




an
UPGRADE
that'll save lives and money

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contributing writers

The Financial & Housing Corporation, in its mission to promote housing excellence and awareness, wants to make sure all of our properties provide a safe living environment. Yet many of our chapter houses' infrastructures are dated – products of construction before the advent of certain technology. Having 80 men live in your house can be a great fraternal experience, but that many men under one roof can be a matter of life or death in an emergency. There's no better time for our house corporations and property owners to take action in pursuit of life-saving upgrades.

These types of upgrades pay for themselves, as you will see illustrated

below. Plus, your insurance premium will decrease. A dollar amount cannot be placed on the items or lives that have been lost in a fraternity-house fire, and the process of overcoming such a tragedy have lasting effects. If your chapter house needs upgrades to its life-safety infrastructure, the following information outlines some important information you need to know.

OUR LIFE-SAFETY LOAN PROGRAM

SAE Financial & Housing Corporation will lend money towards the following life-safety programs:

- Hardwire (electrical-driven) fire, smoke and/or carbon-monoxide alert systems that are properly permitted and approved by the relevant local authorities and that are monitored centrally
- Fire-sprinkler or fire-suppression system that is permitted and approved by the relevant local authorities
- Installation of new exit and emergency backup lighting in accordance with and as required by code
- Fire-rated doors and other life-safety equipment

TERMS

- **Amount:** maximum of \$50,000 but will consider higher loan amounts
- **Interest Rate:** 6.25%
- **Payments:** up to a max of 180 months (15 years)
- **Loan Origination Fee:** none
- **Closing Cost:** paid by borrower
- **Collateral:** mortgage and/or personal guarantee
- **Pre-Payment Penalty:** none



ELIGIBILITY

Our life-safety loans are available to established Sigma Alpha Epsilon house corporations that have been in existence for at least 12 months and have a legitimate and reasonable contractual responsibility for the repair and maintenance of their chapter house. The corporation must be in good standing with the state in which it is incorporated, and the corporation should exist for the benefit of an active chapter.

The borrower must own the real estate that will be improved with the loan proceeds or have an adequate leasehold interest with a term at least equivalent to the term of the proposed loan. In addition, the borrower must have an organized governing board committed to the perpetual and effective management of the corporation and agrees to follow SAE Financial & Housing Corporation's suggested property-management

practices. Furthermore, the borrower must complete and submit the standard application for the loan, clearly describing the need and cost of the desired solution. The loan will require financial information about the borrower and the chapter that helps demonstrate their ability to afford the loan with reasonable projections of income and expenses, including adequate allowances for contingencies and reserves.

THE BOTTOM LINE

How can upgrading the chapter house with a sprinkler system pay for itself over 15 years? Consider this example. A 12,000-square-foot chapter house with average construction pays roughly \$10,000 a year for full-replacement cost insurance. The cost of a sprinkler system for this size of house is roughly \$36,000 or \$3.00 a square foot.

That means you can expect an estimated 35-percent reduction in the premium. If the insurance rates increase at an inflationary rate of 3 percent per year, the savings over 15 years with a sprinkler system will be \$65,096. Compare that to the cost of a sprinkler-system loan from F&H, which is \$55,561 over 15 years. You'll save \$9,536.

For additional information, contact Associate Executive Director Gregory Somers at gsomers@sae.net or at (773) 590-1056. ☀

