

**LAMBDA CHI ALPHA EDUCATIONAL FOUNDATION, INC.**  
**UNIFORM GRANT PROCEDURES FOR EDUCATIONAL AREA**  
**OPERATING EXPENSE GRANT PROGRAM**

Sec. 1. Purpose.

The purpose of these procedures is to establish an Educational Area Operating Expense Grant Program and to set forth the requirements under this Program for making grants to local house corporations affiliated with Lambda Chi Alpha Fraternity to be used exclusively for the establishment of an Operating Fund distributions from which will be used to fund operating and maintenance costs attributable to the Educational Areas in local chapter houses.

Sec. 2. Educational Areas.

The term “Educational Area” shall be limited to (1) study rooms; (2) libraries; (3) computer rooms; (4) drafting and educational work rooms; (5) leadership training rooms; and (6) storage rooms for educational materials and equipment, as defined below.

Sec. 3. Definition of Educational Areas.

Sec 3.1. Study Rooms.

Study rooms must be used exclusively for individual study or group study projects, except for minor and occasional social or recreational use. Each study room must be equipped with desks for individual use and/or conference tables for small group study projects. If practical, study rooms should be cabled and wired and/or equipped with wireless internet access to support computer work stations.

Sec 3.2. Libraries.

Libraries must be used exclusively for individual study or group study projects, except for minor and occasional social or recreational use. In addition to facilities for maintaining books, reference works, and course materials, libraries should also have desks, tables, or carrels for individual study by persons using the library.

Sec 3.3. Computer Rooms.

Computer rooms must be used exclusively for individual study or group study projects, except for minor and occasional social or recreational use. These rooms will be equipped with desks or tables, shelves or cabinets, computers, and other equipment to permit tie-ins to study rooms and libraries, as well as university computer facilities where feasible.

Sec 3.4. Drafting and Educational Work Rooms.

Drafting and educational work rooms must be used exclusively for individual study or group study projects, except for minor and occasional social or recreational use. These rooms will have equipment and study areas for students in engineering, architecture, graphic design, and fine arts, and may also have laboratory equipment and space for science students to conduct their studies or projects.

Sec 3.5. Leadership Training Rooms.

Leadership Training Rooms may contain visual and audio aids and other equipment that will aid students in developing their skills in speaking and making presentations. It is also intended that these rooms may serve as meeting rooms for student affairs, which would include other students who are not members of the Fraternity. However, to ensure that the leadership training rooms are used exclusively for these educational purposes rather than chapter functions, grants for leadership training rooms will be made only to those chapters which already have, or will have constructed, separate and adequate space to conduct social, recreational, or fraternal functions, such as Fraternity meetings or social events.

Sec 3.6. Educational Storage Rooms.

These areas must be used exclusively for storing educational equipment and materials used in connection with educational study and work. Thus, educational storage rooms may not be used to store non-educational personal effects or materials that relate primarily to the chapter.

Sec. 4. Definition of Educational Equipment.

Educational equipment shall include (1) computers; (2) printers; (3) other equipment used for the study of such disciplines as engineering, architecture, graphic design, and fine arts; (4) laboratory and science equipment; (5) audio and visual equipment; and (6) furniture, such as desks, desk chairs, conference tables, bookcases, and other furniture or equipment used in the Educational Areas or in a student's room (provided the house corporation retains ownership of such equipment).

Sec. 5. Definition of Educational Materials.

Educational materials shall include reference materials, course books, general literature, and other reading material having an educational value.

Sec. 6. Fire Safety Equipment.

The term Fire Safety Equipment shall include fire alarms, smoke detectors and internal sprinkler systems installed for any of the Educational Areas.

Sec. 7. Internet Wiring.

The term Internet Wiring shall include the installation, configuration, and maintenance of a house-wide computer network and house-wide wiring and/or wireless networking equipment to allow for access to the university's mainframe and network and to allow for internet access.

Sec. 8. Operating Fund.

The Operating Fund will be held by the Foundation for the maintenance and operation of the Educational Areas. Expenditures from this fund may be used for maintaining insurance, paying utility bills, and satisfying other regular operating expenses of the designated Educational Areas. No portion of this Fund may be used for expenses relating to a non-educational area of the local chapter house.

Sec. 9. Exclusive Use.

No part of the Educational Areas referred to in Section 2 and defined in Section 3 may be used for other than educational purposes other than a minor social or recreational use. No dining, sleeping, social, recreational or fraternal activities may be carried on in any area dedicated exclusively to educational purposes and treated as an Educational Area under Sections 2 and 3 (other than minor social or recreational use).

Sec. 10. Application for Educational Area Operating Expense Grants.

Sec 10.1. The initial Application for Educational Area Operating Expense Grants must provide detailed descriptions of the Educational Areas of the chapter house for which the grants will be used and the educational use to which such Areas will be put. Such descriptions must include architectural plans with square footage specifications and Educational Area descriptions in the form attached as Exhibit A to the Grant Agreement. Additionally, the application must include a letter from an authorized representative of the university in the form attached hereto as Schedule 1.

Sec 10.2. After the initial application for Educational Area Operating Expense Grants has been approved and the Operating Fund established, house corporations may make quarterly requests for disbursements from the Operating Fund using the Educational Operating Fund Grant Request in the form attached hereto as Schedule 2. Such request shall include a certification that (i) the Educational Areas of the chapter house are not materially different than the uses described in Exhibit 2 attached to the Grant Agreement and (ii) the Educational Areas of the chapter house and the Educational Equipment used in those areas have not been used for non-educational purposes or activities, such as for fraternal purposes or activities (other than minor and occasional social or recreational use).

Sec. 11. Amount of Grant.

Sec 11.1. The amount of the grants to be made from the Operating Fund will be subject to the following limitations:

(a) Payments of grant funds for real estate taxes, casualty and liability insurance premiums, utility costs and any other operating costs which cannot be directly attributable or allocable to any specific area of the chapter house shall not exceed the amount determined by multiplying the total of each such cost by a percentage, the numerator of which shall be that portion of the square footage of the Educational Areas, and the denominator of which shall be the total square footage of the entire building (the "Educational Percent"). A description of such allocation must be submitted in the form attached as Exhibit D to the Grant Agreement.

(b) Payments of grant funds may be used for personal property taxes assessed on Educational Materials and Educational Equipment and any other operating costs which can be directly attributable and allocable to such Educational Areas, including, but not limited to, regular recurring maintenance expenses (e.g. those incurred for the painting of Educational Areas) and regular expenses related to computer networking equipment and internet wiring throughout the Chapter House.

(c) No part of this fund may be used by the house corporation without the Foundation's prior approval in writing acknowledging that such funds will be used exclusively for educational purposes.

#### Sec. 12. Grant Agreement.

Both the chapter and house corporation must execute a grant agreement in the form attached as Schedule 3.

#### Sec. 13. Record Keeping.

Sec 13.1. All grant funds must be deposited in a separate fund of the house corporation and its books and records must be maintained in such a way that such grant funds will be shown separately on the house corporation's books. Expenditures made in furtherance of the educational purposes described herein shall be charged against the grant funds. The house corporation will maintain records for such expenditures adequate to identify the funds used for the educational percentage of the operating and maintenance expenses.

Sec 13.2. If any part of the grant funds are paid by the house corporation to the local chapter to cover any part of the expenses for which the Educational Area Grant was made, as opposed to the house corporation directly paying for such expenses, then the local chapter shall maintain a separate fund to pay for such costs and such funds shall be subject to the same record keeping requirements as are applicable to the separate fund of the house corporation under Section 13.1.

Sec. 14. Reports to the Foundation.

Sec 14.1. The house corporation shall require the local chapter to provide the Grants Committee of the Foundation with semi-annual reports in order to assure the Foundation that the activities carried on in the educational areas of the building (as described in Exhibit A to the Grant Agreement) are exclusively educational in nature and to enable the Grants Committee to monitor the use of such areas for educational purposes. Such reports shall include descriptions of conferences, meetings, seminars, instructional activities, etc., that have taken place in the Educational Areas during the reporting period. Such reports shall also include a certification by the President of the chapter that the Educational Areas of the building have not been used for non-educational purposes or activities, such as social, recreational, or fraternal activities, other than minor social or recreational use.

Sec 14.2. To the extent that the Grant is made to the House Corporation in reimbursement of incurred expenses substantiated by paid invoices or evidenced by other documentation from the House Corporation, the record keeping requirements set forth in Section 13 above and the reporting requirements set forth in this Section 14 shall not apply; otherwise, such provisions shall be in full force and effect.

Sec. 15. Repayment.

Sec 15.1. Subject to the provisions of Section 15.2 below, the house corporation will repay to the Foundation any portion of the grant which is not used for the educational purposes for which the grant was made.

Sec 15.2. Should any part of the Educational Areas financed by an Educational Area Operating Expense Grant cease to be used for educational purposes or should

any part of the grant exceed the amount determined in Section 11, that portion of the grant allocated to any Educational Area in the building which is not used for educational purposes, or any amount of the grant proceeds that exceeds the amount determined in Section 11, will be repaid to the Foundation, provided, however, that the house corporation shall have thirty (30) days from the date of written notice by the Foundation to the house corporation that such a situation has been found to exist, to correct the situation, and if it does not do so within said thirty (30) days it will so repay to the Foundation.

Sec. 16. Monitoring of Use of Grant Proceeds.

Sec 16.1. Each house corporation and local chapter receiving Educational Area Operating Expense Grants shall cooperate with, and provide access to the premises to, representatives of the Grants Committee making periodic visits and inspections to monitor the use of the Educational Areas. Both the house corporation and local chapter shall also make their financial records freely available to the Foundation, either in connection with the inspection of its representatives, or upon request.

Sec. 17. Effect on Tax Exemption.

Sec 17.1. After the Grants Committee has screened an applicant for an Educational Area Operating Expense Grant and the Foundation Board has approved the establishment of an Operating Fund and the making of a grant to an applicant, counsel shall be requested to review each such grant and to provide a legal opinion that each grant will not adversely affect the Foundation's tax-exempt status under Internal Revenue Code Section 501(c)(3).

Sec 17.2. Any house corporation receiving Educational Area Operating Expense Grants must be recognized as exempt under Internal Revenue Code Section 501(c)(2) or 501(c)(7).

## SCHEDULE 1

### [TO BE RETYPED ON UNIVERSITY LETTERHEAD]

[Date]

Board of Directors of  
Lambda Chi Alpha Educational Foundation, Inc.  
Josh Lodolo, CEO/President  
8741 Founders Road  
Indianapolis, Indiana 46268-1389

Gentlemen:

We understand that your Foundation plans to make a grant to the \_\_\_\_\_ (the "House Corporation") to fund certain expenses incurred in connection with the educational spaces in the chapter house for the members of the \_\_\_\_\_ Chapter of the Lambda Chi Alpha Fraternity on this campus, and that in that regard you have requested this letter.

Based on the above understanding, we hereby acknowledge, as a matter of policy on behalf of the University, the following:

The University is committed to providing facilities for individual and group study, library facilities, and/or educational equipment (including the provision of computer and internet access in the University dormitories and other buildings) to students living both on and off its campus. The educational facilities at the chapter house, which may include study rooms, library facilities and/or specialized areas, such as computer rooms and housewide computer and internet access, drafting rooms, laboratories or other instructional areas, are similar in nature to those provided by the University for the education of the general student body. As a result, the provision of these additional facilities will:

- (1) Relieve the University of the burden of providing such facilities to students who are members of the chapter;
- (2) Supplement the resources of the University by providing additional equipment and facilities; and
- (3) Alleviate the current use of the University's existing facilities by providing an alternative source for members of the chapter and guests.

We also wish to confirm that approximately [\_\_]% of our undergraduate population belongs to a fraternity or sorority, and approximately [\_\_]% of our undergraduate fraternity and sorority population resides in a fraternity or sorority chapter house.

Sincerely yours,

[Name & Title of University official]

## SCHEDULE 2

### **EDUCATIONAL OPERATING FUND GRANT REQUEST**

*All expenses outlined must be accompanied by copies of the appropriate invoices or payment receipts.*

Fiscal year begins on the first day of \_\_\_\_\_ [Month] \_\_\_\_\_ [Year] and ends on the last day of \_\_\_\_\_ [Month] \_\_\_\_\_ [Year].

**A. ANNUAL EXPENSES (not directly attributable to educational areas of the chapter house)**

Insurance	
Property Insurance (House Corporation portion)	\$
Liability Insurance (if applicable)	\$
Taxes:	
City/County	\$
State	\$
Gas	\$
Water	\$
Sewer	\$
Electric	\$
Housekeeping Supplies (toilet paper, light bulbs, janitorial, etc.)	\$
Grounds Maintenance (lawn, snow, etc.)	\$
Trash Removal	\$
Cable TV	\$
Telephone/Security Monitoring	\$
Pest Control	\$
Facility Maintenance/Repairs	\$
Private Property Management (if applicable)	\$
Other expense ( _____ )	\$
Other expense ( _____ )	\$
Other expense ( _____ )	\$
Other expense ( _____ )	\$
Other expense ( _____ )	\$
Other expense ( _____ )	\$
Other expense ( _____ )	\$
<b>Total Annual Expenses (not directly attributable to educational areas of the facility)</b>	<b>\$</b>

**B. ANNUAL EXPENSES (attributable to specific educational areas of the chapter house)**

Supplies (used solely in educational areas)	\$
Internet	\$
Maintenance/Repairs of educational areas	\$
Personal Property Taxes on Educational Materials and Educational Equipment	\$
Other expense ( _____ )	\$
Other expense ( _____ )	\$
Other expense ( _____ )	\$

Other expense ( _____ )	\$
Other expense ( _____ )	\$
Other expense ( _____ )	\$
<b>Total Annual Expenses (attributable to educational areas of the facility)</b>	<b>\$</b>

<b>Grant Request Summary</b>		
1	Percentage of Educational Square Footage of facility as outlined in Exhibit 4 to the executed Educational Area Grant Agreement	%
2	Total Annual Expenses (not directly attributable to educational areas of the facility) ( <b>Part A</b> ):	\$
3	Total Annual Expenses (attributable to specific educational areas of the facility) ( <b>Part B</b> )	\$
	Grant Request Amount ((Line 1 times (x) Line 2) plus (+) Line 3)	\$

This Educational Operating Fund Grant Request must be accompanied by an executed Educational Operating Fund Grant Request Certification.

**EDUCATIONAL OPERATING FUND GRANT REQUEST**

**CERTIFICATION**

By signing below, [legal name of house corporation] (the "House Corporation") and the [legal name of chapter] (the "Chapter") represent and warrant to the Lambda Chi Alpha Educational Foundation, Inc. (the "Foundation") the following facts:

a. The current uses of the Educational Areas of the Chapter House are not materially different than the uses described in Exhibit 2 attached to the Grant Agreement entered into between the House Corporation, the Chapter and the Foundation on [date of Grant Agreement execution] (the "Grant Agreement").

b. The Educational Areas of the Chapter House and the Educational Equipment used in those areas have not been used for non-educational purposes or activities, such as for fraternal purposes or activities (other than minor social or recreational use).

Capitalized terms used herein and not otherwise defined will be given the definitions set forth in the Grant Agreement.

[HOUSE CORPORATION]

[CHAPTER]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: President

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: President

\_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Date: \_\_\_\_\_

## SCHEDULE 3

### EDUCATIONAL OPERATING EXPENSE GRANT AGREEMENT

The Lambda Chi Alpha Educational Foundation, Inc. (the "Foundation") agrees to make a grant (the "Grant") to the \_\_\_\_\_ (the "Corporation") to be used by the Corporation for the benefit of the members of the \_\_\_\_\_ Chapter (the "Chapter") of Lambda Chi Alpha Fraternity (the "Fraternity"), for the payment of operating costs described in the Uniform Grant Procedures adopted by the Foundation ("Operating Costs") attributable to the Educational Areas of the building (the "Chapter House") maintained by the Corporation and used by members of the Chapter and particularly identified in Exhibit 3, subject to the following express conditions:

#### **Sec. 1. In General.**

Sec. 1.1. The Grant shall be used by the Corporation exclusively to fund expenses directly attributable or allocable to the purposes specified in Section 2 below.

Sec. 1.2. The Grant shall be set aside in a separate fund and shall be used by the Corporation for the purposes set forth in Section 2, subject to the conditions and limitations specified in Section 3.1 below.

Sec. 2. **Use of Grants.** The Grant shall be used exclusively for payment of Operating Costs attributable to the Educational Areas of the Chapter House.

#### **Sec. 3. Amount of Grants.**

Sec. 3.1. The Grant shall be segregated and shall be used for the Operating Costs subject to the following limitations:

Sec. 3.1.1. Payments of Grant funds for real estate taxes, casualty and liability insurance premiums, utility costs and any other Operating Costs which cannot be directly attributable or allocable to any specific area of the Chapter House shall not exceed the amount determined by multiplying the total of such cost by a fraction, the numerator of which shall be the square footage of the Educational Areas, and the

denominator of which shall be the total square footage of the entire Chapter House. This fraction is summarized and calculated on Exhibit D.

Sec. 3.1.2. Payments of Grant funds may be used for personal property taxes assessed on Educational Equipment and Educational Materials and any other Operating Costs which are directly attributable and allocable to Educational Areas, including, but not limited to, regular recurring maintenance expenses (e.g., those incurred for the painting of Educational Areas) and regular expenses related to the provision of Internet access throughout the Chapter House.

Sec. 3.1.3. No part of this fund may be used by the Corporation without the Foundation's prior approval in writing acknowledging that such funds will be used exclusively for educational purposes.

Sec. 3.2. The Grants shall be made solely from the Foundation's restricted fund account for the Corporation. Nothing herein shall obligate the Foundation to make Grants from the Foundation's general funds.

Sec. 4. **Exclusive Use.** No part of the Educational Areas or of the Educational Materials or Equipment shall be used for any other purpose than those described in Exhibit B, except for minor social or recreational use.

Sec. 5. **Record Keeping.** To the extent that the Grant is made to the House Corporation in reimbursement of incurred expenses substantiated by paid invoices or evidence by other documentation from the House Corporation, the record keeping requirements set forth in this Section 5 and the reporting requirements set forth in Section 6.1 below shall not apply' otherwise, such provisions shall be in full force and effect.

Sec. 5.1. The Corporation agrees to deposit all Grant disbursements it receives in a separate fund and to maintain its books and records in such a way that such Grant funds will be shown separately on the Corporation's books. Expenditures made in furtherance of the educational purposes specified in Sections 2 and 3 shall be charged against the Grant funds. The

Corporation will maintain separate records to identify the expenditures of the Grant for Operating Costs as described in Sections 1.2 and 3.1.

Sec. 5.2. If any part of the Grant funds are paid over by the Corporation to the Chapter to cover any part of the expenses for which the Grant was made, as opposed to the Corporation directly paying for such expenses, then the Chapter shall also maintain a separate fund to pay for such costs and such fund shall be subject to the same record keeping requirements as are applicable to the separate funds of the Corporation under Section 5.1.

#### **Sec. 6. Reports to the Foundation.**

Sec. 6.1. The Corporation shall provide the Foundation with an annual report as to the Grant described in Sections 1.2 and 3.1 that have been allocated to the Operating Costs. Such report shall show the expenses paid out of the Grant funds for Operating Costs during the year.

Sec. 6.2. The Chapter shall provide the Foundation with semi-annual reports in order to assure the Foundation that the activities carried on in the Educational Areas are educational in nature and to enable the Foundation to monitor the use of such areas for educational purposes. Such reports shall include descriptions of all conferences, meetings, seminars, instructional activities, etc., that have taken place in the Educational Areas during the year. Such reports shall also include a certification by the President of the Chapter that the Educational Areas of the Chapter House and the Educational Equipment and Educational Materials funded by the Grant have not been used for non-educational purposes or activities, such as for dining, sleeping, social, recreational or fraternal purposes, except for minor social or recreational use.

#### **Sec. 7. Repayment.**

Sec. 7.1. The Corporation or the Chapter must repay to the Foundation any portion of the Grant which is not used for the educational purposes specified in Section 2.

Sec. 7.2. Should any part of the Educational Areas cease to be used exclusively for the purposes specified in Exhibit B, the payments made from the Grant described in Sections

1.2 and 3.1 for the Operating Costs shall be reduced proportionately, the amount of the Grant being segregated at that time shall be reduced in the same proportion, and such reduced amount shall be repaid to the Foundation. Notwithstanding the above, the Corporation shall have 30 days from the date of written notice by the Foundation to the Corporation that such a situation has been found to exist, to correct the situation, and if it does not do so within the 30 day period, it must so repay the Foundation.

**Sec. 8. Monitoring of Use of Grants Proceeds.** The Corporation and the Chapter shall cooperate with, and provide access to the premises to, representatives of the Foundation making periodic visits and inspections to monitor the use of the Educational Areas and Educational Materials and Equipment. The Corporation and the Chapter shall also make their financial records freely available to the Foundation, either in connection with the inspection of its representatives or upon request.

**LAMBDA CHI ALPHA EDUCATIONAL  
FOUNDATION, INC.**

**[LEGAL NAME OF HOUSE  
CORPORATION]**

By: \_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_ **CHAPTER OF  
LAMBDA CHI ALPHA FRATERNITY**

By: \_\_\_\_\_

Date of this Agreement: \_\_\_\_\_

## **SCHEDULE OF EXHIBITS**

Exhibit A	Definitions
Exhibit B	Description of Educational Areas
Exhibit C	Architectural Plans for the Chapter House
Exhibit D	Allocation of Operating and Maintenance Costs

**EXHIBIT A**  
**DEFINITIONS**

**Chapter House.** The Chapter House means the building owned by the House Corporation, leased to members of the Chapter and more particularly identified on the architectural plans attached as Exhibit C to this Agreement.

**Educational Areas.** The term Educational Areas means the area in the Chapter House used exclusively for charitable and educational purposes specified in Section 170(c)(2)(B) of the Internal Revenue Code of 1986, as amended. The specified Educational Areas of the Chapter House are more particularly described and identified in the summary description attached as Exhibit B to this Agreement and on the architectural plans attached as Exhibit C to this Agreement.

**Educational Equipment.** The term Educational Equipment means personal property and fixtures used in the Educational Areas. The term includes, but is not limited to (i) furniture, such as desks, conference tables, bookcases, and other furniture or equipment used in Educational Areas; (ii) computers and printers; (iii) audio and visual equipment; (iv) laboratory and science equipment; and (v) other equipment used for the study of such disciplines as engineering, architecture, graphic design, and fine arts. Educational Equipment shall also include desks, chairs and computers for members in residence rooms; provided the University provides similar equipment to residents of the

University's dormitory housing, and further provided, however, that no part of such equipment shall be owned by an individual member.

**Educational Materials.** The term Educational Materials shall include reference materials, course books, general literature, historical memorabilia, and other materials having an educational purpose and that are used in the Educational Areas.

**Wireless Internet Access.** The term Wireless Internet Access shall include expenses for the installation, configuration and maintenance of computer networking equipment for the provision of wireless Internet access throughout the Chapter House.

**Fire Safety Equipment.** The term Fire Safety Equipment shall include fire alarms, smoke detectors and internal sprinkler systems installed for any of the Educational Areas.

**EXHIBIT B**

**DESCRIPTIONS OF EDUCATIONAL AREAS**

**EXHIBIT C**

**ARCHITECTURAL PLANS**

**EXHIBIT D**

**ALLOCATION OF BUILDING CONSTRUCTION COSTS**

Total Square Feet of Educational Areas \_\_\_\_\_ square feet

Total Square Feet of Chapter House\* \_\_\_\_\_ square feet

Allocation of Construction Costs to Educational Areas

$$\frac{\text{_____ square feet (Educational Areas)}}{\text{_____ square feet (Total Areas)}} = \text{_____ \%}$$

\* The Chapter House contains \_\_\_\_\_ square feet of living space. The living space does not include \_\_\_\_\_ square feet of support and ancillary areas such as restrooms, hallways, mechanical, stairways and storage areas. With these areas included the total square footage of the Chapter House is \_\_\_\_\_ square feet.