The Sig House

A Newsletter from the Board of Grand Trustees

Fire & Life Safe Houses
Sigma Chi brothers don’t grow on trees. They grow in chapter houses. For that reason, both actives and chapter houses need to be as safe as possible. The house corporation needs to monitor the following carefully:

Good Housekeeping. When trash accumulates and dirty clothes pile up, there is a higher likelihood that fire will find fuel to burn. Insist on regular clean ups to address these concerns.

Extension Cords. Many older chapter houses lack the electrical systems that modern structures are required to by building code. There are fewer circuits and those there are have lower capacity. Electrical outlets may not be grounded and are fewer in number. Ground Fault Interrupter (GFI) outlets in bathrooms and kitchens are often absent.

Yet, today’s active brothers use numerous kilowatt eating devices: laptops, printers, stereos, hi-def TVs, cell phones and chargers populate multiple extension cords that festoon every available outlet. If your house is like this, an electrical panel upgrade and more circuits are called for.

Space Heaters. Older housing often lack adequate insulation or double pane windows to keep out winter’s bite. Forced air space heaters provide heat levels that could ignite piles of clothes and draperies. Upgrade the heating system for comfort and energy savings. Your state may offer a substantial investment will actually pay for itself in time.

Candles. The dangers of candles begin with an exposed and unattended flame. 40% of candle fires start in the bedroom. Prohibit the use of candles throughout the facility.

Smoking. Smoking is the leading cause of fire deaths in the United States. Enacting a No Smoking Policy in the chapter house is a common sense solution. Outdoor cigarette receptacles can be purchased at websites www.barcoprod.com

Flammables. Cleaning compounds, gasoline, etc. should be stored in a dry and secured location, away from water heaters, furnaces and boilers.

Laundry Facilities. Dryers should have lint traps and vents exhausted to the outside. Exhaust vents need to be cleaned regularly.

Smoke Detectors. If the chapter house still has them, remove battery operated detectors and replace them with a hardwired smoke detector system that is connected to a 24/7 monitoring service. It is the current standard of care. If the house is occupied or vacant, the monitoring company is standing by.

Fire Sprinkler System. Fire marshalls say fire sprinkler systems can cover a lot of fire safety shortfalls. The systems are not cheap and also need 24/7 monitoring. But the fire insurance premium will be much less so the investment will actually pay for itself in time.

Space Heaters. Older housing often lack adequate insulation or double pane windows to keep out winter’s bite. Forced air space heaters provide heat levels that could ignite piles of clothes and draperies. Upgrade the heating system for comfort and energy savings. Your state may offer a substantial financial incentive to do so.

Charge active chapter’s house manager with regular life safety inspections with email to the house corporation for indicated follow up. The house corporation should personally inspect the chapter house at least quarterly to check for unsafe conditions. Require the cooperation from active chapter on those things under their control, like house keeping.

Contact Sigma Chi’s Risk Management Foundation at www.rmfeducation.org for information, advice and financing options for fire and life safety upgrades.

By Grand Trustee Rich Thompson  IHSV
Influencing Outcomes

House corporations manage chapter houses and related real estate. Part of that management role is being a landlord to active members that occupy the chapter house. This responsibility includes all the normal things landlords do like enforcing the terms of the rental agreement, collecting rents and maintaining the property. But there is one major fly in this landlord ointment which has profound effect on the success of the operation: the landlord doesn’t control the number or quality of prospective renters. It’s up to Active Chapter to recruit new members and recruitment standards for Active Chapter are very different than those of a landlord screening qualified tenants.

Landlords usually have the ability to advertise in an open market to all genders, cultures, faiths and family status. Not so in the chapter house environment where the landlord depends on others to find suitable tenants among a narrow segment of the population of men who would be Sigma Chis. And even this fact is fickle. With chapters at large population universities, getting members is can be more or less of a challenge than those with small populations. Larger university chapters sometimes enjoy competition for chapter house occupancy because demand exceeds supply.

But whether the university or chapter is large or small, financial qualification of prospective members is non-existent. Decisions to recruit are more often based on “good guy”, “great athlete” or “legacy”. Whether the prospect has money or not isn’t even on the pledge application. Yet no competent landlord would ever rent property to someone without a verifiable and adequate source of revenue to pay the rent. So the conundrum of house corporation landlord is how to manage a rental property with a tenant mix that doesn’t have traditional renter qualifications.

If that fact isn’t challenge enough, some house corporations execute rental agreements with Active Chapter and leave it totally up to the Quaestor to collect the rent from individual brothers. There are several problems with this scenario:

a. If the Quaestor fails, Active Chapter is not a legal entity which can be processed for collection like a business or individual.

b. Active Chapter officers cannot be held individually financially accountable because they rarely have the money, job and legal standing.

c. Some active chapters have substantial annual budgets, sometimes running into the hundreds of thousands of dollars. The officers rarely have the maturity, training or experience to conduct business at this level.

So, is it any wonder that many active chapters fail to collect full rent and pay their bills year after year? This is simply a business model that is prone to failure. Yet many house corporations repeat the same arrangement year after year expecting different results.

And then there is the “brother factor” which clouds the landlord-tenant relationship. When things go wrong, some house corporations allow active chapter way too much slack because inexperience is a given and failure is
presumed. Statements like, “Rent collections only fell short $5,000 this year. Last year it was $10,000! They’re making progress!” is a mind set that allows a house corporation to justify being less than a stellar landlord. What landlord managing his own property and money would stay in business long with that kind of thinking? Yet it is common with house corporation thinking because they’re handling OPM (Other People’s Money).

That said, all is not lost. There are a number of things the house corporation can do to improve the chances of success under these adverse conditions:

**Individual Rental Agreements.** Rather than sign a rental agreement with active chapter, have individual tenants sign one that includes all the expectations and consequences for failure to pay rent, damaging the property, failure to clean and maintain or follow university, Sigma Chi or active chapter rules.

Go one step further and have the parents or guardian co-sign the rental agreement just as they would have to do if their son rented an apartment. That way, if rent is not paid or damage is done to the chapter house, the notice to pay goes to both the brother and his folks. Since the folks often pay most college expenses, having them on the hook for their son’s actions or inactions goes a long way to collecting the rent.

**Third Party Collection Options.** There are a number of third party entities available to collect house bills.

**a. House Bill Processing Companies.** Companies like Omega Financial [www.omegafi.com](http://www.omegafi.com) provide a house bill collecting service. When provided a list of members and house bills to collect, Omega’s internet based platform executes automated credit card and auto pay options. Omega claims to improve average collections by 25%. This service can also be used by Alumni Chapters. Search the internet for “fraternity bill collecting”.

**b. University Collects House Bills.** Some universities provide a similar for fee service. The university has the added advantage of being to withhold grades and transcripts until the bill is paid. To investigate this option, start with your university’s Greek Life office.

**c. Professional Property Management.** A fraternity house is not all that different from an apartment building. There are companies that specialize in apartment management willing to execute rental agreements and enforce them, collect rent, do maintenance inspections and arrange repairs like they do for other landlords. While many house corporations don’t think they can afford them, it is often because either the rent level is too low or rent collections fall short year after year. Using a professional improves rent collections and frees house corporation members to oversee the manager, not do the work.

**d. Mentoring the Quaestor.** With proper, consistent and adequate oversight, a Quaestor can be successful
in collecting house bills and paying the rent. An alumni mentor needs to be willing to meet at least monthly with the Quaestor to review collections and assist with indicated action (like issuing a 72 Hour Notice to Vacate). It is essential that consequences be processed in a timely way. As many house corporations know, it’s easy for the Quaestor to be put off aggressive collection for months or forever since the task is disagreeable. An alum assisting the process will not only improve results, it will instruct the Quaestor how businesses succeed and fulfill Sigma Chi’s mandate to “build leaders”.

The message here is leaving house bill collection entirely up to Active Chapter has a high likelihood of failure. The house corporation should insist on some third party involvement.

**Improved Recruitment Techniques.** While house corporations shouldn’t directly control how Active Chapter recruits new members, they definitely will suffer the consequences of bad recruiting. The traditional recruitment at Fall Rush was often party based, extremely competitive as other fraternities fish the same prospect pool and as the title suggests, “rushed”. In other words, Rush has not been the best time to carefully consider a prospective member’s qualifications. Sigma Chi International offers a great recruitment training program called **Mission 365** which teaches how to recruit year round according to the standards which Sigma Chi strives for such as the Jordan Standard. Active Chapters that have undergone this training report dramatic improvement in numbers and quality.

When is successful in attracting worthier members outside of a party atmosphere, it is more likely to recruit members that are more responsible (as in pay their house bill), get good grades and do no damage. This is good for all involved so it behooves each house corporation to help Active chapter arrange this training. For more, see [www.sigmachi.org/mission365](http://www.sigmachi.org/mission365) or call Sigma Chi Headquarters at 847.869.3655.

**Influence Active Chapter Officer Selection.** While the hope is that Active chapter will elect its brightest and best as officers, this can be a hit and miss proposition. Elections are often swayed by popularity and not ability. When Active chapter officers don’t have the ability or willingness to learn, the house corporation is bound to suffer the consequences. Since the house corporation has an ongoing relationship with Active chapter, there is an opportunity to personally meet and encourage those that have leadership potential or ability to step up for election. Such encouragement from an older brother cannot be understated. Getting the right brothers into office can make or break a chapter.

To get acquainted with the occupants of the chapter house, it’s important for the house corporation to coordinate regular events at the chapter house so house corporation members can actually get to know them. House corporation board meetings should be held at the chapter house. Then, coordinating events like Homecoming, Sweetheart Ball, golf tournaments and barbecues create an atmosphere where actives and alums can get to know each other outside the Landlord-Tenant roles. When a potential Active chapter officer is identified, a simple “Have you thought of running for Consul, Quaestor or [fill in the blank]?”, often encourages action.
The more encourages and inspired the top officers are, the better money will be handled and the easier the house corp’s job becomes.

**Assist in a Active Chapter Member Review.** From time to time, academic, discipline and financial accountability issues point to the need for an Active Chapter Member Review. Member Reviews are designed to identify and deal with bad behavior. Member Reviews are difficult for Active Chapter officers to pull off on their own so the house corporation members and other alumni often partner in the process to elevate the perceived authority level. If your chapter is experiencing issues that point to a Member Review, your Grand Praetor should be involved since a member review sanctions may include suspension or expulsion from Sigma Chi which the Grand Praetor must assist with.

House corporations are in a key position to influence productive outcomes from Active Chapter. Managing that influence is not only a good idea, but essential to ensure the chapter house is there for future Sigma Chis. Guard well.

*By Grand Trustee Rich Thompson IHSV*

**Determining the Rent**

An ongoing challenge for a house corporation is how to determine the proper rent level for the chapter house and individual brothers that live there. There are several issues that must be considered:

**Market Forces.** The chapter house is one of several housing alternatives available to members and prospective members such as:

a. **Campus Housing.** The university is a significant competitor since the states and provinces provide taxpayer money or fund raising mechanisms that are not available to most house corporations. The *Collegiate Housing and Infrastructure Act* attempts to level the playing field for non-university housing groups which are currently at a disadvantage. Campus housing is often newer and offers services included like janitorial, utilities and internet at a very competitive price. In addition, most universities require freshmen to live in campus housing to ensure occupancy.

b. **Private Market Rentals.** Apartments, houses and condominiums are available in various price points, locations and condition with the ones closest to campus commanding higher rents. Chapter houses that have a close proximity to campus have an advantage over most of private rental market.

c. **The Folks’ Place.** For local students, their parents’ place can be daunting competition. And when the folks are paying college expenses, living at home may not be optional.

The house corporation should base monthly rent on 100% occupancy. Active chapter can usually achieve this by enacting an obligation for all active members to fulfill a live in obligation of “x” number of quarters/semesters which must be fulfilled, even by locals. If a prospective member is unable or unwilling to live in, he should not be recruited.

**The Shrinking Chapter House.** One of the current realities is that fewer active brothers are willing to share a bedroom with other brothers. The post World War II days of six or more to a room are gone. Most brothers today had their own room growing up, have lots of expensive personal property and want a way to secure it and their privacy. For older chapter houses with mostly multiple occupancy bedrooms, it means renting the same space to half the number of occupants. Modern rentals take this into consideration by providing private rooms which share a small common area, bathroom and kitchen (cluster floorplans).

This lifestyle change has profound implications on older chapter houses which have few single bedrooms and extensive common area which is lightly used. In these cases, the house corporation should explore ways to subdivide unused common areas larger bedrooms.

If your house corporation is contemplating building a new chapter house, the Board of Grand Trustees can assist with design principles that provide the kind of quarters today’s brothers are looking for. While you personally may have fond memories of the bunk bed living of the 1960s, pay heed to the housing requirements for the new millennium brothers.

**Cheaper Than Market Rent.** Some house corporations set rent just high enough to meet current operating expenses (minor repairs, insurance, taxes, loan payments, etc.) Lower than market rent may delight the active brothers who can use the savings for “soap and things” but keep in mind:

1. Collecting all the rent is often a challenge so having an extra margin is always a good strategy. Another strategy is incentivize sharing by charging significantly more for single occupancy rooms and much less for multiple occupancy rooms. It’s the American way.

2. These particular tenants wear the place out much faster than the average tenant so there will more frequent and substantial costs that must be planned for like painting, flooring, furniture, wall repair, plumbing, electrical and so on and so on. If part of the rent is not earmarked for these expensive future repairs, the house corporation must either borrow or fund raise to pay for them. Both of these alternatives come with their own set of challenges so if your house corporation operating expenses are lower than competitive market rent, charge market rent and put the extra into a reserve fund. You will be very glad you did.

**How to Determine the Rent.**

Generally, the first place to start in determining chapter house rent is with your biggest competitor, the university. University housing information is easily available online at their website. Pricing is usually quoted by single or double room plus food plans which is helpful for chapter houses that provide a food plan. You typically do not want to exceed campus pricing since there is often substantial pressure by the university to hold students there with various incentives with which the chapter house can’t compete. Using two tiered pricing for single and multiple occupancy bedrooms will help fill them.

When analyzing the private market rental options, inquire with one or more rental management companies that rent to college students. They should have a variety of options available for comparative purposes.
With this market information in hand, decide on a rent level that is competitive, not cheap. Membership in Sigma Chi should never be based on cheapness, but value. If Sigma Chi has little value to a prospective member, that man should not be recruited. By the same token, the house corporation should insist that all prospective members be educated about their financial obligation to the local chapter house. Before pledging, each prospective member and his parents should be provided a written summary of those obligations so there is no misunderstanding of expectations. The house corporation should assist active chapter in producing and distributing this information for consistency.

Financial accountability is the mark of a mature man, the kind that Sigma Chi strives for. The house corporation should do its part to capture as much rent as possible to properly sustain the chapter house and teach active brothers about what it takes for it to pay off.

By Grand Trustee Rich Thompson  **IHSV**

2019 Annual Report

Each year, the Grand Trustees request that each house corporation submit an Annual Report. It helps the Grand Trustees maintain accurate house corporation contact information. Those house corporations that complete the Annual Report qualify to apply for the Outstanding House Corporation Award. House Corporation Training opportunities and receive great resources like The Sig House.

The Annual Report was due January 31st. As of February 28th, 107 of 246 chapters had replied. It takes but a few minutes to complete and email. To stop the weekly email reminders, simply complete and return the Annual Report to rich.thompson@sigmachi.com  **IHSV**

**Alumni Engagement Report**

For the 18 months ending December 2018, Sigma Chi Alumni Chapters increased 10.4% and Alumni Associations grew 200%. A new category has been created called “Alumni Club”. Clubs meet seasonally and informally, be specialized by interest or school. They are not required to pay an annual fee or formally register but can be listed in The Magazine of Sigma Chi Directory.

Contact [editor@sigmachi.org](mailto:editor@sigmachi.org) to do so. Registering for commination benefits will engage more alumni and grow the process.

New interest group contacts pursuing further development rose by 100%. Reactivated alumni chapters grew 25% and a 500% increase in activity in active chapter communities shows great potential along with developing clubs with a 600% gain in the reporting period. In addition to these groups, there are several international groups. Facebook and virtual alumni groups are not included in the above figures.

The Grand Trustees and Alumni Services concentrate on supporting the various alumni groups. Heavy emphasis will be made in Active Chapter communities where there is no formal alumni activity and will work with House Corporations to start alumni groups to give additional support to the Active Chapters.

We have identified over 600 communities where there are no formal alumni activities that we are aware of now. Another 900 in the US and Canada will be assigned to the 18 Grand Trustees to pursue. Other International groups will be identified as well.

If you are interested in starting an alumni group email Bill.Robinson@sigmachi.com  **IHSV**

**House Corporation Resource Directory**

**ARCHITECTURAL & PLANNING SERVICES**

Aynesworth Architects & Consultants  512.328.2272  
G. Tim Aynesworth  tim@aynesworth.com  
PO Box 161434, Austin TX 78716  www.aynesworth.com  
Architectural design and construction management. Texas Registered Architect, Certified by National Council of Architectural Registration Board.

Hug & Associates, LLC  678.297.2929  
Mike Hug mhu@gHughArchitects.com  
5250 Avalon Blvd  
Alpharetta GA 30009  www.HugArchitects.com  
Specializing in the design and renovation of fraternity housing.

Reifsteck Reid & Company Architects  217.351.4100  
Rod Reid rreid@rr-arch.com  
Chapter house renovation and construction design; collects data, analyzes project requirements, develops cost estimates; assists locating design and construction team members.

**CHAPTER HOUSING DEVELOPMENT**

Pierce Education Properties, L.P.  619.297.0400  
Matt Manocca, 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.

**FOOD SERVICES**

Culinary Consultants Purchasing Services  314.422.3407  
Stan Faulkner Support@infoccps.com  www.infoccps.com  
National buying program exclusively for fraternity chapters with food programs. Instant cost savings with no major changes to existing food programs.

Greek Kitchen Management  623.428.0496  
Amy Poklinkoski amy@greekkitchenmanagement.com  www.greekkitchenmanagement.com  
Kitchen management company specializing in staffing, high quality food preparation, food allergy accommodations and exceptional customer service.

**FLOORING**

The Carpet Company  541.484.5373  
Daryl Egbert  C 541.517.8820  
daryl@thecarpetcompany.biz  www.thecarpetcompany.biz  
All major brands of commercial and residential flooring.

**FUNDRAISING & COMMUNICATION**

Affinity Connection  814.237.9481 ext 131  
Greg Woodman greg@affinityconnection.com  www.affinityconnection.com  
Database management, website hosting/management, newsletter production, enewletters, fundraising assistance, donation processing.

Member Planet  888.298.8845  
Patrick Terrian  219.590.4413  
pterrian@memberplanet.com  www.memberplanet.com  
Email newsletters and text messaging, chapter websites, member database, donation sites.

**FOOD SERVICES**

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  404.441.9630  
www.thelaurusgroup.net  Fundraising consulting specializing in capital campaigns, gift management, alumni communications, annual funds.

**FOOD SERVICES**

GreekHouse Resource  316.450.0818  
greekhs@gmail.com  www.greekhouse.net  
Planning, interview and placement for chapter house directors.

**RESERVE STUDY PLANS**

Regenesis Reserves  503.265.1789  
info@regenesisreserves.com  www.regenesisreserves.com  
10 year plans for renovating chapter house components like furniture, roof, carpet, HVAC and more. Indispensable for planning, scheduling and fund raising.

Do you offer a service for Sigma Chi house corporations? Email rich.thompson@sigmachi.com with the details and get listed in the Service Directory.