

Independent Residence Development Fund (IRDF)

Loan and Grant Policies

Policies Applicable to All IRDF Loan Applications

1. The IRDF Board of Allocation reviews and recommends funding for all IRDF loans.
2. There are three types of IRDF loans:
 - Micro-loans: Up to \$100K; quarterly payback in 5 years or less by promissory note
 - Mini-loans: Up to \$250K; quarterly payback in 10 years or less by promissory note
 - Standard IRDF mortgage: More than \$250K; maximum loan term is 30 years; payments due quarterly
3. The maximum amount of a loan is determined by several factors, including availability of funds, servicing capability, and terms of the loan.
4. The IRDF Board of Allocation and MIT will seek to have the loan written at the minimum allowable interest rate. The rate will not be less than 3%.
5. The loan application should be made out for the entire project. Because renovation projects may also involve educational areas or affect the building envelope, it is recommended that a project grant be investigated along with applying for a loan.
6. The MIT Treasurer has final approval authority for all terms related to loans.

Policies Applicable to All IRDF Grant Applications

1. The IRDF Grant Advisory Board (GAB) reviews and recommends funding for all IRDF grants.
2. The IRDF Architectural Review Board (ARB) reviews and recommends reimbursement of expenses associated with historic preservation items of the grant.
3. Grant funds will not be issued until the grantable work is completed.
4. Educational furnishings are expected to last a minimum of 5 years. Replacement of these furnishings will not be granted within a 5-year time frame.
5. Grant applicants must not be under any type of operational suspension to be eligible for grant approval and distribution. If there are any questions relative to suspension, the FSILG Office should be consulted.
6. In the event of any dispute, the applicant may appeal to the IRDF Grant Advisory Board.
7. The MIT Treasurer has final approval authority for all terms related to grants.

Educational Area Determination for IRDF Grants

MIT's tax-exempt status is based upon its educational purpose and tax law requires that any funding allowed for general expenses is limited to the floor area of the building devoted to educational use. Thus, e.g. roof and HVAC expenses, must be limited to the "Educational Area Percentage" (EdArea%) of the building. MIT has developed educational area allocations based on floor area for each FSILG residence and on IRS case law guidance.

Educational Area Percentage (EdArea%) includes:

- Dedicated fully educational spaces, such as libraries and study rooms, as defined by space surveys (Insite plans) on file.
- 25 square feet per student, in recognition that the primary residential educational space for most students is in their bedroom.

The Educational Area Percentage is calculated by:

$$\text{EdArea\%} = (\text{Full_Room_Educational} + (25 \times \#_Students)) \div \text{Assignable_Space}$$

Where:

Full_Room_Educational and Assignable_Space values are defined in the Insite Summary Table.

And:

For Educational Operating Grants (EOGs), the #_Students value is limited to students in residence during the academic year covered by the grant application period. #_Students includes the resident GRA and is determined by FSILG Office records (OMM forms).

For all Project Grants, the #_Students value is that of the residency maximum on the housing license.

There is a 27% maximum for total EdArea% per house.

Educational space allocations and Insite Plans are maintained by FSILG Cooperative, Inc. (FCI) and current copies are kept in each FSILG's locker. Any request for an allocation change must be directed to the FCI to investigate. The GAB will review educational areas for all houses and, if requested, will review building-specific educational space definitions. No changes in prior assignable space calculations (as determined by Insite assessments) will be made unless in response to an IRDF-approved renovation or reconfiguration. Approved allocation changes become effective in the subsequent fiscal year.

A. Policies applicable to annual IRDF Educational Operating Grants (EOGs)

1. Completed Educational Operating Grant applications must be submitted within 3 months of the conclusion of the FSILG's (house corporation's) fiscal year, unless directed otherwise. Any subsequent revisions and requests for additional documentation must be completed within 4 months of the conclusion of the FSILG's fiscal year.
2. The IRDF Grant Advisory Board establishes an allowable percentage for reimbursement of eligible expenses each year.
3. The following percentages currently apply to grant eligible categories:
 - Educational Area Proportional Expenses – Reimbursed at 75% of EdArea% of actual cost of allowable expenses
 - Eligible Safety Expenses – Reimbursed at 75% of actual cost
 - Eligible Accessibility Improvement Expenses – Reimbursed at 75% of actual cost
 - Eligible Educational Items – Reimbursed at 75% of actual cost

B. Policies applicable to IRDF Minor Project Grants

1. Minor Project Grants are considered for projects with a grantable amount of more than \$10,000 and up to \$50,000.
2. Limited funds are available for Minor Project Grants each year. The IRDF Grant Advisory Board will establish the amount annually and announce the amount to the FSILG community.
3. Since limited funds are available each year, some grants may be denied. The Grant Advisory Board may put a cap on a project or limit the percentage of reimbursement for the project.
4. Minor Project Grant funds are distributed after project completion, based on receipts. Minor Project Grants may be approved before work starts; however, no additional funds will be granted in the event of a cost overrun. If work proposed and approved is not completed within 2 years, the grant will be void and the organization will need to re-apply for funding.
5. Minor Project Grants may be partially funded, deferred, or rejected. Partially funded and deferred requests will be reconsidered for the following fiscal year if the applicant desires.
6. The following percentages currently apply to grant eligible categories:
 - Educational Area Proportional Expenses – Reimbursed at 75% of EdArea% of actual cost of allowable expenses
 - Eligible Safety Expenses – Reimbursed at 75% of actual cost
 - Eligible Accessibility Improvement Expenses – Reimbursed at 75% of actual cost
 - Eligible Educational Items – Reimbursed at 75% of actual cost
 - Eligible Historic Preservation & Restoration – 75% with approval from the ARB

C. Policies applicable to IRDF Major Project Grants

1. Major Project Grants are considered for projects with a grant request greater than \$50,000. These grants are evaluated and treated separately from the process for Minor Project Grants described in **Section B** above.
2. Major Project Grant distributions will not exceed 90% of IRDF contributions associated with that FSILG. The remaining 10% will be available for other IRDF programs that benefit the entire FSILG community.

3. The following percentages apply to grant eligible categories:

- Educational Area Proportional Expenses – Reimbursed at 100% of EdArea% of actual cost
- Eligible Safety Expenses – Reimbursed at 100% of actual cost
- Eligible Accessibility Improvement Expenses – Reimbursed at 100% of actual cost
- Eligible Educational Items – Reimbursed at 100% of actual cost
- Eligible Historic Preservation & Restoration – 100% or as approved by the ARB

4. The following requirements apply to capital campaigns:

- FSILGs conducting a capital campaign with the goal of using funds toward a Major Project Grant must designate a 5-year window indicating when their campaign commences and ends, and synchronized with MIT's fiscal year, by formal notification to the GAB. Reach-back (using donations from prior years) is not allowed. Flexibility may be granted upon approval by the GAB, MIT Division of Student Life and Office of the Vice President for Finance.
- FSILGs are required to share campaign materials with the GAB. The GAB and MIT Office of the Recording Secretary reserve the right to modify verbiage related to IRDF donations that will be designated toward Major Project Grants.
- After the conclusion of MIT's fiscal year, each FSILG with an active campaign may request the names of IRDF donors whose gifts are associated with that FSILG and the total amount given by those donors. No more detailed data will be provided.

5. The following are applicable administrative procedures:

- Distributions must be completed within 5 years of approval by the IRDF Grant Advisory Board.
- Grant distribution calculations will be done at "fiscal year boundaries" only after the official closing of MIT's book for the fiscal year (June 30).

6. For Major Project Grants that are associated with a new IRDF loan, the grant amount may be deducted directly from the loan principal.

7. After receiving a Major Project Grant, the FSILG must submit an IRDF Annual Certification form each year for 20 years after grant approval, attesting that the project's permitted purposes continue and the building continues to house MIT students. If the usage changes before the end of the 20-year period, the IRDF must be reimbursed a pro-rated amount of the total Major Project Grant distribution(s).

These policies are effective January 1, 2022