

## The Delta Chi Fraternity, Inc.

### HOUSING FUND LOAN PROGRAM

Numerous calls are received at the International Headquarters regarding the Fraternity's Housing Fund Loan Program. Here is some background on the fund as well as some answers to the most commonly asked questions.

The fund was started in 1964 to assist the chapters/colonies in obtaining/improving their housing environment. In no way is it designed to replace the banking industry as a source of money but, rather, to provide "enabling" money for such things as down payments, furniture and home improvements. It has grown through interest on loans and interest on investment of the unloaned portion of the fund. As of 6/30/04, the fund had net assets of \$3,153,590 with \$2,631,510 out in loans to 21 different groups. Since its inception, the fund has provided over \$5,433,300 in loans to 74 groups. The loan program is administered by the Housing Committee, which is made up of three alumni and two undergraduates of the Fraternity.

Common questions:

**How much can we borrow?** There is no set "limit" on loans to house corporations. The average loan balance per each of the 21 groups with a loan as of 6/30/04 was \$125,310. The amount of money that will be loaned in any one situation is determined on a case-by-case basis and depends on many factors. Here are just a few:

1. The percent of the financing of the project coming from other sources (the more the better, especially in the form of equity).
2. The quantity/quality of alumni involvement.
3. Evidence of an ability to service the increased debt.
4. Stability and strength of the undergraduate chapter/colony.
5. Undergraduate chapter's/colony's payment record with Delta Chi.

While loans can be made directly to a chapter or colony, the limit is \$5,000.

**How soon can we get the money?** This has proven to be more a factor of the time it takes the borrower to gather the necessary documentation to substantiate the loan than the time it will take the committee to review the loan application and vote on it. Many of the calls the office receives are from undergraduates without any alumni involved in the process. That's a clear "red flag" that there is inadequate preparation and planning. If your chapter/colony does not already have a house corporation legally recognized in your state *and* classified by the IRS as a 501(c) (7) organization, you have a long way to go before you should start thinking of buying a house! The proper formation and running of a house corporation is not a simple matter. Assuming that has been taken care of, there is an application form (available from the International Headquarters) that must be filled out. Once *all* the necessary documentation and a \$35 application fee (made payable to "Delta Chi Fraternity") is in to the International Headquarters, expect the volunteer committee to need 45-60 days to review the material, vote and authorize the disbursement of funds.

**What is the rate of interest charged?** For chapters proving that their house corporation was unable to obtain sufficient financing elsewhere, the rate has varied from 8% to 10<sup>1/2</sup>% in recent years, depending on the situation.

**Does Delta Chi have any information on how to form/run a house corporation?** Yes. The *House Corporation BRIEF* is an excellent source of information and is available for \$7.50 from the International Headquarters. It has also been included in all *Chapter Operations Manuals* since it was first printed in the fall of 1990 and one free copy was sent to every chapter/colony at that time. It is also available for free download from our website: [www.deltachi.org](http://www.deltachi.org).