Fair Share vs. A Piece At A Time

Within the past year, two of Delta Chi's oldest chapters undertook major renovation projects on their respective houses. Each spent approximately $400,000. What is interesting is how these two projects were funded.

At the first chapter, there was an alumni house corporation that, over the years, helped ensure that the rent charged to the undergraduates living in the house was comparable to the rent charged by the residence halls and off-campus housing. Parlor fees were also charged for the out-of-house members, who were benefiting from the use of the house. At the same time, the ABT kept a close eye on the chapter's operations to help ensure a financially sound chapter. This all continued even after the mortgages were retired and the house was debt free. Involved alumni understood that the structure would eventually need such maintenance as a new roof, a new furnace, and rewiring. They prepared for the future. The undergraduates did not walk away with one piece of the house at a time which is what they would have been doing had they been undercharged for rent. The alumni insisted that each member pay his fair share for the long run as well as for the short run. Alumni of this chapter were often accused of being "unbrotherly." During the radical years of the 1970s, an oil portrait of a key alumnus that was prominently displayed in the house was even burned. But the alumni stuck it out.

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At the second chapter, there were years when the involved alumni held the chapter's "feet to the fire" but this was inconsistent. During the years when the chapter went without strong alumni involvement, any savings from the years of sound fiscal management were quickly eroded. When the house deteriorated, insufficient money had been set aside to replace the depreciating asset. The chapter's operating budget had been often been allowed to go awry. Losses in the chapter's operations precluded, it was then argued, charging a more appropriate rent. Delta Chi Law grants the ABT the authority to seize the checkbook and even remove the "D", but this was either overlooked or dismissed in the spirit of a "learning experience." Or quite possibly there simply wasn't the willingness within a sufficient number of alumni to fight the problem once it was allowed to get out of hand. "Maybe next year . . . " was a common phrase as each year came, and went.

Finally, the time had come at both structures to bite the bullet and do the necessary work. Each structure underwent significant renovation: new plumbing, fire safety features, rewiring, and more. One chapter had the funds to write a check. One went out and borrowed. One is debt free and setting aside money for the next renovation. One is 95% leveraged, leaving only 5% equity to show for more than eight decades of existence. Borrowing $400,000 at 10% for thirty years results in paying a total of $1,263,715, the original $400,000 plus $863,715 interest. That interest alone is more than twice the actual cost of the renovations. Furthermore, the interest cannot be written off against taxes since the house corporation normally does not pay income taxes. Future members of the second chapter will be picking up the tab for the previous lack of sound financial management, much of it due to past members who had effectively argued that they shouldn't have to pay what economic principles would deem as their share. When this is pointed out to members in similar situations today and they are told what this kind of debt means to future brothers, some reply, "That's their problem," or, "They get to live in the new structure, not me," which fails to acknowledge that they had been the ones using up the current house so that the renovations were made necessary. An interesting perspective on brotherhood.

There is a great saying that seems appropriate here: "The more a chapter is run like a business, the more it feels like a fraternity."

Oh, by the way, the oil portrait has been replaced.

Written in 1995 by **Raymond D. Galbreth**, Missouri '69