

## Section 8: Finances

### 8.1 Accounting Centralization

8.1.1. The Member Resources Administrator collects rent from a locked drop box in each house on the sixth day of each month, or the next workday if the sixth falls on a weekend.

8.1.2. Late payments are only accepted in the office. The Accounting Administrator will charge late fees in accordance with the Membership Contract.

8.1.3. Treasurers are responsible for paying discretionary bills and turning in house receipts. If a treasurer does not fulfill his/her responsibilities, the Accounting Administrator will notify the House Trustee and deduct \$50.00 per month from the house discretionary funds.

8.1.4. Discretionary bills mailed to the office are sent to treasurers in house mail. The Accounting Administrator pays all other bills.

8.2 Member Payment Plans (passed 4/2007, effective 6/1/07) - An approved payment plan is a tool that indicates when and how much a member will be paying ICC if they are unable to pay on time. This is used as a tool to protect members from the accumulation of excessive debt.

8.2.1. If a payment plan is set up by the 5th of the first month's missed rent, all late fees will be waived. Otherwise, late fees will be assessed as per policy.

8.2.2. Without a payment plan, the eviction process will begin in accordance with this timeline:

8.2.2.1. By the 7th of the month after the first missed rent a Notice of Debt to ICC will be released.

8.2.2.2. If the member has not set up a payment plan by the 21st, a Notice to Vacate will be issued.

8.2.2.3. The member has 72 hours from receipt of the notice to vacate to either vacate or establish an acceptable payment plan with the office.

8.2.3. Approval of payment plan is dependent upon:

8.2.3.1. Demonstrated source of income.

8.2.3.2. A plan that reduces debt by 50% after 6 weeks, and by 100% (to \$0) after 3 months.

8.2.3.3. Rent that will be accrued throughout the duration of the Payment Plan must also be included when the plan is created.

8.2.3.4. If the member's contract ends before 3 months, this timeline will be adjusted proportionally.

8.2.4. Deviations from payment plan:

8.2.4.1. If a member defaults on their payment plan without notifying the General Administrator, a notice to vacate will be sent.

8.2.4.2. GA discretion may be used for minor changes unless these changes violate 3.2.

8.2.4.3. The following guidelines will be used for unapproved deviations:

8.2.4.3.1. 1st change - \$30 fine

8.2.4.3.2. 2nd change - notice to vacate

8.2.5. Regardless of changes made, the payment plan may not extend beyond 3 months except under authority of FiCom or the Board.

8.3 Credit Card Policy - Members using credit cards will be charged an additional 2.5% to the total amount charged. FiCom will determine the fee based on service charges to ICC.

8.4 Returned Check Policy - A \$20.00 administrative fee is charged for a bounced check or for stopping payment on a check to ICC. All late fees will apply retroactively to the receipt date of the check. A returned check will NOT be re-submitted to the issuer's bank. Those who bounce a check will not be allowed to write checks to ICC and must pay by money order, cashier's check, or credit card. After six months of on time payment a member may request that staff review the member's account and waive this requirement.

8.5 Late notice policy - Debt notices are issued no more than twice a month to all members owing over \$40. Members will be given a minimum of five business days to respond before additional debt notices are issued.

8.6 Security Deposit Policy - The required security deposit shall increase to \$175 and shall apply to all new member contracts as of June 1, 2000.

8.7 Resolution to Dispose of Unclaimed Property (updated 06/23/2006 - passed on 12/07/2005)

8.7.1. The University of Texas Inter-Cooperative Council (ICC) will make every effort to return pet and security deposits to members within 30 days of completion of the member's check-out form including an itemized list of any deductions for damage caused by negligence, carelessness, accidents, or abuse.

8.7.2. ICC staff will attempt to contact members to complete check-out forms or return their outstanding deposits for two years from the end of the contract between ICC and the member. At that time unclaimed deposits will be disposed of according to Texas Law by funding scholarships for rural Texans. ICC will remit a check to the Hispanic Scholarship Consortium (HSC) to fund scholarships for rural Texans to attend college. ICC will provide a list of members whose unclaimed property is being transferred to the HSC and retain the list for our records. Scholarships will be given to eligible applicants from Bastrop and Burnet Counties according to the evaluation process used by the HSC.

8.8 Return Policy for Positive Account Balances - Any positive balance remaining on a member's account at move-out time must be added to the deposit return check. If a former member that is owed a refund cannot be found, then the Member Resources Administrator or Accounting Administrator should notify the Membership Officer of the house the former member resided at in an effort to find the former member and refund the balance owed to him or her. Discretionary allotments of revenues collected from bad debts pursued by the office will go back to the houses from which they were withheld.

8.9 Last Month's Rent Prepayment (12/04/01) - A pre-payment of half the cost of a single room during the academic year for last month's rent in addition to membership fees and security deposit is required. This prepayment of last month's rent is designed to protect ICC against bad debt. If current members resign for a room during the signing period and the prepayment has increased they must pay the difference by May 31.

8.10 Initial payments for New Members - Members who move into ICC within 3 weeks of signing an ICC contract must pay using a money order, cashier's check or credit card. (Effective 06/06/02)

8.10.1. Note: First month's rent is due on the 1<sup>st</sup> of the month that the contract begins or when the contract begins whichever is later.

8.11. Missing Receipt Policy (updated 06/23/2006 - passed by BOD on 10/12/2005)

8.11.1. There will be a \$25 fine to the house and a \$25 fine to the person who used the check for each house check written that is turned in without an adequate supporting document or receipt. Both fines will be paid to ICC. The Accounting Administrator will notify the house treasurer and trustee of the fine.

8.11.2. Adequate documentation is:

8.11.2.1. store receipt

8.11.2.2. store receipt of item being reimbursed (if a reimbursement)

8.11.2.3. billing statement (ex: cable, newspaper)

8.11.2.4. donation acknowledgement (if a donation)

8.11.2.5. voided check (for a house check not being used)

8.11.2.6. detailed handwritten invoice when buying an item belonging to a member or other individual (describe item: brand, features, condition. Include cost of similar new item if purchased from a store)

8.11.2.7. calculation of food payment to members (include dates the member is absent from house)

8.11.2.8. OK from Accounting Administrator for items not on this list

8.12. Late Fee Policy - The Accounting Administrator will charge late fees in accordance with the membership contract except in the following cases in which late fees are waved:

8.12.1. If a member's balance is less than \$40

8.12.2. If an international student does not pay on time their first or second month, comes in promptly after reasonable notification, and requests their fees be waved

8.12.3. If a member provides documentation of financial aid in the first month of the semester. (only one month waived per semester)

8.12.4. If a staff member confirms a member was given misleading information and the member comes in promptly after reasonable notification.

8.12.5. If documentation from a bank is provided showing that the bank made an error causing a member to pay late or bounce a check.

8.12.6. Certain family emergencies (see list where GA has the ability to cancel contracts)

### 8.13. Savings and Reserves Policy

#### 8.13.1. ICC has four long-term savings funds:

8.13.1.1. Emergency Fund, for financial emergencies, funded by 1.5% of effective gross income each year.

8.13.1.2. Renovation Fund, for physical improvements to ICC's properties, funded by 1.5% of effective gross income each year.

8.13.1.3. Expansion Fund, to buy or build new co-ops, funded by the Membership Fee charged to new members, interest, and gain on property sales.

8.13.1.4. Facilities Replacement Reserves Fund, to replace systems and equipment, funded by 1% of effective gross income each year.

#### 8.13.2. Administration and Review

8.13.2.1. The General Administrator will provide a report to the Board of Directors at the beginning of each semester about accumulated savings and the Savings Policy. This policy shall be completely re-evaluated by the Board in the year 2013 and every five years thereafter.

8.13.2.2. No changes shall be made in haste, bad faith, or without the long-term health and survival of the ICC co-op system in mind.

8.13.2.3. All these funds must satisfy requirements from our lenders that we maintain a certain amount of cash savings.

8.13.2.4. All savings accounts shall be physically segregated from operations accounts.

8.13.2.5. ICC shall not deposit more than the FDIC insured amount at any one bank. All Emergency Fund money below the floor shall be kept in federally-insured accounts. The Board is prohibited from investing any fund money in any manner other than stated above.

8.13.2.6. Cash transfers and deposits for savings funds are made as cash becomes available throughout the year. These transfers shall not be required in the summer and early fall when ICC is traditionally short on cash. All fund money earned must be deposited into funds by the end of the fiscal year it is earned.

8.13.2.7. In the event of a major corporate fiscal emergency as defined in the Emergency Fund section, the board may vote to transfer money from the Renovation Fund or Expansion Fund to the Emergency Fund.

8.14. Emergency Fund (amended Spring 2008) - This is our rainy day fund for use only in the event of a defined emergency.

8.14.1. Future Boards shall budget 1.5% of effective gross income for the building of an Emergency Fund until the fund total reaches the ceiling.

8.14.1.1. Emergency Fund ceiling is 17% of budgeted effective gross income.

8.14.1.2. Emergency Fund floor is \$700 x the number of beds in ICC (Nov 2007).

8.14.2. Once the emergency ceiling has been reached, the Board is no longer required to continue to build the Emergency Fund.

8.14.2.1. Funds above the ceiling may be loaned to other legally recognized cooperative organizations or diverted to another ICC savings fund.

8.14.2.2. All potential loans will be considered on a case by case basis according to reasonable guidelines of any professional lender and be reviewed by the Finance Committee who makes a recommendation to the Board.

8.14.3. In the event that ICC's actual gross income for any fiscal year is less than budgeted, every effort will be made by the Board and management to build the Emergency Fund as originally budgeted anyway.

8.14.4. In the event of a real estate market slump that causes a decline in area rental rates and/or property values, the Board may temporarily reduce or suspend the requirements to build the Emergency Fund.

8.14.4.1. The reduction or the suspension of fund building may be approved for only one year at a time, and for no more than three consecutive years.

8.14.4.2. If the Board reduces or suspends fund-building for two or more consecutive years, the Board must have a financial review by an objective professional advisor (defined below) prior to voting, each year after the first reduction.

8.14.5. In the event of a major corporate fiscal emergency the Board may vote to withdraw money from the Emergency Fund to insure ongoing survival of ICC, according to the following rules:

8.14.5.1. An emergency may only include:

8.14.5.1.1. Serious or unusual damage to property or loss of property and/or its use due to fire, collapse, explosion, storm, flood, vandalism, theft or other occurrences.

8.14.5.1.2. Significant loss of corporate income due to unexpected high vacancy rates.

8.14.5.1.3. Loan default by ICC or threat of foreclosure on property or seizure of assets.

8.14.5.1.4. Major Lawsuits against ICC.

8.14.5.1.5. Unusual or dangerous circumstances necessitating the temporary or long-term closure, sale of, or loss of leasehold on any house.

8.14.5.1.6. Negative or insufficient cash flow for more than three months resulting in the inability to pay for taxing authorities, property insurers, utility companies, payroll, or other important vendors or providers of goods or services necessary to the continuing operation of ICC.

8.14.5.1.7. Any situation not explicitly defined above may only be declared an emergency through consensus vote of the Board.

8.15. Renovation Fund - This fund is for major renovations and other improvements to our properties. It's funded by 1.5% of our gross rental income each year.

8.15.1. Future boards shall budget 1.5% of estimated annual gross rental income for the building of the Renovation Fund (RF). Also, interest gained from the fund will be placed in the Renovation Fund.

8.15.2. The purpose of the RF is to improve, enhance, restore, retrofit, and rehabilitate properties held by ICC.

8.15.3. Only projects whose cost exceeds \$20,000 are eligible for RF funding. Smaller projects should be funded through the operating budget.

8.15.4. RF-funded projects must extend and increase the life of a property or significantly increase the habitability and marketability of the property.

8.16. Expansion Fund - This fund is to buy or build buildings for new ICC co-ops, or for additions that increase the number of beds in ICC.

8.16.1. All income derived from membership fees, expansion fund interest, and gain on property sales will be placed in the Expansion Fund.

8.16.2. Expansion Fund money may be spent only when authorized by the board of directors, and only for:

8.16.2.1. Acquisition of new property or buildings to be used for co-op housing (including down payments, closing costs, realtor fees, property inspection and evaluation fees, and contingency fees);

8.16.2.2. Major conversion of existing structures when such conversion is intended to increase available space for member occupancy (e.g., new additions, wings, annexes, stories, or rooms on existing property);

8.16.2.3. Capital improvements on existing structures when conversion is intended to increase occupancy by greatly improving marketability of the property (e.g., kitchen additions, accessibility for wheelchairs and other physical challenges, etc.).

8.17. Facilities Reserves Replacement Fund- This fund is designed to provide a planning solution for the replacement of the items listed in the "Systems and Equipment" section given the erratic nature of the actual lifespan of the systems and equipment.

8.17.1. Annual savings to be minimum of 1% of gross room and board and will accrue on a monthly basis. Interest also gained in the fund will be placed into the Facilities Reserves Replacement Fund.

8.17.2. The Fund Ceiling is 2% of budgeted effective gross income.

8.17.3. Once the ceiling is reached, funds will automatically divert to the Renovation Fund until the Facilities Reserves Replacement Fund falls below its ceiling.

8.17.4. Replacement Reserves funds are only to be used to replace items listed in 8.17.5, not for repairs on existing equipment or to add new equipment. Otherwise, there are no restrictions on withdrawals from the account.

8.17.5. Systems and Equipment – The following items are “covered” by the Replacement Reserve Fund.

Commercial Refrigerators (*no residential appliances or “personal refrigerators”*)

Commercial Freezers (*no residential appliances*)

Commercial Dish Sanitizers

Commercial Stoves/Ovens

Water Heaters

Furnaces

Central A/C's (*including evaporator coils, air handlers, and condensing units*)

8.18. House Food Allotment and Advance Policy: Member food allotments to Houses will be withheld if the members’ rent is not paid on time.

8.18.1. Member's who fail to pay their rent on time (by the 5th of the month) will have their food allotments to the house withheld.

8.18.2. When a member does pay, his food money will be given to the house at the next official distribution of house funds (typically 2/3rd at the beginning of the month after rent has been collected and 1/3rd on the 21st).

8.18.3. If a member established a payment plan before rent is due, the Accounting Administrator will give to the house a food allotment proportionate to the amount paid by the 5th.