



**CONSTANTINE**  
HOUSING INITIATIVE

**LENDING RESOURCE GUIDE  
&  
LOAN APPLICATION**

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## PROGRAM SUMMARY

In the world of Greek-letter organizations, conventional lenders may be reluctant to lend money to fraternities and sororities. Sometimes those reservations are well-founded, given lenders simply don't understand the dynamics of a well-run, responsible Greek-letter organization.

The Constantine Housing Initiative (CHI) was established by The Risk Management Foundation to create a unique resource for Sigma Chi House Corporations to access the funds they need to acquire, preserve, and grow assets for the benefit of a Sigma Chi chapter's active members, alumni, and the general Fraternity. As a strong partner of the Fraternity, we understand how to appraise a unique property like a chapter house, evaluate the financial strength of a House Corporation and its officers, and put in place the right terms to ensure that a loan can be repaid, a chapter can grow and thrive, and the future of Sigma Chi is secure – for all our Brothers, everywhere.

### OUR VISION

CHI's vision is to provide, preserve and protect student housing opportunities that strengthen the Sigma Chi undergraduate experience.

### OUR MISSION

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.

### OUR PURPOSE

CHI makes loans for the purpose of purchasing, constructing, renovating, rehabilitating, or refinancing chapter houses and properties owned for the benefit of the Sigma Chi Fraternity. Commitments may be made for the guaranty of real estate loans made by other parties. Our loans and guaranties 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, and for conducting the authorized activities of the Fraternity.

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## DETAILS & HIGHLIGHTS

### **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.

### **LOAN AMOUNTS:**

CHI offers standard loans ranging from a minimum of \$50,000 to an uncapped maximum when underwriting guidelines are met.

### **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.

### **LOAN-TO-VALUE LIMITS:**

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). Loans funded or guaranteed by CHI may have a maximum loan to value ratio (LTV) of 80%, based on the above calculation. In addition to any amounts financed by CHI, this ratio will include all loans that have a senior lien position.

### **APPRAISAL:**

Appraisals (and alternately, certified statements of value) are required for all CHI loans, including guarantees/commitments, unless circumstances warrant an exception. If CHI is making the loan in participation, or as second position, with another lender and said lender requires borrower to obtain an appraisal, CHI may rely on such lender's appraisal so long as it meets CHI's appraisal standards.

### **INTEREST RATES, TERMS, and PAYMENTS:**

The CHI Board of Directors reviews and sets loan rates quarterly, to provide friendly options that might not otherwise be available to the unique market of house corporations and related entities serving the housing needs of our Fraternity.

CHI loan terms vary based on loan purpose and amount borrowed. Standard purchase and refinance loan maturities range from 5-10 years for first mortgages, with amortization schedules available to a maximum of 20 years. Construction and renovation loans are also available. Installment loans for specific needs (life safety improvements, major repairs, short-term capital requirements) are available with terms of 1-2 years. Lines of credit are also available.

Loan payments are scheduled 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). **All loans REQUIRE payment via electronic wire or bank-to-bank ACH transfer.**

### **PERSONAL LOAN GUARANTEES:**

Personal guarantees may be required on any CHI loan. Personal guarantees shall equal 10% to 30% of the total approved loan amount. It is preferred that personal guarantees be obtained from local alumni and/or House Corporation officers, for an amount not less than \$1000 per guarantor. Any number of guarantors may participate in a loan guarantee commitment.

## DETAILS & HIGHLIGHTS *(continued)*

### **PENALTIES/FEES:**

All CHI loans carry NO PRE-PAYMENT PENALTIES.

All CHI loans are subject to the following FEES:

1. Origination Fee: An Origination Fee of one to two percent, depending on complexity of loan underwriting and documentation, will be assessed by CHI and paid at loan closing.
2. Commitment Fee: A Commitment Fee may be charged at CHI's discretion for binding, forward loan commitments. Such a fee may, at CHI's discretion, be credited toward any applicable origination fee.
3. Late Payment Fee: Late Fees may be assessed on all payments not received within the timeframe specified for each loan, according to contract documents. Subject to local laws, payments not received within 10 business days of the due date may be assessed a fee of up to 5% of the payment due, or a minimum of \$50.00.

### **ENVIRONMENTAL SITE ASSESSMENT:**

When applicable, CHI may require a Phase I Environmental Site Assessment Report, dated within six months of loan closing and addressed to CHI or accompanied by a reliance letter, and with \$1 million liability limit.

### **PROPERTY CONDITION ASSESSMENT:**

When applicable, CHI may require a Property Condition Assessment Report, dated within six months of loan closing and addressed to CHI or accompanied by a reliance letter, and with a \$1 million liability limit.

### **INSURANCE:**

All CHI loans REQUIRE evidence of property Hazard Insurance, pre-paid and in force at the time of closing.

The Risk Management Foundation (RMF) of Sigma Chi is the preferred provider. 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).

Ancillary coverages, such as D&O (directors & officers) liability and crime/bond coverage, are also required. RMF is the preferred provider. In the event the applicant entity wants to procure liability insurance coverage outside of RMF, all coverages and limits must match or exceed those provided under the RMF program.

### **TITLE INSURANCE:**

A title search will be conducted on all loan applications prior to final approval, to determine the condition of title. An ALTA Title Insurance policy is required on loans, insuring the full dollar amount loaned. Applicable endorsements may also be required depending on local requirements and law. All title fees are the responsibility of the Borrower.

### **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.

## DETAILS & HIGHLIGHTS *(continued)*

### **CONFLICTS OF INTEREST:**

If CHI becomes aware of a conflict of 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.

### **DISBURSEMENTS DURING NEW CONSTRUCTION AND RENOVATION:**

CHI reserves the right to inspect ALL New Construction/Renovation projects at any point during the construction process.

At its sole discretion, CHI may withhold portions of the loan payout or suspend the loan, if the project is not meeting safety guidelines or any other parameter set forth in this document.

As a condition of issuing disbursements, CHI reserves the right to verify all applicable lien releases are executed, and all other encumbrances are satisfied, prior to disbursing funds.

### **ALTERNATIVE MORTGAGE LOANS**

CHI can facilitate loans in conjunction with private commercial lending partners. We will work directly with our representative to process the loan request once we receive your application.

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## RATE SHEET

**As of 05/01/2022 - rates remain in effect for 120 days**

All standard loan rates are quoted as **FIXED** for the full duration of the note.

### **MORTGAGE RATES**

**(final rate approval subject to market conditions, underwriting guidelines, and Borrower eligibility)**

Rates:	5% - 8%
Fees:	1.5% origination fee
Term:	60-120 months
Amortization:	maximum 20 years

### **CONSTRUCTION RATES**

**(rates, fees & terms vary based on economic conditions at the time the loan is made)**

Rates:	Prime Rate, plus 3.5% - 5%
Fees:	2.0% origination fee
Term:	12-24 months

### **Additional Considerations**

- Escrow Account
  - A construction escrow account will be established with a title company acceptable to CHI (at borrower's cost); all draws on the construction line of credit will be advanced to said title company, who shall remit payment directly to all contractors/subcontractors upon execution of appropriate lien waivers.
  - Release of funds is subject to a title update, confirming no liens of record except those of CHI and any other applicable mortgagee
- Plan Review/Appraisals
  - A Plan Review may be required during new construction, addition or renovation-type projects.
  - An appraisal, at the Borrower's cost, will be completed on subject property based upon the architect's plan and builder's specifications. The loan-to-value (LTV) will be based upon the lesser of appraisal or construction cost, and may not exceed 80%.
- Insurance
  - Builder's Risk insurance is required.
- General Contractor
  - A General Contractor/Project Manager acceptable to CHI must be engaged for management of all projects over \$200,000.
- Inspections
  - An inspection and approval of a financial disbursement request will be made by a CHI representative before remitting payment to the title company construction escrow if applicable. These disbursements are based upon partial or full work completed by subcontractors.

### **LINE-OF-CREDIT RATES**

**(final rate approval subject to market conditions, underwriting guidelines, and Borrower eligibility)**

Rates:	5%-8%
Fees:	1.5% origination fee

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# LOAN APPLICATION

rev06.15.2022

Date: \_\_\_\_\_

CHAPTER: \_\_\_\_\_

Borrower/Guarantor Information			
<b>Applicant Name</b>			
House Corporation Legal Name:			
If D/B/A, list other name(s):			
FEIN/Tax ID:		Date Incorporated:	
<b>Applicant Address</b>			
<i>Mailing Address</i> Street/PO Box:			
City:	State:	Zip Code:	
<i>Physical Address</i> Street:			
City:	State:	Zip Code:	
<b>Academic Institution</b>			
Name:		City/State:	
<b>Chapter Information</b>			
Name:		Date Established:	
<b>Officers &amp; Representatives – Contact Information</b>			
<b>House Corporation President</b>	Name:	Phone:	Email:
<b>House Corporation Treasurer</b>	Name:	Phone:	Email:
<b>Current Chapter Consul</b>	Name:	Phone:	Email:
<b>Institution/School Representative</b>	Name:	Phone:	Email:

LOAN REQUEST INFORMATION			
Type of Loan:	Real Estate Mortgage	Construction Loan	Line of Credit      Other
Amount Requested:	Term Requested:	Amortization Requested:	
Estimated Closing/Funding Date <i>(approximate date funds are needed):</i>			
Loan Purpose <i>(describe how the funds will be used):</i>			



**GENERAL NOTES**

Borrowers must comply with all Sigma Chi Governing Laws and RMF rules and regulations. After closing, CHI will require Borrowers to provide annual financial statements with respect to the House Corporation and chapter. CHI’s Board of Directors will use their sole discretion to decline, defer, or approve all loans.

Additional Loan Details			
For Purchases (attach copy of signed/dated Purchase and Sale Agreement; include ALL pages)			
Subject Property Street:			
City:	State:	Zip Code:	
Purchase Price:		Cash Down Payment:	
For Refinances (attach copy of recorded Deed & All Mortgages)			
Name of Titleholder:			
Subject Property Street:			
City:	State:	Zip Code:	
Current Market Value:			
1 <sup>st</sup> Mortgage Balance:	Maturity Date:	Lienholder:	
2 <sup>nd</sup> Mortgage Balance:	Maturity Date:	Lienholder:	
For New Construction/Renovations/Additions (attach copy of plans/specifications, including interior and elevation photos)			
Estimated Project Cost:			
Current Market Value:		Completed Market Value:	
Current Residential Occupancy/Beds:		Proposed Residential Occupancy/Beds:	
Current Maximum Capacity:		Proposed Maximum Capacity:	

FOR ALL LOAN REQUESTS, Answer the Following:			
Does the school have a designated Greek Housing Area?	Yes	No	
If "Yes" is the project located in this Area?	Yes	No	N/A
For New Construction/Renovation, does Borrower own the house and land?	Yes	No	
If "No" is there a fully-executed current Lease Agreement?	Yes	No	N/A
Is the Borrower currently in good standing with the IRS?	Yes	No	
Is the Borrower legally incorporated in the state/jurisdiction where property is located?	Yes	No	
Are tax returns available for the preceding 3 years?	Yes	No	
If "No" is Borrower currently the subject of, or party to, any federal or state audit?	Yes	No	N/A
Are there any current loans/liens on the property, other than the current mortgage(s)?	Yes	No	

<b>REQUIRED EXHIBITS, to be attached and submitted with the APPLICATION as applicable:</b>
<b>Borrower Profile (Submit for ALL loan applications)</b>
<b>EXHIBIT A:</b> Provide a current balance sheet/income statement, operating budget, and copies of tax returns for the House Corporation for the past three years, including IRS Form 990. Also include a copy of your IRS letter verifying your tax-exempt status, if possible.
<b>Property Profile (Submit for ALL loan applications)</b>
<b>EXHIBIT B:</b> Provide a general description of the location of the subject property including its proximity to the school's campus, other Greek housing, and to commercial areas. A map should be included if possible.
<b>Design/Construction Documents (Submit only if New Construction or Renovation)</b>
<b>EXHIBIT C:</b> 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.
<b>Building Profile (Submit only if Renovation or Addition)</b>
<b>EXHIBIT D:</b> Summarize the condition of the current property, including number of bedrooms, bed count, dining capacity, age of original structure, dates of prior additions/renovations, etc.
<b>Financial Cost Breakdown (Submit for New Construction/Renovations/Additions)</b>
<b>EXHIBIT E:</b> Provide a detailed 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 the cost of any land to be purchased. Provide a schedule of the cost of any proposed furnishings.
<b>Outstanding Loans (Submit for ALL loan applications)</b>
<b>EXHIBIT F:</b> 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.
<b>Sources and Application of Funds (Submit for ALL loan applications)</b>
<b>EXHIBIT G.1:</b> Provide a 5-year proforma detailing all expenses and income for the current and following years. <b>EXHIBIT G.2:</b> Describe any/all sources of funds to be applied to down payments, closing costs, fees and escrows. Include funds held on deposit (indicate if checking and/or savings, and names of institutions), personal loans and gifts, grants, and donations. <b>EXHIBIT G.3:</b> List and describe any additional collateral to be promised as security for the loan, including certified values, and listing names of owners of all properties; proof of ownership will be required. <b>EXHIBIT G.4:</b> Describe the sources and amounts of money you intend to borrow, from ALL SOURCES. Include 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(s) regarding these sources.

<b>INSURANCE PROVIDER(S) and COVERAGES (complete if other than RMF, or for secondary/excess coverage provider)</b>			
<b>Carrier</b>			
<b>Company:</b>		<b>Agent Name:</b>	
		<b>Agent Phone:</b>	
		<b>Agent Email:</b>	
<i>Mailing Address</i> Street/PO Box:			
City:	State:	Zip Code:	
<b>COVERAGES</b>			
<b>Coverage Type</b>	<b>Limit</b>	<b>Deductible</b>	
<b>Fire/Hazard, Real Property</b>	\$	\$	
<b>Fire/Hazard, Personal Property</b>	\$	\$	
<b>Tornado / Flood / Hurricane</b>	\$	\$	
<b>Earthquake</b>	\$	\$	
<b>Boiler / Mechanical Breakdown</b>	\$	\$	
<b>Liability</b>	\$	\$	
<b>Other (specify coverage):</b>	\$	\$	

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**LOAN DISCLAIMER**

**CONSTANTINE HOUSING INITIATIVE (CHI)** strives for compliance with applicable state and federal regulations pertaining to mortgage lending, advertising, and marketing including all regulations set forth in title 12 of the Code of Federal Regulations, and guidelines promulgated and/or enforced by the U.S. Department of Housing and Urban Development, The Consumer Financial Protection Bureau, and the Federal Trade Commission.

**CONSTANTINE HOUSING INITIATIVE** is not affiliated with any government agency. All applications are subject to underwriting guidelines and approval. This does not constitute an offer to lend. Not all applicants will qualify for all loan products. All loan programs, terms and interest rates are subject to change without notice. All fees are subject to state and federal high-cost thresholds. Other restrictions and limitations may apply.

**APPROVALS & CERTIFICATION**

The undersigned officers of the House Corporation/Borrower certify the following:

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

APPLICATION APPROVALS & CERTIFICATIONS				
<b>President</b>		Phone:	Email:	
Name (print):				
<i>Mailing Address</i> Street/PO Box:				
City:		State:	Zip Code:	
	<b>Signature:</b>		<b>Date:</b>	
<b>Vice-President</b>		Phone:	Email:	
Name (print):				
<i>Mailing Address</i> Street/PO Box:				
City:		State:	Zip Code:	
	<b>Signature:</b>		<b>Date:</b>	
<b>Secretary/Treasurer:</b>		Phone:	Email:	
Name (print):				
<i>Mailing Address</i> Street/PO Box:				
City:		State:	Zip Code:	
	<b>Signature:</b>		<b>Date:</b>	

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## LOAN PROCESSING CHECKLIST

Below is a helpful checklist of items that we may use to process your Loan Application.

**Some items listed here are *already* listed as “REQUIRED EXHIBITS” within the Loan Application, and must be submitted.**

Additional items listed are not required with your application, but may be requested for your loan to close.

### House Corporation Information

1. A current balance sheet and income statement
2. A statement of income and operating expenses for the past three years
3. In the United States, a copy of tax returns for the House Corporation for the past three years, including IRS Form 990
4. A copy of a Determination Letter from the IRS, verifying non-profit organizational structure and tax-exempt status
5. A proposed operating budget for the upcoming 3 fiscal years
6. A pro forma statement, with projections/forecasts for 5 years
7. A copy of Articles of Incorporation, including a reversionary and relationship clause to the General Fraternity
8. A copy of House Corporation Bylaws, including a reversionary and relationship clause to the General Fraternity
9. A House Corporation resolution authorizing the loan application
10. A list of all House Corporation directors/trustees/officers, including initiating chapter, current address, email, and phone number

### Chapter Information

1. A current balance sheet and income statement
2. A copy of the current chapter budget and proposed current budget for the next year, including the impact of the proposed loan
3. In the United States, a copy of tax returns for the past three years, including Form 990
4. A chapter resolution endorsing the loan
5. A copy of the chapter bylaws, including house rules and regulations which include provisions for a judicial process used when Brothers are accused of damaging House Corporation or chapter property, or fail to meet financial obligations
6. A list of current chapter officers and phone numbers, and officers-elect, if elections have been held (may be supplied by RMF/CHI)
7. The most recent HQ Staff visitation summary (may be supplied by RMF/CHI)
8. A copy of the current Peterson Award application (may be supplied by RMF/CHI)

### 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 showing location of the property relative to the University, other Greek housing and commercial areas
5. A summary description of the existing property
6. A summary of available funding for the proposed project, including borrower cash (equity), and expected uses of such funds
7. A summary of requested funding for the proposed project, including anticipated loans/grants, and expected uses of such funds

### 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. For construction/renovation loans: preliminary plans, and specifications for the proposed project
4. Proof of Ownership / Security Position

### Proof of Insurance

1. A current Certificate of Insurance (COI), reflecting CHI as Loss Payee/Mortgagee in the Declarations, with dates effective at the time of application
2. If insurance is not provided by RMF, a statement from the house corporation and chapter pledging adherence to RMF risk management rules and regulations

### 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 those 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.

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