EMAIL: _____

PHONE: _____

<u>COVERAGE TYPE:</u>	<u>AMOUNT:</u>
Fire, Real Property:	\$ _____
Fire, Personal Property:	\$ _____
Tornado, Flood, Hurricane	\$ _____
Earthquake:	\$ _____
Boiler:	\$ _____
Liability:	\$ _____
Other:	\$ _____



LOAN PROCESSING CHECKLIST

Below is a helpful checklist of items that **COULD** be required. These items are not required at this time but may be requested in order for your loan to close.

Application Form/Property and Financing Summary

1. A letter from the house corporation stating the intended project, loan amount, and terms requested
2. A description of any current loans or liens affecting the property
3. A current picture of subject house and/or property
4. A map or aerial photograph of campus showing location of the house or current property relative to the University, other Greek Housing and commercial areas
5. A summary description of the existing property
6. A detailed cost breakdown of the proposed project

Chapter Information

1. A copy of a current balance sheet and income statement
2. Chapter's current budget and a budget for the next year, including the impact the proposed loan
3. A chapter resolution endorsing the loan application
4. 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.
5. In the United States, a copy of Tax Returns for the past three years, including Form 990.
6. A list of the chapter's current officers and phone numbers and a list of incoming officers if elections have been held (can be supplied by RMF and CHI Staff)
7. The most recent HQ Staff visitation summary (can be supplied by RMF and CHI Staff)
8. A copy of the current Peterson Award application (can be supplied by the RMF and CHI Staff)

Housing Corporation Information

1. A current balance sheet and income statement.
2. 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.
3. A proposed Operating Budget for the upcoming 3 fiscal years.
4. Copies of the House Corporation's Articles of Incorporation, including a reversionary and relationship clause to the General Fraternity.
5. A copy of your House Corporations Bylaws, including a reversionary and relationship clause to the General Fraternity.
6. A resolution that the House Corporation is authorizing the loan application
7. A listing of all directors / trustees and officers of the house corporation, including their initiating chapter, current address, email address, and phone number

Other Documents

1. Your statement regarding the school administration's policy towards your house, including any restrictions that may apply.
2. A copy of the original deed with legal description
3. Copy of the current insurance policies (if not a member of RMF)
4. Preliminary plans and specifications for the propose project
5. Proof of Ownership / Security Position

Proof of Insurance

1. A currently in force certificate of insurance reflecting CHI as loss payee
2. If insurance is not provided by RMF, a statement from the house corporation and chapter pledging adherence to RMF risk management rules and regulation

Appraisal and Property Information

1. A complete and current appraisal of subject real estate, including all improvements
2. Construction contract with accompanying budget. CHI prefers that contracts be in AIA format
3. Approved plans and specifications for new construction or renovation
4. A copy of the current occupancy permit
5. Building permits
6. A copy of the most recent regulatory inspections; i.e., fire, health, building etc.

Closing Documents

1. Attorney's Opinion Letters
2. Approval of legal documentation of the loan transaction
3. An ALTA title policy
4. Such additional documentation as may be required by legal counsel representing CHI, or by local counsel based on local law

GENERAL NOTES:

Borrower must comply with all Sigma Chi Governing Laws and RMF rules and regulations. All closing costs are to be paid by the borrower. Subsequent to closing, CHI will require borrowers to provide annual financial statements with respect to the house corporation and chapter.

Personal guarantees may be required on CHI loan. The total amount of the personal guarantees will range from 10% to 20% of the total loan amount. If necessary, it is preferred that personal guarantees be obtained from local alumni and house corporations' officers for an amount not less than \$1000 per guarantor.

CHI 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, CHI may reduce or waive certain requirements for specific loans, as conditions warrant.

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