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## **Introduction**

This manual is designed to aid all members of the chapter who are involved in its fiscal operation. Enclosed is information focusing on setting up accounts, keeping records, collecting debts, corresponding with the International Headquarters, and many helpful hints to ensure the proper fiscal operation of the chapter. The contents of the Treasurer's Manual provide a framework that is intended to anchor the chapter's financial development and to provide alternatives that allow chapters to tailor a program to meet specific needs and characteristics.

Financial operation is the backbone of the chapter's operations and success. Efficiency is the result of effective delegation of duties and responsibility, good communication, and the application of leadership skills.

The concepts and procedures in this manual will apply to all chapters, big or small. All chapters of Theta Chi will follow the same accounting procedures. The differences in chapter size are like economies of scale -- take the information in this manual and tailor it to individual chapter's needs.

## **Personnel**

### **CHAPTER TREASURER**

The chapter Treasurer should be elected by the undergraduate chapter and approved by the local Alumni Corporation. The treasure is responsible for collecting all fee, dues, assessments and fines. He shall collect all pledge/New Member registration and initiation fees for the secretary. He shall be responsible for establishing and following a budget for each academic year.

### **CHAPTER ASSISTANT TREASURER**

This individual should be elected by the chapter to work with the Treasurer. He should be interested in eventually becoming the Treasurer and also be organized and responsible. He should be available to communicate with brothers about bill payment or other financial concerns.

The duties of the Assistant Treasurer vary greatly from chapter to chapter depending on the workload of the Treasurer and FS. These duties include, but are not limited to:

- Aid in record keeping
- Prepare and collect bills
- Prepare deposits
- Fundraising
- Inventory
- Balancing the Checkbook
- Assist in the control of the budget

It is essential that the Assistant Treasurer become familiar with all aspects and functions of the treasury since his position is generally a preparatory position for higher office.

### **CHAPTER AUDIT COMMITTEE/FINANCIAL REVIEW BOARD**

This committee is optional, but can have a positive effect on chapter operations and communications. The committee should be monitored by the treasurer and be composed of three undergraduate brothers. The executive board should conduct their selection. It is advisable to select the members from different class standings as to have distributed representation from the chapter.

The duties of this committee include:

- Reviewing financial statements concerning the budget to insure spending follows the planned course insuring that the funds are being handled responsibly.
- Check the account receivable and help determine how much that amounts affects the fraternity.
- Support collection efforts by exerting peer pressure on the individuals involved.
- Review the accuracy of the chapter books before the audit by the external auditor/accountant.

## **Bank Accounts**

The most important thing that all chapters need to pay close attention to is their bank accounts. This section will give you some pointers to look at when deciding on bank accounts for your chapter's money.

### **BANK SELECTION**

THE SELECTION OF A BANK FOR THE CHAPTER'S ACCOUNTS CAN AID GREATLY IN ITS OPERATION. HERE ARE SOME ATTRIBUTES TO LOOK FOR:

#### **1. 24 HOUR INFORMATION AND OPERATION SERVICE**

Many banks now employ a customer service center to handle the accounts 24 hours a day. Bank service centers offer many functions such as stop payment, verification of deposit or withdrawal amounts, explanation of service charges, aid in balancing, and many others. This service is generally free.

#### **2. PERSONAL ACCOUNT REPRESENTATIVE**

It is also helpful to have a personal account representative to provide the chapter with a more personal working relationship. This person can help the chapter with the following:

- Establish specific accounts that can ease the burden of record keeping.
- Payroll accounts often file all tax returns for the chapter's employees.
- Help reduce fees by coordinating accounts best suited for your needs.
- Be familiar with your "business."

#### **3. CLOSE LOCATION TO CHAPTER HOUSE**

A chapter should choose a bank that is relatively close to the chapter house. This prevents any long trips to make deposits or withdrawals that can result in loss of money and wasted time. Also, this is helpful for changing signatures and meeting with the account representative for transition.

#### **4. STUDENT ACCOUNTS FOR THE BROTHERS**

Banks are interested in opening new accounts. Generally, it is advantageous for brothers to have a local checking account. Often times, the chapter can receive a free business checking account in return for recruiting personal accounts from the chapter's brothers.

#### **5. LOW CHARGES FOR MISCELLANEOUS SERVICES**

Many banks charge for certain services. It is important to read all bank disclosure statements and be aware of all surcharges. The chapter will be charged for bounced checks, check orders, per check charges (unless the bank does not charge), deposit charges, and minimum balance charges. Select an account that minimizes these fees.

#### **6. INFORMATIVE, EASY-TO-READ STATEMENTS**

Many banks have statements that conform to the chapter's accounting system. Let the account representative aid the chapter in choosing the correct bank statement and assist the Treasurer in reconciling the chapter's accounts. A cooperative bank will make the record keeping easier.

### **DUAL SIGNATURES**

It is important to have control mechanisms in place for the disbursements of the chapter. **The Treasurer needs to have all checks countersigned by either the chapter president or assistant treasurer.** Requiring two signatures is a safety measure to combat misuse of chapter funds and embezzlement and is pursuant to the National By-Laws, Article V, Section 9 (b).

## Constructing a Budget

There are two basic methods utilized when constructing a budget:

- The chapter sets income and then allocates funds toward different expense categories in the budget.
- The chapter must realize what expenses and costs it must meet to properly operate the chapter. The best tool to determine predictions of expenses is by using historical data. Also, chapter goals must be considered when predicting costs and expenses.

This manual provides information on types of income and expenses and how a Treasurer can use the information to build an effective budget.

**Step #1: Determine All Chapter Expenses** -- At this point all chapter budget accounts are determined. Use historical financial data as a guide and tool for setting accurate predictions of costs. Be sure to adjust all data for cost of living fluctuations and chapter programming for new goals.

**Rent or Mortgage Payment** - The chapter's primary expense is the rent or mortgage payment to the landlord, NHC, or local bank. This figure is generally fixed and should always be paid on time.

**Utilities** - Utilities include telephone, electrical, water, waste removal and other items that contribute to the operation of the chapter house. It is a good idea to study past utility charges and bills when predicting this portion of the budget.

**Salaries** - Simply multiply the number of hours worked by the rate of pay to determine salary expense. This figure is generally consistent with previous periods. Be sure to include the federal tax payment.

**Repairs and Maintenance** - A chapter house needs to be maintained on a regular basis. Cleaning supplies and various tools should be kept in supply. Also set aside money for emergencies such as broken windows and doors. Historical costs and chapter goals determine this cost.

**Chapter House Costs and Expenses** - Chapter costs and expenses must be determined as the first step in constructing a budget.

**Rush** - The rush budget is determined by chapter goals. Rush is an investment and the chapter must decide how effective funds are in the recruitment of new members. Also, remember that more members in the chapter result in an increase in revenue for the chapter.

**Office and Administrative Costs** - A fund generally set-aside for the administration of the chapter. Often office and administrative costs can be divided into individual officer or committee budgets. Historical information, coupled with chapter goals can generate a prediction of this figure. The size of this budget can often times vary according to the size of the chapter.

**Social** - The amount allocated to social events should be determined by the events planned for the semester. The social chairman should submit a proposed social committee budget that must be adjusted to match the goals and financial strength of the chapter before becoming a permanent part of the chapter budget. Risk management needs to be a major part of the budget allocation.

**Initiation or Chaplain** - The chapter should allocate money toward pre-initiation and the initiation of new members. The funds should be used to update and purchase ritual equipment and items such as candles, flags, pictures, and robes.

**Alumni Relations** - Alumni are the foundation of all chapters. Funds should be budgeted to produce alumni mailings and to program alumni events such as homecoming. Chapter goals weigh heavily in the calculation of this figure.

**Parents** - Each chapter should allocate funds toward communications and relations with parents. Mailing and other parents' events and programming can be developed using the parents' committee budget.

**Home Improvements** - Depending on the amount of money remaining, set attainable goals for chapter projects and large purchases. This fund may accumulate for many years before being allocated to a specific project. Ideas include new carpet, new furniture, or any other item for which the chapter has a need.

**Scholarships and Scholarship Programming** - Funds allocated toward rewards for scholarship achievement can help improve a scholarship program. This budget can be used to provide funding for Regional Conferences, National Conventions, Chapter Leadership Conferences, and campus programming.

**Special Events** - Money can be allocated for chapter retreats, Founder's Day, or any other chapter special events. Many times zero-based budgeting is used if extra funds are not available.

**Miscellaneous** - Many small expenses creep up during the semester. It is important to allow for these unexpected expenses. The amount depends on chapter historical data and the amount of detail in the chapter's budget. As a general rule, allow approximately **2% to 5%** of the chapter's revenue to be expensed through miscellaneous.

**Allowance for Bad Debt** - All chapters must strive to collect all accounts receivables, but many payments are received late or never. Each chapter must allow a reasonable allowance for bad debt. Historical figures are helpful in calculating this amount. If none are reasonable, try to allow between 2% and 5% of the chapter's revenue for accounts receivable.

**NOTE:** The costs associated with the operation of the chapter are at the discretion of the chapter. Chapters may add to, or subtract from, the list above according to the level of sophistication of the chapter.

**STEP #2: Forecast Income** - There are many opportunities that chapters can tap as sources of income. The following will give a good idea of the money the chapter has to work with. Be sure to use conservative estimates as a control to avoid over budgeting.

## **RENT**

The amount of rent is calculated using all costs associated with the operation of the chapter house. Simply multiply the number of renters by the amount of rent. Be sure to make allowances for any discounts given to brothers who pay in advance.

## **DUES**

Chapter dues are charged to cover all chapter operations. Income from dues is calculated by multiplying the number of active brothers by the amount of payment.

## **FUNDRAISING**

Fundraising has proven to be an effective means for chapters to increase their usable budget. Be sure to estimate conservatively and realistically when calculating income from fundraising.

## **INTEREST**

The interest from chapter's bank accounts can contribute to income if the chapter carries high balances. If the interest is not significant, do not include it in the forecast of income.

## **MISCELLANEOUS**

Include all significant forms of income that contribute to the operation of the chapter. For example, the chapter may make significant money from vending machines or other sources.

### **STEP #3: Adjust the Figures for Balancing**

A comparison of total income projections and total expense projections provides an opportunity for the chapter to adjust income projections and projected funds allocation. At this point the chapter may need to shave-off or add to various budgets in order to balance the total chapter budget. The chapter must decide which accounts must be sacrificed or boosted to reach a balanced budget.

### **STEP #4: Approvals**

**Chapter** - The proposed budget must be discussed and approved at the first meeting of the semester. Through the approval process, the chapter will raise concern and brothers will more likely be financially responsible. As discussed before, an informed chapter is a strong chapter.

**Alumni Corporation** – It is always a good idea to have the local Alumni Corporation to look at the budget and to ask for their advice and approval.

## Chapter Accounts

The following are the typical accounts that are found in the operations of a chapter. Not every chapter will have the need for all of the accounts, but they are listed here as a reference for those chapters who have a need.

### **GENERAL FUND**

The general fund is the master account for the fraternity. All money received will be recorded in the general journal (see appendix) and then deposited in the general fund bank account. As money is disbursed into other accounts, checks are drawn from the general fund to the intended account. The general journal is a record for all activity for this account and is a log for the checks drawn and their description of purpose. This acts as a back up to the checkbook.

### **BUILDING FUND**

The building fund can be a savings account. Budgeted allotments should be deposited to meet the goals of the chapter. These goals will vary from saving for a new house, improvements to an existing house, and extra money for emergencies. This fund should be under dual control of the Alumni Corporation and the undergraduate chapter. Methods of withdrawal should be provided for in both sets of By-Laws.

### **PLEDGING AND INITIATION FEES**

This account should be a holding account for pledge fees and initiation fees. The purpose is so that these fees and payments will never be inadvertently spent from another account. These monies can be lost if mixed in with the general fund -- ***they must be separated.***

### **KITCHEN**

The kitchen is a function that requires many transactions and concerns. Treasurer should appoint the steward or kitchen manager. The kitchen needs to have a separate checking account into which the Treasurer makes weekly deposits for its operation. The steward/kitchen manager disburses these funds accordingly with dual control provided by the Treasurer, cook, or President.

### **PAYROLL**

Payroll is a unique situation for chapters that employ cooks or other services. Each state has different laws and requirements. Since filing of taxes has certain requirements, which include exact records, it is useful to have a separate account. Many banks employ a payroll service that prepares checks and withholds the proper deductions for your employees. This service often prepares the employer's tax returns as well. Any money set aside for payroll taxes should be left in the account so it is not used elsewhere. Always have this account in dual control with the Alumni Corporation because it is an ongoing process and the Alumni Corporation has less turnover than the undergraduate officers do. **All records must be kept for seven years.**

### **FUNDRAISING**

Many chapters may want to have a separate fundraising account. This money should not be mixed with other accounts. Many chapters have ongoing fundraising efforts like washing machines, soda machines, and candy machines. Also, when setting a budget, only budget the minimum expectation of what the chapter wants to raise -- not the goal.

## **PETTY CASH**

The petty cash fund is a cash-on-hand account that requires strict control. It allows the Treasurer to disperse cash for non-recurring, small expenses. It is important for the Treasurer or Assistant to issue cash received receipt to this brother. He would then purchase the candles and return the change to the Treasurer along with a receipt. The change and the receipt would go back into the fund. All of the receipts and money in the fund should equal the amount of the fund (between \$100 and \$200).

The fund should be replenished when it is nearly depleted by writing a check to petty cash for the amount equal to the receipts. This check should be expensed to the miscellaneous budget account (see appendix). The cash should be kept in a till in the safe. When money is issued, the brother responsible should sign an acknowledgement slip. The Audit Committee should review the receipts and reimbursements once a month to ensure accuracy.

**NOTE:** Theta Chi Fraternity strongly advises against the use of a chapter petty cash fund. It is recommended that all chapter funds be allocated in the form of a check. Check payment provides a "paper trail" and alleviates the possibility of theft.

## **Record Keeping**

THE FOLLOWING PAGES PROVIDE GUIDELINES AND EXAMPLES OF THE TASKS RELATED TO ACCOUNTING. IT IS ESSENTIAL TO HAVE ALL THE LEDGERS, FORMS, AND OTHER SUPPLIES BEFORE THE SEMESTER/QUARTER BEGINS. THE LEDGERS TO USE FOR RECORD KEEPING ARE:

**1. The General Journal** - This is composed of two ledgers: the cash received ledger and the cash disbursed ledger. The general journal is the ledger of original entry. Amounts recorded here are eventually posted to another ledger.

**A. Cash Received Ledger** - This section of the general journal is used to record all of the revenue collected by the chapter. It is set up so the transactions can be posted to subsidiary ledgers. For example, revenue from the brother's rent payments is posted to the individual ledgers. It is imperative that as cash is received, it is immediately recorded here and issued a receipt. Each time a deposit is made, run a subtotal making sure the subtotal and the amount of the deposit match.

***HINT:*** To help save space, collections of small, recurring payments should be kept on a check sheet with all of the brothers names. For example, the chapter is selling T-shirts for \$5. Instead of recording \$5 for each 90+ members, the entry to the cash received ledger would be \$500 for the 100 brothers who paid for the shirt. One simple entry saves space and time.

**B. Cash Disbursed Ledger** - This section of the general journal is used to record all checks drawn from the General Fund. This serves to organize the transactions of the checkbook and to record the disbursements into budget categories. From this ledger, the amounts are posted to the subsidiary ledgers. For example, the checks drawn for rush purposes are posted to the rush budget ledger. A twelve columnar pad is generally used for this ledger.

**2. The Checkbook** - It is important to manage the chapter's checkbook efficiently and accurately. The following are some basic hints to maintain an accurate checkbook:

- Never sign a check without filling in the payee and the amount. It is better to reimburse the purchaser with a receipt than to issue a blank check.
- Always keep a running balance to eliminate bouncing a check. Record the amount and description of any check on the check stub.
- It is recommended that each chapter have a large, business style checkbook with large deposit slips that can record over twenty-five checks.
- A receipt should be collected and filed for each money allocation. All receipts and records should be kept for *at least* five years.

**3. Subsidiary Ledgers** - The chapter should have two subsidiary ledgers: the Brotherhood Ledger and the Budget Ledgers. Examples are provided in the Appendix.

**A. The Brotherhood Ledger** - The brotherhood ledger tracks the financial activity of each brother in his dealings with Theta Chi. All money due to the fraternity is recorded in the ledger. As the brother makes payments, they are recorded and a running balance is maintained. This is used to create the house bills to be distributed to each brother monthly. All fines are also recorded here.

**B. The Budget Ledgers** - The budget ledger is used to track the spending within each budget category. This ledger begins with a balance equal to the budgeted amount allocated to the particular budget category. Amounts are transferred from the corresponding column of the cash disbursed journal. These are kept on a three columnar pad. As each check is drawn, the amount should be subtracted from the running balance. Thus the Treasurer will have a handle on the status of each particular budget category.

**4. Balancing and Reconciliation** - This task must be completed every month after receiving the bank statement for each bank account of the chapter. Reconciliation will detect any discrepancies on the part of the bank or the chapter. Any adjustments to the checkbook should be double-checked by the Audit Committee and/or the Financial Advisor. The reconciliation worksheet should be bound with the bank statements in a folder with the permanent records.

**5. Taxes** - The local chapter can be responsible for two types of taxes: income and payroll. The Financial Supervisor should work with the Treasurer in preparing the returns.

**A. Income Taxes** - Chapters are not required to pay income taxes because they are part of a non-profit clause for fraternities. However, chapters that receive more than \$25,000 a year in operating revenue need to file **Form 990** every year. This form must be filed or the chapter will be subject to severe fines from the IRS. The form must be filed before the 15th day of the 5th month after the last day of the annual accounting period of the chapter. The chapter must be on the fiscal year of July 1- June 30 in order to use the blanket non-profit exemption.

**B. Payroll Taxes** - Any chapter having full or part time employees are responsible to file **Form 940** annually and **Form 941** quarterly. These forms are filed by the 30th or 31st of each month following the end of a quarter. These dates are as follows:

1. March 31 Form 941 due April 30
2. June 30 Form 941 due July 31
3. September 30 Form 941 due October 31
4. December 31 Forms 940 & 941 due January 31.

In completing Forms 940 & 941, the chapter needs the following:

1. Federal Form W-4A package
2. Federal Form 940 Annual Federal Tax Return
3. Federal Form 941 Quarterly Fed. Tax Return
4. Employer's Tax Guide (Circular E)
5. Employer's Quarterly Tax Report (state)

To request forms, call the IRS at **1-800-424-3676** or at their website at [www.irs.gov](http://www.irs.gov)

## Documentation

IT IS IMPORTANT TO HAVE DOCUMENTATION OF THE CHAPTER'S FINANCIAL POLICIES, STATEMENTS, AND COMMUNICATIONS. THESE DOCUMENTS ARE USEFUL TO ENSURE CONSISTENCY AND ACCURACY IN CONDUCTING BUSINESS.

### **BY-LAWS:**

The chapter by-laws should contain provisions for the following items so they can assist in decision making and provide consistent enforcement of policy for financially irresponsible brothers:

Fee structure of the chapter  
Penalties for bounced checks, late payments, and delinquent brothers  
Policies concerning promissory notes, payment schedules, and authority

### **MEMORANDUMS:**

Memorandums should be distributed periodically to update the chapter on current business affairs. The following are different types of documents each chapter must implement into its financial operation.

**The Budget** - At the first meeting of the semester or quarter, the proposed budget must be distributed, explained and approved. The budget will be updated as the chapter's financial situation changes.

It is very important the brothers know where the money comes from and where it goes. The Treasurer must explain what consequences will result if one, two, three, etc. brothers fail to pay dues to the chapter. It is vital that all brothers understand that every member has an obligation to the chapter and that each payment is necessary for the chapter's operation.

There are two things that result if one or more brothers fail to meet his obligation:

1. There will be a cut in the services the chapter can provide.
2. Each brother must pay more to compensate for delinquency.

**Rent/Dues Schedule** - This document communicates all of the payment due dates, amounts, and policies for the upcoming semester. Thus, all brothers know when payment is due.

**Billing System** - Each month the Assistant Treasurer should prepare a billing statement for each brother in the chapter. The statement should indicate the amounts and the items for which each brother is responsible. It is suggested that the statement be made available in advance of the payment due date.

### **RECORD KEEPING**

The IRS recommends that all financial records and transactions concerning the chapter should be maintained daily and preserved between **7 and 10 years**. All records concerning taxes should be kept for at least **7 years**. The details of record keeping are provided in the appendix. It is very important to have a paper trail to provide checks and balances.

## **INVENTORY**

The Assistant Treasurer should be responsible to document the chapter's inventory. This involves items such as keys, extra T-shirts, pledge pins, novelties, etc. He should keep a listing of the brothers to track their purchases of these inventory items.

## **TRANSITION**

It is important that the Treasurer keep notes and instructions dealing with the chapter's financial operation. Transition will aid the incoming Treasurer as he trains and prepares for his job. It is highly advisable to develop a manual that addresses the specific nature of the chapter's treasury. It should supplement this manual and help document an accurate job description. It is important to note that the outgoing Treasurer, along with the Financial Supervisor, is responsible for training the new Treasurer.

A good transitional notebook should have the following sections:

### **JOB DESCRIPTION (spelled out in detail)**

- Duties
- Responsibilities
- Leadership role in the chapter

### **GOALS**

- Performance
- Improvements
- Short term chapter goals
- Long term chapter goals

### **RESOURCES**

- This manual
- Officer's Notebook
- Copies of local forms
- How to do it items
- Local bank information
- Chapter financial by-laws/policies
- Addresses and phone numbers of financial advisors, International Headquarters contacts...

### **JOURNAL**

- Copy of all executive meeting minutes/assignments
- Day to day description of jobs completed
- Notes on changes or problems

### **TRANSITION**

- A letter to the next Treasurer, addressing:
  - "If I had to do it over again I would..."
  - Things to watch out for
  - Things to keep the same
  - Advice

## **Collection Methods**

An important facet of the operation of the chapter's finances is the collection of overdue accounts receivable. Before implementing the various methods described below, the chapter must develop policies that document the collection methods of choice.

**The key to collections is communication. The Treasurer must keep the brothers abreast to the financial situation of the chapter. Also, the Treasurer must be willing to make himself available to all brothers and to communicate individually with all delinquent brothers. Remember that all collection policies must be documented in the chapter by-laws.**

### **A. PAYMENT INCENTIVES**

The chapter should encourage the brothers to pay their fees in advance in order to avoid monthly collections. This can be done by offering a percentage discount for early payment in full. For example, if rent and dues total \$300 per month or a total of \$1200 per term, allow the brothers to pay \$1160 up front. Thus, a discount of \$40. Be sure to account for the discount billing when constructing the budget.

Some chapters offer a tangible award for early payment, such as a T-shirt or other item. A chapter may want to conduct a raffle that allows only brothers that have paid in full to be eligible. Prizes can range from pizza to cash.

Some chapters have worked out an arrangement with their bank, which allows them to collect payments via Visa or MasterCard. This can make it easier for members to pay and also serves as a backup for collection purposes.

Chapters with houses are always looking for ways to assign room priority. If rooms can be decided for the next semester on a first paid basis, up front collections would improve. However, there are many other ways to decide room assignments. This option should be weighed carefully for it is not always right to reward someone based on his ability to pay.

### **B. LATE PAYMENT PENALTIES**

Another method to limit delinquency is through deterrents. Penalties provide a punishment for brothers who have avoided a payment or are delinquent and in arrears. Penalties can be selected according to the degree of seriousness of the debt or situation. Most of the deterrents that follow are designed to get the brother with the problem to approach the Treasurer and work out an agreement. It must be stressed that penalties provided must be applied to the individual chapter's situation; a method may work wonderfully at one chapter and be a complete failure at another.

#### **1. WITHHOLD PRIVILEGES**

There are many privileges that can be withheld from brothers that are delinquent. These can be selected according to the circumstances and seriousness of the offense. The following list should provide a few alternatives from which to select.

- a) Voting** - brothers who are delinquent should not be allowed to participate in the voting process especially votes affecting fiscal matters.

- b) **Food** - the delinquent brother cannot receive meals from the house if the chapter has a meal plan.
- c) **Events/Privileges** - delinquent brothers can be considered ineligible for certain activities including holding an office, attending social events, participating in intramurals, using recreation facilities, portraying roles in Ritual, receiving a little brother, and/or any other opportunities within the chapter.

## 2. **FINANCIAL PENALTIES**

The by-laws of each chapter should provide a structure of fines and penalties that deter late payments. Documenting penalties and fines for financial operations encourages fairness in dealing with delinquent brothers. An example of a fine structure would be a \$10 fine for the missed due date, plus two dollars per day addition until the payment is made or arranged with the Treasurer.

Another excellent structure is to implement a percentage fine. This will encourage those with larger debts to meet their obligation. One excellent way to administer percentage fines is by assigning a 10% fee to the amount of debt for brothers who don't approach and communicate with the Treasurer 24 hours prior to the due date. For brothers who do approach the Treasurer and communicate with him the reasons for being late, apply a 2% fee. The 2%/10% encourages good communication which helps the Treasurer make better decisions pertaining to collections and spending.

## 3. **POSTING NAMES**

Another method would be to post the names of delinquent brothers. The list would include the amount that each delinquent brother owes to the chapter. It is important to post the list out of the sight of non-members. Posting names will let the brothers know specifically who has not paid so brothers can do the following:

- a) Exert peer pressure for the brother to pay
- b) Help increase knowledge of money available
- c) Offer help to cover payment

## 4. **ANNOUNCE NAMES AT MEETING**

The method of announcing names at meeting involves placing brothers into four basic groups: the first group, Alpha, is for the brothers who are up to date with their house bill. Betas would be brothers who owe less than \$50. Gammas would be brothers who owe between \$50 and \$200. And Deltas would be brothers who owe more than \$200. When announcing these groupings at meeting, it is important to announce when brothers have advanced from one group to a higher group. A brother who is meeting the obligations of his payment schedule shall be considered up-to-date; he should be listed as an Alpha.

## **5. PAYMENT VOTE**

The chapter can vote to approve covering the debt of a brother. After reviewing the nature of the debt the chapter should vote within 10 days. If the chapter votes affirmative, the members agree to divide the amount amongst themselves, thus the fraternity avoids debt. A complete description of this process is provided in the appendix. It is an excellent method for chapters on a tight budget or recovering from a debt situation.

## **6. CALL PARENTS**

Contacting the parents of a delinquent brother can be a very effective method of collection. If parents are informed of the debt, they could make his payment, or pressure their son to pay. It often proves very embarrassing for a brother who avoids his financial responsibility, therefore he will take action to bring his account up to date and avoid this scenario. This approach should be used only after many other efforts have been exhausted.

**Always inform the brother that an attempt to contact his parents will be made. Communication with the brother may prevent hard feelings and may motivate the brother to pay his chapter bill.**

## **7. ALUMNI**

Alumni and the Alumni Corporation can often exert pressure on a brother that the chapter is not willing to extend. It is often helpful to "let the alumni be the heavy." Do not hesitate to utilize this method of collection.

## **8. SUSPENSION/EXPULSION VOTE**

If debts go unpaid, the chapter can bring suspension charges against the brother. Provisions are pursuant to our International By-Laws. This is one of several steps after exhausting all "brotherly" steps. Due process plays a major role. Consult the International Headquarters for further clarification of the procedures. (See The National By-Laws, Article VI, Section 13 for further details.)

## **9. LEGAL JUDGMENT**

By filing in small claims, you can gain a judgment against the individual that is binding for a long period of time. With this judgment, the chapter can:

- a) Garnish wages
- b) Enact a payment plan
- c) Damage his credit.

It is important to note that this method should be used only after a brother has been suspended or expelled and has made no effort to rectify the situation. Also, since this process does cost the chapter money, it should be used for larger debts.

## **10. COLLECTION AGENCY**

If it is difficult to locate a delinquent brother, the chapter can employ a collection agency to collect the debt. The main drawback is that the chapter will generally only receive 40% to 60% of the debt. The agency will keep a substantial portion for their efforts. This method is effective for older debts of a substantial amount.

## **C. COLLECTION TOOLS**

### **1. CONTRACTS**

It is extremely important to have a basic contract that each member signs before the semester begins. The contract provides the brother and chapter with the following information:

Terms of rent  
Social privileges  
Meal Plans  
Financial obligations and intention to pay

A separate contract can be drafted for brothers that live out of house. This contract gives the renter legal recourse by having the brother acknowledge his obligation. An example is provided in the Appendix.

### **2. MEETINGS**

It is extremely useful to set payment due dates on the days that chapter meetings are held. Also, the chapter meeting is an excellent time for the Treasurer to make announcements, discuss the status of all accounts, and keep in good contact with the majority of the chapter.

### **3. BILLING**

The chapter billing statement is an itemized statement of the funds due to the chapter from each individual brother. The billing statement should be distributed well in advance of the due dates. An example is provided in the Appendix.

### **4. PERSONAL CONTACT**

It is recommended that the Treasurer personally remind brothers in passing of due dates or amounts due. For late accounts, it usually requires personal reminders to motivate the brother to make payment. Brothers with a problem should work out an arrangement for deferred payments with the Treasurer.

### **5. VISA/MASTERCARD**

As previously mentioned, accepting credit cards makes it easier for some members to pay. It is better for a brother to owe the credit card company instead of owing the chapter. It is also a good tactic to encourage delinquent brothers to obtain a cash advance from their credit card.

## **6. PAYMENT SCHEDULES**

A payment schedule is a very effective tool to aid collections. It offers a deferred payment plan for brothers who can't keep pace with the prescribed schedule. For example, instead of paying \$300 per month for four months, the brother would pay \$75 per week for 16 weeks. This method helps the brother who has a problem or unique situation. An example is in the Appendix.

## **7. PROMISSORY NOTES**

A promissory note is a legal document that acknowledges debt. A brother should be put on a promissory note if his debt accumulates beyond a prescribed level, or if his payment schedule lasts beyond the term of the chapter payment due dates. The Alumnus Financial Advisor should countersign the note because the Treasurer's position remains relatively temporary. Promissory notes are generally valid for an immediate judgment in any court of law.

**Have an Attorney, from the chapter's state; draft a promissory note for your Chapter. Laws differ between states. A sample appears in this manual's appendix.**

## **8. SINKING FUND**

A sinking fund is a fund of accumulated chapter money set aside to provide assistance to needy brothers. The idea allows the brother to legally borrow chapter funds to pay a chapter debt. The contract binds the brother to repay the loan at a later time.

## **Correspondence with the International Headquarters**

The International Headquarters must receive information and funds from each chapter in order to operate effectively. The information and fees provided by the chapter provides the Headquarters with the knowledge and funding to better serve all chapters of Theta Chi Fraternity.

### **A. CHAPTER OPERATIONS**

#### **1. BUDGET**

All chapters should forward a budget to the Headquarters each semester or quarter immediately following chapter approval. The budget will help the International Headquarters document the progress of the chapter as well as monitor the operation of the chapter.

#### **2. TAX DOCUMENTATION**

Please send photocopies of all tax documents to the Headquarters. This includes form 990 and state and federal payroll forms. Tax documentation enables the International Headquarters to monitor the differences between states and aid colonies in setting up their new programs.

#### **3. PLEDGE FEES**

The pledge fees are determined at the National Convention by the undergraduates. The forms and fees are due to the International Headquarters no later than 10 days from the date of pledging. The fees for pledging are currently set at \$75 per man, and are non-refundable or non-transferable. Forms are available from International Headquarters.

#### **4. INITIATION FEES**

The initiation fees and forms are due to the International Headquarters **3 weeks prior** to initiation. The amount is determined at Convention and is currently \$175. This payment will ensure that the badges are available for Ritual. If payment is received after this date, this service cannot be provided.

#### **5. INSURANCE**

All chapters are required to carry liability insurance. All chapters must either be on the National Insurance program or have equivalent coverage through another carrier.

#### **6. DEPLEDGING**

The International Headquarters must be informed if a pledge withdraws from or is depledged from the program. The chapter should simply write the Headquarters explaining the situation.

**NOTE:** If this occurs after the initiation fee has been paid and submitted and prior to initiation, the International Headquarters will refund the fee directly to the gentleman or credit the chapter. Be sure to include his address in the letter if you would like for the headquarters to refund the individual directly.

**B. SOURCES OF LOANS AND GRANTS AVAILABLE TO CHAPTERS, MEMBERS AND ALUMNI CORPORATION BOARDS**  
**(All inquiries should be addressed through the International Headquarters)**

**1. CHAPTER LOANS FOR BUILDING**

The Norwich Housing Corporation will grant loans to Alumni Corporations that qualify. The NHC can loan out a maximum of 70% of the amount of your total equity. Also, the Alumni Corporation needs to cover 10% of the project cost. The non-refundable application fee is \$100. Applications are available from the International Headquarters.

**2. EMERGENCY LOANS**

Emergency loans are available through the Norwich Housing Corporation. This can provide up to \$5,000 for an approved emergency. The Ladue application is available from the Norwich Housing Corporation. The loan is repaid at 10% interest within 3 years.

Examples of emergencies include fire damage, fire/health/safety code requirements, electrical problems, or any emergency the Ladue Committee deems as such.

**3. FOUNDATION CHAPTER**

Student grants for education are available through the Foundation Chapter of Theta Chi Fraternity. These grants are primarily for special study, research, juniors, seniors and graduate work. The applicant should plan on attending an institution, which is represented by a chapter or colony of Theta Chi.

**4. THETA CHI FUNDS FOR LEADERSHIP AND EDUCATION**

The Slivinske Scholarship, available to deserving undergraduates, is awarded annually. For more information, please contact the International Headquarters.

## **Helpful Hints for the Treasurer**

The following list was compiled from various past Treasurers as ideas and programming that create a more efficient operation of the office of chapter Treasurer. Many of the suggestions involve time management, communication, and discipline.

### **OFFICE HOURS**

Establishing office hours can increase the Treasurer's availability and productivity. It is helpful to get in the habit of working on the books during effective office hours. Thus, the Treasurer remains available to all members of the chapter and does not get behind in his duties. A good example would be:

Mon, Wed, and Fri:	9 AM - 10 AM	books, records
Tue, Thu:	5 PM - 7 PM	bills, dues
Sunday:	10 PM - 11 PM	meeting with exec
Once a month;	Saturday	Statements, House Bills

During these times, the brothers should be aware that the Treasurer can be reached to discuss payment problems or make payments.

### **TAKE ADVANTAGE OF MEETING**

Chapter meetings offer an excellent opportunity to communicate with all brothers. Keep in mind that an informed brother is a stronger brother. Utilize the meeting for the following items:

1. Inform brothers of payments at least one week in advance.
2. Encourage the brothers to communicate payments or arrangements in advance.
3. Keep the brothers informed of all chapter policies.
4. Be sure that all books and records are up-to-date.
5. Praise all brothers who consistently pay chapter bills.
6. Be ready to answer any questions that might arise.

### **DELEGATE**

The job of Treasurer involves a lot of responsibility and is extremely task oriented and tedious. There are people who can alleviate the workload of the Treasurer. Be sure to use the chapter Assistant Treasurer and committee chairman.

- The Assistant Treasurer can do a lot of the bookkeeping and general busy work.
- Use the committee chairman to track the spending and maintain the budget sheet for their individual committee.

A few hints on delegation:

- a.) Assign tasks as responsibility. A responsibility holds more weight than a delegated task.
- b.) Give credit where credit is due. A thank you goes a long way.
- c.) Always remember to praise in public and criticize in private.

## **COMPUTERIZATION**

Many software packages are available that fit the fraternity's needs extremely well. These programs include check writing record keeping, balance sheets, income statements, and other possibilities discussed in this manual.

The chapter should invest in a system that is both complete and a long-term asset to the chapter. A complete computer system will aid transition and maintain permanent records. It is recommended that a professional computer consultant be utilized to implement the system around the chapter's needs.

It is important to maintain "back-ups" for all computer information. A daily printout of payments and records will provide the chapter the necessary information in case of a memory loss. Also, back-up all data on computer storage devices so the data can be re-entered easily.

When utilizing computer equipment, printing hard copies is extremely important. Always produce paper copies or printouts of important financial documents such as billing statements, balance sheets, and income statements.

## **CONTROLLING SPENDING**

Many chapter expenditures are not directly controllable. It is often helpful to "tie" these expenses into other accounts. A common example is the utilities. Many chapters waste money by leaving lights, televisions, stereos, and other electrical appliances on while not in use. A chapter can help discourage this by having two budget items linked together. If the chapter's bill is greater than the monthly allowance, the difference would be subtracted from the social budget. On the other hand, if the electrical bill is less than the monthly allowance, the brotherhood should be rewarded by adding the difference to the Social budget. An example of this is provided in the sample budget accounts.

Do not be afraid to be creative with the budget. There are many ways to cut costs and maintain a working budget. It is up to the chapter to make the ideas work.

## **ZERO-BASED BUDGETING**

To implement zero-based budgeting a chapter should determine the total cost of the event before determining how much money to collect from participants. After the total costs are determined, divide by the number of participants and round the figure up to the nearest dollar. This budgeting plan will ensure the chapter will not "eat" the cost of the event. This is very useful for chapter barbecues, alumni events, formals, etc.

## The Chapter Treasurer Checklist

### **End of Semester:**

- Election by Undergraduate Chapter and Appointment of Treasurer by the Alumni Corporation
- Election of Assistant Treasurer
- Training/Transition Meeting
- Change Signature Cards at Bank

### **Before New Semester:**

- Alumni Corp. Approve Budgets
- Residence Contracts signed by all Members
- Set up Accounting Mechanisms
- Ledger for each Member
- Balance Sheets for each Budget Item
- Purchase all Supplies
- Collect Outstanding Debts

### **SCHOOL BEGINS**

#### **Month #1**

- 1  Distribute Memorandum Describing Policies/Payments and Debts
- 2  Distribute, Update, and Approve Budget
- 3  Collect Payments
- 4  Balance/Reconcile All Accounts
- 5  Bi-Weekly Payroll
- 6  Pay Bills, Rent
- 7  Meet with Financial Supervisor
- 8  Collect Pledging Fees and Forward to International Headquarters

#### **Month #2:**

- 1  Repeat steps 1-7
- 8  Are Accounts Receivable Below 10%?
- 9  Collect Initiation Fees and Forward to International Headquarters
- 10  Payroll Taxes Prepared

#### **Month #3**

- 1  Repeat steps 1-7
- 8  **PREPARE FORM 990**

#### **Month #4**

- 1  Repeat Steps 1-7
- 8  Budget Adjustment (if necessary)
- 9  Closing Entries for First 6 Months
- 10  Take Extra Steps to Collect Outstanding Debt
- 11  Summary Statements
  - a  Balance Sheet
  - b  Income Statement
  - c  Budget Performance
  - d  List of Accounts Receivable/Payable

## **Embezzlement of Funds**

It may have happened to your chapter or a chapter you've heard about. Every year, an average of six of our chapters or alumni corporations report embezzlement of funds by an officer. Groups have had to cancel banquets, anniversary events, formals and composite orders because of the selfish acts of an officer.

The Risk Management and Standards Committee (RMSC) has addressed this issue and has provided protection for all of our chapters and Alumni Corporations through a crime policy as part of our insurance program.

In order for a chapter to be eligible to file a claim under the policy, they must be following safe financial practices. These practices include:

- Two signatures required on all accounts of the chapter, pursuant to National By-Laws, Article V, and Section 9 (b).
- The chapter or alumni corporation cannot have or use any form of ATM, debit, credit or money card that is attached to any account of the chapter or alumni corporation.
- An officer issuing a check can, under no circumstances, issue a check to himself.
- Chapters and alumni corporations can not utilize a "petty-cash" system. All transactions must be made by check.
- Reimbursements require a receipt.
- All statements and record books are reconciled monthly.
- Alumni/Housing Corporations MUST be legally incorporated entities within the laws of their respective state and must be up-to-date with all documents relating to such. Quite often, corporations fail to renew their corporation license and are no longer legally incorporated.

If your chapter feels that you meet all of these requirements and you have proof that your chapter funds have been embezzled, contact the International Headquarters. The headquarters will be able to begin the process of filing the claim and explaining the options available to the chapter and/or Alumni Corporation at that time.

## **Appendix**

Sample Budget – Housed Group

Sample Budget – Non-Housed Group

Sample Individual Brother Ledger

Promissory Note

Sample Room and Board Contract

## Sample Budget – Housed Group

### **REVENUE:**

RENT:	Monthly:	25 brothers @ \$1000 ea	25,000
	Upfront:	10 brothers @ \$950 ea	9,500
OUT OF HOUSE FEES:		20 brothers @ \$100	2,000
DUES:		100 brothers @ \$200	20,000
FUNDRAISING:			2,000
INTEREST:			400
<b>TOTAL REVENUE:</b>			<b>\$58,900</b>

### **EXPENSES**

RENT:		8,500
LIABILITY INSURANCE:		7,500
SALARIES:		4,200
KITCHEN:		12,000
UTILITIES:		
Electrical:	4,500	
Disposal:	3,200	
Phones:	350	
Water:	1,000	
Total Utilities:		9,050
<b>TOTAL CHAPTER HOUSE EXPENSES:</b>		<b>\$41,250</b>
CHAPTER ADMINISTRATION:		2,000
SOCIAL:		2,500
REPAIRS AND MAINTENANCE:		1,200
RUSH:		1,500
SCHOLARSHIPS:		
GPA Awards.	500	
Convention	1,500	
TOTAL SCHOLARSHIPS:		1,500
SPECIAL EVENTS		
Parents Day	200	
Alumni Barbecue	500	
Retreat	1,000	
Philanthropy	250	
TOTAL SPECIAL EVENTS		1,950
MISCELLANEOUS		2,500
ALLOWANCE FOR UNCOLLECTED DEBT		2,500
<b>TOTAL EXPENSES:</b>		<b>\$56,900</b>
<b>NET INCOME:</b>		<b>\$2,000</b>

## Sample Budget – Non-Housed Group

### **REVENUE:**

DUES (paid upfront):	30 men at \$240	7,200
DUES (paid monthly):	30 men at \$280	8,400
FUNDRAISING (minimum expected):		1,000
<b>TOTAL REVENUE:</b>		<b>\$16,600</b>

### **EXPENSES:**

#### OFFICER BUDGETS:

President	200	
Vice President	1,000	
Secretary	200	
Marshal	100	
Rush	1,000	
<b>TOTAL OFFICER BUDGETS:</b>		<b>2,500</b>

#### DUES AND ASSESSMENTS:

IFC	200	
Insurance	4,500	
Bank Charges	120	
<b>TOTAL DUES AND ASSESSMENTS:</b>		<b>4,820</b>

#### SPECIAL EVENTS:

Parents Day	500	
Homecoming	750	
Retreats	1,000	
Philanthropy	250	
<b>TOTAL SPECIAL EVENTS:</b>		<b>2,500</b>

#### SCHOLARSHIPS:

GPA Awards	500	
Conferences and Conventions	2,000	
<b>TOTAL SCHOLARSHIPS:</b>		<b>2,500</b>

HOUSING FUNDS/SAVINGS:		1,000
MISCELLENOUS (10% of budget):		1,180
ALLOWANCE FOR BAD DEBT (10% of budget):		1,180

**TOTAL EXPENSES: \$15,680**

**NET INCOME: \$920**

## Sample Individual Brother Ledger

**THETA CHI FRATERNITY**  
ALPHA ALPHA CHAPTER

Last Name	First Name	Roster	Semester	
<u>Date</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>	<u>Balance</u>
07/29/XX	August Rent		\$250	\$250
07/29/XX	Semester Dues		\$200	\$450
07/30/XX	Payment	\$250		\$200
08/10/XX	Payment	\$200		\$0
08/13/XX	Meeting Fine		\$10	\$10
08/18/XX	T-shirt		\$8	\$18
08/29/XX	September Rent		\$250	\$268
09/03/XX	Late Fee		\$14	\$282
09/03/XX	Payment	\$282		\$0

**An individual record should be kept for each brother. They should be bound together in one binder for easy reference. All payments from the brother should be recorded here along with the debts incurred. When issuing house bills, an easy method would be to simply copy these sheets and give each brother the updated copy monthly. This will provide an itemized statement of his account with the Fraternity.**

**Most office supply stores have these forms in stock along with a binder. They are generally 5 1/2" X 8 1/2" on card stock with two punched holes.**

**Sample Promissory Note**

ALPHA ALPHA CHAPTER  
OF  
THETA CHI FRATERNITY

**\*Consult an Attorney from your State to insure Legality\***

Made this \_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_ in \_\_\_\_\_, \_\_\_\_\_, for value received, I the undersigned Maker, promise to pay to the order of the Alpha Alpha Chapter of Theta Chi Fraternity, the sum of \_\_\_\_\_ dollars on or before \_\_\_\_\_, 20\_\_\_\_.

And further, I do hereby authorize and empower any attorney or any Court of Record of \_\_\_\_\_ (State), or elsewhere to appear for and enter judgment against me, or in favor of any holder of this note for the above sum with costs of suit, release of errors, without stay of execution, and with 20% added as a reasonable attorney's fee, and I hereby waive and release all benefit from any and all appraisalment, stay of exemption laws of any state now in force or hereafter to be passed.

It is with the intent of being legally bound that I here unto set my hand and seal this \_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_.

\_\_\_\_\_ (Seal)

Maker

\_\_\_\_\_, \_\_\_\_\_  
Witness Title

\_\_\_\_\_, \_\_\_\_\_  
Witness Title

## **Sample Room and Board Contract**

### **THETA CHI FRATERNITY ALPHA ALPHA CHAPTER Room and Board Contract**

This contract is agreement for room and board in Alpha Alpha Chapter of Theta Chi Fraternity with mutually accepted benefits, requirements, stipulations, and privileges by and between the above stated chapter and the undersigned student as hereinafter provided.

1. The undersigned student agrees to accept and retain the room space assigned for the period stipulated below and maintain said room and its contents in good condition and in accordance with house rules.
2. The Fraternity agrees to provide such space and maintain the general structure and area in accordance with State and Community Standards.
3. The undersigned student will be held responsible for the general upkeep and cleaning of the commonly shared areas of the chapter house. This includes the bathrooms, living areas, kitchen, grounds, recreation areas, and any others on the premises. This responsibility will be undertaken in the form of house jobs and kitchen duties assigned and defined by the appropriate Theta Chi Officer(s). The Executive Board of Theta Chi Fraternity, Alpha Alpha Chapter, has the right to enforce penalties if this responsibility is neglected or unsatisfactorily performed.
4. The room rented to the undersigned shall be left in satisfactory condition as to when it was inhabited by the undersigned. The student must have his possessions out of the room by \_\_\_\_\_, 20\_\_\_\_. If said possessions remain in the room after the above date, a \$25 storage fee will be charged for the first day and an additional \$10 for every day thereafter unless cleared by the Executive Board.
5. The undersigned agrees to pay the Theta Chi Fraternity four payments of \$\_\_\_\_\_ each or \$\_\_\_\_\_ in advance for the room, board, and additional fraternity charges for the stated term of this agreement. These payments will be due when designated by the Executive Board. There will be a minimum \$\_\_\_\_\_ and a maximum \$\_\_\_\_\_ payment should the student default in any way this contract without approval of the Executive Board of Theta Chi Fraternity, Alpha Alpha Chapter.
6. The undersigned agrees to offer a \$100 deposit for any damages that may occur on his part. This money will be refunded with interest less what is used for repairs on behalf of said brother upon completion of the contract.

7. The possessions of the undersigned are not protected in the insurance policy of the Chapter. In case of fire, water damage, theft, or other loss, the undersigned should acquire his own protection to recover value.
  
8. Termination of this agreement shall be only under the following conditions:
  - a. The undersigned student hereby agrees that if he leaves the chapter house and/or the University before the end of the period of this contract for any reason; other than conscription into the military services of the United States or because of sickness or physical injury involving him or a member of his family that requires his presence; that he will continue to pay the consideration as provided in this contract. Proof of the preceding exceptions may be required by the parties of the first part.
  
  - b. The student is responsible for all rules regulations, and bylaws of \_\_\_\_\_ (School) and Theta Chi Fraternity, Alpha Alpha Chapter. Failure to abide by these rules, regulations, and bylaws may cause termination of this contract by the Executive Board of Theta Chi.
  
  - c. This contract shall become null and void for both parties in the event that the chapter house becomes uninhabitable by fire, explosion, or other catastrophe.
  
9. This agreement by and between \_\_\_\_\_, the undersigned, and Theta Chi Fraternity, Alpha Alpha Chapter, shall be for the period beginning \_\_\_\_\_, 20\_\_ and ending \_\_\_\_\_ 20\_\_, and is subject to earlier termination as provided above.

\_\_\_\_\_  
Student

\_\_\_\_\_  
Theta Chi Officer

\_\_\_\_\_  
Social Security Number

In witness of the agreement of the parties hereto, this agreement is signed by the duly authorized officer of the fraternity and by the student as of the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_.

\_\_\_\_\_  
Witness