

# Fiat Lux

The Student Newspaper of Alfred University

## AU ends greek leases

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Alfred University is currently in the process of acquiring the two Greek properties located on Fraternity Row, formerly known as Sigma Alpha Mu and Lambda Chi Alpha houses.

"The University is involved in purchasing only one house at this time, Lambda, [which is known as the Kappa Sigma house]" said President Charles Edmondson in an e-mail interview. "The University had guaranteed the loans used to build SAM and is acquiring that property because the fraternity is effectively in default of its payments."

Joyce Rausch, vice president of business and finance, said the Lambda and SAM properties are both part of a land lease with the University. What that means, explained Rausch, is that the University retains ownership of the land while a group can place an "improvement," in this case Greek houses, on the property. The goals of this particular lease are for the University to have an improved piece of land while Greek students have a place to live, she added.

Rausch explained that both the Lambda and SAM houses present similar situations and went into detail about Lambda.

"Lambda has a loan guaranteed by" the University, and since Lambda has no collateral [to give

for a loan], the University would step up to the plate if Lambda ever defaulted on the loan," said Rausch.

The University is terminating the land leases, not buying the houses, said Rausch. In order to terminate the land leases, the University has two options: to assume the loan payments or give Lambda money to sell the house themselves. Lambda is currently attempting to try to remove themselves from their business obligations, she added.

Mitch Feldman, Alumni Association treasurer for Kappa Sigma Zeta of Lambda Chi Alpha, stated that Lambda cannot sell its house because of the land lease agreement. As a result, it cannot receive fair market value for the house itself.

Feldman stated that a great deal of work and money must go into both houses in order to bring them up to the University's housing codes for possible student housing in the future.

Feldman believes that more could have been done on the University's part to assist Greek organizations in divesting their properties so they will not sit dormant.

"The University did not have any consideration for the financial situations of the houses," said Feldman.

Feldman also noted that AU's

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Lambda chapter was the first to contact the University last July concerning the financial situation of Greek houses and to seek help with keeping up with loan payment.

Mike Hyde, vice president of university relations, said the Lambda house is in reasonably good condition but may not be up to University housing codes. The biggest hurdle for the University, both financially and legally, has been assuming ownership of the properties over the past several months, he added.

The University is most interested in the two properties on Fraternity Row, because of their proximity and utility to campus, said Hyde.

Hyde clarified the University's position that the University does not wish to own all of the Greek houses. The University's interest is simply business-oriented, he added.

Edmondson noted that AU has an "interest" in several properties;

however, acquisition terms are always negotiable and prices are determined by buyer interest, which means purchase prices cannot be speculated on in advance.

"The level of interest on the part of the University will vary according to the condition of the property, cost factor, location, etc.," said Edmondson.

Daryl Conte, associate dean of students, believes it is in the best interest of AU to keep houses on University property owned and managed by the University. The Lambda and SAM properties provide opportunities to possibly expand special-interest housing on campus.

Conte also noted that the proposed three-year residency requirement to be implemented by AU has never been brought up when discussing the Lambda and SAM house acquisitions. The whole topic needs to be revisited in the future, he added.

Brenda Polter, director of residence life, said that the possibility of turning former Greek houses into housing units or apartment complexes has been discussed; however, many other constituencies are actively pursuing the

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properties in addition to Residence Life.

"If we are to go to a three-year [residency] requirement, it will be up to my office to figure out how to accommodate our students who will need to abide by the requirement as set forth by the University," said Porter.

Use of the properties in question has not been officially assigned, but there is a good chance that one will be a residential facility, said Porter.

Rausch stated that the business end of these transactions is complicated and needs to be ironed out before any future use is determined. The business transactions need to be "legally binding" before their intended use can be put forth, she added.

Feldman noted that as Alumni Association treasurer for Lambda Chi Alpha he is having a harder time explaining the issue to fellow alumni, rather than current students.

Despite these feelings, Feldman brought up a less materialistic fraternal ideal while discussing the situation.

"A house is not all that a brotherhood is about." 0