

## **E- 4. FRATERNITY LOAN POLICY**

The following provisions comprise the current operating policy relating to loan requests:

1. The Board will continue to make, on an individual basis and in the light of resources available in the endowment accounts, loans to fraternities for the purpose of constructing, renovating, or purchasing dormitory facilities.
2. All requests for loans will be submitted first to the Committee on Fraternities and Sororities for the purpose of evaluating the requests and according them a priority based on need, fiscal soundness of the proposal, and stability of the organization. Recommendations of the Committee on Fraternities and Sororities will be submitted to the President of Auburn University who will make recommendations to this Board through its Finance Committee.
3. The interest rate charged on such loans will be three (3) percent above the New York Prime Rate at the date of recommendation by the President, adjusted on September 30, 1996, and on September 30 every three (3) years thereafter.
4. The amount of each loan will be based on funds available in the endowment accounts, the amount of financing otherwise provided, and the fiscal soundness of individual proposals. Loans outstanding for fraternities shall not exceed five percent (5%) of the book value of the University's endowment funds.
5. The maximum amount loaned to any one fraternity for new house construction projects will be the lesser of \$500,000 or fifty percent (50%) of the construction project's estimated cost. The fraternity will provide appropriate documentation that a) justifies the total cost of the construction project, and b) certifies that an adequate amount of fraternity funds are available and have been designated for completion of the project. The term of the loan shall not exceed twenty (20) years.
6. The maximum amount loaned to any one fraternity for renovation of an existing house will be the lesser of \$500,000 or fifty percent (50) of the renovation project's estimated cost. The fraternity will provide appropriate documentation that a) justifies the total cost of the renovation project and b) certifies that an adequate amount of fraternity funds are available and have been designated for completion of the project. The term of the loan shall not exceed twenty (20) years.

The University will continue, when possible, to make University land available, on a long-term lease basis, for construction of fraternity houses.

6. The University will attempt to accommodate the needs of existing chapters before financing facilities for new chapters.

7. In all loans, the University will require such stipulations as are necessary to protect its investments, including a requirement that each fraternity submit to the Treasurer of the University an annual financial report.

ADOPTED: January 25, 1993

REVISED: August 20, 1993

REVISED: August 19, 1994

REAFFIRMED: June 19, 2009