



TEXAS STATE UNIVERSITY
KAPPA ALPHA ORDER ALUMNI ASSOCIATION
19411 Kessington Lane
Houston, TX 77094

April 20, 2007

Dear Alumni:

I hope this letter finds you and your family well. As many of you know, I resigned as Alumni Advisor last October. After 10 years of attending chapter meetings, school administrator meetings, house improvements/repairs and dealing with chapter issues I was severely burned out. It has been my personal satisfaction that the chapter has maintained its presence at Texas State over that time and I have also gotten to know some really quality brothers as well. I am still managing the finances of the Housing Corporation that owns the house on behalf of the Paid Alumni.

David DiRe' (92) is the new Alumni Advisor at KA Epsilon Iota chapter and he has hit the ground running. He has been very proactive in promoting a Golf Tournament that raised over \$13,000 last fall. DiRe', as one of his first assignments, has taken on the daunting task of updating the chapter house at San Marcos. After the chapter paid some National debt the rest of the money raised last fall, \$9,500, was deposited in to the housing corp. account and is being used for some major improvements to the house. DiRe' has been able to get many items donated at cost or free.

All the floors throughout the entire house have been replaced with new wood laminate and/or carpet. This work was done by alumni Marc Chase ('90) and his company Chase Carpets in Austin. Marc has not given us an invoice because DiRe' is working on getting all of Marc's efforts donated. Our potential cost is a max of \$2,500. If we paid the \$2,500 that still is a heck of a deal to redo all the floors of a 3,700 sq. ft. house.

Also, Kelly Dane ('93) measured the kitchen for custom cabinets. His company, Tri Tex Cabinets, then made custom cabinets for the kitchen at his cost of \$1,382. I checked with Lowe's and we would have paid twice that much for low grade replacements. DiRe' and his brother-in-law, a carpenter, installed the cabinets themselves. THANK YOU – Marc and Kelly for your donations!

In this renewed spirit of enthusiasm DiRe' and I would like to tackle another project that has been long over due – the mortgage on the KA House. As many of you may remember when the house was bought in Feb of 1985 we were unable to secure financing on the property so the owner offered to finance the purchase at a rate of 12.5% over 30 years. There have been some attempts to refinance over the years but given the nature of the property being a fraternity house those attempts have fallen through. Now that we have 20 plus years of alumni behind us we feel now is the time to self finance the note ourselves.

The current situation as of 5/1/2007 is this:

We owe \$91,891.14 that is costing us 12.5% a year with a payment of \$1,547.52 a month or \$18,570.24 a year. The remaining amount to be paid with the current interest rate on the mortgage is \$143,919.36 that would be paid off 2/1/2015.

The proposal:

Find alumni that would be willing to loan \$5,000 per unit to the Housing Corporation to payoff the current note. We would need to fund 18 units that would raise \$90,000. Alumni could own more than one unit. These units would **not bear any interest** and would be paid back from rents collected from the chapter at a rate of \$1,000 per unit per 12 months. Baring any setback or chapter collapse it would take 5 years to pay the units off. There would be no fees collected for the sale of units or management of the house as is the case now. Each unit holder would be issued a promissory note by the housing corporation as protection against the de-chartering of the chapter and/or sale of the house in the event that occurred. Obviously all unit holders would be involved in discussions if those events occurred. To put this in a numbers view, see below:

Annual Current Expenses for 602 Academy

06 Taxes	\$	5,080.03	
07 Insurance	\$	2,177.71	
Current Mortgage/Year	\$	18,570.24	
Total expenses			<u>\$25,827.98</u>
Repairs/Maintenance			<u>\$ 4,172.02</u>
TOTAL EXPENSES			<u><u>\$30,000.00</u></u>

Annual Current Revenue

Chapter Rent/Month	\$	2,500.00	
ANNUAL REVENUE			<u><u>\$30,000.00</u></u>

Proposed Refinance

Loan	\$90,000.00
<i>(18 units at \$5,000 each)</i>	
Annual Payment to lending Brothers	\$18,000.00
<i>(paid at \$1,000 per each \$5k unit per year)</i>	
Years to payoff \$90,000	5.00

If you can find it in your finances and heart to help save the alumni a significant amount of money, almost \$44,000, it would be greatly appreciated. Unit holders' names would be prominently displayed as a testament to their generosity at the chapter house.

We can, and I hope will, get the alumni association Housing Corporation together for a meeting. I would be happy to turn over the duties to someone that truly cared enough to commit to the task involved. David Dire' has really stepped up and committed time and energy to the process and I appreciate his commitment.

Please let me know your thoughts, questions, and interest in helping us payoff the note. I am happy to answer emails but if your questions are more in-depth I prefer a call. My office number is 281 647-0000. After I get an indication of interest in participation I will schedule a conference call to answer all our questions.

Given that both DiRe' and myself are registered advisors we need to disclose the following:

This is not a solicitation or offer to sell securities by David Cade, David DiRe', American Financial, our broker dealers, or our clearing firms.

I look forward to hearing from you at david@davidcade.com with your potential interest or comments.

My best regards to you and your family,

David W. Cade
President
Texas State University
Kappa Alpha Order Alumni Association