This Statement has been adopted by the Trustees as a general guide in granting loans to chapter house corporations or, in rate circumstances, to active chapters. The policies and guidelines are at the discretion of the Trustees and may vary at any time if such action may be deemed proper or advisable. Each loan application will be considered on the merits of that chapter as to acceptability, amount and terms thereof.

In making any loan, the Trustees will be guided in the use and preservation of the assets of the Fund by regard for the existing potential needs of all other chapters of the Fraternity, the standing and record of the chapter seeking the loan, the demonstrated financial record and projected finances of the applying Chapter and House Corporation, the interest and stability of the alumni organization sponsoring the chapter, the attitude of the college or university toward fraternities in general, the competitive position of Phi Delta Theta on that campus, and the condition of local and general building costs.

1. The policy of the Trustees is to encourage applicants to obtain first mortgage loans from local sources whenever possible and to borrow the excess funds needed, if any, on second mortgage security.
2. First mortgage secured loans made by the Foundation may be for an amount not to exceed $175,000, absent exceptional cases, nor to exceed 60% of the fair appraised value of the house and lot. A loan for up to $250,000 can be made for House Corporation which raises $500,000 or more for housing projects.
3. Second mortgage secured loans made by the Foundation may be for an amount not to exceed $125,000, absent exceptional cases, nor to exceed 50% of the fair appraised value of the house and lot; provided further that the total of all indebtedness (excluding unsecured debt of alumni brothers) shall not exceed 80% of the fair appraised value of the house and lot. A loan of up to $200,000 can be made to a House Corporation which raises $500,000 or more for housing projects.
4. Leasehold secured loans may be made, but only at the discretion of the Trustees, on chapter houses erected upon leased land where colleges or universities provide use of a portion of their land for the construction of chapter houses and charge a nominal rental for the use of said grounds, provided the terms and conditions of the leases are satisfactory to the Trustees and all indebtedness shall not exceed 60% of the fair appraised value of the house. In reviewing an application for leasehold loans, the Trustees will consider the age and character of the chapter, the attitude of the college toward control of fraternity policies, and any other factors which would indicate the probability of continuous occupancy of the property by the fraternity chapter. These loans normally require guarantees, either by the educational institution or personal.
5. In addition to the other security, the Trustees may require that personal guarantees, pledges acceptances, or notes be placed with the Trustees as additional collateral in the amounts designated by the Trustees. Such individual personal guarantee would normally not be less than $5,000 nor exceed $10,000.
6. Payment of all loans shall be paid in full on or before ten years after the normal monthly payments are to commence. Normal monthly installment payments thereon shall be an amount which, including interest computed monthly, will amortize the loan by its maturity date; provided, however, that where the security and finances are deemed sufficient and other circumstances such as new construction or major total restorative construction justify more liberal terms for repayment, the Trustees may accept a fifteen (15) year amortization schedule of payments thereon.
7. Interest rates for the first or second mortgage loans for real estate shall bear interest at eight percent (8%) per annum. However, first and second mortgage loans will be six percent (6%) per annum, if it is demonstrated to the Trustees that over 50% of required financing is obtained locally either by mortgage or fund-raising. In event of any default on a loan, the entire balance shall become due and bear interest at twelve percent (12%) per annum or the limit stipulated by state law.
8. All insurance coverages and any insurance obligations are subject to the review and approval of the Walter B. Palmer Foundation, Inc., and all other parties insured under the Phi Delta Theta insurance programs including 30-day written notice of cancellation must be provided.

Property/Boiler & Machinery Insurance via the Phi Delta Theta insurance programs for the above property. The amount of insurance shall be sufficient to cover the fair value of Building Improvements, Contents, Annual Income, and Estimated Additional Expense. The amount of insurance for the Building shall not be less than the aggregate of borrower's mortgage indebtedness. Evidence of Insurance Coverage satisfactory to the Walter B. Palmer Foundation, Inc., via the PDT Director of Risk Management. Adjustments in any and all of the following types of insurance program coverages may be necessary: 1) Property, 2) Boiler & Machinery, 3) Builders Risk/Installation, 4) General Liability, 5) Auto Liability, 6) Worker's Compensation. Protection of the appropriate Walter B. Palmer Foundation, Inc., and other Phi Delta Theta Fraternity additional interests shall at minimum include evidence of the following insurance policy provisions, (All first Party Coverages) Property, Boiler, Builders Risk of Installation:

**Statement of Policies and Guidelines:**

* 1. (Mortgage. Loss Payee) as our interest may appear.
  2. (Third Party Coverages) General Liability, Automobile Liability; (Additional Insured).
  3. Worker's Compensation (Statutory Coverage).

**Mortgage/Loss Payee Clause:**  
Walter B. Palmer Foundation Endowment Fund  
c/o First Financial Wealth Resource Group  
Attention: Joshua A. Shapiro  
9120 Union Centre Blvd.  
West Chester, OH 45069

1. No loan will be made unless the Trustees have been furnished with satisfactory evidence showing that the title to the mortgaged property is in the borrower's name and that the same is free and clear of all encumbrances, except current taxes and assessments, restrictions and zoning ordinances of record, if any, and such prior mortgages liens as may be stipulated. This is normally satisfied by an ALTA policy.
2. The Trustees shall also be furnished a certified copy of a Corporate Resolution of the Board of Directors of the Chapter House Corporation authorizing the corporation to borrow the amount in question from the Palmer Foundation and directing the proper officers by name and title to execute the note and security instrument. Such copy of corporate resolution shall bear the actual signatures of all officers and not less than fifty percent (50%) of all members of the Board of Directors.
3. The borrowing House Corporation shall provide the Trustees with its Federal Tax Identification Number.
4. All expenses involved in making any loan shall be paid by the borrower.
5. Each House Corporation applicant for a mortgage loan must demonstrate to the satisfaction of the Trustees that its annual rentals from the active chapter and receipts from other sources, if any, will be sufficient to annually pay all fixed charges (including taxes, insurance, repairs and maintenance, and principal and interest installments on all mortgage debt) and maintain a satisfactory fund for repairs and maintenance. In support thereof, each application shall be, in accordance with the instructions on the application and accompanied by audited financial statements.
6. Loans may be made for the purchase of furniture, furnishings and equipment for use in chapter houses for an amount not to exceed eighty percent (80%) of the total cost. Such loans will generally not be for less than $10,000 and shall be secured by a chattel mortgage or in such other manner as the Trustees may deem satisfactory. Any such loan shall bear interest at twelve percent (12%) and shall be repaid in monthly installments sufficient to amortize the entire loan, including interest, within a period of three years. In event of any default, the unpaid balance shall bear interest at eighteen percent (18%) per annum or the limit stipulated by state law.

Walter B. Palmer Foundation, Inc.  
2 South Campus Avenue  
Oxford, OH 45056-1801  
(513) 523-6345  
FAX (513) 523-9200