



SERVICES
OF SIGMA ALPHA EPSILON

A Quick Fix to Spruce Up the Place



Let's face it: Fraternity houses take much wear and tear, and the cost to maintain them often comes with a hefty price tag. But there's a powerful tool that most officers don't realize is sitting at the Fraternity Service Center. Gifts made to the Sigma Alpha Epsilon Foundation designated to chapter allocation funds may be used by a house corporation for projects that are educational in purpose. Want to add a study lounge? Need to remodel the library? These gifts are tax-deductible and can be used in several different ways.





Documentation Examples

Below are examples of the covenant to repay and a sample letter from a university official.

🏠 Purchase of a new chapter house

The house corporation must forward blueprints of the chapter house it wishes to purchase to the Fraternity Service Center for review along with a narrative that justifies each room's purpose. University officials must also submit a letter showing their support of educational funding within the chapter house. And house corporation officers must complete a letter that addresses a description of the program for which funding is sought, a budget for completion of the program, provision for follow-up reports and provision for the return of any funds to the Foundation that are not expended for the purposes of the grant.

The legal counsel for the Foundation will review the blueprints and make a determination on how much of the house is deemed educational. If the purchase price of the chapter house was \$500,000, for example, a portion of that money qualifies for use.

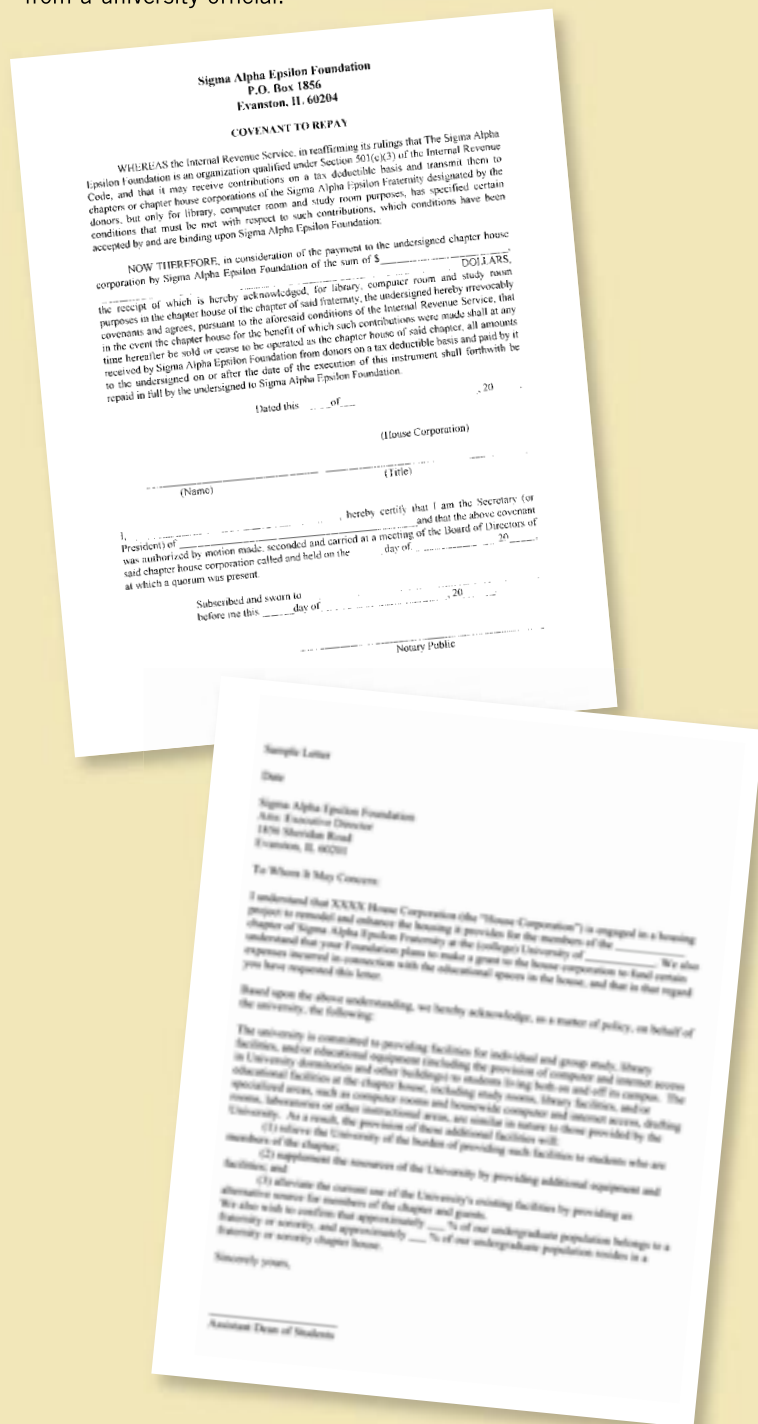
All gifts to the chapter allocation fund are tax-deductible. And once funds are accrued, alumni must fill out a covenant to repay, which affirms the funds being requested by the house corporation are being used for the purposes set forth in the original agreement.

🏠 Remodeling of a chapter house

Chapter allocation funds can be used to purchase computers, desks and chairs as long as they belong to the chapter house, not to individuals. Funds can be used to pay for the costs of re-wiring the chapter house for internet access. They can be used to remodel areas of the house that are wholly educational, such as a library, and to pay for repairs that support the educational areas of the chapter house. The IRS allows for repairs that support educational areas of the house to be funded by the same percentage as the original allocation. Therefore, 25 percent of the heating, cooling and roofing repairs can be paid from chapter allocation funds. If the house corporation wishes to install a sprinkler system in the chapter house, 100 percent of the costs using the chapter allocations funds will pay for its installation in the library and other wholly educational areas of the house.

🏠 Supporting educational areas of a chapter house

If 25 percent of the house is deemed educational in nature, the IRS allows for the annual maintenance and operational costs attributable to the educational areas to be funded by the same percentage. Therefore, 25 percent



of the electric, gas, water and sewer, property taxes, interest paid on the mortgage and insurance premiums can be paid from the chapter allocation fund. In addition, 100 percent of the internet bill can also be paid from the chapter allocation fund. This example is ideal where a chapter has excess money in the fund and no allocation amount left. It can draw down from its allocation every year to support the educational areas of the chapter house.

For specific information about chapter allocation funds and how they can be used for chapter housing, contact Assistant Executive Director for SAE Services Gregory Somers at (800) 233-1856, ext. 237, or at gsomers@sae.net. ☀



Everyone's Doing It

Many chapters have benefited from the use of their chapter allocation funds. The ones listed below have used a CAF previously or currently. Is yours on the list?

Arkansas-Fayetteville
Cal State-Fresno
Cincinnati
Denison
East Carolina
Emory
Evansville
Florida
Franklin
George Washington
Georgia Tech
Idaho
Illinois
Indiana
Indiana State-Terre Haute
Iowa

Iowa State
Kansas State
Louisiana Tech
Memphis
Miami
Michigan State
Middle Tennessee State
Minnesota
Mississippi
Mississippi State
Nebraska
Nevada-Las Vegas
North Alabama
North Carolina-Chapel Hill
North Dakota State
Northern Iowa

Ohio
Ohio State
Oklahoma
Oklahoma State
Penn State
Purdue
South Dakota State
South Florida
Southern Methodist
Texas-Austin
Texas A&M
Tulane
University of the South
Yale