

CHAPTER LOAN FUND POLICY STATEMENT

The Chapter Loan Fund (FUND) is established by the Trustees to make loans as an aid to chapters or alumni corporations of the fraternity in building, remodeling, purchasing, financing or refinancing chapter houses or for acquiring equipment, furnishings, or fixtures for the chapter. The FUND is established and periodically increased by an allocation of \$5 of the initiation fee paid by each new initiate to the National Fraternity. The FUND may be augmented from time to time from other sources by action of the Trustees and may receive contributions from donors stipulated to be used for chapter loan purposes.

The FUND shall act as a revolving fund and all loan payments, including interest shall be retained within the FUND and recycled for chapter loans.

Loans authorized by this resolution may be made to a student chapter, a national housing corporation, or to a chapter housing corporation organized to provide housing, leasehold improvements, furnishings and fixtures to produce better housing accommodations for student chapters of the Fraternity.

Applicants shall submit all matters pertinent to the Loan application to the Kappa Delta Rho Foundation office.

The Executive Committee of the Kappa Delta Rho Foundation is delegated responsibility for the administration of the FUND and is authorized to enter into loan agreements subject to the provisions of this statement. The Executive Committee is authorized to set specific terms and conditions for loans from the FUND, subject to the following:

Real estate loans are to be subject to a maximum amortization schedule of twenty-five years and shall be subject to a call provision after a maximum period of five years.

Loans for the purchase of equipment, furnishings, and fixtures shall be for a period of three years, although such loans may be extended to a period of five years if the Executive Committee deems an extended payment schedule is warranted.

Loans are subject to the following limitations:

- a. For real estate loans financing renovations/additions or leasehold improvements to existing property the loan must be secured by a first or second mortgage on the relevant property;
- b. For real estate loans financing new construction or purchasing of existing property all loans are to be secured by a second mortgage on the relevant property;
- c. For equipment, furnishings, and fixtures, the Foundation Executive Committee may issue unsecured loans. Unsecured loans shall be at an interest rate of Prime Rate plus 1.0 percent. Loan terms shall be set in the discretion of the Executive Committee.

The Chair of the Executive Committee shall report to the Trustees at the annual meeting on the loan activity for the year and the current status of the Chapter Loan Fund. The Trustees shall then act to ratify the current loan policy or formally act to modify the policy statement if appropriate.