



Purchase of Property

Existing Real Estate

In considering the purchase of existing real estate, be certain first that the chapter is bettering itself and, secondly, that the Housing Corporation is in a position to adequately finance the new project for the duration of the Mortgage.

Agitation for a new house is apt to start with dissatisfied undergraduates and overenthusiastic young alumni who launch a campaign and stampede the [BOA](#) and older alumni without carefully considering either needs or ways and means. The [BOA](#) must not be swept away by such bursts of enthusiasm. The undergraduates cannot finance the purchase or construction of a house, except as they pay rent for it in future years and houses are not bought or built without substantial down-payments. Future taxes and insurance must be considered as they apply to the actual tax base. Enthusiasm should not be wasted, rather tempered for the “long haul.” Work with enthused members and the realization of housing, while not immediate, will be that much closer.

The [BOA](#) should carefully consider the following points before getting involved in an agreement for purchase of improved housing.

- **Finances**
 - What are the taxes on the property?
 - Make sure that the house will be large enough to support the chapter's housing needs without compromising the budget?
 - Will the house be costly in repair and maintenance?
 - How much money is needed for initial cost of repair, furnishing, and/or improvements?
- **Location**
 - Is the house “Visible” will it market the chapter?
 - Is the house walking distance from the university?
 - Is the house close to public transportation?
 - Is the property zoned properly?
- **University**
 - What are the university's trends on enrollment the past 5 years (positive or negative)?
 - Is the university large enough to sustain growth?
 - Are the other Greek's on campus successful with their housing?
 - What is the university doing with student housing are they increasing or decreasing the amount?
- **Housing Corporation/Housing Fund**

- Is the housing corporation incorporated?
- Is there a chapter building fund?
- Are there payments to this fund on a current basis?
- Is the fund large enough to contemplate housing?
- Are the housing corporation and the chapter on the same page for meeting the financial obligations and payments?

Whenever the [BOA](#) is confronted with proposal to buy, first consider whether the chapter is already adequately housed, with prospects of permanence. Remember that, in addition to interest on borrowed money, you will also be assuming the burden of taxes, depreciation, repairs and insurance, all of which the landlord has been bearing. All these items must be carefully ascertained or estimated and included in your carrying charges. In the case of a house already built, you can easily determine the amount of taxes, special assessments and insurance.

In buying an existing house, carefully determine whether any significant alterations will be necessary to fit it for use as a fraternity house for the chapter. If additional bathroom or dining room space must be provided, study rooms built or enlarged, or any other important changes made, secure estimates from one or more contractors on the basis of actual work to be done, and add these items to the original cost of the property before deciding whether or not it is feasible.

Do not guess at the cost of either repairs or alterations. Unless you have reasonable experience with building, these will always cost a great deal more than you anticipate, and sometimes more than the original cost of the property.

When the [BOA](#) has decided that the chapter needs a different house, and that it can afford to buy one, select the house meeting the needs of the chapter and then develop a plan of financing.

Land Acquisition and New Construction

The same information applies here as in buying a house already built. Do not rush into the purchase of a vacant lot for future building purposes far in advance of probable needs unless either lot is in the desired locality or rapidly disappearing, or desirable sites are becoming scarce. If you buy a vacant lot and hold it for 10 years, you will find that taxes and loss of interest will nearly double the cost, while the same money, properly invested, will more than double in the same time period.

When looking to build it is important to field at least 3 bids from contractors. Weigh the overall package from each builder then make an educated decision. Also, make certain that the property is properly zoned and there is no additional tax complications associated with “non-owner occupied” housing.