



The Sig House

A Quarterly Newsletter from the Board of Grand Trustees

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Deja Vu All Over Again

Fall semester has barely started at Whatsamatta U and the house corporation board is already pulling its collective hair over activities at the chapter house.

The boys started the semester with a rousing party that gained the ire and attention of neighbors, police and university authorities. A window was mysteriously broken and, naturally, none of the residents have a clue who did it. A couch turned up missing and like the broken window, not a clue. In the immortal words of Yogi Berra, "It's deja vu all over again."

These are times that drive house corporations to distraction. Year after year, the same kind of unbridled and destructive behavior manifests itself. Instead of leading with their best, active chapter sets the stage with bad boy behavior which can result in social probation or worse. Social probation hampers recruitment and "worse" could mean losing the charter altogether. What's a house corp to do?

Establish Expectations Early. After a summer of no school, work, cavorting and other activities, the young brothers are eager to return to the alma mater (Latin for "nourishing mother") to resume the college experience. While house corporation hopes that will be manifested as responsible tenants, immaturity level weighs heavily against in their ability to act maturely. At this age, they generally understand rules so meeting with the chapter officers early to discuss expectations is imperative.

Have a Written Rental Agreement. The Rental Agreement should clearly delineate in plain English the expectations for rental payments, house cleaning/maintenance, prohibited activities like smoking, pets, etc. and the penalties for violations. Each year, the new active chapter officers and house corp representative need to review the Rental Agreement line by line so there is no misunderstanding.

Remember, this may be the first such document these brothers have every seen, much less had to sign. Go slow, answer their questions and explain why the clauses are necessary.

Define the Roles. Sigma Chi is about brotherhood and while both active chapter and house corp is comprised of brothers, there is also a Landlord-Tenant relationship that supercedes the brotherhood aspect. House corporations are designed to protect the interests of the chapter both present and future by managing the real estate assets like any good business. Good business is not letting the tenants destroy the assets or not pay agreed rent. Since young brothers have little experience in good business practices, the house corp must educate them by enforcing the provisions of the Rental Agreement. This is education that will serve them well in the future. The sooner learned, the better for all concerned.

Lighten Up. While house corps need to follow good business practices, surprise visits to the chapter house looking for problems is not the way to go about it. Most surprise inspections are likely to discover all manner of violations large and small. But a "gotcha" approach will only breed animosity and mistrust between actives and house corp. The best approach is to insist that the officers do their job in managing the chapter's responsibilities. Good corporations prosper with successful delegation of duties. Let the officers do theirs to the best of their ability. Offer to help in areas where they lack experience. The goal is to let them take ownership.

Encourage & Listen. Young brothers are not often forthcoming with questions and criticism due to the age disparity with house corp members which is intimidating. Don't forget to encourage them to ask questions and contact house corp when help is needed. Make sure the proper contact information is provided. Generally, there should be one primary point of contact, like the

board president, who can delegate the issue if necessary depending on the subject matter (financial, maintenance, discipline, etc.)

Use Your Chapter Advisor and Grand Praetor. House corporations need to be careful not to get overly involved in chapter affairs. While the landlord authority is indisputable, mandating how the chapter handles its non-tenant business is not. These areas are the purview of, first, the Chapter Advisor and, secondly, the Grand Praetor. These men are charged with assisting with chapter operation. The Grand Praetor has special training and authority provided by Sigma Chi International to deal with chapters within assigned provinces. House corp should refer such matters to these men for action when appropriate.

It is deja vu. The reason active brothers continue to make the same mistakes year after year is because...they aren't the same brothers. These are new brothers, just as green as the ones you dealt with the year before. The good news is they're Sigma Chis, most have good intentions and want to learn. The flipside is it comes with the house corp territory to deal with greenhorns each year. But rather than be frustrated, follow these tips and know that you are a key component of these young brothers' life education. It is worthy work and Sigma Chi thanks you for your dedication to fulfill it.

Outstanding House Corporation Award

Each year, the Board of Grand Trustees honors Sigma Chi house corporations that are doing it right. Is yours one of those success stories? If so, email Grand Trustee Rich Thompson at rich@regenesi.net or call 503.977.7974 to request an **Outstanding House Corporation Award Application. Deadline for receiving applications is October 31, 2008.** Apply and be recognized!

RMF FAQs

From time to time, bad things happen at chapter houses like fires, floods, hurricanes, personal injury, even death. For those occasions, insurance is indispensable.

In the 1980s, Sigma Chi chapters were experiencing a number of claims and finding it difficult, if not impossible, to obtain liability insurance to protect themselves. This same situation was being experienced by other fraternities and sororities. Many attempted to purchase package policies for their chapters. Sigma Chi chose a different way.

Under the leadership of the Grand Trustees, the Risk Management Foundation (RMF) was conceived during the administrations of Grand Consuls Keith Sorenson and Thomas F. Bell and rolled out in 1988. Its mission: to educate chapters on risk management and to provide liability and property coverage to member chapters and their house corporations. Today, 96% of Sigma Chi's chapters are members of the RMF, insuring over 10,000 brothers and \$124 million in property coverage. The RMF remains the only program of its kind in the Greek world.

Reporting a Claim. If your chapter is one of the 96% that is insured by RMF, please follow this process.

- Report Promptly so the claims process is not delayed. Contact James R. Favor & Company at 800.344.7335 and Risk Management Foundation at 847.869.8655 or RMF@sigmachi.org
- Secure emergency medical treatment for injured persons.
- If suit is filed or legal process is served, immediately notify James R. Favor & Company, RMF and the insurance claims adjustor.
- Do not admit liability, accept responsibility or make public statements. Only the insurance company has authority to perform these actions.
- Cooperate with the insurance company by providing requested records and information. Cooperate with the investigation, defense and settlement of the claim.
- Assist with the insurance company's right to enforce against any person or organization that may be liable to the insured because of injury or damage to which your insurance applies.

RMF Frequently Asked Questions

1. What insurance coverage is provided for Sigma Chi chapters that are members of the Risk Management Foundation?

Membership in the Risk Management Foundation includes the following insurance coverage:

1. General liability

2. Excess umbrella
3. Directors and officers liability
4. Fidelity bond (Embezzlement)

The RMF makes the following additional coverages available as well:

1. Property
2. Boiler and machinery

All chapters and house corporations are reminded to comply with their local state workers' compensation laws.

2. Do the liability and umbrella policies provide coverage for undergraduate chapters, alumni advisors, and other volunteers? Yes. Each chapter must provide proof of insurance as required under the Sigma Chi Governing Laws (ECR 6.02-i-4). Undergraduate chapters are afforded protection provided that the chapter is abiding by the RMF and Sigma Chi alcohol policies. RMF insurance also provides coverage to alumni advisors and other volunteers while they are acting on behalf of Sigma Chi Fraternity.

3. Do the liability and umbrella policies exclude, restrict, or eliminate coverage? Yes. The insurance provided as part of membership in the RMF contains several important exclusions or coverage restrictions. This insurance does not provide for or replace your personal insurance protection.

Named insureds are only covered by the RMF's insurance under the following conditions:

1. While acting on behalf of Sigma Chi Fraternity
2. While acting in accordance with Sigma Chi Fraternity and RMF policies.

Coverage is also specifically restricted or eliminated when other types of conduct are involved. These include, but are not limited to:

1. Hazing
2. Criminal acts
3. Intentional acts
4. Sexual abuse or misconduct
5. Violations of Fraternity or RMF policies

4. Do the RMF insurance policies cover injuries sustained during Sigma Chi Fraternity athletic events like intramurals? No. Participation in Sigma Chi athletic activities is voluntary. Members and guests assume the risk of injury and participate "at their own risk". Claims in this area are normally covered by personal medical insurance.

5. Does the RMF's insurance cover members' medical costs for accidental injuries? No. The RMF insurance coverage is not an accident and health policy. Claims in this area are normally covered by personal medical insurance.

6. Could undergraduates or alumni volunteers be named in a lawsuit? Yes. Undergraduates, chapter officers and alumni volunteers have been individually named in legal actions. The named insured under the RMF policy are subject to the terms, conditions, and limitations of the insurance.

7. As an undergraduate, how is my personal insurance or parents' insurance affected? You should always report any potential insurance claim to your personal insurance agent or carrier. The insurance provided as part of RMF membership is in excess of any other insurance available to you, such as your personal or parents' automobile or homeowners insurance.

8. As a volunteer, how is my personal insurance affected? You should always report any potential insurance claim to your personal insurance agent or carrier. Where permitted by law, the insurance provided for volunteers under the RMF policy is primary and will stand ahead of your personal insurance.

9. Does the RMF insurance provide auto liability coverage for undergraduates, alumni officials, or other volunteers if their automobiles are being used on Fraternity business? Yes. However, because of individual state automobile financial responsibility statutes--that is, state laws that generally require that you as the owner or operator of an automobile maintain primary auto insurance--the RMF insurance is limited to that which is in excess of your personal auto liability insurance.

10. Does the RMF insurance cover an undergraduate's or volunteer's personal property? No. The RMF insurance program does not cover loss or damage to personal property--i.e. computers, bikes, books, clothing or other personal items. Usually loss or damage to your personal property is easily insured under renters insurance or your personal or parents' homeowners policy.

11. Does the RMF insurance cover damage to my automobile if it is damaged on Fraternity property or when in use on Fraternity business? No. As with loss or damage to other personal property, your automobile is

not covered by the RMF insurance program.

12. How are the fees determined for RMF's liability coverage? Fees for liability coverage are determined by RMF's insurance underwriters. Some of the more important factors include:

1. The RMF's history of premiums paid versus losses paid
2. Status and development of open claims
3. Deductibles and coverage limits
4. Exposures in number of chapters and members
5. Overall loss control response and compliance efforts

13. How are chapter liability contributions determined? Chapter membership contributions are reviewed and determined in accordance with the membership allocation formula. Some of the more important factors include:

1. Chapter size
2. Chapter loss control response and compliance efforts
3. Other risk management actions and programming
4. Chapter claims history

14. How can we decrease chapter membership costs?

- * Reduce your exposures by strictly following the law, Sigma Chi Fraternity and RMF alcohol and drug policies, and the RMF insurance policies.
- * Respond and comply promptly with loss control requirements.
- * Implement the Risk Management Chairman position and risk management committee into your chapter's executive structure.
- * Develop ongoing risk management efforts to provide consistent education and awareness to the membership.

15. How can we decrease chapter property contributions?

- * Reduce your exposures by focusing on life safety improvements such as fire protection and alarm systems.
- * Ensure these systems are always operating properly with consistent monitoring and professional servicing each year.
- * Maintain effective security systems to protect the property and contents.
- * Participate in the Life Safety/Loss Control inspection program and respond in writing to promptly confirm compliance with any loss control requirements.
- * Develop and implement a short-term plan to install a complete sprinkler system.

16. Do claims by other fraternities and sororities affect RMF and our

chapter's rates? Yes. Although the most important factor is always your own chapter's loss record, the loss record of the whole fraternity world does have an affect as well. Because the insurance marketplace for fraternities is limited, any significant catastrophe or precedent-setting legal claim can have a broad impact in this market.

17. What are the benefits of a "group" policy? Group policies have been proven to offer the broadest coverage at the most affordable costs. They provide continuity and often include additional services such as educational programming and loss control assistance as well as chapter house inspections.

18. When is the RMF membership contribution billed and payable? Statements for each new program year are distributed at Balfour LTW and via e-mail in early August. Payment is due in full by September 15, unless the chapter opts for the half- or monthly-payment plan.

If membership contributions are not paid by the due date, membership in the RMF program may be suspended and insurance coverage terminated. Without insurance, individual chapters and their members may become personally liable for any claims that might arise.

19. How often does the RMF review its insurance program? The RMF Board of Directors reviews various aspects of the risk management program annually. Additionally, Sigma Chi Fraternity's Executive Committee reviews the RMF Board's recommendations annually.

20. Who do we contact with questions?

RMF Managing Director
PO Box 469
Evanston, IL 60201
Phone (847) 869.3655 ext 235

RMF Program Manager
James R. Favor & Company
14466 E Evans Ave
Aurora, CO 80014-1409
Phone: (800) 344-7335

New 2008 IRS Filing Requirement

Beginning in 2008, tax-exempt organizations with gross receipts of \$25,000 a year or less will be required to file a Form 990-N, Electronic Notice for Tax-Exempt Organizations not Required to File Form 990 or 990-EZ.

The change will affect most Sigma Chi undergraduate chapters, alumni chapters and house corporations.

The new requirement takes effect for the 2008-2009 fiscal year and the due date is the 15th of the 5th month following the end of your fiscal year. (If your fiscal year ends on June 30, then your Form 990-N is due on Nov. 15.

The IRS will revoke the tax-exempt status of any organization that fails to meet all filing requirements for three consecutive years. The organization will then be required to reapply for tax-exempt status and comply with the new filing regulations.

For more information, visit the IRS website at irs.gov or call the IRS at (877) 829-5500.

Matching Grants for Fire Alarms

The Risk Management Foundation is pleased to announce a matching grant program for the installation of a new alarm system. The RMF will match up to \$3,000 of chapter/house corporation funding to install a hard-wired, centrally monitored fire alarm system. Limited funds are available and the matching funds will be awarded based on the date completed applications are received.

To qualify for the matching funds the following criteria must be met:

- A minimum of two estimates for work must be submitted.
- Hard-wired fire alarm system must be installed and monitored by October 15, 2008.
- Before grant monies are distributed, proof of completed work must be submitted.

Submit your grant request along with copies of the installation bids to RMF@sigmachi.org.

Collegiate Housing Bill

Chapter houses seem to have an insatiable need for renovation. As the houses age and are subjected to "accelerated depreciation" by the residents, house corporations are

challenged to keep the housing safe and competitive with other forms of university housing. Universities have long had the advantage of being able to use tax deductible contributions to maintain their property.

The **Collegiate Housing and Infrastructure Act** (Senate Bill 638 and House Bill 643) filed in early 2007 would make that playing field more level by allowing non-university owned not-for-profit student housing, like fraternities and sororities, to enjoy the benefit of tax deductible donations. (Senate Bill 638 is attached.) The effects of this bill will improve the housing capacity and life-safety challenges that currently face much of the college student housing market nationally.

This bill would permit house corporations to receive grants of tax-deductible contributions made to recognized foundations to use for fire and life safety renovations as well as structural and cosmetic reconstruction plus maintenance and operations without being subject to the "educational purpose test" as required under current law.

Sigma Chi has joined in a cooperative effort to lobby passage of this badly needed legislation. For more on this coalition and the good work it does, see Capital Fraternal Caucus www.fraternalcaucus.org. Please consider registering on the site (Sigma Chi will get recognition for this).

To help promote passage of this bill, the Grand Trustees strongly urge every Sigma Chi house corporation member as well as their family and friends to send messages of support to your elected federal representatives: The Capital Fraternal Caucus website makes this easy. Sigma Chi will get points for each message sent. Grand Trustee Chairman **Bruce Morgan Casner** is the Chairman of Sigma Chi's Governmental Affairs Committee and sits on the Capital Fraternal Caucus Executive Committee as well. He assures us that these kinds of communications do make a difference.

Grand Trustee Website

The Grand Trustees proudly host www.TheSigHouse.org which features a Newsletter and Article Archive, Sample Bylaws, Maintenance and Fire Safety Checklists, Procedures and a growing list of other resources for

house corporations.

This was all made possible by the generous support of Alumni Chapter Executive Committee Representative **Mike Greenberg** who also chairs the **Sigma Chi Alumni Services Committee**, which provides free website hosting. If your house corporation or alumni association is interested in having its own website, contact www.sigmachi.org then **Contact HQ** then **Alumni Chapter Information** for more.

Renovation & Safety Upgrade Funding

Sigma Chi offers a great alternative for funding chapter house fire/life safety improvements and renovations. Constantine Capital, Inc.(CCI) has loan programs that can lend up to \$250,000 at competitive interest rates with up to a 30 year amortization schedule.

Also, if your house corporation is considering doing a major fundraiser, CCI can provide seed money to get architectural inspections and drawings done by providing short term funds to get the ball rolling.

Go to www.sigmachi.org then **Members** then **Housing** then **Constantine Capital, Inc.** for more information. For assistance in applying for CCI funding, contact your Grand Trustee.

We're Here to Help

Your Board of Grand Trustees is here to assist Sigma Chi house corporations in a myriad of ways. Besides many years of service to Sigma Chi in various capacities, there is over *500 years of combined professional expertise* in such things as real estate development, property management, project administration, politics, maintenance, renovation, insurance, tax planning, accounting, construction, fund raising, legal, education, housing, risk management and more.

While each Grand Trustee is assigned specific provinces to oversee, this combined expertise is available to all house corporations. The key to tapping this gold mine is to contact your province's Grand Trustee with a specific request for assistance. If your request is out of your Grand Trustee's specific area of expertise, other colleagues will assist in providing real solutions. Give us a try.



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