



# The Sig House

*A Newsletter from the Board of Grand Trustees*

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## Terms of the Rental Agreement

*[The following is part of continuing series of articles on Standard Operating Procedures.]*

Having a written chapter house rental agreement is an absolute must for every house corporation that owns and manages property on behalf of the chapter. While there are standardized forms available in every state that conform to state statutes and federal Fair Housing standards, it makes sense to customize a rental agreement for this use which includes additional terms which relate to obligations to Sigma Chi and the host university.

Another issue is a house corporation may need to have *two* rental agreements, one between the house corp and active chapter and one between house corporation or active chapter and individual occupants. While the two reflect many of the same conditions (pay rent, maintain the property, don't break the rules), the one entered into with Active Chapter is signed by the Consul who promises to enforce the conditions on all residents. For house corporations that allow active chapter to collect rent from the residents and pay a lump sum rent to house corp, two agreements are appropriate. If active chapter fails to enforce the terms of the primary rental agreement, house corp can rely on the secondary one to deal directly with the individuals that are in violation. There is a sample of each of these rental agreements at [www.TheSigHouse.org](http://www.TheSigHouse.org).

Besides the standard clauses that every Rental Agreement should have, there are others house corp should consider adding including:

**Hazing Violations.** Unfortunately, hazing raises its ugly head from time to

time. Sigma Chi has strict rules against it but it is often house corp which is the first line of defense in detecting and dealing with it. As we all know, hazing takes on many forms but as former Supreme Court Justice Potter Stewart opined about pornography "I know it when I see it".

Hazing is most likely to occur during Initiation Week and house corp has every right as a landlord to expect the residents to comply with fraternity rules which often, by the way, mirror civil code. While house corp alums have the power to suspend and expel a brother from the fraternity, as landlord, hazing can be a cause for eviction.

**Substance Abuse.** Drinking and other forms of "substance" abuse are common on all college campuses and certainly not limited to Greek housing. Wherever there are young adults, there will be parties and "substances". House corps generally do not want to play cop on this issue but evicting the worst offenders is instructive to the others that don't want the same result.

**No Pets.** While having a dog or cat may be the dream of many brothers, a chapter house is not a good place to make it come true. Once there is one, there are more and the result is always the same: excessive wear and tear on the house and grounds.

**No Smoking.** For the health and life safety of all residents, having a mandatory No Smoking Policy should be standard. There is simply no way to control second hand smoke which has proven to damage the health of non-smokers, the house itself and dramatically increases the risk of fire. This one is a no brainer.

**No Candle Burning.** Candles are a frequent source of fire and have no

place in chapter houses. Flameless candles are now strongly encouraged even for ritual events. The Grand Trustees have made these candles available for purchase through headquarters. Please inquire about "Peterman flameless candles".

**Require Parents to Co-sign.** With few exceptions, most residents do not have the income to qualify for chapter house rent. Most either borrow the money or have their folks pay. Any prudent landlord like the house corp needs to get reasonable assurance that the rent will get paid. If the Rental Agreement requires parents' signatures, collections will be easier.

**GPA Standard.** Living in the chapter house is a privilege, not an entitlement. For some, the temptation to party or sleep in may be great so it behooves house corp to enforce a minimum standard GPA to move in. And those that fall below it no longer qualify to live in. The university will usually provide grade reports to assist in this.

**Residents Must Have a Sigma Chi Affiliation.** Unless the chapter house is built to segregate Actives and Pledges from other residents, it's best to allow only Sigma Chi actives and pledges as residents. It's hard enough to enforce standards on the brothers and nigh impossible to do so on non-Sigma Chis.

**Firearms Prohibited.** No resident needs to keep guns on the property. Those that hunt or target practice should store their guns elsewhere.

**Regular Mandatory Cleaning.** Sometimes called "House Works", this is a group effort performed on a weekly schedule. Typically, it is organized and supervised by the House Manager who assigns various tasks like vacuuming, garbage removal, mopping, yard cleanup, etc. To build team spirit, it should be executed by all at the same time, like on Saturday or Sunday when there are fewer scheduling conflicts and every active and pledge member should participate.

Having a written Rental Agreement that reflects standard landlord concerns and those of Sigma Chi will improve communications, set high standards for performance and provide a basis for

accountability. Don't leave chapter house operation to chance. Define the terms of the rental agreement and be prepared. When it comes to enforcement, time is not your friend.

## Ask the Grand Trustee

**Q** Is it okay for the chapter advisor to serve on the house corporation?

**A** No member of active chapter or the chapter advisor should serve on the house corporation board. The fraternity and the house corporation are separate and distinct legal entities and must remain so to insulate the general fraternity from liability and to protect the individuals serving on the house corporation from liability for the acts of the members of the active chapter. Sigma Chi has no control over the house corporation and the house corporation has nothing to say about chapter operations with the exception of those issues relating to the Rental Agreement (pay rent, maintain the property, etc.). The house corp can certainly seek input from the chapter and chapter advisor on decisions.

**Q** Is a house corporation required to do anything to keep the corporation legally viable?

**A** Absolutely. The house corp is required to file an annual report in its state. Failing to file may cause the incorporation to lapse. If the corporation is not be in good standing, the directors and officers could be in a world of hurt if sued. When the house corporation becomes unincorporated in the eyes of the law, each director potentially faces liability as an individual, without benefit of the "corporate veil." For more on this, see the Article at [www.TheSigHouse.org](http://www.TheSigHouse.org) entitled "Getting Legal".

Also, most house corporations need to file an annual tax return. For this, it needs a Tax ID#. If the IRS discovers a tax liability for the house corp, the individual directors could be held liable for the tax, interest and penalties with no corporate protection. To obtain a Tax ID#, the IRS has an 800# service called "teleTIN". See [www.delawareintercorp.com/teletin.htm](http://www.delawareintercorp.com/teletin.htm)

Once you have these basics in order, consult with a tax professional to determine what the tax filing requirements are for your house corporation.

*Do you have a question for the Grand Trustees? Email [rich@regenesi.net](mailto:rich@regenesi.net)*

## Fund Raising Guidelines

This information will inform those who are considering undertaking a capital campaign. You are encouraged to seek professional assistance when appropriate. You may need an architect, engineer, attorney, accountant or other professional consultants to assist in formulating and executing your campaign. While these professionals don't work for free, they usually save your fund raising team considerable money, time and headaches.

Before designing your campaign, you will first want to understand the options for your prospective donors. Basically, you can provide your prospects with two donating options: (1) gifts that are tax-deductible or (2) gifts that are not tax-deductible. Some house corporations may be able to qualify for an IRS approved 501c3 corporation which allows tax deductible gifts. This is usually because the chapter house is a nationally recognized historical property. Most chapter houses, however, do not qualify so the house corp needs to explore other options including those provided by Sigma Chi:

1. **Sigma Chi Foundation** was established in 1939 and is a 501c3 approved organization. Contributors may make tax-deductible contributions to either the Foundation's General Fund or to a specified Chapter Fund. A contribution made to a Chapter Fund is a gift exclusively for the designated chapter. The donor can deduct the entire gift. Contributions to the Chapter Fund are restricted exclusively for Educational Purposes (like a scholarship room, computers, wiring the chapter house for computers, educational programming, and scholarships).
2. **Constantine Capital Incorporated (CCI)** was established to meet the needs of chapter houses. CCI

provides fixed-rate loans to house corporations that are in good standing with Sigma Chi. The loans are secured primarily by a lien on the chapter house.

**The Feasibility Study.** Is the fund raiser feasible? To determine this, perform these tasks:

#### **Internal Research**

- Review past chapter fund raising efforts. Success or failure? Explore the reasons for both.
- Develop the scope of work, budget and schedule.
- Identify top donor prospects.
- Conduct personal interviews with prospective campaign leaders, potential donors and volunteers. Get candid opinions about the project's viability.

**Fund Raising Necessities.** A success fund raiser has these fundamental elements:

- **Alumni Database.** This is the cornerstone upon which all successful fund raisers are built. A comprehensive database of all chapter alumni *must* be developed which includes, ideally, email addresses for maximum efficiency and reduced costs. Using email focuses more funds of the goal and less on the message. Contact information is needed for newsletters, event announcements, campaign goals and updates.
- **Effective Communication Strategy.**
  - 1. Produce Newsletters.** Newsletters are essential for conveying the scope and cost of the project for which funds are needed as well as informing of events, where-are-they-now articles and bragging on chapter achievements. Plan on doing 3-4 a year. There are companies like Affinity Connection [www.affinityconnection.com](http://www.affinityconnection.com) and Pennington & Company [www.penningtonco.com](http://www.penningtonco.com) which can provide professional newsletter services and fundraising assistance for major projects.
  - 2. Produce a Video.** Many alums may not have visited the chapter house in many years. Video the chapter house to evoke fond memories and those areas that need improvement. A picture, in this case, is worth a thousand dollars (and maybe much

more). YouTube.com provides a free way to communicate the fund raising video. You can also produce and mail a DVD for around \$5 each. This is an extremely effective investment.

**3. Host a Website.** Websites are cheap and available 24/7. Contact Sigma Chi Alumni Services at [www.sigmachi.org](http://www.sigmachi.org) for a *free* website like the one used by the Grand Trustees at [www.TheSigHouse.org](http://www.TheSigHouse.org) Websites can include many things like a member database, donor information, explain the fund raiser and much more.

**4. Use Email Often.** Email is free, fast and almost effortless. When sending mass emails, make sure to include an opt out option for those that don't want to be bothered and honor those requests.

- **Seek Investment, Not Charity.** Donors don't want to feel they're giving away money. Rather, they want to feel they're investing their money.
- **Define the Urgency.** "Urgency" is the single most important word in fund raising. If your need can be deferred, few will get enthused and little will get accomplished. The project *must* get donors excited.
- **Communicate Clearly.** The plan must be crystal clear in its scope. Major donors often take a very close look at the details. They didn't get rich using sloppy business practices.
- **Select a Strong Chairman.** Often considered the most important element of a successful campaign, a strong chairman is able to recruit volunteers, to influence the size and timing of key gifts, and to give the campaign the priority it must have to succeed. A good chairman is unrelenting in his drive to reach the campaign goal.
- **Enthusiastic Internal Support.** The enthusiasm of the fund raising committee can have a major effect on the campaign. United and positive financial support by volunteers creates the right climate for success.
- **Challenging Yet Realistic Goals.** The goal has to be sufficient to satisfy your overall plan. Don't fall into the trap of "the higher the goal the more

we can raise." The goal must be honest and relate to the need. You will find it difficult to recruit manpower when the campaign goal appears unrealistic.

- **Importance of Lead-off Gifts.** Successful campaigns require substantial lead-off gifts from "heavy hitters". On average 90% of the goal will come from 5-10% of the donors which means a few donations make a huge difference. The campaign goal should be to have at least **50% of the goal** committed *before* announcing the campaign. So, for example, if you have a \$500,000 goal, \$250,000 needs to be raised from a small number of heavy hitters. Do the math for the average donation you need from this group. If several are good for much more, be prepared to ask for a larger donation like \$50,000, \$100,000 or more. Don't ask for "some" money because \$1000 is "some" money and that's all you might get from someone capable of much more. What you want from heavy hitters is "major" money. So have a particular sum in mind commensurate with their ability to pay.

When it comes to "the ask", plan strategically because there is a lot riding on heavy hitter donations. If there is a brother who has a special relationship with a heavy hitter, ask him to assist with the ask. Plan to make a personal visit even if it means traveling. Never ask for major donations by mail, email or phone. These donors are worth special treatment. Consider hosting a heavy hitter event to make a special presentation. The synergy and competitive nature of Type A personalities can often produce competition to out donate the others.

- **Get the Fund Raising Team Invested.** All members of the house corp board and the fund raising committee should commit before all others.
- **Have Active Chapter Donate.** Actives should donate since renovation project directly benefit them. Even though their dollars won't be large, the symbolism is **huge** for alumni donors.
- **Name Your Project.** Ask major

givers if they want to fund a special project within the project like new furniture, the new chapter room or kitchen, etc. If the donation is large enough, consider naming a room for the donor.

- **Timing.** If the economy is struggling, your campaign should be deferred. Avoid conflicts with other fund raising efforts.
- **Payment Options.** While getting as much cash up front is always the goal, allowing multiple year payments will encourage a greater dollar commitment from many donors.

Bottom line, after all is said and done and in conclusion, fund raising is easy. It is simply a matter of the right person asking the right prospect for the right amount at the right time for the right reason. *You can do it.* Right on!

## Collegiate Housing & Infrastructure 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** (HR 1547/S 781) would level the playing field by allowing non-university owned not-for-profit student housing, like fraternities and sororities, to enjoy the benefit of tax deductible donations. 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](http://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](http://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](http://www.sigmachi.org) > Contact HQ > Alumni Chapter Information for more.

## Constantine Capital, Inc.

Sigma Chi offers a great alternative for funding chapter house fire and 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](http://www.sigmachi.org) > Members > Housing > Constantine Capital, Inc. for more information. For assistance in applying for CCI funding, contact your Grand Trustee. Contact information is on Page One of The Sig House.

## Here to Serve

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. We’re here to serve.





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