

THETA CHI OF PENN STATE
INCORPORATED

Philadelphia, Penna.
January 18th, 1940

TO SECOND MORTGAGE BOND OWNERS: OMEGA CHAPTER ACTIVES AND ALUMNI:

If you are an owner of one or more of our Second Mortgage Omega Chapter Theta Chi bonds, we have a very important message for you.

Examination of your Second Mortgage Bond will show that all present outstanding bonds are supposed to be retired on February 1st, 1940, and we are NOT in a financial position to make these retirements.

First, let us explain a little of our financial history! On February 1st, 1930 we issued \$30,000. first mortgage bonds, \$20,000. second mortgage bonds, and \$5,500. in notes - a total of \$55,500. - to finance the building and furnishing of a new Omega Chapter House. Since that time the country (and this has affected the Fraternity) has gone through ten very poor years! During some of these years our membership dropped to as low as 22 or 23 actives, and we should have at least 40, however we did pay off the \$5,500. in notes, and have retired \$8,000. in second mortgage bonds, leaving outstanding at present \$30,000. first mortgage bonds and \$12,000. second mortgage bonds (total of \$42,000.) Now we are faced with the problem of how to handle this \$12,000.

Interest has been paid regularly when due on all our bonds, and the interest due February 1st, 1940 on the second mortgage bonds will be paid. As to the \$12,000. principal, this amount cannot be paid on February 1st. Legally the Peoples National Bank of State Collete, State College, Penna. are Trustees for all our bond issues, therefore, it would seem advisable for each bond owner to deposit his bond or bonds with the Trustee until a satisfactory financial arrangement can be reached as to how to handle this \$12,000, which is now due.

There are numerous way to take care of this problem, and we are outlining these below, as we see them:

FIRST PLAN:

We have never in the past asked for gratuities to retire the second mortgage bonds or help finance our project. In this respect we may have been wrong as the greater percentage of Fraternity Houses have been financed right along in this manner. We are, however, proud of the fact that we have paid our way in the past and have established credit in our bank second to none in State College, notwithstanding, this is no reason why any of our Alumni members or friends who desire to help should not do so now, for, as the need is greater than it ever has been in the past, such help will be greatly appreciated at this time.

An easy way for the bond owners or Fraternity members to offer help in this matter, if they care to, would be to donate their respective bond or bonds, if they like, or, let us say, turn in each bond to the Fraternity for \$35.00 - this amount is suggested because we have paid \$65.00 interest on each bond during the last ten years - thus considering the \$100.00 as a loan to the Fraternity for ten years without interest: (in our early years, before the house was built and when we were accumulating the land, I understand that many loans were made on this basis, and incidentally, all were paid back).

FIRST PLAN (Continued)

Those who do not own bonds could make a direct donation to the "SECOND MORTGAGE RETIREMENT FUND" if they cared to. A \$35.00 donation would be used to buy in a bond offered by an owner on the basis outlined above. Larger donations would do a bigger job.

SECOND PLAN:

Other owners not wishing to follow the first plan may want to sell their bonds, if it is possible. We may be able to find money to purchase some of these bonds, or at least find temporary purchasers (who will hold them for the Fraternity) if the offered price is right. Please take into consideration the $6\frac{1}{2}\%$ per year interest we have been paying for the past ten years, compare this interest rate with the interest rate on other real estate bonds (about 3% or 4%) and then when you send the bonds to the Peoples National Bank at State College, Trustee, please advise the bank what price you will be willing to accept for your bond or bonds.

THIRD PLAN:

Still other owners will want to retain their bonds and will be agreeable to deposit them with the Peoples National Bank of State College as Trustees until the details are worked out. The bank will register these bonds in the name of the owners; endorse them extending the date of retirement to February 1st, 1950, with interest of 5% payable by check to the registered owners on February 1st of each year; the bond retaining its face value of \$100.00 and the bond being callable on any interest date.

The bank will acknowledge receipt of all bonds and those handled under the third plan, as outlined above, will be returned within a reasonable time, properly executed.

You now have a fairly complete picture of our financial history and present problem. We have carried out our obligations to you in full, so far as interest is concerned, since the bonds were issued even though we have passed through a serious business depression. We are now passing through foreign war troubles which we hope will not affect our colleges and fraternities as they did the previous war, however we will endeavor in the future to fulfill our obligations to you in the same way as we have in the past - all we ask of you is that you fully consider our problem and do what you can to help us out.

HERE ARE OUR SUGGESTIONS:

FIRST:

Cut the 20th coupon off the bond and deposit it.

SECOND:

If you elect the FIRST PLAN outlined above send the bond to: N. C. Horner, Treas., Theta Chi of Penn State, Inc., 101 Public Ledger Building, Phila., Penna., and write plainly on the bond in ink "Donated to Theta Chi of Penn State as my contribution to the Second Mortgage Retirement Fund", signing your name.

SECOND (Continued):

If you are not a bond owner (or if you are and you elect this method) send any donations you care to make to: N. C. Horner, Treasurer, and make checks payable to "Theta Chi of Penn State, Second Mortgage Retirement Fund".

If you will accept the \$35.00 offer for your bond, send the bond to the Peoples National Bank of State College, addressed for the attention of Mr. Lee, Cashier, or to N. C. Horner, Treasurer, with a letter stating that you will accept the \$35.00 and we will forward check as soon as possible.

THIRD:

If you elect to accept the SECOND PLAN, send the bond or bonds to the Peoples National Bank of State College, attention of Mr. Lee Cashier, or N. C. Horner, Treasurer, and advise by letter what you are willing to sell the bond for. Also please remember, if we can't buy these bonds we hope you will be agreeable to consider them under the THIRD PLAN and register them - but we will try to buy them as soon as possible at the price you offer them.

FOURTH:

If you elect the THIRD PLAN, send the bonds to the Peoples National Bank of State College, attention Mr. Lee, Cashier, and advise by letter that you will accept this plan, and register the bond or bonds. Bonds will be acknowledged by the bank and returned as soon as possible, properly executed and registered.

Please cooperate with us in this bond problem, and we will promise to do our share, to the best of our ability, and as the financial writers say, "Barring war" we will try to do as good in the future as we have done in the past.

Very truly yours,

THETA CHI OF PENN STATE, INC.

N. C. HORNER, President, & Treas.

S. DALE KAUFMAN, Vice President

JOHN A. IRWIN, Secretary

P.S. The above plan has the approval of the Peoples National Bank of State College, Trustee for our bond issues.

NOTE: THESE BONDS ARE NEGOTIABLE, THEREFORE THEY SHOULD BE SENT BY REGISTERED MAIL ONLY, to

Peoples National Bank of State College,
State College, Penna.
Attention: Mr. Lee, Cashier

or

N. C. Horner, Treasurer,
Theta Chi of Penn State, Inc.,
101 Public Ledger Building,
Philadelphia, Penna.