



The Sig House

A Newsletter from the Board of Grand Trustees

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Putting on the Ritz

There is an old saying "You never get a second chance at a first impression". This is never truer than at the beginning of the school year when major recruitment takes place. Besides organizing informative and fun events for the prospective members, the chapter house needs to be looking its absolute best. Effective cleaning and removal of excess furniture and too long stored goods is a must. Windows, doors, walls and floors should be repaired and spit shined. In a phrase, "Put on the Ritz!" You'll make a good and lasting impression on potential members, their parents, alumni, university officials, the neighbors and the whole community.

Cleaning the Barn. Move in condition of the chapter facilities is often a wildcard. Some chapter houses are relatively well maintained while others "need work" (a lot of work). To attract the best pledges, the facilities should be clean and in good repair. Question: If the chapter house is a pig sty, what kind or pledges will you attract? (Answer: Pigs.) Strive for the best condition that your money and sweat equity can muster.

Rental Agreements. Part of moving back in the chapter house involves the business of landlording. House corporations which administrate owned facilities need to oversee signing of rental agreements and collection of rent and deposits. In chapter owned houses, sometimes rent collection is handled by active chapter and sometimes directly by the house corporation. For privately owned facilities where the landlord is a private investor or the university, the active chapter brothers sign a rental agreement with those entities. Yet, consider that most actives have little experience in Landlord Tenant law or

the intricacies of real estate contracts. They usually appreciate the input from a caring and knowledgeable alumni brother who can assist in rental agreement review. If your chapter house is rented from others, do the active brothers a big favor and lend a hand in the rental process.

Condition of Premises. Whatever condition the facilities are in, a written Condition of Premises should be prepared by an experienced brother or property manager. That list should include a separate list for each bedroom and one for the common areas. A Condition of Premises specific to the bedroom occupied should be provided to each resident. The Condition of Premises for the common areas can be delivered to the Consul. Each one of these documents establishes a benchmark for measuring normal wear and tear which excludes broken windows, holes in the walls and doors and other damage not caused by normal wear and tear. It also documents if there are existing damages so that the tenant won't get blamed for something he didn't do. Upon move out, the Condition of Premises is used to compare move out with move in condition. If warranted, money can be retained from the security deposit.

Security Deposit. A reasonable amount of money should be collected from each tenant to secure payment of the rent and damage to the premises. This should be at least \$200 and more if you can get it. The security deposit may be inadequate to cover what is owed but at least it will help. You can press for formal collection of the balance if necessary.

Rules. A list of reasonable rules should be included in the rental agreement and clearly posted in the House including

prohibitions on in-room appliances, smoking, candles, etc.

Fire & Life Safety. Evacuation routes and emergency procedures should be clearly posted and reviewed at the first active chapter meeting and again at the beginning of each semester. For owned chapter houses, the house corporation should perform at least quarterly inspections accompanied by the House Manager and Consul. Review the fire alarm system, smoke detectors, fire extinguishers, exit signs and emergency lights for proper function. Hallways, stairwells and exits should be clear of obstructions.

Cleaning & Maintenance Inspection. At least every two months, the house corporation should inspect the facilities for cleanliness and repair. In particular, review the kitchen and bathrooms where unclean conditions are a health hazard. Take appropriate action.

Fundraising. With rising cost of operations, many chapters fall way short in rent revenue to address ongoing maintenance and repairs. Fundraising should be part of every house corporation's purpose. Even universities are constantly fundraising. Where do you think all those new dormitories and buildings come from? Fraternities are no exception. Fundraising has many benefits:

- ▶ Provides the money necessary to effect repairs.
- ▶ Provides a sense of higher purpose for the house corporation. Long range planning and execution is much more satisfying than short term crisis management.
- ▶ Creates a volunteer "magnet". Successful brothers like being part of a successful and visionary purpose.
- ▶ Rallies the alumni. Even though many alums don't make it to Homecoming every year, newsletters showing them the good work their donations have facilitated do make a big impact and reinforce the staying power of Sigma Chi.

As you prepare for the new school year, rally your house corporation to handle the business of effective chapter house management. Making a great first

impression is worth its weight in gold and success breeds success. [IHSV](#)

Band of Brothers

Student housing is big business. Not only are today's students more demanding of a quality living environment, universities are spending tremendous amounts of money to attract them to live on campus. In the neighborhood of \$18.3 million per facility, or nearly \$45,000 is spent per resident. Gone are the days of the utilitarian, sterile dormitories; instead, colleges are building stylish facilities and providing programming designed to bolster the feeling of a close-knit learning community.

Therefore, it is more important than ever for fraternity chapters to be supported by well-organized and functioning house corporations to provide leadership and a properly maintained facility. Specifically, there are two key areas of focus for a successful housing corporation:

1. Facility Management. Far too many corporations leave the management of the chapter house up to the residents. This scenario often causes two issues. First, this places the responsibility of maintaining the fraternity's most valuable asset in the hands of very inexperienced and poorly trained individuals. Secondly, the constant turnover of the position lends a short-term perspective to facility maintenance matters and allows the standards to which the facility is kept to vary from year to year.

The house corporation must take responsibility for maintaining the facility, either through alumni volunteers, or by hiring a property manager. Make sure the facility is professionally cleaned at least once per year. Regularly assess the facility, and schedule and perform maintenance and repairs. Assume the responsibility of check-in and check-out procedures. Similar to the residence halls and apartment complexes, undergraduate members should be expected to leave the facility in "move-in" condition, with financial assessments made to their damage deposit if not reasonably kept.

Chapter houses are not only living and learning centers, but they are often proud symbols of the shared goals and values of fraternal organizations. A clean and well-maintained facility not only elevates the image of the chapter and house corporation, but often actually increases the actual performance of the fraternity.

2. Financial Management. The fundamental breakdown facing many house corporations is the inability to fund the necessary maintenance and improvements to the facility. This creates a damaging spiral where maintenance is further deferred, and the fraternity limps into a living environment that pales in comparison to their competition and does not appeal to the most talented students and prospective members. Chapter quality suffers, recruitment declines, and financial implications grow deeper. Alumni do not want to invest time or money into a sinking ship.

This is not a business model that breeds success, and is certain to burn out even the most loyal volunteers. Housing corporations must take a critical look at their budgets and ensure that they are appropriately accounting for all house corporation and chapter operations when developing the fee structure. The usual glitch is the fear to charge a "market rent" to your residents. Market rent is not simply what other fraternities are charging on your campus. Rather, it is what your local student real estate market can achieve in rent per tenant.

Research and analyze what comparable residence halls and apartments are charging in rental fees. Your university website will typically publish housing statistics and their various plans; and the university's financial aid office can often be of assistance in providing general off-campus living statistics. Utilize this market data to develop an accurate proforma and budget for your corporation.

These recommendations were developed through interviews with more than 3,600 affluent alumni regarding their interest in supporting their chapter with financial contributions, or through volunteer efforts. In terms of alumni relations, these principles are just as important as


a consistent newsletter and regularly scheduled alumni events. Alumni want to know that any investment they make in the chapter will be secured; therefore it is imperative that these principles are implemented to ensure consistent, long-term success for the chapter.

By Rod Barleen, Pennington & Co. **IHSV**

Fox in the Henhouse

If you serve on a house corporation, don't buy into the notation that brothers don't steal from brothers. It happens more often than you think. While fidelity insurance coverage can cover some of the loss, if the theft is large, the house corporation will be left holding the bag.

What are the common denominators in embezzlement?

- ▶ The embezzler has total control over the funds.
- ▶ The embezzlement is not discovered for months or years after it starts.
- ▶ The embezzler writes checks to himself 
- ▶ The embezzler has a debit card for cash withdrawals.
- ▶ Once discovered, the board fails to prosecute the embezzler.

Even in fraternities founded on brotherhood and high values, if checks and balances are not in place, dishonesty will occur. Here are some safeguards every house corporation should have in place to deter embezzlement.

Require dual signatures on checks over a predetermined amount such as \$500. Even though the bank will still cash these checks with only one signature, the house corporation board and particularly the treasurer will know that standard procedure is two signatures.

Appoint another director or officer to reconcile the bank account each month.

Have an account that prohibits debit card and ATM withdrawals.

Institute online banking so that several officers can review the bank account from time to time. When others are watching, embezzlement is less likely to happen.

Have a CPA conduct a yearly review of the corporation's financial practices.

While none of these measures will completely eliminate a house corporation's exposure to embezzlement, they do provide major deterrents. They also help mitigate the magnitude of a loss by detecting suspicious transactions early on. **IHSV**

House Corporation Resource Directory

ARCHITECTURAL & PLANNING SERVICES

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Specializing in the design and renovation of fraternity housing.

Reid Studio Architecture LLC 217.390.7403
Rod Reid rod_reid@comcast.net
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CHAPTER HOUSING DEVELOPMENT

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Matt Maruccia, VP for Acquisitions
www.PierceEducationProperties.com National developers, buyers, owners and operators of student housing with specific expertise in Greek Housing acquisition, disposition, development, finance, etc.

CHAPTER HOUSE FINANCING

Constantine Capital, Inc. 816.300.0604
Bob Schock robert.schock.zo@sigmachi.com
Affordable financing to Sigma Chi house corporations for chapter house purchase, life & safety upgrades, new construction, renovation and loan guaranty

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OmegaFi www.omegafi.com 800.276.6342
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Justin Rolnick info@greekkitchenmanagement.com
www.greekkitchenmanagement.com Kitchen management program: staffing, ordering and food preparation. Cleaning products: cleaning chemicals, supplies & paper goods

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Pennington & Associates 785.843.1661

Patrick Alderdice palderdice@penningtonco.com
www.penningtonco.com Capital campaign coordination, gift management, alumni relations programs, website development

The Laurus Group 770.903.3987

Bill Paris bparis@thelaurusgroup.net C 404.441.9630
www.thelaurusgroup.net Fundraising consulting specializing in capital campaigns, gift management, alumni communications, annual funds

HOUSE DIRECTOR SEARCH & SCREENING

Greek House Resource 512.836.7176
greekhs@gmail.com www.greekhouse.net
Screen, interview and placement for chapter house directors.

INCORPORATION ASSISTANCE

Grand Trustee Harvey Silverman 703.319.8806
harveyas@aol.com

Do you provide a product or service for Sigma Chi Fraternity chapter houses? Get listed in *The Sig House Resource Directory!* Email rich.thompson@sigmachi.com **IHSV**

Here to Serve

The Grand Trustees are available to assist house corporations in a myriad of ways. The eighteen Grand Trustees have over 700 years of combined professional expertise in areas like property management, project administration, politics, maintenance, renovation, insurance, tax planning, accounting, construction, fund raising, legal, education, housing, risk management and more. Give us a try. **IHSV**



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