

E-4. FRATERNITY LOAN POLICY

This policy sets forth the current operating procedures of the University with respect to loan requests received from fraternities sanctioned by the University.

1. The Board of Trustees may make loans, at such times and in such amounts as it determines to be necessary or appropriate, on an individual basis and in the light of resources available in the endowment accounts, to University-sanctioned fraternities for the purpose of constructing, renovating, or purchasing dormitory facilities or comparable housing.
2. The University will attempt to accommodate the needs of existing chapters before financing facilities for new chapters.
3. The requesting fraternity shall first submit its loan request to the University Interfraternity Council (the "Interfraternity Council") which shall review each such loan request and designate the priority of each loan request based upon on need, fiscal soundness of the proposal, and the overall stability of the requesting organization. Following its receipt and review of each loan request, the Interfraternity Council shall submit a report to the University President detailing the items referenced in the preceding sentence as well as its recommendation as to the action the University should take with respect to the loan request.
4. Following its receipt and review of a loan request described in the preceding paragraph, the University President shall submit to the Finance Committee of the Board of Trustees its recommendation as to the action the University should take with respect to the loan request.
5. The maximum principal amount of all outstanding loans to any single fraternity for construction projects shall not, at any time, exceed the lesser of (a) \$500,000 or (b) fifty percent (50%) of the total estimated cost of the underlying construction project(s). Simultaneously with the delivery of its loan request, the requesting fraternity shall provide (i) appropriate documentation justifying the total cost of the construction project, and (ii) a signed certification that the fraternity possesses and has allocated a sufficient amount of the fraternity's funds to complete the proposed project and service all of its debt obligations.
6. Notwithstanding anything to the contrary herein, the aggregate amount of all loans outstanding to the University fraternities may at no time exceed five percent (5%) of the book value of the University's endowment funds.
7. The interest rate charged on loans made to fraternities pursuant to this policy shall be equal to the "WSJ Prime Rate" contained in the most recently published edition of *The Wall Street Journal* newspaper *plus* three percent (3%). In the event that the WSJ Prime Rate ceases to be published or available for any reason, then the University shall supply a substitute rate, the amount of which shall be determined by the Board of Trustees in its sole discretion. All interest rates shall be determined (a) initially, as of the date the date upon which the loan request is approved pursuant to this policy and (b) thereafter, on September 30 every three (3) years following the year of disbursement.
8. The University may impose such conditions, obligations, stipulations, and requirements on the making of any loan hereunder, each as the Board of Trustees determines to be necessary or desirable in order to protect the University and its financial resources. Without limiting the

foregoing, detailed financial reporting requirements will be imposed on any organization receiving a loan hereunder.

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