

**THE GRAND ENCAMPMENT OF KNIGHTS TEMPLAR
OF THE UNITED STATES OF AMERICA**

THE KNIGHTS TEMPLAR EDUCATIONAL FOUNDATION RULES

I. ORGANIZATION AND ADMINISTRATION

Definition

Section 1. The trust fund created by the Grand Encampment of Knights Templar of the United States of America (Grand Encampment), for the purpose of assisting worthy students to secure higher education, is designated and known as “The Knights Templar Educational Foundation” (Foundation).

Administration

Section 2. The Foundation is administered by the cooperative activity of committees as follows: (1) The Committee on the Educational Foundation of the Grand Encampment, (Encampment Committee) and (2) Division Committees appointed by Grand Commanders and Commanders of Subordinate Commanderies.

Allocated Funds

Section 3. Funds allocated to Grand and Subordinate Commanderies being trust funds of the Grand Encampment, the Grand and Subordinate Commanderies assume the legal status and obligation of agents of the trustee.

The Division Committee

Section 4. Each Grand and Subordinate Commandery shall provide a committee to be known as “The Educational Foundation Committee, Division of (Grand or Subordinate Commandery)” and through the committee shall administer the Foundation program and any funds in its possession. In the management of the Foundation, the committees and those associated with them, are governed by the laws of the Grand Encampment and these rules.

Division Committees for Grand Commanderies

Section 5. Division Committees for Grand Commanderies consist of five members to serve five-year terms of which one shall expire each year, and one member to be appointed each year at the time of the annual conclave by the incoming Grand Commander. The Grand Commander serving shall make appointments to fill any vacancies for the unexpired portion of the term and may replace any member of the committee for cause, reporting his action to the Grand Commandery. The Division Committees for Grand Commanderies shall meet at least annually after the close of the annual conclave to elect a chairman under the direction of the Grand Commander. Upon approval of the Grand Commander, the committee may name one of its members to serve as secretary-treasurer in addition to his normal committee duties, or the committee may name the Grand Recorder as secretary-treasurer, in which case he is a non-voting member of the committee.

Division Committees for Subordinate Commanderies

Section 6. The Division Committees for Subordinate Commanderies consist of three members to serve three-year terms of which one shall expire each year, one member to be appointed each

year at the time of his installation by the incoming Commander. The Commander shall make any appointments to fill any vacancies for the unexpired portion of the term and may replace any member of the committee for cause, reporting his action to the commandery. Division Committees for Subordinate Commanderies shall meet annually to elect a chairman after the installation of officers and under the direction of the commander. The recorder shall serve as secretary-treasurer but is not a member of the committee.

The Commandery Representative

Section 7. The Chairman of each Division Committee of a Grand Commandery, may recommend to his Grand Commander a satisfactory representative for the Foundation from any constituent commandery. The incoming Grand Commander may appoint this representative at the annual conclave, to serve for the following year as a liaison between the Division Committee and the Sir Knights of the constituent commandery. He may aid in any manner requested by the Division Committee.

Bonding

Section 8. An accredited surety company licensed to do business in the jurisdiction of the division must bond all members and employees of the committees responsible for or handling any of the Foundation funds. The company must be recommended by the committee and approved by the Grand Commander, who has responsibility for the division's assets during his time in office. The amount of the bond may not be less than the entire amount of funds held by the division.

II. FISCAL YEAR

Section 9. The fiscal year for all divisions is the calendar year (January 1st to December 31st) and all records must conform thereto.

III. DUTIES OF OFFICERS

The Committee on the Educational Foundation

Section 10. The officers and members of the Encampment Committee shall perform such duties as may be necessary to carry out the laws and requirements of the Grand Encampment of Knights Templar of the United States of America. The committee shall, through the facilities of the Grand Recorder's office, operate as a clearinghouse for and between Division Committees, for cooperation, counsel, and advice, and may undertake the collection of delinquent accounts of Division Committees, when deemed advisable.

Grand Encampment Office

Section 11. Funds held by the Encampment Committee must be accounted for in a manner intended to permit compliance with tax reporting, audit requirements as applicable, and reporting requirements to divisions.

- a. The Grand Encampment office will annually, or as requested, report the following to each division.
 - (1) The division's allocated share of investment income and contributions. Income must be allocated pro rata to the various divisions, and the Foundation generally, monthly, based on beginning of the month balances of divisions or the Foundation;
 - (2) The division's expenses as approved or required; and

- (3) The funds available for use.
- b. The Grand Encampment office shall prepare or cause to be prepared required reports to tax authorities and the Grand Encampment officers, members, and appropriate committees.
- c. The Grand Encampment office shall perform necessary and reasonable activities for the management and investment of funds.

Division Committees

Section 12. The duties of the officers of the Division Committees are:

- a. The Division Chairman shall:
 - (1) Generally direct and supervise the working of the committee;
 - (2) Issue all calls for meetings of the committee;
 - (3) Preside at meetings of the committee;
 - (4) Approve the issuance of checks for the payment of bills; and
 - (5) Perform such other duties as are generally incumbent upon such officer.
- b. The Division Secretary-Treasurer shall:
 - (1) Receive all applications or proposals for educational scholarships or grants;
 - (2) Together with the chairman or a designated committee member, issue and sign checks in payment of administration expenses, scholarships, or grants when authorized by the committee if funds are held by the division. Otherwise to communicate payment authorization to the Grand Encampment office;
 - (3) _____ Colle
ct all funds due the committee, deposit them as secretary-treasurer in the name of "The Knights Templar Educational Foundation, Division of _____" in a bank authorized by the committee if funds are held by the division. Otherwise to transmit the funds to the Grand Encampment office;
 - (4) Transmit checks to the student or to the educational institution whose appropriations have been approved in conformity with the rules of the committee, and keep the necessary records thereof;
 - (5) Prepare and maintain an accurate account of all expenditures made and a full record of all receipts, notes, and other properties coming to the division and to prepare and make available income and expense statements, together with asset and liability statements, to the committee on a regular periodic basis, as well as when ordered;
 - (6) Prepare loan delinquency reports quarterly for review by the committee, showing the names of borrowers delinquent one, two, or three or more quarterly installments in arrears, with loan balances, interest, and principal amounts in arrears, and the interest paid to-date;
 - (7) If funds are held by the division, make such investments as are recommended and approved by the committee with the concurrence of the Finance Committee of the Grand Commandery;
 - (8) If funds are held by the division, submit all records of his office, including the review of all cancelled checks and bank records, for examination and audit each year by a disinterested Knight Templar committee or outside auditor, as required by

the Encampment Committee, the Grand Commander, or the Finance Committee of the Grand Commandery;

- (9) If funds are held by the division, prepare and file on or before March 31 of each year with the Secretary of the Committee on the Educational Foundation of the Grand Encampment, on such forms as provided, three copies of a detailed report of the previous year's activity. The Grand Commander, or Subordinate Commander, the Committee Chairman, and the Secretary-Treasurer of the Division shall sign the report; and
- (10) Deliver to his successor all funds, books, records, papers, warrants, notes, and all other property of the committee that may be in his custody.

Transfer of Assets to Grand Encampment

Section 13. A division may, by majority vote at a Grand Conclave or stated meeting, as applicable, elect to have its portion of the Foundation funds managed by the Encampment Committee and the Grand Encampment of Knights Templar. Upon such approval, all funds and investments not in outstanding student loans must be transferred to the Grand Encampment office. Funds managed by the Encampment Committee must be managed, invested, and are subject to record keeping, by the Grand Encampment Committee and the Grand Encampment of Knights Templar, accounting for the allocable portion by division. The Division Committees retain responsibility for selecting appropriate students or institutions for disbursement from their available funds.

IV. FINANCES

Investments

Section 14. If funds are held by a division, funds not issued as student loans must be held in bank accounts guaranteed by the United States or an agency thereof, bonds of, or guaranteed by, the United States, bonds of, or guaranteed by, a state of the United States, or equity securities publicly traded on a wide market. Investments not of this character now held in the fund must, upon maturity or liquidation, be so invested. Funds held by the Encampment Committee must be aggregated and invested in a manner consistent with the laws of the Grand Encampment.

Annual Payment to Encampment Committee as an Operating Expense

Section 15. For the purpose of assisting in operation expense, each division shall pay annually to the Encampment Committee the sum of Five Hundred and No/100 Dollars (\$500.00). Payment is due March 31 of each year. If either the report required by Section 12 (b) 9 or the annual payment is over 30 days late, as a reminder, a phone call will be made to the Grand Commander and the division shall be assessed a late-payment penalty of Five Hundred Dollars and No/100 (\$500.00). If the report or payment is over 60 days late, a letter will be sent to the Grand Commander stating that unless the report, payment, and penalty are received within two weeks, action may be taken by the Grand Master as he deems appropriate for this nonperformance of duty. If the division funds are held by the Encampment Committee, the annual fee will be automatically deducted from the division funds on March 31 of each year.

Operating Expense Limitations

Section 16.

- a. Each division must be prudent in the use of Educational Foundation funds for its yearly operations.

- b. The authorized administrative expense of a Division Committee for any one year may generally not exceed seventy-five percent (75%) of the interest collected on student loans and ten percent (10%) of the interest collected from other investment income. If there are valid reasons for modifying these limits, they should be made known at the time of the budget submission and will be considered by the Encampment Committee which may authorize such modification.
- c. The Division Secretary-Treasurer shall pay the authorized expenses of the division only consistent with a budget approved by the Encampment Committee, acting either collectively or through its chairman. The Division Committee of the Educational Foundation in accordance with Subsections a and b of Section 16 shall prepare the budget for the following calendar year. The budget must be approved by the Grand Commander and three copies of the budget must be submitted through the Grand Recorder of the Grand Encampment to the Chairman of the Encampment Committee for approval no later than the first day of November previous to the budget year. Any funds expended by the division that exceed the budget amount approved by the Encampment Committee must be reimbursed to the division fund by the Grand or Subordinate Commandery, or by the Grand or Subordinate Commanders involved, unless such excess expenditure is approved in writing by the Encampment Committee. One copy of the budget, indicating approval status, must be returned to the Division Chairman.

Deposit of Securities

Section 17. All securities must be held in a securities account with a securities or investment broker, or a commercial bank, with the subject account protected by the Securities Investor Protection Corporation (SIPC) or commercial or federal insurance, or both, to the full value to the division's account.

Charge or Write Off of Delinquent Loans

Section 18. Delinquent student loan accounts may be deemed "uncollectible" when material collection effort has been made by the Division Committee, and when payments have not been received for more than nine months. Divisions are encouraged to assign, on a contingency or fee basis, such accounts to a local (or geographically appropriate) attorney or collection agency for legal action or collection. It is suggested, but not required, that such loans be written or charged off immediately after their assignment and then removed from the assets of the division. Any monies received from the attorney or collection agency (principal or interest) after such write off must be considered as income to the division. Loans not assigned for local collection may also be charged or written off and turned over and assigned to the Encampment Committee. The proper endorsement for assignment purposes is:

Assigned to the Order of the Trustees of the Grand Encampment of Knights Templar of the United States of America, a Corporation, Foundation, Division of the Grand Commandery of _____ By _____ (Secretary).

The assigned notes with complete files (including original application, recommendations, correspondence, ledger sheet, and details of collection efforts) must be sent to the Grand Recorder of the Grand Encampment. Any recovery from such loan once assigned will not be shared with the division. A student loan not in a deferred status as provided for in the promissory note, will not be considered for this type of charge off unless it is more than three scheduled quarterly payments in arrears, or has not had payment activity for nine months, or both. Divisions are encouraged to go forward with the assignments or write off of all loans meeting these criteria. Any loan delinquent for more than two years and not currently in an active collection effort must be assigned to the Encampment Committee.

Power to Dispose or Transfer

Section 19. Neither the committee, nor any member thereof, nor any member of the Encampment Committee may use, transfer, assign, or dispose of any notes, funds, or other property of the Foundation for collection or otherwise except as provided in these rules.

V. KNIGHTS TEMPLAR SCHOLARSHIPS AND GRANTS

Definition of Scholarships

Section 20. Scholarships are made as a result of financial need and merit, including high scholastic attainments. Scholarships must be outright grants of cash varying in amount to a maximum of Five Thousand and No/100 Dollars (\$5,000.00) to students enrolled or to be enrolled in accredited colleges or universities or vocational schools at undergraduate or graduate levels. Scholarships may be continued for more than one year. Continuance usually depends upon the holder maintaining a high grade point average and promising superior leadership after graduation.

Grants

Section 21. In addition to the scholarship program, a division may make grants to accredited educational institutions to a maximum of Five Thousand and No/100 Dollars (\$5,000.00).

Rules for Conducting the Division Scholarship and Grant Program

Section 22. The total volume of scholarships and grants made during one year is limited to total annual investment income less all expenses of operation and administration in accordance with these rules. It is suggested an additional holdback of earnings (before disbursements for scholarships) be made in an amount equal to the then current consumer price index (CPI), which will offset the effect of inflation on the real value of the investment portfolio. In this way, the future real value of the division's assets will be maintained.

Section 23. In the case of a division that did not issue any scholarships or grants in a year, the limit in section 22 may be computed by aggregating the year with consecutive prior years that also had no scholarships or grants. This will allow small divisions to accumulate funds over several years for awards.

Scholarship Origination Methods

Section 24. The scholarship program may be coordinated with the student financial assistance office at various colleges and universities. Knights Templar scholarships can then be fully explained, including amounts, suggested grade point averages, extracurricular activities, number of completed quarters or semesters, and all prerequisites to the application for the division's Knights Templar scholarships. Applications from students made to the financial assistance office can then be received (perhaps only annually), reviewed and rated by the committee to determine which of the applicants will be approved. Direct receipt of applications from students is permissible, but not as desirable as establishing a working relationship with the educational institution and receiving student applications from the student financial assistance office. Masonic affiliation or family connections may not be a prerequisite for consideration or selection. Tendering scholarship monies solely to the student is discouraged. Scholarships should preferably be made directly to the educational institution for credit to the student's account to cover the student's tuition and living expenses.

VI. KNIGHTS TEMPLAR STUDENT LOANS

Purpose and Requirements

Section 25. The purpose of the Knights Templar Loan program was to provide educational advantages for students. A Knights Templar Loan program requires knowledgeable and experienced personnel to manage the collection process. Due to the expertise required, limited resources, and the availability of other loan programs, effective December 31, 2016, no student loans may be issued or continued except under the terms legally enforceable as of that date or as agreed in connection with a collection effort.

Promissory Notes

Section 26. Loans must be evidenced by promissory notes for the amount loaned, payment schedule, interest, and signed by both the student and the guarantor. Interest charges are to begin on the date of graduation or when the student leaves the educational institution for whatever reason. Promissory notes used for student loans must be written to comply with applicable laws of the state in which the division is located and drafted by a lawyer licensed to practice law in that state.

Accelerated Payment Schedule

Section 27. If a student dies or leaves school for any reason before graduation, or continues school beyond the date of graduation as indicated in the student's application for the loan, the student is considered as having graduated, and the student's note becomes due and payable according to its terms.

Records

Section 28. The officers of the several committees shall keep correct books, records, and forms as required by these rules and Grand Encampment directives. The Encampment Committee may supply these books and records. The Encampment Committee must approve any change from these forms and records.

Storage of Records

Section 29. All committee records must be carefully preserved, housed, and protected from fire and loss.

VII. LOAN PROGRAM BOOKS AND RECORDS

Section 30. The secretary-treasurer shall keep the following standard records. Computer-based accounting programs are satisfactory if back-up records are maintained. Loan receivable records or ledger cards must be kept; whether electronic or paper, for each student loan showing dates of loan payment, application of received funds, balances, etc.):

- a. Register of receipts and disbursements;
- b. Student loan ledger for each loan, contained together in a book or file form with all other loans. Loan receivable records or ledger cards or pages for each student loan must kept in a file or book separate from the loan file itself, whether electronic or paper, showing dates of loan payments, application of received funds, unpaid balances, interest paid to-dates, and scheduled payment amounts. The records must contain addresses and telephone numbers of both borrowers and guarantors;

- c. A loan folder for each borrower containing all documents, reports, etc. related to that loan;
- d. Check register;
- e. Committee minute book;
- f. General correspondence file;
- g. Record of all security investments; and
- h. Copies of all audits.

Receipts

Section 31. Upon receiving a remittance from a student borrower or income from investments, the secretary-treasurer shall:

- a. Enter its receipt in the register, and when applicable, to a student ledger card showing allocation of principal and interest; and
- b. Deposit the remittance promptly in accordance with rules.

Routine

Section 32. The secretary-treasurer shall periodically, but at least annually, prepare a financial statement that includes the division's monthly income, disbursements, assets, and liabilities. The statements must be kept on file with copies immediately forwarded to the chairman, and if directed, to the committee members.

Annual Review

Section 33. The secretary-treasurer shall prepare an annual financial statement showing all assets, liabilities, income received, and disbursements for the year. Copies of the statement must be provided to committee members. The secretary-treasurer shall render a report to the Grand Encampment.

VIII. PAYMENT DUE NOTICES AND CONTACT WITH STUDENT BORROWERS

Section 34. The secretary-treasurer shall:

- a. Mail a notice to the student and the student's guarantor, on or before the projected graduation date of the student borrower alerting them to the upcoming billing for their scheduled installment;
- b. Mail statements of installments and interest due at least 15 days before the due date of loan installments;
- c. When payment has not been received within 10 days after its due date, a late notice for the payment must be immediately mailed;
- d. If payment has not been received 15 days after sending the first late notice, a second late notice, preferably a letter, must be mailed to be followed by telephone calls as necessary. Continued delinquency requires notification of the guarantor and a request for payment; and
- e. Record on the borrower's ledger card all up to date information and any changes in the borrower's or guarantor's address, telephone number, job location, etc.

IX. WAIVER AND AMENDMENTS OF RULES

Section 35. In special cases the Encampment Committee, reserves the right to waive compliance with any one or more of these rules.

Approval Required for Division Rule Changes

Section 36. These rules are intended to prescribe fundamental requirements. If for some reason a change is felt necessary, written approval of the Encampment Committee must be received before changes can be made or put in place. A division committee may supplement its rules whenever it deems the supplement necessary or desirable to meet local conditions, but the action is not effective until submitted to and approved by the Encampment Committee. Failure by a division or committee member thereof, including the Grand Commander, Grand Recorder, Commander, or Recorder, may result in disciplinary action, removal from office, and seizure of funds by the Grand Encampment as the Grand Master of the Grand Encampment judges appropriate.

Revision of Rules by the Encampment Committee

Section 37. The Encampment Committee may revise, alter, or amend these rules by a vote of two-thirds (2/3) of its members at any meeting of the committee, or by similar vote recorded by mail without a meeting, but the change does not become effective until approved by the Grand Master and the Chairman of the Grand Encampment Committee on Jurisprudence. Any other action of the committee may be taken by majority vote at any meeting of the committee, or by similar vote recorded by mail without a meeting.

X. GRAND COMMANDERY RESPONSIBILITY

Section 38. Grand Commanders and their Grand Commanderies are responsible for the faithful performance of their several committees of the duties prescribed for them in these rules. The Grand Commander and Subordinate Commanders are responsible for maintaining supervision over their committees during their command, and ensuring that all audits and reports are submitted in accordance with these rules.

- a. The Division Committee shall present an annual report to the Grand Commandery at the annual conclave containing the following information:
 1. The division's assets and liabilities delineating the number of loans and aggregate balance of outstanding loans;
 2. The division's income and expense for a twelve-month period;
 3. The budget of expenses for the same twelve-month period; and
 4. The number and dollar volume of loans and scholarships generated during the period.
- b. The annual report of the Division Committee must be published in the annual proceedings of the Grand Commandery.

Conformity to State and Federal Laws

Section 39. Conformity to state and federal laws is required. If these rules conflict with any state laws, the Division Committee may apply to the Encampment Committee for an exception to establish conformity.

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