

Sigma Alpha Epsilon

HOUSE CORPORATION MANUAL

Note: The original manual was prepared in 2000 by
Richard M. Hooker when he was SAE Director of Housing.

Note also: By today's standards some of the information may be dated, but is
included none-the-less for your use. Items that include information about
“pledging” and others that include names and contact information have been
deleted.

Version 2
Revised October 2015

Dedication

This manual is dedicated to the memory

of

Richard F. Generelly

and

K. Martin Huffman.

TABLE OF CONTENTS

		Page
SECTION I	House Corporation Organization	4-13
SECTION II	The Necessity of Long-Range Planning	14-15
SECTION III	Budgeting	16-28
SECTION IV	Record Keeping	29-33
SECTION V	Risk Management and Insurance	34-40
SECTION VI	Fundraising	41-62
SECTION VII	Appendix	63-112

SECTION I - House Corporation Organization

THE ROLE AND FUNCTION OF A HOUSE CORPORATION

A House Corporation is a somewhat complex organization. To be successful on a long-term basis, four major objectives must be kept in mind:

1. To provide an environment conducive to operating an Σ AE Chapter, in harmony with the objectives of Σ AE Fraternity and the standards for developing and enhancing the undergraduate experience, in preparation for good citizenship and the virtues of a *True Gentleman*.
2. To establish a sound business operating criteria for present and future needs.
3. To develop methods for maintaining membership in both the Chapter and the House Corporation to ensure growth, continuity and perpetuation.
4. May provide a Board of Advisors to assist the Chapter Advisor in all areas of chapter management if the Chapter does not have a separate Alumni Advisory Board.

To accomplish these four objectives there are two requirements.

First, roles or standards which the House Corporation must establish. These are the ideals for which the organization must strive.

Secondly, the House Corporation must recognize specific responsibilities, which the organization must carry out. The Board must be reasonable in determining its objectives and must know what undergraduates and alumni expect of them and share in their enthusiasm, as dreams become reality.

FRATERNITY LAW REQUIREMENTS

Section 87. Trustees or House Corporation. For the purpose of acquiring and holding title to or for the lease of real property, acquiring or erecting a chapter house, and conducting all such transactions as may be necessary for the proper maintenance, administration or disposition thereof, a Chapter Collegiate may either (1) elect a Board of Trustees consisting of not more than five (5) Trustees, in addition to whom the Eminent Archon and the Eminent Treasurer shall act as ex-officio members of the Board: or (2) at its option may organize a corporation to be known as a House Corporation, in accordance with the laws of the state where such Chapter is located.

Section 103. Trustees and House Corporation.

(1) The Trustees shall:

(a) Hold and administer such property as may be placed under their control.

(b) Furnish, if required by the Chapter Collegiate, bonds for the faithful performance of their duties, the premiums therefore to be paid by the Chapter Collegiate. All leases and conveyances of land or buildings shall be in the name of the Trustees in any investment of the Chapter Collegiate funds, or in the title of the Chapter Collegiate property, without the written approval of all the Trustees.

(a) House Corporations organized as provided in Section 87 shall have not less than five directors who shall elect officers from their own membership including a president, a vice-president, a secretary and a treasurer, except that the offices of secretary and treasurer may be combined if considered desirable.

(b) Each such House Corporation shall make an annual report prescribed by the Supreme Council, with the advice of the Eminent Supreme Recorder not later than November 30 of each year. Copies of such report shall be furnished to the Chapter Collegiate and the Committee on Chapter Housing.

(c) Each treasurer of a House Corporation shall be under corporate security bond of not less than \$10,000 and maintain comprehensive liability insurance of not less than \$500,000 and separate \$10,000,000, for which the chapter shall pay the premium. Said Office as required for Eminent Treasurers under *Section 92*.

(3) The Trustees or House Corporation shall be responsible for providing to the Eminent Supreme Recorder each year a written statement from a licensed inspector proclaiming the chapter house, hall, or its facilities safe for habitation or regular use.

OVERVIEW OF THE PURPOSE OF A HOUSE CORPORATION

The Responsibilities of the House Corporation

- Act as owner for the property, if possible, and manage the physical plant.
- Meet all requirements set by the Fraternity Office to operate.
- Meet requirements set down by the university or college to operate.
- Collect and disburse House Corporation funds in a timely manner.
- Determine and carry out capital improvements on the timetables planned and promised.

THE RELATIONSHIP BETWEEN THE HOUSE CORPORATION AND THE CHAPTER

- Follow Sec. 87 of the Fraternity Laws that requires that the Chapter Eminent Archon and Eminent Treasurer be >ex-officio= members of the Board.
- Analyze the financial needs of the chapter and assist them identifying workable financial goals.
- Assist in establishing a firm financial criteria for chapter operations and work closely with them to see they are carried out, i.e. sound budgeting procedures.
- Review chapter's collection, bad debt and disbursement procedures on a regular basis.
- Review alcohol and drug policies with the chapter; help make the policy known and review enforcement policies.
- Verify the Chapter Risk Manager's weekly self-inspection of the building. Sign self-inspection form. **This form should be sent to Evanston once a month by the Chapter Risk Manager.** These forms should be forwarded by the Fraternity Office Director of Chapter Services to the Chairman of Permanent Housing Committee. The House Corporation should identify one member as the House Corporation Risk Manager (as required by Sec. 84 of the Fraternity Laws.) For Sample Extension Form, see Appendix, page 102.
- Review fire, safety and health codes for the property.

POTENTIALLY BENEFICIAL HOUSE CORPORATION BOARD MEMBERS

- Eminent Archon
- Eminent Treasurer
- Chapter House Manager
- Chapter Advisor
- Attorney
- Banker or Finance or Investment Banker
- Contractor
- Architect
- Accountant
- Public Servant
- Fundraiser
- University Administrator
- Real Estate Broker
- Insurance Agent
- Engineer
- Restaurant Owner
- Undergraduates
- Dedicated Members

SETTING UP A HOUSE CORPORATION

Enlist local alumni willing to serve. Membership does not have to be limited to local alumni only, but should include those who can easily get to meetings. It is customary that members are alumni of the chapter, but this is not mandatory. The active chapter should have active representation as well. The EA and ET must be on the Board. However, the chapter's representation need not be limited to those the EA & ET. Additionally the House Manager and Risk Manager may be included. As much as possible, meetings should be held at the chapter house or a meeting place where many active members can be involved. Many of the problems we encounter happen when the trustees meet a distance from the chapter.

The two most urgent legal documents to be drawn are: a) Articles of Incorporation, to be filed with the Secretary of the State, and, 2) House Corporation By-Laws. The first item will establish your legal status as a non-profit corporation under state law. The second provides for your internal organization and mode of operation. Examples can be found in the Appendix and should not be used until they have been reviewed by a local attorney.

The membership of the Board should begin with a president, treasurer, and secretary. The chapter advisor should also serve on the Board. It is recommended that one of the members be a lawyer. If this is not possible, you will need a lawyer to incorporate as a Not-for-Profit Organization.

You will note a reference in the Articles and By-Laws to a non-profit corporation. This reference is for state corporate law purposes only, and it has no effect on federal income tax. In this regard you should be aware that it is most unlikely that the House Corporation can qualify as a tax-exempt entity. A list of the steps to take in this regard is included in the Appendix.

STATE DEPARTMENTS FOR INCORPORATION (BY STATE)

ALABAMA

Secretary of State
State Capitol - Corporations
Division
P. O. Box 5616
Montgomery, AL 36103-5616

ALASKA

State of Alaska
Department of Commerce and
Economic Development Corp.
Juneau, AL 99811
(907) 465-2530

ARIZONA

Arizona Corporation
Commission
Incorporating Division
2222 West Encanto Boulevard
Phoenix, AZ 85009
(602) 542-3026

ARKANSAS

Secretary of State
State Capitol - Corporations
Division
Little Rock AR 72201-1094
(501) 682-1010

CALIFORNIA

Secretary of State
1230 J Street
Sacramento, CA 95814
(916) 445-0620

COLORADO

Secretary of State
1575 Sherman St., 2nd Floor
Denver, CO 80203
(303) 894-2251

CONNECTICUT

Office of the Secretary of State
State of Connecticut-
Corporations Division
30 Trinity Street
Hartford, CT 06106
(203) 566-8570

DELAWARE

State of Delaware
Dept. Of State, Division of
Incorporation
Townsend Building
P. O. Box 898
Dover, DE 19903
(302) 739-3073

DISTRICT OFCOLUMBIA

Dept. Of Consumer Regulatory
Affairs
614 AH@ Street N.W., Room
407
Washington, D.C. 20001
(202) 727-7278

FLORIDA

Division of Incorporation
P. O. Box 6327
Tallahassee, FL 32314
(904) 488-9000

GEORGIA

Secretary of State
Corporations Department
2 Martin Luther King Drive
Suite 315, Wet Tower
Atlanta, GA 30334
(404) 656-2817

HAWAII

Director of the Dept. Of
Regulatory Agencies
State Capitol
Honolulu, HI 96813
(808) 586-2727

IDAHO

Secretary of State
State House, Room 203
Boise, ID 83720
(208) 334-2300

ILLINOIS

Secretary of State
Springfield, IL 62756
(217) 782-7880

INDIANA

Secretary of State
302 W. Washington St., Rm.
E018
Indianapolis, IN 46204
(317) 232-6576

IOWA

Secretary of State
State Capitol
Des Moines, IA 50319
(515) 281-5204

KANSAS

State of Kansas
Department of Incorporation
1500 S. W. Arrowhead Drive
Topeka, KS 66604-4027

KENTUCKY

Secretary of State
P. O. Box 718
Frankfort, KY 40602-0718
(502) 564-2848

LOUISIANA

Secretary of State
P. O. Box 94125
Baton Rouge, LA 70804-9125
(504) 925-4704

MAINE

Secretary of State
Department of Incorporation
State House, Station 101
Augusta, ME 04333-0101
(207) 2894195)

MARYLAND

State Dept. of Assessments and
Taxation
301 W. Preston St., Room 809
Baltimore, MD 21201
(410) 225-1350

MASSACHUSETTS

Secretary of State
Corporations Division
1 Ashburton Place, 17th Floor
Boston, MA 02108
(617) 727-9640

MICHIGAN

State of Michigan
Department of Commerce
Corporation Division
P. O. Box 30054
Lansing, MI 48909
(517) 334-6302

MINNESOTA

Secretary of State
180 State Office Building
ST. Paul, MN 55155
(612) 296-2803

MISSISSIPPI

Secretary of State
Office of Incorporation
P. O. Box 136
Jackson, MS 39205
(601) 359-1633

MISSOURI

Secretary of State
Jefferson City, MO 65101
(314) 751-4153

MONTANA

Secretary of State
Capitol Building, Room 225
Helena, MT 59620
(406) 444-2034

NEBRASKA

Secretary of State - Corporate
Division
Suite 1301, Capitol Building
Lincoln, NE 68509
(402) 471-4079

NEVADA

Secretary of State
Capitol Complex
Carson City, NV 89710
(702) 687-5203

NEW HAMPSHIRE

Dept. of Revenue
Administration
Returns Processing Division

P. O. Box 637
Concord, NH 08625

NEW JERSEY

State of New Jersey
Department of State
P. O. Box 1330
Trenton, NJ 08625
(609) 530-6400

NEW MEXICO

State Corporation Commission
Franchise Tax Department
P. O. Drawer 1269
Santa Fe, NM 87504-1269
(505) 827-4504

NEW YORK

State of New York
Department of State
Division of Corporations
162 Washington Ave.
Albany, NY 12231

NORTH CAROLINA

Secretary of State
Raleigh, NC 27603
(919) 733-4201

NORTH DAKOTA

Secretary of State
Bismark, ND 58505
(701) 224-4284

OHIO

Secretary of State
30 East Broad Street, 14th Floor
Columbus, OH 43266-0418
(614) 466-3910

OKLAHOMA

Secretary of State
101 State Capitol
Oklahoma City, OK 73105
(405) 521-3911

OREGON

Department of Commerce
Corporation Division
158 12th Street N.E.
Salem, OR 97310
(503) 378-4166

PENNSYLVANIA

Commonwealth of Pennsylvania
Corporations Office

Department of State
30 East Broad Street, 14th Floor
Columbus, OH 43266-0418
(614) 466-3910

OKLAHOMA

Secretary of State
101 State Capitol
Oklahoma City, OK 73105
(405) 521-3911

OREGON

Department of Commerce
Corporation Division
158 12th Street N.E.
Salem, OR 97310
(503) 378-4166

PENNSYLVANIA

Commonwealth of Pennsylvania
Corporations Office
Department of State
308 N. Office Building.
Harrisburg, PA 17120
(717) 787-1057

RHODE ISLAND

Secretary of State-Corporations
Office
State House
100 N. Main Street
Providence, R.I. 02903
(401) 277-3040

SOUTH CAROLINA

Secretary of State
P. O. Box 11350
Columbia, SC 29211
(803) 734-2158

SOUTH DAKOTA

Secretary of State
Attn: Corporations
500 E. Capitol
Pierre, SD 575011
(605) 773-4845

TENNESSEE

Department of State
Division of Services, Suite 1800
James K. Polk Building
Nashville, TN 37243-0306
(615) 741-2286

TEXAS

Secretary of State
Austin Texas 78711
(512) 463-5555

UTAH

Department of Commerce
Heber M. Wells Building
160 E. 300 South, 2nd Floor
Salt Lake City, UT 84111
(801) 530-4849

VERMONT

Secretary of State-Corporations
Division
109 State Street
Montpelier, VT 05609-1104
(802) 828-2386

VIRGINIA

Commonwealth of Virginia
State Corporation Commission
P. O. Box 1197
Richmond, VA 23209
(804) 371-9967

WASHINGTON

Secretary of State
Olympia, WA 98504
(206) 753-7115

WEST VIRGINIA

Secretary of State --
Corporations Division
Building. 1, Room 139 West
1900 Kawanaha Blvd. E.
Charleston, WV 25305
(304) 558-8000

WISCONSIN

Secretary of State
P. O. Box 7846
Madison, WI 53707
(608) 266-3590

WYOMING

Secretary of State--
Corporation Division
State Capitol Building
Cheyenne, WY 82002
(307) 777-7311

SECTION II

THE NECESSITY FOR LONG-RANGE PLANNING

A century ago, a wise man made the profound statement, "Plan your work and work your plan." This statement is, 100 years later, as true as when it was first coined. A good house corporation and strong active chapter are the by-products of careful planning, timely execution and dedicated members.

Since the Greek letter societies= founding, over a hundred fifty years ago, perpetuation has come about as a result of long-range planning. Through proper planning the systems have survived wars, economic depressions, good times and bad times. Most Greek letter organizations, as we think of them today, established and developed housing as an important focus of the organization. This continued during the last part of the last century, and growth continued up until the Depression. The Greek generations of post World War II enjoyed the benefits of planning accomplished during those preceding 50 years.

Now today, over 100 years after the establishment of the first Greek housing facilities, the Greek systems around the country are facing planning problems which must be considered, to enable the Greeks to survive into the next 100-year cycle. The problems of old stereotype images, problems of alcohol abuse, hazing, poor academics and run-down, outdated housing must be confronted. Future long-range planning must become an important agenda item for house corporations, and the need to establish financial commitments to meet expectations has to become a major priority.

The house corporation of the future must be a role model, AA Father of the Future,@ if an organization is going to be successful in perpetuating itself. Briefly, the house corporation must consider some of these items when contemplating the future.

- ✈ Develop written strategic long-range plans for both the house corporation and the chapter.
- ∴ Agree on priorities.
- ∩ Determine financial needs.
- ⊃ Establish timetables.
- ⊆ Commit to implementing plans.
- ✈ Develop membership to ensure that the plans will continue each year.

After committing to the process outlined, the rest is relatively easy. The following are some important things to remember:

- 🏠 The plan does not have to be perfect. It should be a working document. Change will occur. It must be in writing.

- ✎ Establish a working relationship between chapter and alumni. The plan should include the desires of both groups.
- 🎯 Share the plan. The chapter must know they are an important part of the financial backbone to make the plan happen. The plan, if well thought out, will draw alumni interest and awareness. This is essential to fundraising and alumni participation. All must share the common vision.
- 📅 Set reasonable and achievable timetables. Neither the chapter nor the house corporation should promise what they can't deliver.
- 🏆 Make a commitment to seeing the plan accomplished. Establish benchmarks or phases where one can recognize accomplishments. Some plans take years to accomplish. Taking pride in what has happened is important.
- 👥 Delegate and spread workloads reasonably so that participants do not burn out. Strive to get new people involved and replace those who have accomplished their mission and want to step aside; but recognize what they did suitably.

Long-range planning takes time and is challenging. Planning stems typically from the dreams of just a few people. The sharing of small objectives of a few people will naturally bring about the thoughts and enthusiasm of many more people. The process of involving more people in the development of plans makes them a part of the plan.

With carefully laid out plans, the success of a chapter or house corporation will be greatly enhanced.

SECTION III - BUDGETING

CONSIDERATION FOR HOUSE CORPORATIONS WHEN DEVELOPING A CHAPTER BUDGET

When writing a budget, the house corporation must remember two points. First, a budget is a plan or forecast and must reflect the realities of changes, which do occur. Secondly, fraternities are tax-exempt on their exempt function income if certain requirements are met (consult your lawyer) and are listed under the IRS Code (Section 501(c) (7)). This does not mean the organization should not run with a surplus as well as anticipate and budget for reasonable long-term expenses to ensure the perpetuation of the organization.

The following are rules-of-thumb for developing a budget:

- Review what the expenses have been over the past year.
- Project expenses based on solid historical data such as number of live-ins and total membership, not what people think might happen. Anticipate a worse case scenario.
- Determine whether any levels of services should be increased or decreased.
- Project estimates of income.
- Add up all expenses as forecasted.
- Determine how membership will break down live-ins vs. townmen. Charging a parlor fee for townmen (those living not living in house) provides more income and covers their use of the property.
- Calculate membership based on the budget needs.
- Evaluate what competition and dormitories are doing.
- Decide what is reasonable to charge after evaluating long-term and short-term needs.

Other considerations:

- Charging less does not bring in more members.
- Members will pay in a reasonable amount if they feel they are obtaining a good value for the money.
- The more members paying, the less the fixed overhead becomes per person leaving a greater margin for surplus for either the chapter or the house corporation.
- Long-term organizational strategy includes overcharging slightly in good times so when, by no fault of the chapter, times are not so good, and the surplus will carry the organization without strain. This creates a contingency account.

HOW MUCH RENT - SPECIFICALLY

The question of how much rent should be charged the chapter by the House Corporation is all too often focused on the Ahard costs,@ without regard to any real budget projections for anticipated expenses for so-called Asoft@ or Anon-recurring@ costs. All too often, only lip service has been given to funds for repairs and maintenance or for replacement; and too much attention has been given to making it easy on the actives.

Experience has shown that the rent charged should cover funds necessary for the House Corporation to meet:

- i. Real and Personal Property Taxes
 - ii. Insurance
 - iii. Administration expenses
 - iv. Repairs
 - v. Mortgage
 - vi. Depreciation Reserve
 - vii. Code Requirements
1. Don't underestimate the need for administrative expenses to pay annual registration fees, annual accounting and tax return preparation, etc. This could be more than \$1,000 per year.
 2. Furniture, windows, etc. will need repair on a regular basis. The budget should include an item equal to a minimum of 30% of the value of all real and personal property, to provide a fund for regular repairs and replacement.

The concept of a depreciation reserve is probably the least honored of all elements of the budget.
 3. The mortgage portion should be based on current reality, i.e., the greater of:
 - a. actual mortgage payments;
 - or
 - b. estimated payments for a loan wherein the principal equals 80% of the fair market value of the house at then current real estate rates, amortized over 25-30 years.

Do not fall into the trap of basing the rent on yesterday's values; when full renovation is required. Rent previously based on yesterday's values will be woefully inadequate to cover the new borrowings.

Experience has shown that, notwithstanding the above calculations, a chapter that is paying less than one-third of its gross income to the house corporation will experience financial difficulties in the near future due to insufficient reserves. Keep in mind that it is better to keep repairs and

replacements current (so that the active chapter can see the benefits of their rent) rather than to have the present chapter either paying for past mistakes or saving too much for the future.

Adequate reserves will also make fundraising easier, because it is easier to get alumni to contribute Amatching@ funds than it is to get them to Abail out@ a sinking chapter.

Notice, the rent is not calculated based on the number of actives, it is based on the needs of the house corporation. The chapter needs to know (and face the reality) that the more members, the less burden on each. If they choose to be exclusive, it should not be the house corporation that bears the burden.

ALLOCATION

The rent paid by the chapter to the House Corporation may be paid in gross by the chapter or by individual members living in the house. Usually, in either case, the total rent is allocated in some proportion between those living in the house and those who live outside the house.

Although the allocation will vary from chapter to chapter, a good rule of thumb to follow is: (i) calculate the room rent based upon comparable rooms in the dormitories; (ii) multiply that times the numbers actually living in the house, (iii) subtract the total from the gross rent, and (iv) divide the remainder by the total members in the chapter to determine each member ' s "house" dues. Thus the non-live-ins pay only the Ahouse@ dues and the live-ins pay room rent plus "house" dues; and each member shares an appropriate portion of the total rent.

HOW FREQUENTLY

In the past, rents have usually been charged and collected on a monthly basis; however, this has frequently resulted in severe shortages both over the summer and at the end of the school periods. Have each member sign a legal room contract each year. Include the room and board charges in this contract. If possible, mail a copy of the contract to the members' parents.

SAMPLE HOUSE CORPORATION BUDGET

FORMAT #1

_____ House Corporation Proposed Budget 20__-20__

INCOME:

Rent from Chapter	_____
Initiation Fees from Chapter	_____
Pledge Fees from Chapter	_____
Building Fund Income	_____
Interest Income	_____
_____	_____
_____	_____
TOTAL INCOME	_____

OPERATING EXPENSES:

Mortgage	_____
Property Taxes	_____
Insurance	_____
Scholarships	_____
Accounting Services	_____
Administrative Expense-Postage, Copying, etc.	_____
Maintenance and Repairs	_____
Capital Improvements (Depreciation)	_____
Miscellaneous	_____
_____	_____
_____	_____
TOTAL OPERATING EXPENSES	_____

RESERVE EXPENSES:

Building Fund	_____
Mortgage Pay Down	_____
Initiation and Pledge	_____
_____	_____
_____	_____
TOTAL RESERVE EXPENSES	_____
TOTAL EXPENSES	_____

NET SURPLUS (LOSS)



SAMPLE CHAPTER BUDGET

FORMAT #2

<u>EXPENSES</u>	<u>TOTAL</u>
RENT TO HOUSE CORPORATION (__9 months x \$4167 per month)	<u>\$ 37,500</u>
Electric: __9 mo. x \$100 per month = <u>\$ 900</u>	
Fuel: __4 mo. x \$950 per month = <u>3800</u>	
Water: __9 mo. x \$ 30 per month = <u>270</u>	
Phone: __9 mo. x \$ 50 per month = <u>450</u>	
Gas: __9 mo. x \$ 40 per month = <u>360</u>	
Refuse: __9 mo. x \$ 20 per month = <u>180</u>	
 TOTAL UTILITIES	 <u>5,960</u>
 RUSH.....	 <u>3,500</u>
SOCIAL.....	<u>16,875</u>
HOUSE & MAINTENANCE.....	<u>3,525</u>
BUILDING FUND.....	<u>10,000</u>
LIQUIDATION OF PAYABLES.....	<u>75</u>
HOUSEMOTHER	<u>4,500</u>
MISCELLANEOUS:	
IFC.....	<u>\$100</u>
GREEK WEEK.....	<u>150</u>
PROVINCE.....	<u>75</u>
COMPOSITE	<u>100</u>
INTRAMURALS	<u>700</u>
OTHER.....	<u>500</u>
TOTAL	<u>\$ 1,725</u>
 FOOD AND KITCHEN:	
SALARY FOR THE COOK.....	<u>\$12,000</u>
FOOD	<u>35,000</u>
MAINTENANCE & EQUIPMENT.....	<u>3,050</u>
(SEE REVENUES) T O T A L	<u>\$ 50,050</u>
 OTHER:	
FIDELITY BOND.....	<u>\$ 15</u>
LEADERSHIP SCHOOL REGISTRATION FEES.....	<u>500</u>
 TOTAL BUDGET	 <u>\$134,725</u> =====

LESS: AMOUNT TO BE COVERED BY REVENUES OTHER THAN DUES	
RENT.....	<u>\$ 37,500</u>
FOOD & KITCHEN.....	<u>35,000</u>
SALARY FOR COOK.....	<u>12,000</u>
MAINTENANCE & EQUIPMENT (KITCHEN)	<u>3,050</u>
UTILITIES	<u>5,960</u>
T O T A L	<u>\$ 93,510</u>
AMOUNT TO BE COVERED BY DUES	<u>\$ 41,215</u>

MAN-MONTHS:

In-House Members	<u>45</u> x <u>9</u> mos = <u>405</u>
Out-of-House Members	<u>20</u> x <u>9</u> mos = <u>180</u>
New Members (Fall)	<u>20</u> x <u>9</u> mos = <u>180</u>
(Spring)	<u>10</u> x <u>4</u> mos = <u>140</u>

GROSS MAN-MONTHS = 805

LESS: ADJUSTMENTS:

Mid-Term Graduation	<u>3</u> x <u>4</u> mos = 12
Other Losses (Grades)	<u>5</u> x <u>4</u> mos = 20
Pledge Attrition	<u>3</u> x <u>7</u> mos = 21
<u>1</u> x <u>3</u> mos = 3	

MONTHLY DUES = $\frac{\text{Amount Covered by Dues}}{\text{Net Man-Months}} = \frac{\$41,215}{49} * \$ \underline{55}$

*YEARLY HOUSE BILL:

Room	\$115/month.....	\$1,035/year
Board	\$100/month	\$ 990/year
<u>Dues.....</u>	<u>\$ 55/month</u>	<u>\$ 495/year</u>
TOTAL BILL	\$280/Month	\$2,520/year

REVENUES:

INCOME FROM ROOM RENT:

RENT	\$37,500
UTILITIES.....	<u>\$ 5,960</u>
T O T A L.....	<u>\$43,460</u>

ADD: ALLOWANCE FOR RESERVE\$ 3,045

T O T A L **\$ 46,505**

(\$46,505 divided by 45 men is \$1,035, divided by 9 months equals \$115.00 per month/man)

INCOME FROM FOOD AND KITCHEN:

FOOD AND KITCHEN\$ 35,000

SALARY FOR COOK	12,000	
MAINTENANCE & EQUIPMENT	<u>3,050</u>
TOTAL	\$50,050	
ADD: ALLOWANCE FOR INCREASES (7% TOTAL).....	3,500	
TOTAL		<u>\$ 53,550</u>

(45 in-house men x \$110 x 9 months).....	\$44,550
(20 out-of-house men x \$50 x 9 months)	9,000

INCOME FROM DUES:

MONTHLY DUES (65 z \$55 x 9 months)	\$32,175
(10 x \$55 x 9 months)	9,900
(10 x \$55 x 9 months)	<u>2,200</u>
TOTAL	\$44,275

LESS: ALLOWANCE FOR RESERVE (7% TOTAL)..... \$ 3,100

TOTAL

\$41,175

COMBINED REVENUES

\$141,23

LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS @ 4 %

\$5,650

TOTAL BUDGETED REVENUES

\$135,58

MARGIN OF INCOME / (EXPENSES)

\$ 855

SOME OTHER OBSERVATIONS ON BUDGETING

The method of preparing the budget outlined in this manual started with an estimate of planned expenses and worked through to determine the monthly dues. Some chapters may find it more suitable to start with an estimate of total income based on the expected membership and the monthly dues charged and then allocate this sum to the various budget categories. This is an acceptable method that will work. The budget shown earlier can be used by starting at the bottom.

Chapters may find it advisable to have a completely separate social budget with separate billings to members. This system could prevent spending funds on social items that are needed for other purposes. It does, however, complicate the billing process.

Most chapters bill monthly. In some cases billing are on an annual or quarterly basis. What works best for your chapter is what you should do. Annual or quarterly billings cut down on paperwork for the Treasurer but may cause collection problems. Monthly billings tend to spread the cost into smaller payments that may be easier for those with tight budgets.

Remember, A budget must be followed if it is to be of any value.

BUILDING A FINANCIAL RESERVE FOR THE FRATERNITY HOUSE

On many campus, adequate housing for the fraternity is an important consideration in attracting new members and maintaining an active brotherhood for undergraduates. The chapter house also becomes a focal point for continued alumni involvement and pride in the chapter. Sustaining the quality of fraternity housing and keeping it competitive with other forms of housing available to students should be an important concern of fraternity leaders. In many instances inadequate building reserves have been set aside and the chapter physical plant is deteriorating to a point that continuation of a chapter house could be threatened within the next twenty years.

THE PROBLEM

From my experience with the Greek system at Indiana University, the cost of construction of new fraternity housing has more than tripled in the last twenty years and the problem is compounded by the fact that interest rates have doubled and the fixed loan rate has been replaced by the variable interest loan. Even for chapters with relatively modern facilities, it is estimated that the cost of major renovation will exceed the original cost of building the entire house. While some groups have the equity of the current property on which to borrow, they too face the dilemma of the increased cost per member of financing a loan of several hundred thousand dollars. If costs for Greek housing are to remain competitive with other forms of housing and if the quality of the physical environment of the chapter house is to be maintained, reserve funds must be built to offset, in part, the loans required at the time of chapter house replacement or major renovation. Nationally, this is a time of increased interest in fraternities and memberships are reaching an all time high. It also should be a time of increased interest in restoring chapter houses and ensuring that the fraternity living experience will be an option for students enrolling in the year 2000 and beyond.

POSSIBLE SOLUTIONS

A plan to build reserve funds for a chapter house should include some or all of the following:

1. Education of corporate board members and other appropriate individuals. Housing corporation boards need to educate themselves more completely regarding the financial ramifications of repair and replacement projects that will be likely in most chapter houses in the next ten to twenty years. Included in that process needs to be an understanding of tax laws as they relate to developing reserves and the soliciting of gifts for building projects. The ΣAE Foundation should be consulted regarding programs for fundraising and the possibility of gifts through the Foundation to the chapter. It is also important that

corporation boards become familiar with the range of options available to students in other forms of housing on the campus.

2. A phased-plan for replacement or renovation of the chapter house. A thorough study of existing facilities should be completed with the assistance of qualified individuals to project at least 0-5, 5-10-year plan for replacement or major renovation. The study should include an assessment of the structural condition of the house, as well as major operating new systems, i.e., heating, plumbing, electrical, kitchen, etc. Consideration should be given to improvements that may be necessary to remain competitive, i.e., air conditioning, energy-saving improvements, computer access, etc.
3. Multiple Techniques for Developing Reserves.
 - A. Rent: While special assessment and other techniques can be used to develop a reserve fund, good fiscal management would suggest the rent should include a reserve and replacement factor. Many chapters have established rent at a rate that only meets base costs. In effect, the chapter is currently being subsidized by generations of members before them who initially paid for the house. Houses currently being financed on fixed rate, low interest loan should be in an excellent position to develop cash reserves.
 - B. Building Fund Assessment: Several groups collect a building fund assessment but usually as one-time (possibly paid in two installments) expense of membership. As part of a total plan for developing reserve funds, such an approach is helpful. If it is the sole source of establishing a building reserve fund, it is unlikely adequate reserves can be developed.
 - C. Percent Surcharge on Established Payments: Some chapters have felt it useful to develop reserve funds by adding an established percentage to fees regularly paid for pledging, initiation, annual dues to the fraternity, etc. Similarly, a portion of dues annually paid can include a building assessment. This approach alone is unlikely to generate adequate reserves for major improvements, but can be effective in financing needed minor alterations which better maintain the chapter house.
 - D. Annual Campaign: Most chapters have used a building campaign as a technique to offset construction and/or building repair costs. Well-organized campaigns involving personal solicitation can be very successful. Consideration should be given to an annual chapter alumni campaign with funds earmarked for renovation or replacement of the chapter house. Careful management of the fund and a well-prepared plan for renovation or replacement would be an essential part of an annual campaign so as not to conflict with other types of solicitation the alumnus

is likely receiving from either the institution or the fraternity. Professional fundraising companies may be appropriate, depending on their cost.

- E. Parents= Club: For some chapters solicitation through a Parents= Club has been effective for developing reserves and /or responding to immediate needs for repairs or renovation. Parents have a direct interest in the quality of the chapter house.
4. Management of Building Reserves. One reason few chapters have adequate building reserves is that those funds directed to reserves are spent for operations. Well-established guidelines for the use of reserve funds and professionally qualified management of the investment of reserve funds is important. Competent legal advice on tax implications of reserve funds is also essential. Routine maintenance should be a part of the house budget and should not be allowed to deplete the reserve fund.

Regardless of which options are followed, it should be obvious that chapters need to plan now for the future if the chapter house is to remain a viable part of the fraternity experience. Undergraduates and housing corporation boards should mutually undertake a thorough review of their current housing situation and discuss plans for better maintaining or improving the facility in the years ahead.

COMMISSARY OPERATIONS

Each spring an evaluation should take place as to the quality of the food served in relation to its cost. A comparison should be made between that year's cost and the cost of the previous year's operation. Factors such as the meal plan(s) offered, number of men on tables, amount of labor allotted, number of special events covered under the budget, etc. should all be considered.

The chapter should be asked what fraternity or sorority is known for its food service and an attempt should be made to communicate with that group. After this is done, it is suggested that a request be made through the proper IFC/Panhellenic Advisor channels so that a study be undertaken and the results released anonymously which compare that total dollar amount spent versus the number of persons on tables. Be cautious in how this number is perceived because of the different bookkeeping practices which will have been used, but it should prove to be helpful even if it is not "apples compared to apples."

With these data in hand, in the mid- to late-summer, one should then speak with a knowledgeable individual in the wholesale of meat, dairy, produce, bakery, canned good, paper products and cleaning supplies. (This individual is more likely to be the president of the company or the buyer rather than a less informed salesperson. He or she would represent the company or companies that provided products and/or services to your chapter last year. Checking with competitive companies is also suggested.) The question should be asked as to his or her best educated guess as to the percentage increase or decrease in prices in the above-mentioned categories through the completion of the upcoming school year. With these data in mind, it should be feasible for a reasonable budget to be prepared.

SECTION IV - Record Keeping

TAX FORMS OF HOUSE CORPORATIONS

House Corporations need to be concerned with filing the following tax forms:

- a) Form 990 - Return of Organization Exempt from Tax
- b) Form 941 - Employer=s Quarterly Federal Tax Return
- c) Form 940 - Employer=s Annual Federal Unemployment Tax Return
- d) Form W-\$ - Employer=s Withholding Allowance Certificate
- e) Form W-2 and W-3
- f) Form 1099-MISC

Each House Corporation should be currently filing a Form 990 annually. If the House Corporation gross receipts are less than or equal to \$25,000, the organization need not file a return with the IRS. Also, it should be noted that non-member income for House Corporations over \$1,000 must be set aside for charitable and educational (scholarship) purposes or it will be subject to tax. This is not a concern for many House Corporations, because generally all income is from members (alumni and actives).

House Corporations should be aware that, if they hire the outside services of an independent contractor in an amount greater than \$600, they must file a Form 1099-MISC declaring the income for that person. Many House Corporations fail to do this with projects, such as painting and other small, but costly, jobs.

House Corporations, duly recognized by the Secretary of the State as ANot for Profit@ Corporation under the laws of the state or commonwealth must also apply to IRS for non-profit status, K/A: A 501-C-7 Corporation.

[Application for Recognition of Exemption Under Section 501\(a\)](#)

RECORD KEEPING REQUIREMENTS

I. FORM 990 - RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX

- a) Due date 15th day of 5th month after year end
- b) Where to file - depends upon your location. See page 2 of instructions of Form 990
- c) \$25,000 rule

II. FORM 990T-EXEMPT ORGANIZATION BUSINESS INCOME TAX RETURN

- a) Due date 15th day of 5th month after year end
- b) Where to File - depends upon your location. See page 2 of instructions of Form 990T
- c) \$10,000 rule

III. EMPLOYER'S TAX GUIDE - CIRCULAR E

IV. FORM 941 - EMPLOYER'S QUARTERLY FEDERAL TAX RETURN

- a) Due date last day of the month following the calendar quarter
- b) Where to File - depends upon your location. See page 2 of instructions of Form 941
- c) Deposit Requirements

V. FORM 940 - EMPLOYER'S ANNUAL FEDERAL UNEMPLOYMENT (FUTA) TAX RETURN

VI. FORM W-4 - EMPLOYEE'S WITHHOLDING ALLOWANCE CERTIFICATE

VII. FORMS W-2 AND W-3

- a) Due to employee by employer by January 31 of the following year
- b) Due to Social Security Administration by February 28 of following year

VIII. FORM 1099-MISC - Due date -- January 31st of the following year for all-non-corporation vendors who receive greater than \$600 during the year.

SAMPLE
Sigma Alpha Epsilon
REAL ESTATE AND BUILDING REPORT

(Information submitted in previous years that has not changed need not be included in this year's report.)

OF

NAME OF CORPORATION

NAME OF CHAPTER COLLEGIATE _____, 20 ____

TO THE SUPREME COUNCIL:

As required by Section 103 (2)(b) of the Fraternity Laws, I hereby submit the annual report of the above-named corporation for the year ending October 31, 20____.

PART I: FINANCE

1. Financial Statements: Attach a legible copy of the U.S. Internal Revenue Service *Form 990* you most recently filed, with an indication thereon of the date filed and by whom it was prepared.

Also, if your House Corporation did not fill in the sections of the Form 990 which are reserved for an income statement and comparative balance sheet, please send us that information on your own form.

2. Please attach a copy of your I.R.S. A Letter of Determination@ as an Organization exempt from Income Tax. (Not applicable if previously submitted.)

PART II: DATA ON YOUR HOUSE CORPORATION

1. Please attach a copy of the Articles of Incorporation or Trust Indenture filed with the Secretary of State of the state in which you are located and your most recent annual report to the said Secretary of State for the state in which you are located. Also, please attach a copy of your current By-Laws. (Not applicable if previously submitted.)

2. This organization is (check one):

Corporation Trust Other

Please explain:

3. OFFICERS:
President: _____

Address:

Phone: OFFICE: _____ HOME: _____

Treasurer:

Address:

Phone: OFFICE: _____ HOME: _____

4. Does the Board of Directors include any of the following:

- a) Realtor/Builder ◀◀
- b) Insurance Agent ◀◀
- c) Accountant ◀◀
- d) Lawyer ◀◀
- e) Architect ◀◀

5. In accordance with Article 26, Section 87 of the Fraternity Laws, do undergraduates serve on the Board of Directors?

◀◀ Yes ◀◀ No

6. What is the average length of service of members of your House Corporation?

7. Outstanding mortgages on property:
First (\$) _____
Mortgage _____
Address _____

Second (\$) _____
Mortgage _____

8. Annual rent paid by the Chapter

a) In how many monthly installments

9. Amount to be paid on the outstanding mortgage debt during the year: _____

Does this include taxes and insurance?

Taxes: _____ Insurance: _____

SECTION V - Risk Management and Insurance

RISK MANAGEMENT PROCESS

Risk Management is defined as the identification and treatment of the property, liability and personal loss exposures of any organization. Its goal is to eliminate the financial effects of accidental losses before they occur.

Four steps are used to treat the various loss exposures of House Corporations and chapters. These steps include: (ALL PRIOR TO THE LOSS)

- I. Identification of the loss exposure.
- II. Formulating and developing alternative methods for handling the loss exposures.
- III. Selecting and implementing the best techniques for prevention.
- IV. Monitoring the results and modifying the results if necessary.

I. Identification of the Loss Exposure

House Corporations and chapters are exposed to a multitude of accidental losses including direct and indirect property losses and liability losses resulting from negligence causing property damage or bodily injury to a third party.

A direct property loss is damage to the Chapter House while an indirect property loss is the loss of rental income because of the damage to the house.

Improper maintenance (of a stairway, for example) resulting in an injury to a third party constitutes a liability loss.

There are four methods available to the House Corporation and chapter to be used to uncover loss exposures. These include: (1) using financial statements, (2) using a risk identification checklist, (3) conducting personal inspections, and (4) obtaining the services of outsiders. No one method is better than another, and it is suggested that a combination of these methods be used.

Financial statements are used to assign the proper monetary value to each tangible and intangible asset on the risk identification checklist.

A risk identification checklist is the basis for uncovering loss exposures. It is perhaps one of the easiest ways for a House Corporation to uncover its loss exposures. The checklist should be updated annually approximately ninety-days prior to the insurance coverage renewals. It allows updating of the value of tangible and intangible property, selecting the proper technique to handle each exposure and choosing the peril you wish to insure.

A personal inspection of the chapter house and other tangible property should be conducted in conjunction with completing the risk identification checklist. Other loss exposures may be uncovered that are not readily identifiable by the checklist or financial statements.

Finally, an insurance agent, insurance broker or outside consultant may be employed to uncover the house corporation's loss exposures. The agent or broker usually provides his services free if the insurance policies are purchased from him, while consultants charge a fee for their work.

II. Formulating and Developing Alternative Methods for Handling Loss Exposures.

There are two basic techniques of handling loss exposures. These are: 1) loss control and 2) loss financing.

Loss control lowers the chance of loss occurring or reduces its severity if the loss does occur. These measures may be classified as loss prevention or loss reduction.

Example of loss control activities include: Designation of "NO SMOKING" areas, use of smoke alarms and installation of a sprinkler system.

Loss financing techniques provide the revenue to pay for the losses after they occurred. Two classifications exist: 1) Risk retention and 2) Risk transfer.

Risk retention involves using the financial resources of the entity as a source of funds to pay for the losses. Retention techniques include:

- a) Funding losses from current expenditures.
- b) Funding losses from an unfunded reserve.
- c) Paying losses from a funded reserve.
- d) Borrowing to pay for incurred losses.
- e) Setting up captive insurers to fund losses

Deductibles with insurance policies are an example of retention. This concept allows the House Corporation to bear all or certain types of losses up to a specified amount, the deductible, with the insurer assuming the losses in excess of this amount up to the policy limits.

Risk transfer involves shifting the property or activity exposed to loss to someone else and may be accomplished in two ways: 1) Contractual or Hold Harmless agreements and 2) insurance policies.

One other risk handling technique needs mentioning. It is called avoidance, and it involves avoiding the property or activity associated with the loss exposures. Refusing to assume the risk or abandoning the exposure are the two ways to implement this method.

Insurance is the most important loss financing technique used by a House Corporation or chapter. Volumes have been written describing all insurance coverage. An insurance agent or broker can discuss these coverage in depth.

A. Property Coverage

Property insurance may be provided as a mono-line policy or as a multi-line policy, providing coverage for several lines of insurance , i.e. property, liability, crime and boiler-machinery. The coverage form describes the property insured, the perils insured against, the exclusions of the policy and the general conditions that the insured and company must comply with.

The House Corporation should purchase as broad a coverage as possible and set deductibles at \$1,000. Higher deductibles may offer more premium savings.

Boiler and machinery insurance provides coverage for internal damage to pressure vessel described in the policy schedule. The limit of liability pays in ascending order the following: 1) actual cash value to repair or replace the insured object; 2) expediting expenses to hasten repairs; 3) liability for bodily injury and property damage of others, and 4) defense settlement costs.

B. Consequential Loss Insurance

The House Corporation may be concerned with consequential loss, such as rental value.

Rental value insurance indemnifies the insured for the rental value of the premises that becomes uninhabitable because of damage caused by an insured peril.

C. Fidelity Coverage

This insurance provides indemnification for loss of money, securities or other property the insured sustains caused by dishonest or fraudulent acts committed by an employee.

D. Worker's Compensation

This policy provides coverage to pay all compensation and other benefits required of an insured by the state worker's compensation law and to pay on behalf of the insured all sums the insured becomes legally obligated to pay because of bodily injury, accident or disease arising during the course of employment.

There are some eighteen jurisdictions that write workers compensation through state funds. Check your state law to decide if this coverage is needed by chapter and/or House Corporation.

E. Personal Umbrella

All volunteers of any non-profit organization should consider purchasing a personal umbrella policy. It provides additional limits of liability over the liability coverage provided by a homeowner or private passenger auto policy. It could provide additional coverage if you are sued as an individual while a member of the House Corporation.

Again, this is only a brief discussion of the insurance coverage that are most likely to be used to insure the assets of the House Corporation and chapter. A synopsis of these coverage is provided at the end of this section of this manual.

III. Selecting and Implementing the Best Technique(s).

The “insurance method” is the three-step procedure used to implement the risk management program, as outlined below:

1. House Corporation risk identification checklist should be completed to determine replacement cost of all tangible and intangible property and what perils as well as the activities, the House Corporation wishes to handle in its risk management program.
2. With an insurance agent or broker, a determination is made of the best combination of insurance coverage providing the best protection of the House Corporation and chapter. The policy limits are set at this time to provide as complete protection as possible.
3. The insurance coverage in combination are divided into three groups: 1) Essential Coverage; 2) Desirable Coverage; and 3) Optional Coverage.

Essential Coverage are those that are required by law or other parties to handle catastrophic type losses. Examples include workers= compensation or building property insurance required by a lending institution as mortgage.

Desirable Coverage provide protection against losses that could seriously impair the operations of the chapter or House Corporation. Fire insurance on the furniture in the house is an example.

Optional Coverage are all other types of insurance not included in the first two. These coverage insure against losses that inconvenience the chapter or House Corporation.

Using this method of implementation allows budgeting of the insurance premiums just as other costs are budgeted.

Two things to remember:

- 1) Higher deductibles on property coverage may offer substantial savings on insurance premiums.
- 2) A loss control technique should be used with each loss financing technique for each loss exposure. For example, the chapter house should be insured for its full replacement cost (risk financing) with a \$1,000 deductible (risk retention) and a sprinkler system should be installed (loss control technique).

Implementation of Loss Control Program

It is imperative that each chapter and House Corporation implement a loss control program to reduce their exposure to liability lawsuits. In addition, the availability of liability insurance may vary, depending upon the existence of an enforced loss control program.

The following suggestions outline what should be included in the loss control program:

Periodic surveys should be conducted of the chapter house and grounds, to uncover any unsafe conditions or hazards. A self-inspection form should be provided. The survey should be conducted at least monthly with the House Manager and Risk Manager as a member of the inspection team. It is also suggested that the local Fire Marshall participate and assist in these surveys. This should be reviewed monthly by the House Corporation Risk Manager and a copy sent to the Fraternity Office, signed by the House Corporation Risk Manager.

A sprinkler system with smoke detectors should be installed in the chapter house. The system will pay for itself shortly through saving lives and reducing property damage. This is a fast-becoming mandate by code for new construction and major renovation.

The chapter should institute and monitor the alcohol and drug policy as outlined in the Risk Management Manual.

With the implementation of the loss control measures, the House Corporation and Fraternity Office can continue to provide the educational experiences and services that are so vital to the educational development of our undergraduates.

IV. Monitoring the Results and Modifying the Results (if necessary.)

Each step in the risk management process should be reviewed at least ninety (90) days prior to the renewal of the insurance policies. At this time, all property values, deductibles, perils, activities and uses of other risk management techniques should be decided upon and adjustments made.

Risk management, like other problem-solving techniques, must be done in an orderly fashion. If done properly, it can offer a good night's sleep and reduce the worry that accompanies the uncertainty of losses.

For a detailed treatment of Risk Management, please refer to the Risk Management Manual.

SUGGESTIONS FOR RESPONSIBLE USE OF ALCOHOL

Additional Ideas:

- 1) It would be a good idea to have every member and pledge instructed on the drinking age laws, regulation of sale laws, open container laws and other laws pertinent to jurisdiction, specifically dramshop liability, implied consent, and host liquor liability. Under the leadership of the Eminent Archon and Pledge Educator, alcohol awareness education should be a required part of your pledge education program.

A model education program is available from the Fraternity Office -- also tapes, slides and film programs you can show your members and pledges. All members should receive training in how to deal with emergencies, like alcohol poisoning. (See enclosed.)
- 2) Moderation should be encouraged during lawful consumption, and alternative non-alcoholic beverages be made available to those who choose to use them.
- 3) Each individual member should be encouraged to make a responsible decision about alcohol use, and all members should respect such decisions as sacred to spirit and conscience.
- 4) Every member should consider the impact that this decision and his actions have on his chapter, his Fraternity and on the Greek-letter movement in the United States, and members must choose behavior that adds to the considerable prestige of Sigma Alpha Epsilon Fraternity.
- 5) All chapter-sponsored social events at which alcohol is served shall include only members and their invited guests. Have someone check the invited guests at the door.
- 6) Alcoholic beverages may not be sold by chapters of AE; this includes charging admission to parties, selling drink tickets, cups, or otherwise obtaining payment or reimbursement for alcoholic beverages provided by a chapter to members and guests.
- 7) It would be desirable not to purchase any alcoholic beverages with chapter funds, and let each member or guest provide his or her own beverages. The chapter may provide the mixers and soft drinks.
- 8) If liquor is dispensed by the chapter only trained bartenders should dispense them. He or she knows all the laws, rules and regulations pertaining to the dispensing and consumption of alcoholic beverages and shall be responsible for their enforcement. Bartenders must refrain from consuming alcohol while on duty. Bartenders must refuse to serve those whom they suspect are already intoxicated.
- 9) Alternative beverages shall be readily available. Snack food shall be provided at all times alcohol is being consumed. No new kegs should be tapped after four hours from the commencement of the function.

- 10) All university rules must be adhered to. Social chairman and other members responsible for the social event should be familiar with all the rules and policies of the university, state and local authorities.
- 11) No function at which alcohol is being dispensed will be sponsored by any manufacturer or distributor of alcoholic beverages.
- 12) The possession, use and/or consumption of ALCOHOLIC BEVERAGES.
While on chapter premises, during an official Fraternity event, or in any situation sponsored or endorsed by Sigma Alpha Epsilon Fraternity must be in compliance with any and all applicable laws of the state, country, city and university.
- 13) The possession sale and/or use of any ILLEGAL DRUGS OR CONTROLLED SUBSTANCES at any AE house or sponsored event, or at any event that would allow a casual observer to view as associated with the fraternity, is strictly prohibited and will be grounds for the immediate expulsion of those involved.
- 14) Non "GRAIN ALCOHOL," and any such distilled liquor that exceed 100 proof, or above 50 percent pure grain alcohol per volume, is to be served in any form or mixture during a fraternity-sponsored event, due to the destructive and immediate effects that such high alcohol concentration can cause. Furthermore, any legal use of alcohol will not involve providing unlimited quantities, no activity shall encourage rapid consumption of alcohol, and no person shall be forced for any reason to consume alcohol.
- 15) All rush activities associated with any chapter or Sigma Alpha Epsilon will be DRY. The ideals and concepts on which the Fraternity stands are not dependent on alcohol.
- 16) OPEN PARTIES - meaning those with unrestricted access, and without specific invitation, shall be prohibited.

SECTION VI - Fundraising

INTRODUCTION

The information in the following pages is designed to act as a guide to chapter alumni groups and house corporations in raising funds for chapter house construction, renovation or refurbishment.

The Fraternity has been blessed with the establishment of housing since 1886 when the men of the Tennessee Omega Chapter at The University of the South raised money to purchase the first such structure. Most of the chapters in existence today have a meeting place in some form, whether it be a house, lodge or another facility. However, many of the houses in which our chapters are domiciled have been standing up to the constant wear and tear of forty or more young men for over 50 years and simply must have significant amounts of work done in order to remain not only attractive to visitors but safe for their occupants to live in.

The Fraternity Office is very willing to help groups looking to improve their chapter house and will provide as many services as possible to that end. The Chairman of the Permanent Committee on Chapter Housing will answer any questions you may have after reviewing the following material.

HOUSE IMPROVEMENTS AND THE ACTIVE CHAPTER

Traditionally, the House Corporation acts to redecorate or renovate the existing chapter house or to make plans for a new one. However, before any such ambitious project is attempted, it is essential that the active chapter should function on a stable basis for a significant period of time prior to the development of new house plans. In addition, it is essential that alumni relations and alumni support are strong before attempting any chapter house renovations.

The House Corporation should be familiar with the critical areas of the active chapter operation and should be ready to assist or advise when help is needed. Suggested criteria that the House Corporation should consider when evaluating chapter operations fall into several categories.

1. **Administration:** The chapter should have leadership backed by a well-organized, functioning Executive Committee. There should be a high degree of chapter participation in projects, and good attendance at chapter meetings. Also, the house occupancy level should be consistently close to room and board capacity each term.
2. **Brother Education Program:** The chapter should have a well-rounded education program, including a high percentage of initiates from each class, good active Brother involvement, and a Post-Initiation Program. There should be no hazing, because not only is this type of activity degrading and dangerous to those who are experiencing it, but repercussions of poor chapter undergraduate brother involvement and poor alumni brother involvement are consistently noticeable in chapters having this type of “tradition” binding their membership.
3. **Public Relations:** The chapter should be in good standing with the faculty, administration, campus and neighboring community. A good publication program consisting of a newsletter, community coverage of chapter events and a strong rush follow-up (acknowledgment of alumni recommendations) should be in place. The chapter should maintain an updated alumni mailing list and encourage alumni who are willing to actively participate.
4. **Financial Situation:** Obviously, important considerations include a stable accounting system with both low accounts receivable and minimal accounts payable; the chapter should be operating on a budget with its current rent paid to date.
5. **Scholarship:** Evidence should be apparent of the importance of each individual maintaining a good academic record. The chapter should recognize individual achievement in scholarship and should rank well with the other campus fraternities and other groups.
6. **Pride:** The chapter should be high in spirit. It takes much enthusiasm and drive to work on a project which is often time-consuming and frustrating. It should be determined whether the undergraduates will be responsible enough to care for improvements, materials and paraphernalia that the House Corporation supplies.

7. ***Establish a “Minerva Club” or “Parents Club.”*** (A copy of the Fraternity Office Parents Club brochure is included in the Appendix.)

While these are brief, basic points, each one is extremely important to active chapter operations. Each one should be apparent for a considerable length of time before the House Corporation considers investing its time, energy, and money on any extensive project. If the active chapter is weak in any of these area, it is the responsibility of the House Corporation to offer assistance.

FUNDRAISING

Fundraising will provide a prudent foundation for your Organization.

A profitable alternative to financing improvement in chapter house facilities is raising funds from members, parents, and special friends. Fundraising minimizes the amount of debt that must be repaid and eliminates many dollars of interest expense. For example, \$10,000 raised in gifts will spare undergraduates and alumni the responsibility of an eventual expense of \$20,000 to \$24,000. (By repayment of the \$10,000 principal, in addition to the usual 10-15% in interest and other charges.)

If each additional \$10,000 of debt costs \$20,000 or more, the House Corporation can wisely afford to spend \$1,000 to \$1,500 in acquiring \$10,000. A House Corporation undertaking fundraising in a well-organized manner and investing \$5,000 to \$10,000 or more for professional assistance, usually does not have great difficulty reaching a goal of \$75,000 to \$100,000 or more. Ironically, attempts to Asave money@ by cutting corners can have drastic results.

Fundraising with a strong organization, justified by a A good investment,@ brings together the chapter members in a common project and recharges chapter spirit. This provides opportunities for many members to participate (even those located at great distances) and develops a continuing concern and investment in the chapter.

Methods and Techniques that have been most essential for SUCCESS.

1. An attractive cause, publicized as being important for the general good, generates alumni support.
2. Good leadership can produce a total understanding of the project and can greatly affect the dollar results.
3. Personal solicitations, on the scene, are essential because direct mail appeals are always disappointing, even when done artfully. The enlistment of volunteers who have a role as solicitors is important because people give to people. In most cases, numerous volunteers will attract larger gifts from more members because of greater exposure. No volunteers should be responsible for effective contact with more than five prospective area donors.
4. Good information and addresses of the prospective donors is essential. The Fraternity Office=s database can provide the addresses. There must be a carefully planned program, including a timetable, to turn the goal into reality. A headquarters should be established for coordination and concentration.

A. HOUSE CORPORATION: HOW TO RAISE MONEY

The undergraduate chapter must have a sound, well-developed program of alumni relations. The importance of effective, continuing communication with the chapter's graduates and of a functioning Alumni Relations Program cannot be overemphasized. The Program will serve as a primary determinant of a successful fund drive.

Prior to conducting a drive for monies, several prerequisites must be satisfied:

1. It is strongly recommended that a directory of all initiated chapter members be published. The directory should list a current address and the present occupation of every member. In addition, the directory is an excellent rejuvenator of the chapter's communication with its alumni.
2. A concise, realistic appraisal of the funding necessary to make possible the construction or renovation is vital. Conversely, there is nothing more damaging to the campaign than to go back a second time for additional funds. This is a firm and important basic step.
3. It is recommended, further, that a Building Committee of chapter officers, and any additional members deemed necessary, be organized. The Building Committee should: 1) determine the long-range house improvements needed and the funding necessary; 2) initiate the publication of a chapter directory; and 3) form the campaign organization.

The House Corporation should be the factor in igniting the campaign by establishing the Building Committee.

Suggested Campaigning Organization - The Fund Raising Team

When these prerequisites have been completed by the Building Committee, the General Chairman of the drive should be selected. It is recommended that this graduate brother should be a prominent member of the chapter; further, he must have substantial time available and have secretarial services at his disposal.

An Assistant General Chairman should also be considered, along with the Chairmen of the following committees in order to complete the campaign leadership:

1. Special Gifts
2. Geographical Phase
3. Class Phase
4. Parents and Friends Phase
5. Undergraduate Phase

6. Memorial Gifts

1. The ***Special Gifts Phase*** of the campaign is one of the most important. The chairman and his committee members should be chosen for their ability to communicate with prospective donors capable of contributing substantial amounts of money.

Determine who are the seven most affluent members of the alumni body and ask them to join a syndicate that will match up to a stipulated limit, every dollar that is raised from the other alumni, the active chapter, and the parents. Obviously, if one alumnus can and will underwrite one-half of the goals, that's fine! In other words, don't get any more members into the syndicate than is absolutely necessary: the more members who are affluent, giving outside the syndicate, the more money that can be raised from this phase. A dollar-for-dollar device is magic. It offers an appeal to the smaller giver who can see his modest contribution instantly doubled in value to the Fraternity; the contributor who donates substantially feels no need to carry the entire burden. On the contrary, he only gives in relation to the dollars produced from alumni as a whole.

The members of the Special Gifts Committee, working with these potential donors, should make calls prior to the official opening of the campaign. The results achieved by these people will serve as both a significant challenge and as an impetus for the drive. Approximately 60-80 percent of the total monies raised can come from this source.

2. ***Geographical Phase Chairman*** should be appointed for each area where there is a large concentration of the chapter's graduates. It is the responsibility of these chairmen to organize captains and workers to contact each graduate in the area. A sufficient number of workers should be recruited so that no brother is assigned more than five personal calls.
3. ***Class Phase Chairmen***, by personal contact with their classmates, initiate the third phase for the campaign. Since a great measure of loyalty to the chapter is developed through the member class affiliation, it is highly recommended that a representative be appointed for each graduating class or, at the very least, for his college generation. An over-all Chairman will be necessary to assure coordination.

After an adequate time, preferably two or three weeks, has been allowed for as much personal solicitation as possible through the geographical phase, class contact should begin.

Class chairmen need an accurate, up-to-date report of their class members who have not responded to the Special Gifts and Geographical solicitations. Recognizing that the majority of the class activity will be through direct mail, a special letter composed by the General Chairman is particularly effective in follow-up and emphasizes the Class Phase of the campaign. Copies of the letter, along with addressed envelopes or address lists,

should be placed in the hands of each Class Chairman -- for all members of his particular class or college generation not having contributed. The Class Chairman should then personalize each letter with a postscript, encouraging the classmate to contribute. The postscript might also include statistics on the amount and number of contributors from the class to date, including a pledge card and a post-stamped-paid envelope in all such direct mail appeals is highly recommended.

4. The *Parents and Friends Phase* of the campaign should be directed to the especially non-ΣAE parents of both current and former undergraduates and friends who have been in contact over the years. Both categories should be carefully studied for giving potential. Many chapters have ready-made vehicles with which to implement a successful drive among parents -- namely, Mothers= Club and Dads= Club. These organizations should definitely be brought into the campaign.
5. The *Undergraduate Phase* should be directed toward the active members who are certainly expected to contribute their fair share to the drive, taking into consideration the financial obligations involved in obtaining an education. It is important that each undergraduate pledge some amount towards the campaign. Some chapters make it an annual requirement for every graduate to give a one-time dollar amount to the House Corporation in exchange for stock.
6. Memorial Gifts by fathers, mothers, sons, wives, brothers, and sisters in remembrance of loved ones is also an area to be carefully explored. What better way to provide a living memorial than through a gift to the building fund? Those potential donors capable of especially large memorial contributions should be closely coordinated with the work of the Special Gifts Committee. It is conceivable that memorial donors may be interested in making possible a room unit in memory of the deceased. Plaques can be affixed to the room to memorialize the gift.

From “Suspects to Prospects” -- The Screening of Potential Donors

A screening meeting, involving the Building Committee, General Chairman, Assistant Chairman and six Phase Chairmen is a necessary step after establishing the organization. Those involved with this meeting should: 1) identify donors as capable of large or special gifts; 2) develop a sophisticated record keeping system; 3) establish the next steps to be taken in the fundraising drive.

The identification of members who have the potential to donate large or special gifts is of primary importance at this juncture. Below is a possible scale for members= giving. However, contributors whose financial resources would permit a substantially greater gift must be contacted.

Years Out of School	Amount of Giving
1 - 5	\$100 - \$299
5 - 10	\$300 - \$499
10 - 15	\$500 - \$699
over 15	\$700 - \$1,000

Although the campaign goal will certainly affect the amount suggested to individual prospects, a scale of giving, with pledges to be paid over three years, must be established.

A system which records the following information is necessary:

1. Name, address, year of graduation
2. Profession
3. Undergraduate activities (if known)
4. Prior giving (if known)
5. By whom solicited
6. Amount contributed
7. Pledge reminder data

This prospect-control card should be maintained by the General Chairman and serves as a permanent record on each prospective donor and controls the solicitation of all graduates, preventing any possible duplication of contact.

All information compiled on prospective donors could, of course, be transmitted to the campaign worker. This may be accomplished by: 1) a perforated tear-off portion of the pledge card, removed before the worker makes the call, or 2) by a copy of the prospect-control card. Information concerning prospective donors should be treated as confidential while screening and as the drive workers are making solicitations.

The Kick-off Dinner

Invitations to the Kick-off Dinner should be sent to all the Chairmen and workers. Several workers may be needed to adequately cover all areas heavily concentrated with the chapter=s graduates. The Kick-off Dinner(s) should have four objectives and each dinner may have a separate purpose:

1. The proper preparation of the Fundraising Team for the drive.
2. The inspiration of the workers through a kick-off speaker and the report of the Special Gifts and Undergraduate Phase Chairman.
3. The distribution and assignment of pledge cards to the teams.

4. The distribution of materials to the teams, which should include all necessary background information to enable the workers to make the calls as effective and productive as possible.

Workers= materials should be mailed immediately to all chairmen, captains, and workers not in attendance at the dinner. As previously mentioned, careful control of pledge cards is essential and may be conveniently accomplished through the initiation of the master prospect-control card prepared for each graduate at the screening meeting(s). Before making assigned personal solicitations, all captains and workers should be expected to make their own pledges.

Pre-Approach Letter

A direct-mail communication to all the chapter=s graduate members announcing the campaign should either closely precede or immediately follow the Kick-off Dinner(s). This letter should explain the campaign, the need for funds and the fact that the graduate brother will be personally called. It should also contain a brochure, attractively illustrating the campaign. This brochure should detail the building plans and the fundraising goals.

Report Procedures

Continuous communication between the Geographical Phase Chairman, Class Phase Chairman, and the General Chairman is vital. All gifts and pledges should be promptly reported. Entries should be made on the donor=s prospect-control card.

All members who pledge any amount should be thanked immediately. At this time the Geographical Phase Chairman can communicate the Team=s results to the campaign headquarters.

Of equal importance are frequent reports from the General Chairman to the chairmen of all phases of the campaign. These announcements should contain totals contributed, the number of contributors, and should spearhead additional work.

Campaign Publicity

To ensure that news of the drive has the widest possible dissemination, a publicity coordinator should be appointed. It would be ideal if the brother handling these responsibilities is employed in the public relations or news media profession.

Announcements of the campaign, the Kick-off Dinner(s), periodic reports of progress, and the final results can be made through the following media:

1. Local press, radio and television
2. The school=s alumni magazine and newsletter
3. The chapter=s newsletter

Photographs of the General Chairman, the various Phase Chairmen, the Kick-off Dinner(s), and the various planning meetings would be welcomed by most local newspapers. Releases covering especially large gifts, including photographs of the donor (provided the donor has given permission) should also be made available for the use by the above-listed media.

Follow-up -- Try a Phon-a-thon

After the geographic and class direct-mail solicitations have been completed, a thorough follow-up is the next order of business. A highly successful technique used by our colleges and universities in their annual giving campaigns is the phon-a-thon. First, secure a battery of telephones and a team of callers, representing as many college generations as possible. This team of telephones should place calls to those graduates who have not previously responded to the drive or have shown no interest or have not committed themselves to pledge.

To conduct a phon-a-thon follow-up, arrangements can generally be made for special lines with the local telephone company. A graduate brother may wish to make available his business office and phones for the phon-a-thon.

Telephone follow-up has proved most effective and is highly recommended. Prior to any telephoning, it is essential that all gifts and pledge reports be recorded and up-to-date. Brothers participating in the phon-a-thon should be furnished with the prospect cards of each graduate and complete background information on the drive.

The chapter active members may participate in this event getting to know their alumni brothers better.

Acknowledgment of Gifts and Recognition of Donors

All contributions and pledges to the campaign should be properly acknowledged. Checks should be cashed immediately and deposited in an established bank account.

Donors are especially sensitive to having their gifts handled and processed in an efficient, business-like manner. Gifts in excess of the recommended scale should be personally acknowledged by the General Chairman.

Special donors contributing sums making possible certain major portions of facilities such as a library, chapter room, study rooms, furnishings and landscaping should be appropriately and prominently identified by engraved individual plaques. An appropriately engraved plaque

containing the names of all donors should be considered suitable for mounting and displayed in the chapter house.

Ordinary Contributions to the Fraternity or Corporation

The General Fund Drive (as contrasted to the Special Gifts Drive) covers the solicitation of small and medium-sized contributions from 80% or more of the graduate members. No reference can be made to the fact that these contributions may be deductible for federal income tax purposes.

Only in rare cases have contributors been able to take a tax deduction. These cases involved situations where the Fraternity, by agreement with an educational institution, donates land to that institution. In return, the institution leases the same land to the Fraternity for the latter's use. Donations for the Fraternity given through the institution are deductible; or the school has assisted in financing the construction of a new fraternity chapter house. Gifts made to the school, earmarked for the construction of a particular dormitory -- the fraternity house. This aspect should be explored, but very few such plans have been presented. Usually this situation occurs at private schools where the fraternity system has a strong influence.

The situations and ideas described in the following paragraphs have no universal application to the fund drive, but are presented as vehicles which may be made available to workers when warranted by the special circumstances of the potential donor. In addition to the circumstances described in the following paragraphs, the solicitors may encounter other unique gifts or circumstances. These special situations should be referred to legal counsel and the instructions to workers should contain a notation to that effect.

Since the Tax Reform Act of 1969, many types of contributions, which in the past allowed for certain deductions, are now taxable. House Corporations are urged to consult an attorney, before establishing a program that offers Atax breaks.®

There are a few legitimate methods for gaining certain tax advantages, and these are described as follows:

Business Expense Deductions

Ordinary contributions to the Fraternity or House Corporation are not deductible on an individual's United States Income Tax Return as charitable or educational contributions. However, this House Corporation income is deductible on the House Corporation's United States Tax Return since it is member-related income, so the House Corporation pays no tax on donations from members.

To the contributor, a deduction is applicable if the donation is made to the university or through the Sigma Alpha Epsilon Foundation, pursuant to an Allocation approved by the Foundation Trustees. Gifts to the school should have a specially designated purpose.

Where friends or parents of ΣAEs make a donation to the House Corporation or local chapter, and it is clear that these are gifts, with nothing expected in return, these contributions would be exempt from tax since they are not gross income in the hands of the chapter or House Corporation.

Any expense incurred through ordinary and necessary business transactions are deductible as "business expenses" to the Corporation. These business expenses could include auditor fees or bank charges. They may also include payments (or remuneration) to chapter officers for room expenses if the officer is required to live in the facility. However, a deduction of this sort may require filing withholding taxes and Worker's Compensation at the state or federal level for social security purposes. The House Corporation must seek local legal advice concerning this, as the laws vary from state to state.

If a chapter officer is awarded recompense for his services, he may be required to list this in his individual income tax return. However, if housing is provided as a requirement of holding office to live in the house to protect premises, then the recompense should not be considered income of the officer.

Corporate Gifts

Although prospective donors should be permitted to make contributions from any source they desire, the fund drive workers should not suggest or encourage that donations be made by corporations owned or controlled by the prospective donors.

The corporate gift clearly would not be deductible for the corporation unless proven to be a reasonable and ordinary business expense. The cases in this area indicate that this theory is very likely to be unsuccessful. The presumable tax motivation for such a corporate gift would be that it would be made from corporate funds reduced by the tax that would result from withdrawing the funds from the corporation as a dividend or as compensation. However, since the purpose of such a corporate gift would be in fact to satisfy the personal motives of the shareholder, if closely scrutinized, the gift undoubtedly would be considered as a dividend or compensation to the shareholder-officer for federal income tax purposes.

B. PROFESSIONAL ORGANIZATIONS: AN OPTION TO BE CONSIDERED

We know many of our alumni will work as volunteers. We are convinced the financial resources are available to raise the necessary sums of money. After a careful study, however, we believe that professional coordination is critical to the eventual success of the large chapter fundraising campaigns. Professional guidance might be sought for the following reasons:

1. First, the professional firm conducts a feasibility study which establishes answers to the questions: What is the dollar potential of the campaign? What are the sources of the funds? What is the best timing? What would be the best plan of organization? Are there valid lead off gift prospects? What would be the costs? This study eliminates the guesswork which has stifled many campaign.
2. If the feasibility study determines that the campaign is feasible and the chapter decides to proceed, the professional firm provides for Resident Campaign Management Service. When the firm is retained, an Executive is appointed as a Campaign Manager who renders exclusive full-time resident service at the chapter site for a specified period of time.

Throughout the full-time resident period, the firm takes complete charge of the planning, management and execution of the campaigns.

We have also determined general guidelines for the costs involved for these professional services. The fee for a feasibility study ranges from \$3,000 to \$10,000, depending on the size of the project and the geographic area that must be covered. The average cost of the actual fraternity campaigns conducted varied from 7% to 12% of the amount raised. These percentages include the flat fee charged by the professional firm for services rendered and the cost of clerical help, printing, postage, telephone, travel, office expenses, etc.

Campaigns guided by professionals have a far greater degree of success than those conducted by volunteers only. We believe this would be particularly true for chapter campaigns we have seen conducted in the fraternity world in the past 10 years. We pay architects to design our houses. We hire contractors to build them and our good business sense tells us we must rely on this same kind of expertise to coordinate our fundraising efforts.

I. Chapter Fund Agreements/Leadership School Fund Agreements:

The purpose of the Chapter Fund Agreement is to provide scholarships and potential mortgage money to a specific chapter. Each chapter/House Corporation can use this fund to raise monies on a tax-deductible basis for the benefit of the chapter.

With the Chapter Fund Agreement, all monies remain permanently in this fund as a separate part of the Sigma Alpha Epsilon Foundation. As an example, they are very similar to trust funds administered by banks or trust companies.

The principal in these funds remains intact and cannot be given back to the chapter under any circumstances, and if the fund were to be dissolved by the Trustees of the Foundation, the monies would revert back to the general fund of the Foundation for any other type of charitable or educational purpose the Trustees so desire.

The principal of this fund, however, can be loaned to the House Corporation of the specific chapter in the form of a first or second mortgage (no unsecured loans or loan guarantees are allowed under this agreement).

These mortgages would have a maximum term of 20 years, can be for house construction, improvements or refinancing, and subject to any fees the Trustees may deem applicable and must be secured by a mortgage and/or trust deed. The interest rate on these loans, by IRS regulation, must be at the prevailing rate in the community where the loan is made.

In order for a loan to be made from the chapter fund, the principal must be at least \$25,000 and the loan may not be an amount less than \$25,000.

If the income generated by this fund is not placed back into the principal, the only alternative for the remittance of these monies is through scholarships. The minimum scholarship must be \$500.00 to a qualified student and based upon parameters designed by the house corporation and approved by the Board of Trustees of the Foundation.

The administration of this fund, including the granting of mortgages and issuing of scholarships and investing of the monies, is done by the Fraternity Office under the authority of the Board of Trustees of the Sigma Alpha Epsilon Foundation. The Fraternity Office will provide to the

chapter a semi-annual accounting of this fund along with any other pertinent documentation that house corporation would so desire.

To institute one of these funds with the Foundation, the House Corporation should write to the Assistant Executive Director/Director of Chapter Services at the Fraternity Office, who will provide them with a sample agreement and answer any questions of the house corporation.

If the House Corporation decides to apply for one of these agreements, they should read it carefully, fill in any appropriate blanks and send it back to the Assistant Executive Director/Director of Chapter Services along with an initial donation. Guidelines for granting a scholarship under this agreement as well as raising additional funds should be submitted along with the application.

The Assistant Executive Director/Director of Chapter Services will then bring this proposed fund to the Board of Trustees, who will then act upon it. If they decide in favor of granting the fund, it will automatically become a part of the Foundation.

The procedure for granting loans under this fund is exactly the same as it is for the Fraternity Endowment Fund of the Sigma Alpha Epsilon Fraternity.

The Leadership School Endowment Fund is exactly the same as the Chapter Fund Agreement except that the scholarships are specifically for Leadership School tuition and travel only and can be made in a minimum amount of \$150.00.

Whereas no scholarships or mortgages may be granted from the Chapter Fund Agreement until it has reached \$25,000 in principal, the Leadership School Endowment Fund need only be \$5,000 in principal to be utilized by the house corporation and chapter. However, it does need to have \$25,000 in principal before mortgages can be made from this fund.

Both funds are subject to a clause which states that if the fund has not reached a certain principal amount after 60 months (5 years), the principal automatically reverts back to the general fund of the Sigma Alpha Epsilon Foundation to be used for any charitable and educational purposes deemed proper by the Trustees.

Any questions regarding the Chapter Fund and the Leadership School Endowment fund, as well as any specific scholarship funds, should be forwarded to the Assistant Executive Director/Director of Chapter Services.

II. Chapter House Library Program

The Sigma Alpha Epsilon Foundation has a program known as the Chapter House Library Fund Program, commonly referred to as the Allocation program, which allows a House Corporation

to raise monies on a tax-deductible basis for remodeling of an existing chapter house, the purchase of a new chapter house or the building of a new chapter house.

The allocation program cannot provide the full funding for the above, but can provide a portion of it under the educational clause of the Foundation for a library, study room, or reading rooms.

In the case of the remodeling or furnishing of an existing house, the amount of the allocation will be the actual cost of the remodeling or furnishing of a room or rooms used exclusively for library or study purposes.

If a new house is to be built, the projected cost of the building must be furnished based on a written estimate by the architect, or on actual contracts if any have been let, together with the architect's written report showing the area in square feet of the room or rooms used exclusively for library or study purposes and the area of the entire house.

If an existing house is being purchased, the purchase price of the house (exclusive of the land) must be given: again, an architect's written report concerning the areas of the library or the study rooms and of the entire house must be furnished.

The allocation generally will be in an amount computed by taking the percentage of the total area of the house that is used exclusively for library or study room purposes, applying that percentage to the total estimated cost of the building in the case of a new house, or the cost in the case of an existing house, and adding thereto any unusual expenditures incurred only in connection therewith such as shelving, lighting, etc. that have not been included in the estimated cost of the entire house.

An allocation grant may finance structural work on a study room or library as well as the purchase of study furnishings, e.g., chairs, desks, lamps and bookcases. Allocation grants may also be made for computer facilities connected to a university's mainframe and used exclusively for study purposes. Computer facilities not connected to a university's mainframe may also qualify if it can be clearly demonstrated that such computer facilities are used specifically and exclusively for educational purposes. Grants may also be made for carpeting, lighting and painting a room in the local chapter house which is used specifically and exclusively for educational purposes. While, prior to recent years, the Internal Revenue Service permitted grants to be made for combined study and sleeping rooms on the assumption that such rooms are used 50% of the time for educational purposes, such grants would appear no longer to be permitted by the Internal Revenue Service.

In order for an allocation to be approved, there must also be submitted a letter from an official of the college or university where the chapter is located supporting the making of the grant and recognizing that the educational purposes of the grant will fully contribute to the educational mission to the school. The letter must describe how the grant will be to the benefit of the entire

college or university community, for example by supplementing resources of the university, by alleviating overcrowding in the university libraries and study area, or, in the case of computers, by providing additional computer terminals connected to the university's mainframe. Such a letter might show how the study space reference materials, or computer terminals, for example, will save money for the university in the long run on the ground that they will create additional educational environment which enhances the scope of the university. A chapter or House Corporation seeking an allocation must also show that the student population living in fraternity and sorority housing at the school is not an insignificant number of the entire student body, so that the reduced burden on the university's facilities and resulting benefit to the college community could be significant if the cumulative effect of fraternity libraries and study rooms is confined.

The IRS requires that a library or study room must constitute a separate facility which is segregated from the social facilities of the chapter house. The Sigma Alpha Epsilon Foundation is also required to carefully monitor such grants to ensure that they are used exclusively for educational purposes. The Foundation will from time to time monitor such grants by direct inspections of the houses where such grants are made.

In addition, the House Corporation must execute a written commitment to use such allocation grants exclusively for educational purposes and to return any part of the grant not so used. Furthermore, the Foundation will require that any chapter receiving an allocation grant must regularly report on the progress of the improvement project, including a final report when the project is completed.

For example, if a house cost \$350,000 to build, and it is deemed that 30% of it is considered for educational purposes, then an allocation of \$105,000 could be granted to the house corporation. They could raise that amount on a tax-deductible basis, then an allocation of \$105,000 could be granted to the house corporation. They would collect the checks and send them to the Foundation with a Covenant to Repay. The Foundation would then deposit them into its bank account and return the monies dollar-for-dollar. The Foundation does not retain any percentage fee for this program.

All data should be forwarded to the Assistant Executive Director/Director of Chapter Services, who will submit it to the legal counsel of the Foundation. He will examine them and recommend to the Board of Trustees as to the legality of the project and the amount of gifts that can legally be allocated to it.

If this recommendation is approved by the Trustees of the Foundation, the House Corporation will be notified by the Assistant Executive Director/Director of Chapter Services of the Foundation of the amount so approved. The House Corporation or other owner of title to the house, shall thereupon execute and deliver to the Foundation an agreement entitled Covenant to Repay with each individual donation or group of donations that, if the house is later sold or ceases to be operated as a chapter house, all amounts paid under the allocation shall not be

retained by the House Corporation but shall be returned to the Sigma Alpha Epsilon Foundation. This agreement is expressly required by the Internal Revenue Service, and cannot be waived or modified by the Foundation.

Upon compliance with the above-mentioned requirements, all gifts received by the Foundation pursuant to an allocation will be remitted to the House Corporation upon its request.

If you have any questions regarding the Chapter House Library Fund Program, please forward them to the Assistant Executive Director/Director of Chapter Services.

SECTION VII

APPENDIX

SAMPLE DOCUMENTS

for use by

House Corporations

Sigma Alpha Epsilon

PARENTS CLUB GUIDE

A Complete Guide to Starting, Operating, and Maintaining a Parents' Club

It is hard to say when the first Sigma Alpha Epsilon chapter started a parents club; however, one could bet the chapter that took this step was a leader among all of the others in the realm. Therefore, it is not surprising to see that each year's winner of the John O. Moseley Zeal Undergraduate Chapter Award, Sigma Alpha Epsilon's highest award, is given to a chapter that some type of parents club. Many have argued that parents clubs are one of the most overlooked and underestimated assets to SAE. It is for this reason that Sigma Alpha Epsilon Fraternity Office has reduced this pamphlet to serve as a guide for the chapter and parents to start and maintain a parents club. Simply proceed through the following steps.

STEP 1

CHOOSING THE TYPE OF PARENTS CLUB

The success of a parent club will depend on how a chapter, as a whole, responds to it. Because of this, the first step should be to determine what type of club the chapter would like to support.

1. Mothers (Minerva) Club
2. Fathers (Lion) Club
3. Parents Club

Statistically, Mothers Clubs have had the interest success. However, with the right participants, any of the above options can be successful. This leads us to Step 2.

STEP 2

FORMING A STEERING COMMITTEE

It is crucial to understand that a parents club cannot be run by undergraduates alone. It is very important to create a new position within the undergraduate chapter that would act as the liaison between the chapter and the club. However, this is a volunteer-based group that must be started and maintained by the volunteers: the parent or parents. With this in mind, the first step is to find roughly three to five parents who would be willing to take on this challenge.

Almost every university has some type of Parents Day, and, if the chapter has any type of structure, it will be hosting some type of get-together. This is the perfect time for a parents club to begin.

STEP 3

EVENT SCHEDULING AND GOAL SETTING

Once the steering committee has been established, it is time to work on the what, when and how many.

1) What type of events?

Examples would be:

- a) Golf outings
- b) Christmas Luncheon
- c) Parents Day

2) When should the events occur? The answer to this question must be jointly answered by the chapter and the parents involved.

3) How many events a year? There is no specified number of events a parents club should do. The club should work with the chapter to generate a well balanced calendar of events.

STEP 4

MAINTAINING YOUR PARENTS CLUB

Just as the members in the chapter change each year, so will the parents in the club. The club may choose to have many different positions and committees, however, it is very important that they have the following: president, treasurer, and recording secretary. These three people will be key to delegating, financing and tracking the future of the club. Regarding finances, it is in the best interest of the club to open a checking account with a system that requires two signatures. It is also very important for whoever is currently holding a position to remember that he or she must be actively recruiting other parents to take the reigns when it is time for them to step down.

IDEAS FOR PARENTS CLUBS

- 1) Graduating seniors dinner (or reception). Open to all members of the chapter and parents.
- 2) Providing graduating seniors with a memento. A possible example, and SAE engraved money clip.
- 3) Supporting the chapter's scholastic goals by offering incentives for reaching and maintaining a certain GPA; both individually and for the chapter.
- 4) Supporting the undergraduate chapter by granting them items off a "wish list." The list is made up of prioritized items, such as ritual equipment or computers for all-chapter use.
- 5) Assisting the undergraduate chapter in their Rush efforts. The club could help by providing the chapter with recommendations on quality young men who are or will be attending that particular university.

Important: The Sigma Alpha Epsilon Fraternity Office would like to register all parents clubs. Please call 1-800-233-1856 and ask for the Parents Club Liaison to register your club today!!

SAE's STATED GOALS OF A PARENTS CLUB ARE:

- 1) To draw together a friendship and social relations parents who in one way or another have a common bond with Sigma Alpha Epsilon.
- 2) To safeguard the high standards and to promote the welfare and progress of Sigma Alpha Epsilon in the community.
- 3) To assist in the rushing program of the fraternity.
- 4) To aid and assist the collegiate chapters materially, socially and spiritually.
- 5) To foster in the chapter an atmosphere conducive to sound scholarship.
- 6) To assure the development of patterns of gracious living in chapter homes.

Published by the Sigma Alpha Epsilon Fraternity Office and designed and supported by the Alumni Services Committee of SAE.

PROFESSIONAL HOUSE MOTHERS WORKSHOP

Dear National Officers,

The 1997 session of the Professional Housemothers Workshop will be held from June 18 to June 20 at the Hyatt Regency Indianapolis at the State Capitol in Indianapolis, Indiana.

The philosophy of Professional Housemothers Workshop is to teach Housemothers and House Directors to more professionally and efficiently manage the duties required of them at their fraternity or sorority thus making the house itself run smoother and more problem-free.

We realize that the requirements of the Housemother or House Director are different at each individual house so we try to give an overview of responsibilities for most houses. We cover Business Management, Etiquette and Manners, Food Management, Table Decorations, and much more. We find that the Housemothers and House Directors acquire a lot of information from talking to each other and sharing experiences, so we have sharing sessions built into our schedule. If there are other areas you feel we should be covering, please feel free to let us know and we will consider adding them to our program.

We will be having a special session at this workshop for Housemothers and House Directors to meet with someone from the national office of their sorority or fraternity. You may want to encourage your chapters to send their Housemother or House Director to this workshop so you may meet them.

Sincerely,

Betty Nichols
Penny Fulk
Professional Housemothers Workshop

MORE CURRENT/MODERN FORM OF
ARTICLES OF INCORPORATION

(USED BY MANY STATES IN A FORM SIMILAR TO
THIS EXAMPLE)

INSTRUCTIONS (RULES)

NOTE: Many states have similar procedures.

SAMPLE

**New Jersey Department of State
Division of Commercial Recording
Certificate of Incorporation, Nonprofit**
(Title 15A:2-8 New Jersey Domestic Nonprofit Corporation Act)

This is to Certify that, there is hereby organized a corporation under and by virtue of the above noted statute of the New Jersey Statutes.

The New Jersey Epsilon Chapter of Sigma Alpha Epsilon

- 1. Name of Corporation: *Foundation Corporation, Inc.*
- 2. The purpose for which this corporation is organized is:
To provide housing for New Jersey Epsilon Chapter by way of ownership and/or lease, as circumstances may dictate, and to provide a social Fraternity organization for students of Rutgers University

3. Registered Agent's Name: *Joe Mannino*

4. Registered Office Address:

<u>Street Address</u>	<u>City</u>	<u>State</u>	<u>Zip</u>
40 Hardenburg Street	New Brunswick	NJ	08855

5. The corporation shall have members. Yes No. If yes, qualification will be:
 as set forth in the by-laws. or as set forth herein (attach).

6. The rights and limitations of the different classes of members will be:

7. as set forth in the by-laws. or as set forth herein (attach).

6. The method of electing trustees will be:

7. as set forth in the by-laws or as set forth herein (attach)

6. The first board of trustees shall consist of 4 trustees (Minimum of three, addresses cannot be that of the corporation).

<u>Name</u>	<u>Street Address</u>	<u>City</u>	<u>State</u>	<u>Zip</u>
Richard Hooker	102 Firetown Rd	Simsbury	CT	06070
Vitaly E. Turin	22 Stephens Dr	East Brunswick	NJ	08816
Brian Sledge	5 Butler Place	Butler	NJ	07405
John Burns, Jr.	105 Lurlane Dr	Basking Ridge	NJ	07920

6. The duration of the corporation is: Perpetual

7. Set forth name and address of Incorporator(s) – Address cannot be that of the corporation. Need one or more:

<u>Name</u>	<u>Street Address</u>	<u>City</u>	<u>State</u>	<u>Zip</u>
John Burns, Jr.	105 Lurlane Dr	Basking Ridge	NJ	07920
Brian Sledge	5 Butler Place	Butler	NJ	07405

11. Method of distribution of assets shall be: as set forth in the by-laws or as set forth herein (attach).

12. Other provisions:

In Testimony whereof, each undersigned incorporators have caused this certificate to be signed this 29th day of July 1996.

Signature: _____ Signature: _____
Signature: _____ Signature: _____

Instructions: Type all information except signatures.
Form must be completed in full and filed in triplicate.
The original document will be retained by the Division of Commercial Recording.

Remittance: Check or Money Order should be signed and made payable to the:
Secretary of State, and be submitted with the document to be filed.
Filing fee: \$50.00 * Expedited Fee: \$10.00 additional

Address: ** Regular Service (by regular mail) *Expedited Service (by messenger or in person)

Department of State	Department of State
Division of Commercial Recording	Division of Commercial Recording
CN 308	820 Bear Tavern Rd., 2 nd Floor
Trenton, NJ 08625-0308	Trenton, NJ 08628

* Expedited Service requests must be delivered in person or by messenger service such as Federal Express, Emery, UPS, or any overnight service, but not U.S. Postal Service Overnight because it does not directly deliver to our division office.

** Please use zip code **08625** for regular mail. Regular mail wrongly addressed to the "Expedited Service" zip code **08628** will be returned "undeliverable" by the local Post Office.

Information on Certificate of Incorporation

(For use by Domestic Nonprofit Corporations Only) Title 15A:2-8 New Jersey Nonprofit Corporation Act

1. **NAME OF CORPORATION:** Name must include: A New Jersey Nonprofit Corporation, Corporation, Incorporated, Inc. or Corp. Name must be available. Call (609) 530-8312 for immediate telephone availability with payment by Visa, MasterCard, or Depository Account.
2. **PURPOSE:** State purpose of organization
3. **REGISTERED AGENT:** Designate one person as registered agent.
4. **REGISTERED OFFICE:** Address must be in New Jersey and be a street address. Post Office Box may be included only if same city and zip as street address.
5. **MEMBERS:** Mark appropriate box (not necessary to attach by-laws since by-laws are not filed in this office).
6. **RIGHTS AND LIMITATIONS OF MEMBERS:** Mark appropriate box (not necessary to attach by-laws since by-laws are not filed in this office).
7. **METHOD OF ELECTING TRUSTEES:** Mark appropriate box (not necessary to attach by-laws since by-laws are not filed in this office).
8. **BOARD OF TRUSTEES:** List at least three trustees and addresses. Address cannot be that of the corporation.
9. **DURATION:** State length of time corporation is to exist. Perpetual, unlimited, or forever is acceptable.
10. **INCORPORATORS:** List one Incorporator and address. All incorporators must sign document, no other signatures may appear. Address cannot be that of the corporation.
11. **METHOD OF DISTRIBUTION:** Mark appropriate box (not necessary to attach by-laws since by-laws are not filed in this office).
12. **OTHER PROVISIONS:** Optional.
13. **IN TESTIMONY WHEREOF:** Give date of the signing of the document by each incorporator.
14. **SIGNATURE:** Must be the original signature of each incorporator, listed in #10 only.
15. **THE PURPOSE OF THIS FORM IS TO SIMPLIFY THE FILING REQUIREMENTS OF THE SECRETARY OF STATE AND DOES NOT REPLACE THE NEED FOR COMPETENT LEGAL ADVICE.**

REMINDER:

*An annual Report form will be sent to the registered agent prior to the anniversary date of the corporation.
Corporations failing to file will become revoked.*

ARTICLES OF INCORPORATION
OF
(State and Chapter Designation)
of
SIGMA ALPHA EPSILON

KNOW ALL MEN BY THOSE PRESENTS:

That the undersigned incorporators, being natural persons of the age of twenty-one (21) years or more and desiring to form a non-profit corporation pursuant to the provisions of State Statute *(Name of State)* non-profit corporation act as amended, do hereby sign, verify, and deliver in duplicate to the Secretary of State of the State of _____, these Articles of Incorporation.

ARTICLE I
NAME

1.1 The name of the corporation will be: *(State and Chapter Designation)* of Sigma Alpha Epsilon House Corporation.

ARTICLE II
PERIOD OF DURATION

2.1 The period of duration of this corporation is perpetual.

ARTICLE III
PERIOD OF DURATION

3.1 The principal/registered office of the corporation in (Name of State) is _____, County of _____; and the name of its initial registered agent at such address is _____.

ARTICLE IV
PROCEDURES

4.1 This corporation is organized, and will be operated, exclusively for holding title to property within the meaning of Internal Revenue Code. *Sec. 501(c)(7)*. (*NOTE: Your attorney must carefully consider which alternative is appropriate in your particular situation.*) If for some reason you feel that you are eligible for a different designation, *501(c)(2)* or *501(c)(3)*, you can consult your attorney or the SAE Permanent Committee on Chapter Housing.

ARTICLE V
INITIAL BOARD OF DIRECTORS

5.1 The initial Board of Directors of the corporation shall consist of _____
(_____) person(s) whose name(s) and address are as follows:

NAME	ADDRESS
_____	_____
_____	_____

ARTICLE VI
DISTRIBUTION OF EARNINGS, POLITICAL ACTIVITY AND OTHER ACTIVITIES

6.1 No part of the net earnings of the corporation shall insure to the benefit of, or to be distributable to, its members, trustees, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article IV hereof.

6.2 No substantial part of the activities of the corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation; and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements), and political campaign on behalf of any candidate for public office.

6.3 Notwithstanding any other provision of these articles, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purpose of this corporation.

ARTICLE VII
DISSOLUTION

7.1 A voluntary transfer for value of all, or substantially all, of the assets of this corporation, if the corporation is not insolvent, must be approved in the manner required for discussion.

7.2 A voluntary transfer for less than full or valuable consideration of all, or substantially all of the assets of this corporation shall be void unless such transfer is to the Sigma Alpha Epsilon Fraternity, 1856 Sheridan Road, Evanston, Illinois 60201, to be administered by the directors of said Fraternity for the benefit of the local chapter or its successor.

7.3 Should this corporation, for any reason whatsoever, dissolve or have its corporate rights, authority, and powers revoked, then title to all assets of the corporation shall pass to and vest in the Sigma Alpha Epsilon Fraternity, 1856 Sheridan Road, Evanston, Illinois, 60201, to be administered by the directors of said Fraternity for the benefit of the local chapter or any successor chartered within five years after termination of the existing charter. If no such successor is chartered, then such assets shall become part of the general unencumbered assets of such Fraternity.

7.4 If, at the time property is to be transferred to the said Sigma Alpha Epsilon Fraternity, such fraternity is either no longer in existence or is no longer an exempt organization under the Internal Revenue Code, the following shall govern:

- (a) The property shall be held in trust for a period of not more than five (5) years by a trustee appointed by the Court for the County in which the principal office of the corporation is then located for the benefit of a local chapter which may exist or be established or re-established during that time and which chapter shall qualify as exempt organization under the Internal Revenue Code.
- (b) At the end of that five (5)-year period, if no such chapter has been established or re-established, the property shall be disposed of by said trustee under the direction of said Court exclusively for such purposes or to such organization or organizations as are organized and operated for such purposes as would qualify the same under I.R.C., Sec. 501(c).

ARTICLE VIII MEMBERS AND VOTING POWER

8.1 There shall be two (2) classes of membership, namely:

- (a) Class I: Active members in good standing with the local chapter; and
- (b) Class II: Any other member of the Chapter National.

8.2 Voting power shall be limited to those members who are current and in good standing as regards to dues and other requirements set forth in the By-Laws.

ARTICLE IX QUALIFICATIONS

9.1 All directors and officers of this corporation shall be members.

9.2 No less than two-thirds of the directors shall be Class II members.

9.3 No less than one director (after the initial corporate meeting) shall be a Class I member.

9.4 The registered agent of this corporation shall be a Class II member.

ARTICLE X POWERS AND DUTIES

10.1 The Treasurer shall issue an annual report within ninety (90) days of the close of the fiscal year.

10.2 The Treasurer shall deposit, in the name and to the credit of the corporation, in a bank or banking institution selected by the directors, all funds and monies and other valuable effects of the corporation; such deposits shall be made without delay and shall be made so that they cannot be removed except on order signed by the Treasurer and counter-signed by some other officer or director as provided in the By-Laws.

10.3 An auditing committee shall be appointed at each annual meeting of the members to audit the books and accounts. This committee may be a professional CPA firm and need not be made up of members.

10.4 A quorum for a corporate meeting shall be fifteen (15) or a majority of the members in good standing as defined in the By-Laws, whichever is less.

10.5 Any director absent from a meeting of the Board or any committee thereof may be represented by any other director or member, who may cast the vote according to the written instructions, general or specific, of the absent director.

10.6 Any matters not specifically provided for herein shall be governed by the following, in the order listed:

- (a) The By-Laws of the Corporation
- (b) Colorado Revised Statutes (1973) Subsection 7-20-101 et. seq; (whatever is applicable in your state).
- (c) The latest revised edition of *Robert=s Rules of Order*.

ARTICLE XI POWERS AND DUTIES OF ESR

11.1 The Eminent Supreme Recorder of Sigma Alpha Epsilon (ESR) shall be a special officer of this corporation.

11.2 If a period of time in excess of two years should pass without there having been a corporate meeting for the purpose of electing directors, then the ESR may be vested with all of the powers and duties of all of the officers of the corporation.

11.3 Such investiture shall be effected by the posting of a notice to that effect in the local chapter house, if still in existence, and by written notice to the last corporate agent registered with the Secretary of State.

11.4 (a) The following shall be conclusive proof of the failure to meet: (1) failure to file an annual report required by the *Fraternity Laws, Section 103(2)(b)* two (2) times out of any three (3) year period;

or

- (b) If at any time the ESR, through his own investigation, determines that the operative facts are present, he may proceed as provided in *Section 11.2*, above. Investiture pursuant to such a determination shall be effective, notwithstanding the incorrectness of such determination, unless and until the ESR or the Supreme Council revokes the investiture and reinstates all former officers and directors.

11.5 The investiture shall continue until such time as the ESR relinquishes the offices, or any one of them, in writing or until the Supreme Council determines that the investiture was improper or for other reasons undesirable.

11.6 At the time of such investiture all directors and officers shall be *ipso facto* removed from office.

ARTICLE XII DEFINITIONS

12.1 Unless otherwise stated, the following definitions apply to the words and phrases used in the articles and By-Laws of this corporation:

- (a) ΣAE: Sigma Alpha Epsilon Fraternity, whose Fraternity Office is located at 1856 Sheridan Road, Evanston, IL 60204.
- (b) Fraternity Laws: The Fraternity Laws of ΣAE as most recently amended.
- (c) Local Chapter: That chapter of ΣAE located at the University (College) of _____, in the City of _____, State of _____, or its successor.
- (d) Chapter National: As defined in the *Fraternity Laws (Section 114.)*
- (e) Eminent Supreme Recorder: Executive Director of ΣAE as provided in the Fraternity Laws (Section 26.)
- (f) Eminent Supreme Archon, Eminent Supreme Deputy Archon: As provided in the Fraternity Laws (*Sections 21 and 22*).
- (g) Member: A member of either class of this corporation.
- (h) I.R.C.: Internal Revenue Code of 1986, Title 26 of the United States Code. Reference always includes the corresponding provision of any future United States Internal Revenue Law.

**SAMPLE
ARTICLES OF INCORPORATION
OF THE
VIRGINIA ZETA HOUSE CORPORATION**

We, the Undersigned, hereby voluntarily associate to form a non-stock corporation under the provisions of Chapter 2 of Title 13.1 of the 1950 Code of Virginia, as amended, and to that end do hereby set forth the following:

1. The name of this corporation shall be the Virginia Zeta House Corporation.
2. The existence of this corporation shall be perpetual.
3. This corporation is organized on a non-stock basis and not-for-profit. The members of the corporation shall be of the Virginia Zeta Chapter of Sigma Alpha Epsilon Fraternity.
4. The purpose of the corporation shall be to build, maintain and manage a house at the Virginia Polytechnic Institute and State University in Blacksburg, Virginia, which shall be the headquarters of the corporation and the home of the Virginia Zeta Chapter of the Sigma Alpha Epsilon Fraternity and which shall be rented to the members of said chapter or otherwise managed upon such terms as the Board of Directors of the corporation shall prescribe.
5. The property and business of the corporation shall be managed by a Board of Directors which shall exercise all powers of the corporation and do all lawful acts as are not otherwise prohibited by statute, the Articles of Incorporation, or the By-Laws of the corporation.
6. The Board of Directors shall consist of five (5) members elected by the Board and two (2) members *ex officio*. The elected members shall be alumni in good standing of the Sigma Alpha Epsilon Fraternity. The *ex officio* shall be the Eminent Archon and the Eminent Treasurer of the Virginia Zeta Chapter of the Sigma Alpha Epsilon Fraternity.
7. The directors shall be elected at the annual meeting and shall hold office for a term of three (3) years and until their successors are elected and qualified.
8. The officers of the corporation shall consist of a president, a vice president, a secretary, and a treasurer. The offices of secretary and treasurer may be combined. The officers shall be elected from the membership of the Board of Directors at the annual meeting and each officer shall hold office for a term of one (1) year and until his successor is elected and qualified.
9. A quorum of the Board of Directors shall consist of four (4) directors.
10. No member of the Board of Directors shall receive any monetary enrichment or pecuniary gain whatsoever from the corporation.

11. In the event of dissolution, the assets of the corporation shall, after payment of corporate debts, be conveyed to the Supreme Council, as directors of the Sigma Alpha Epsilon Fraternity, a corporation existing under the laws of the State of Illinois to be used or held in trust as the Supreme Council may see fit for the benefit of Virginia Zeta Chapter so long as it shall exist and thereafter for the benefit of the Fraternity at large.
12. The initial registered agent of the corporation shall be Dr. Jackson F. Ferguson, a citizen of the United States and a resident of Montgomery County, Virginia, whose address is 207 Orchard View Lane, Blacksburg, Virginia 24060. The post office address of the initial registered office of the corporation is 207 Orchard View Lane, Blacksburg, VA 24060.
13. The persons who shall serve as initial directors until the first annual meeting and until their successors are elected and qualified are:

BY-LAWS OF THE VIRGINIA ZETA HOUSE CORPORATION

ARTICLE I.

- Section 1. The name of this corporation shall be The Virginia Zeta House Corporation.
- Section 2. The existence of this corporation shall be perpetual.
- Section 3. This corporation is organized on a non-stock and not for profit basis. The members of the corporation shall be members of the Virginia Zeta Chapter of Sigma Alpha Epsilon Fraternity.
- Section 4. The purpose of the corporation shall be to build, maintain and manage a house at the Virginia Polytechnic Institute and State University in Blacksburg, Virginia, which shall be the headquarters of the corporation and the home of the Virginia Zeta Chapter of the Sigma Alpha Epsilon Fraternity and which shall be rented to the members of said Chapter or otherwise managed upon such terms as the Board of Directors of the corporation shall prescribe.

ARTICLE II

Section 1. The property and business of the corporation shall be managed by a Board of Directors which shall exercise all powers of the corporation and do all lawful acts as are not otherwise prohibited by statute, the Articles of Incorporation, or these By-Laws.

Section 2. The Board of Directors shall consist of five (5) members elected by the Board and two members *ex officio*. The elected members shall be alumni in good standing of the Sigma Alpha Epsilon of the Sigma Alpha Epsilon Fraternity. The members *ex officio* shall be the Eminent Archon and the Eminent Treasurer of the Virginia Zeta Chapter of the Sigma Alpha Epsilon Fraternity.

Section 3. The directors shall be elected at the annual meeting and shall hold office for a term of three (3) years and until their successors are elected and qualified.

ARTICLE III.

Section 1. The officers of the corporation shall be a president, a vice president, a secretary, and a treasurer. The offices of secretary and treasurer may be combined. The officers shall be elected from the membership of the Board of Directors by the directors present and voting at the annual meeting. The officers shall hold office for one (1) year or until their successors are elected and qualified.

Section 2. The President shall have the power to fill vacancies occurring by virtue of the resignation or disability of any officer or director of the corporation. A director or officer so appointed shall hold office until the next meeting of the Board of Directors, at which time a special election shall be held for the purpose of electing a successor to fill the unexpired term.

ARTICLE IV.

Section 1. It shall be the duty of the President to preside at all meetings of the Board of Directors and to appoint other necessary officers and committees and to perform the other duties pertaining to his office. It shall be the duty of the Vice President to perform the duties of the President in his absence. It shall be the duty of the Secretary to keep and preserve, in books for that purpose, minutes of the meetings of the Board of Directors and the Secretary shall be responsible for all corporate records and correspondence. The Treasurer shall keep the accounts of the corporation and hold all monies entrusted to his care. The Treasurer shall furnish bond, the cost of which shall be borne by the corporation.

Section 2. All funds of the corporation shall be deposited in a bank selected by the Board of Directors and shall be so deposited that they cannot be withdrawn except on an order signed by two officers of the corporation.

Section 3. No officer or director shall receive any salary or pecuniary compensation for his services. All necessary expenses of the corporation shall be paid by the Treasurer by checks properly countersigned.

ARTICLE V.

- Section 1. The annual meeting of the Board of Directors shall be held in the month of October at a time and place determined by the President. The Secretary shall give at least ten (10) days notice of the annual meeting to each director.
- Section 2. Special meetings of the Board of Directors may be called by the President upon reasonable notice to each director. Special meetings shall be called by the President upon the request of four (4) directors.
- Section 3. Four (4) directors shall constitute a quorum at any meeting of the Board of Directors.

ARTICLE VI.

- Section 1. Purchases of real and personal property may be made, building operations carried on and changes of securities made by the Board of Directors. The Virginia Zeta Chapter shall be responsible to the Board of Directors for its use of the property of the corporation. The Board of Directors, by its officers, shall render a report to Virginia Zeta Chapter at the Board=s annual meeting of all acts and business done by the Board since the last annual meeting.
- Section 2. The title to all real and personal property purchased by the corporation shall be in the name of the corporation. The corporation shall not be liable for any of the debts of the Virginia Zeta Chapter, nor shall the Virginia Zeta Chapter be liable for the debts of the corporation.

ARTICLE VII.

- Section 1. These By-Laws may be amended by a three-fourths (3/4) vote of the directors present at any meeting of the Board of Directors called for that purpose.

ARTICLE VIII.

- Section 1. The rules of order contained in Robert=s Rules of Order, Revised shall govern the meetings of the Board of Directors unless otherwise provided by the By-Laws.

ARTICLE IX.

- Section 1. In the event of dissolution, the assets of the corporation shall, after payment of corporate debts, be conveyed to the Supreme Council, as directors of Sigma Alpha Epsilon Fraternity, a corporation organized and existing under the laws of the State of Illinois, to be used or held in trust as the Supreme

Council may see fit for the benefit of Virginia Zeta Chapter so long as it shall exist, and thereafter for the benefit of the Fraternity at large.

"EXAMPLE"

WASHINGTON CITY RHO ASSOCIATION, INC.

Sigma Alpha Epsilon

LEASE AGREEMENT

THIS AGREEMENT, made and executed this _____ day of _____, 19 __, by and between WASHINGTON CITY RHO ASSOCIATION, INC. as Lessor, and _____, as Lessee.

WITNESSED, that in consideration of the covenants and agreements contained herein, Lessor does hereby lease to Lessee, Room No. _____ in the Sigma Alpha Epsilon Fraternity House at 2034 G Street, NW, Washington, D.C., for the term of _____ months, commencing on the _____ day of _____, 19____, and ending at midnight on the _____ day of _____, 19____, at and for a total rental of \$_____ if paid in one installment, or \$_____ per month, if paid in equal monthly installments, the full or first monthly installment payable on the execution of this agreement and remaining installments payable in advance by check or money order on the first day of each ensuing month to the House Manager or to such other agent as Lessor may designate to receive payment.

AND LESSEE does hereby agree as follows:

1. To make the payments called for under this lease at the times stated above without any deduction whatsoever and without demand by Lessor.
2. To observe all House Rules of Lessor applicable to residents of the House and all rules or modifications of rules which may be made during the term of this agreement upon notice being duly given to Lessee. Lessee acknowledges receipt of the existing House Rules referred to in this paragraph.
3. To allow no other person to occupy said room nor to sublet said room nor assign his lease without prior consent of Lessor.
4. To make or permit no alteration of, or upon, any part of the leased room or the House and not to drive any nails or screws into, nor affix any posters or pictures upon the ceiling, walls, or woodwork, nor to apply any paint to any surface area, without prior consent of Lessor or its agent.
5. To install or permit to be installed in the leased premises any gas or electric cooking appliances anywhere in said premises without prior consent of Lessor.
6. To install or permit to be installed any refrigerator, air-conditioner, or space heating equipment anywhere in the leased room or the House without prior consent of Lessor on such terms as Lessor may prescribe.
7. To pay promptly for any damage to the House, or any parts thereof, or any equipment or furnishings therein, caused by the negligence of Lessee or his guests.
8. To deposit with Lessor on or before commencement of tenancy a sum of money which shall be the equivalent of one month's rent, which sum shall be held by Lessor with no obligation for interest as a Security Deposit which, at the termination of the lease, for whatever cause, Lessor may retain and apply as full or partial payment for: (a) damage to the house or any room or equipment therein other than such as may be caused by ordinary wear and tear; (b) damage by fire or other casualty resulting from the negligence of Lessee or his guests; (c) past due or unpaid rent owed Lessor; or (d) any or lesser obligation owed Washington City Rho Chapter of Sigma Alpha Epsilon Fraternity arising during the term of this lease agreement. The portion of said Security Deposit not so retained and applied shall be refunded to Lessee within 30 days following the termination of this lease agreement. In the event that this lease agreement shall be terminated prematurely by Lessee, all or part of the Security Deposit may be retained by Lessor as damages for loss of rent resulting from such premature termination and without prejudice to Lessor's rights regarding any other obligations of Lessee. The portion of said Security Deposit not so retained and applied shall be refunded to Lessee within 30 days after he has quit possession of the room leased hereunder.
9. To pay or have charged against the Security Deposit such reasonable amount as may be assessed by Lessor to restore the leased room to a rentable condition at the termination of this lease agreement, due consideration being given to normal wear and tear.

IT IS FURTHER AGREED BETWEEN THE PARTIES:

10. That Lessor shall have a lien on all property and effects of the Lessee upon the premises until all charges under this lease agreement shall have been paid.
11. That Lessor shall not be responsible for any property of Lessee which may be lost, damaged, or stolen, or for any loss thereof occasioned by fire, the elements, or other casualty.
12. That Lessor reserves the right for its authorized representatives to enter the room occupied by Lessee at any time for the establishment of order or the repair and maintenance of the premises or the inspection thereof.
13. That Lessor may terminate this lease agreement and take immediate possession of the room occupied by Lessee at any time on 24 hours= notice for violation by Lessee of any of the terms of this agreement, including default in rental payments by Lessee when and as such become due, or the violation of any house rules of Lessor, or law of the District of Columbia by Lessee.

IN TESTIMONY WHEREOF, the parties have duly executed this Lease Agreement.

WASHINGTON CITY RHO ASSOCIATION, INC.

By: _____
President

Treasurer

Parent/Guardian
(if Lessee is under 21 years of age)

"SAMPLE"
WASHINGTON CITY RHO ASSOCIATION, INC.
Sigma Alpha Epsilon Fraternity

HOUSE RULES

1. No hotplates or other cooking appliances are allowed in rooms.
2. Prepared meals must be eaten in the dining room, the kitchen or at the bar.
3. All dishes and cooking utensils are to be washed in the kitchen.
4. The use of the kitchen is a privilege authorized by the Kitchen Committee. Use of the kitchen may be revoked for infraction of Kitchen Rules.
5. Refrigerators, air-conditioners, and space heaters are permitted only on written consent of the Association. Their use may result in additional charges to be fixed by the Association.
6. Persons living in the house are responsible for the removal of their garbage and trash from the house to the outside receptacles.
7. No pets or water mattresses are allowed.
8. The possession of unregistered firearms or hand guns is prohibited.
9. The possession of explosives or gasoline in the house is prohibited.
10. No overnight guests in rooms are permitted without the approval of the House Manager or the E.A.
11. Each member of the Fraternity and resident of the house is personally responsible for the conduct of his guests.
12. The cleanliness and upkeep of the bathroom and halls on each floor are the individual responsibility of each resident on the floor.
13. Only the locks provided on room doors are to be used. No other locks, chains, etc., are to be used without the written consent of the Association.

14. The front and back doors of the house are to be kept locked at all times except on the occasion of Fraternity social functions. Each person living in the house shall be required to pay a \$5.00 key deposit.
15. All room and mailbox keys are to be returned to the House Manager at termination of the lease.
16. The parking facilities are the responsibility of the chapter. The following rules apply:
 - a) Parking rental is \$20.00 per month, payable to the E.A. or his designated agent.
 - b) Unauthorized cars will be either ticketed or towed away at the owner=s expense.
17. The first floor, basement, front yard and patio are the responsibility of the House Manager. They are to be kept neat and clean at all times. The House Manager is empowered to require assistance from residents in maintaining upkeep and may levy fines for failure to cooperate.
18. The color TV and stereo is the property of the house and may be used only with the permission of the House Manager and the E.A.
19. Self-adhesive carpet tiles or other adhesive floor coverings are prohibited.
20. All personal belongings are to be kept in the room. Large objects, such as footlockers, bicycles, bar bells, etc. may be stored elsewhere in the house with the permission of the House Manager.
21. Noise will be kept at a minimum after 12 midnight on week nights (except Friday). During the week (except Friday) the living room and dining room are to be used as study rooms. The bar room may be used by those desiring to play cards, watch TV, etc.
22. Fines may be levied by the E.A. and the House Manager for serious constant minor infractions of the House Rules. The Associations will enforce payment of fines by recourse to the Security Deposit under the lease agreement. Fines may be appealed to the Board of Directors of the Association within one week from the date of the fine, and all appeals will be acted upon by the Board at its next monthly meeting following the appeal.
23. The possession and/or use on Fraternity House premises of any drugs or narcotics, including marijuana, the possession of which or the use of which may subject the individual and/or the Association to criminal penalties under the laws of the United States or the District of Columbia, is prohibited and will constitute grounds for immediate termination of lease.

Effective: September 1, 1987

"SAMPLE"
RENTAL AGREEMENT

DEVOTIE HALL ASSOCIATION
AND
OHIO EPSILON CHAPTER OF
Sigma Alpha Epsilon

This is an Agreement, made and entered into this 1st day of September, 1983, between the undersigned House Corporation and the College Chapter representatives. The term of this Agreement is for a period of one (1) year, to be renewed annually. The parties agree as follows:

The House Corporation shall:

1. Rent the property at 2707 Clifton Avenue, Cincinnati, Ohio, to the Ohio Epsilon Chapter for the amount of \$26,000.00 per year, payable in ten (10) installments of \$1,600.00 each on the first of each month commencing September 1, 1983.
2. Pay all property taxes and assessment.
3. Carry adequate insurance on the property including both house and contents for fire with extended coverage; lighting, boiler, malicious mischief, public liability, and use and occupancy, and pay all premiums for same.
4. Assume all responsibility for repairs and replacement when such repairs and replacements are not caused by carelessness on the part of the users, nor will it pay for plumbing bills due to careless use of plumbing fixtures or any replacement or repairs, normally the obligation of the tenant, such as electric light bulbs, window shades and windows.
5. Present special rules regarding house maintenance which the College Chapter shall enforce.

The College Chapter shall:

1. Pay rent in the amount of \$16,000 per year, payable in ten (10) monthly installments of \$1,600.00 each on the first of each month commencing September 1, 1983.
2. Take every precaution to keep the furnishings and property in good repair; abide by the house rules set by the College, the Chapter and the House Corporation; and maintain fraternity standards under the direction of advisors. If, through carelessness, damage is done to the house or furnishings, the Chapter shall report the damage to the House Corporation and pay all expenses or repairs. (Refer to paragraph 15.)
3. Pay all gas, electricity and water bills.

4. Be responsible for the general upkeep of the house, including the washing of windows and the cleaning and waxing of floors.
5. Furnish all bed linen, towels, kitchen utensils, minor household appliances, china, silver and glass -- that is, all things which are for personal use, convenience, or pleasure of the tenant, the Ohio Epsilon Chapter of Sigma Alpha Epsilon.
6. Assume responsibility for current upkeep, including cutting the grass, cleaning walks of snow, raking leaves, etc. Major repairs on the lot shall be agreed upon between the Corporation and the Chapter.
7. Submit requests and suggestions for repairs and replacements, additional equipment and changes desired by the Ohio Epsilon Chapter to the Board of Trustees of the Corporation *in writing* by the Ohio Epsilon House Manager, countersigned by the Chapter President. Requests for major repairs (i.e., more than \$500.00) which must be done during vacation must be made no later than June 20.
8. Operate under a chapter budget which will cover the cost of operating the house, provide for payments specified in paragraphs 1 and 7 under Chapter Obligations, and a safe margin of profit.
9. Under no conditions is anyone permitted to climb, walk or otherwise be on any of the slate covered areas of the roof. Furthermore, the placing of any signs, banners, etc. on the roof, is prohibited.
10. Under no conditions is anyone permitted on the roof of the new addition (Kress Memorial Library).
11. Use only the following fireplaces as wood burning fireplaces:
 - 1) The main Living Room
 - 2) The Solarium adjacent to the Living Room
 - 3) The House Mother=s ApartmentAll other fireplaces must not be used for burning wood fires or the equivalent.
12. Attic (rat=s nest) -- per the City of Cincinnati Building Code -- permit no one to occupy (temporarily or permanently) this area of the house at any time. Door is to be kept locked.
13. Sub-basement (boiler room) -- per City of Cincinnati Building Code -- permit no one to occupy or assemble in this area at any time. Any materials stored in this area must be of a non-combustible material.
14. No alterations to any electrical service within the house shall be made without first obtaining approval from a Board member of the DeVotie Hall House Corporation.

15. Follow procedure for handling physical damage to any part of the lodge facilities by any member of the active chapter (a chapter member is responsible for his guests). This offense will be considered as one of Aconduct prejudicial to good order and discipline, or unbecoming a true gentleman@ according to the Fraternity Laws of Sigma Alpha Epsilon. The Vice President of the active chapter will immediately initiate an investigation and trial proceedings against the brother(s) involved, abiding by the Procedure, Penalties and Appeals. In addition to the above, it is the responsibility of the E.A., or his designated representative, to immediately notify the President of the DeVotie Hall Association, or a Board member in his absence, of the nature of the damages. The repairs will then be made by professional draftsmen, as designated by the Board members of DeVotie Hall Association, and all expense for the repairs will be an obligation of the active chapter, due and payable.
16. Post this lease in the Chapter Hall.

It is suggested the above items be a part of the Active Chapter=s By-Laws so they are familiar to members of the active chapter at all times.

President, DeVotie Hall Association
Sigma Alpha Epsilon

President, Ohio Epsilon of

Treasurer, DeVotie Hall Association
Sigma Alpha Epsilon

Treasurer, Ohio Epsilon of

Sigma Alpha Epsilon
SELF-INSPECTION FORM

IMPORTANT: *The owner or occupant of a building is in a better position to discover and correct conditions which exist or may develop in the property. This Self-Inspection Form is intended to assist in alerting the occupants to possible problems and is not intended as a complete comprehensive survey. Self-inspections are to be made semi-annually and retained in files.*

INSTRUCTIONS: Please circle your AYES@ or ANO@ answer to each question or circle ANA@ if the question does ANOT APPLY.@ All ANO@ answer indicate unsatisfactory conditions requiring attention, and a comment on each such item should be made on the reverse side showing actions taken to correct the condition.

CHAPTER	NAME OF HOUSE CORP.
LOCATION OF PROPERTY (Street, City, State)	

1. Are the following locations kept free of rubbish, waste paper, old furniture, etc.?
 Basement & Boiler Rooms: YES NO NA
 Utility & Storage Rooms: YES NO NA
2. Are highly inflammable cleaning supplies, gasoline or oils kept in approved safety cans?
 YES NO NA
3. Are self-closing metal cans provided for storage of oil or paint soaked rags? YES NO NA
4. Are the spaces beneath stairs kept free from accumulations or storage of any material?
 YES NO NA
5. Are paint solvents safely stored in approved safety cans? YES NO NA

HEATING

6. Has heating equipment been thoroughly inspected by a qualified serviceman within the past year?
 YES NO NA

- 7. Have chimneys and flues been inspected and checked by a competent service firm?
YES NO NA
- 8. Are portable oil heaters prohibited?
YES NO NA
- 9. Are fireplaces provided with screens?
YES NO NA
- 10. Are automatic controls on clothes dryers in good working order?
YES NO NA
- 11. Is the lint collector from clothes dryer cleaned regularly?
YES NO NA
- 12. Are all electric laundry devices properly grounded?
YES NO NA

EXTINGUISHERS

- 13. Do all extinguishers bear a label with latest inspection or recharge date?
YES NO NA
- 14. Are residents trained in use of extinguishers?
YES NO NA

FIRE DOORS & ELECTRICITY

- 15. Are automatic fire doors kept in operating conditions?
YES NO NA
- 16. Are all other doors kept closed to prevent spread of fire?
YES NO NA
- 17. If any fuses or circuit breakers require frequent replacement or restoring, have these circuits been checked by a competent electrician for overloading?
YES NO NA
- 18. Are all panel boards, switch and fuse cabinets clean?
YES NO NA
- 19. Are all electric heating (or heated) appliances equipped with properly working pilot lights?
YES NO NA
- 20. Are extension cords, fixtures and outlets in good condition? YES NO NA

FIRE PREVENTION & EVACUATION PLAN

- 21. Are residents trained in the importance of turning in an alarm immediately, before attempting to extinguish a fire?
YES NO NA
- 22. Is an emergency evacuation plan posted on each floor? YES NO NA
- 23. Are smoke detectors provided in hallways and sleeping rooms? YES NO NA
- 24. Are fire drills conducted at least semi-annually?
YES NO NA

25. Are all sprinkler control valves and gauges sealed in open position? YES NO NA
26. Are all valves and gauges checked weekly?
YES NO NA
27. Are kitchen range ventilating hoods, filters and ducts kept free of grease accumulations by frequent cleaning?
YES NO NA
28. Is there an extinguisher approved for grease fire located in the kitchen?
YES NO NA
29. Are refrigeration motors and cooling coils clean?
YES NO NA
30. Is an automatic extinguisher system provided for all exposed cooking surfaces, deep fat fryers, exposed broilers, grills, stove surfaces, hoods and ducts?
YES NO NA
31. Are all cooking fats and oils stored away from cooking equipment?
YES NO NA

"SAMPLE"

**LIVING IN
MINNESOTA ALPHA
OF**

Sigma Alpha Epsilon

**AT THE
UNIVERSITY OF MINNESOTA**



POLICIES

OF THE

**HOUSE CORPORATION
OF THE**

MINNESOTA ALPHA ASSOCIATION

OF

Sigma Alpha Epsilon



"SAMPLE"

TABLE OF CONTENTS

CONTENTS	PAGE
Article I: Introduction.....	100
Article II: Contract Periods.....	102
Article V: Provisions for the Use of Sleeping Rooms.....	103
Article VI: Fire or Emergency Procedures.....	105
Article VII: Security Procedures.....	106
Article VIII: Energy/Utility Conservation.....	107

ARTICLE I INTRODUCTION

Before applying, read this entire booklet. Many rules and procedures have changed. This application-contract booklet is a part of the contract. It is a legally binding document. Once you have signed a contract, it is your responsibility to know all the information contained herein.

Misunderstanding or misinterpretation could possibly result in the loss or forfeiture of your deposit. By taking the time to read this document, you can avoid unnecessary expense.

The live-in contract comprises all information herein, the Fraternity Laws, Chapter By-Laws, and the actual signed contract. These documents define the responsibilities and expectations of both the contracting renting member (a.k.a. Renter) and the Minnesota Alpha Association House Corporation (a.k.a. House Corp.) and the Chapter House (a.k.a. the House). The House is owned by the living alumni of Minnesota Alpha Chapter of Sigma Alpha Epsilon. The alumni make up an association which, once a year, meets (Founders Day), elects a Board of Directors to establish policy, carry out the administrative duties, determine capital improvements, oversee upkeep and maintenance and all items necessary to operate the House in a prudent businesslike manner.

The undergraduate chapter in turn rents the House from the association on a quarterly basis. This relationship closely resembles to that of a tenant and a landlord.

It is the intent of the House Corp. to comply with all state, city, university and approved student housing laws. Although some might appear to be far reaching, these will be enforced for the good of the organization and its preservation. The personal health and safety of each renter is of primary importance.

The Σ AE organization functions on two levels, alumni and undergraduate. This requires cooperation in all areas written and understood, of financial, fire and emergency procedures, security procedures, energy/utility conservation as well as live-in rules. This function is not only between alumni and undergraduates but between undergraduate and undergraduate.

To the greatest degree possible, the House Corp. strives to provide and maintain all mechanical and physical facilities necessary for personal health and safety and in keeping with the highest standards attainable.

With that in mind, direct or indirect abuses of any facility will not be tolerated. Charges will be made resulting from abuse, intentional or unintentional, and to the greatest degree possible.

Your cooperation in detecting and controlling such abuses or hazards as well as general cleanliness are viewed as a condition of your membership. If you see and inability to correct a situation in the undergraduate level you are urged to inform a House Corp. member at your earliest possible opportunity so such action may take place to resolve the matter.

The House Corp. reserves the right to promptly take whatever action is necessary to correct a situation for the betterment and preservation of the organization, including terminating a contract if it sees fit.

Questions or concerns may be brought to the House Corp. Board meeting by any member of the Chapter or its alumni. The Board welcomes participation from concerned individuals.

ARTICLE II CONTRACT PERIODS

Exact dates will be noted in the submitted written contract. Generally speaking, the dates are recognized as:

Fall Quarter: One day prior to the start of formal rush to the last day of finals in December.

Winter Quarter: One day prior to the beginning of the recognized start of the academic winter quarter to the last day of finals.

Spring Quarter: One day prior to the beginning of the recognized start of the academic spring quarter to the last day of finals.

The long historical pattern of very low quarterly break occupancy coupled with the significant inefficiencies involved with keeping a large virtually empty building open has led to some policy review. With payroll energy costs, utilities problems of day-to-day maintenance, etc. especially during December, it appears to not be very prudent particularly from a financial standpoint to continue these aspects for the convenience and benefit of an abnormally small number of members.

So plans should be made well in advance to arrange for other housing during the quarterly breaks. Contracts are by the academic quarter not by the month, hence, are budgeted for, on the same basis.

ARTICLE III

PROVISIONS FOR THE USE OF SLEEPING ROOMS

Each room is provided with a dresser, bunk bed, mattress and mounted bookshelf standards, all in good condition. No alterations may be made to these items.

Room selection is by pin number. All rooms should be selected on the basis of what the room looks like at the time a choice is made, where is and as is.

No one may change wall covering or paint in any room under any condition unless written approval is granted by the House Corp. Failure to comply with this will result in the loss of deposit by those occupying the room.

No individual is permitted to nail anything into any wall anywhere in the building. This includes *doors, walls, windows, floors*, etc. Tape may be used and must be removed at the end of the rental period. Hooks with tape mounts may be used. The House Manager can tell you where to get them. Failure to comply will result in the loss of deposit by those living in said room.

No electrical, heating, mechanical system, etc. is to be touched, taken apart or tampered with. Should a problem develop, the House Manager should be notified. Should the problem not be resolved in a timely fashion, the House Corp. should be notified so repairs can be arranged.

No cooking elements of any type including popcorn poppers, coffee pots, reflector ovens, etc. are permitted in any room in the building except in the kitchen and dining room, pantry, serving area. **THIS IS A STATE FIRE CODE LAW!!** This will be strictly enforced by the Chapter. There will be no exceptions.

The use of any form of space heater is not permissible anywhere in the building. Fires or damages resulting from their use exempt our insurance coverage. Any heater unit found any time in the building will be taken from the building immediately upon its detection. Any heating or mechanical problem should be reported to the House Manager at once so repairs can be made. If they are not made in a timely fashion by contacting the House Corp.

NOTE: Some rooms in the building are by location colder than others. This is particularly true of third floor eastern rooms. If you are averse to cold, do not select a third floor room. May you be forewarned.

All furniture built or brought into the building must appear, by common prudent man standards, to be singularly free standing and movable. No items may touch, in any way, shape or form, any wall surface within the room. For clarity, this includes lofts, bunk beds, partitions, bookshelves or other structures. Anything built and not removed upon leaving becomes the property of the House Corp. to do with as they see fit. In any case, any constructed items in sleeping rooms must be removed and the room returned to its original condition. Failure to do this will result in the

loss of the deposit by the occupants. The House Corp. must comply with student housing fire and safety codes.

Carpeting in rooms is to be left in the room. If, after receiving House Corp. approval, one chooses to replace carpeting, that carpeting remains as a permanent fixture in the room and cannot be removed. Failure to comply will result in loss of deposit.

Each room is provided with four removable glass windows and one screen all in good repair. Failure to leave room with the same will result in loss of deposit.

The interiors of the closets are to remain as is. Any changes will result in the loss of deposit.

Loss of deposits because of damages or failure to comply with any of these items in any given room will be divided equally between the roommates living within the room during the school year. It will be up to the roommates to work out differences.

Upon departure every room should have two complete bed frames assembled, mattresses, and the floor vacuumed, walls, cleaned, windows cleaned. All trash should be carried downstairs and the bathrooms clean and neat. Failure to comply will result in loss of deposit.

ARTICLE IV

FIRE OR EMERGENCY PROCEDURES

Although there has never been a fire in the building, one must accept the reality that there could be one. Every effort is made to deter any possible danger and equipment is provided beyond what is required by law. To continue to ensure the point, the building has an unobstructed rear fire tower, 1 2 hour fire rated door (which must be kept closed in order to function), smoke detectors, fire extinguishers on every landing of the fire tower and emergency lighting.

These simple guidelines should be made known to all persons living in the building:

1. There is a clearly marked illuminated EXIT sign marking the entrance to the fire tower (back stairwell) on every floor. This tower provides a non-combustible, unobstructed exit to ensure easy, prompt escape from the building in case of emergency.
2. If the building must be cleared in time of emergency, leave quickly, making sure those around you are alerted to the fire. The Chapter President should notify proper authorities.
3. Assemble quickly on the front porch of Luther Hall immediately upon leaving the building. Give your name to the Vice President so that he may account for you. Remain there until everyone is accounted for. This is extremely important. It could save a life. The President, meanwhile, coordinates with officials the location of missing individuals.

4. Do not re-enter the building for anything or for any reason until proper authorization is granted.
5. Fire extinguishers are mounted in readily accessible locations on every level of the fire tower. They are for your well-being and are not toys.
6. Each floor level has properly coded Honeywell smoke detectors. These were installed at great expense for your safety and not to be treated as toys.
7. Each floor level of the fire tower is equipped with a three-hour fire-rated door. These doors have closets on them and are to be left closed at all times. They are never to be left open. If they are propped or wired open, this defeats the purpose of which they were intended.

ARTICLE V

SECURITY PROCEDURES

Thefts have increased in all types of buildings, and fraternities which are obvious targets are no exceptions. Most of these losses are usually caused by carelessness and/or the lack of proper security. Although ΣAE has experienced very few problems, most can be avoided by following a few basic common sense practices, some of which are:

1. During the day when generally no one is around, keep the building locked. Key cards will be provided for each person living in. Needless to say, after dark, keep the building locked and keep the basement windows closed.
2. Keep all cash, checkbooks, credit cards, valuables, etc. out of sight and out of temptation.
3. Do not allow strangers to go unescorted throughout the building in search of someone.
4. Report any unusual activities or suspicious persons to the president as soon as possible.
5. Make certain all outside lights on the building are on and bulbs are replaced when needed.
6. Lock all bikes, even those in the building.
7. As any individual leaves the building, check to see that doors are closed tightly.
8. ΣAE is not responsible for the theft, destruction, or loss of any member=s money, personal belongings or auto under any circumstances. ΣAE urges you to carry your own personal property insurance.

ARTICLE VI

ENERGY/UTILITY CONSERVATION

ΣAE is operating in an attempt to substantially reduce energy/utility consumption in the building. This will in turn help reduce expenses in these areas which will affect future members= bills. In order to accomplish this goal, we earnestly request your assistance. Some of the following suggestions may appear to provide only minor reductions. However, when each reduction is applied, the total can make a significant contribution to energy/utility conservation.

So please . . .

- ⌘ Turn off all lights when they are not needed.
- ⌘ Pull drapes to maintain room temperature.
- ⌘ Turn heating down in your room when you and your roommate will be gone for a period of time, i.e., weekends, holidays, vacations.
- ⌘ Be sure water faucets are completely turned off.
- ⌘ Avoid standing with a door open while talking to someone outside.
- ⌘ At all times when heat is on, **please** keep both sets of windows (inner and outer) closed tightly and make sure windows are in the correct locking position.

DATA STORAGE CHECKLIST

ORGANIZATION:

- ☐ Officers and Directors (Names, addresses & telephone)
- ☐ Fraternity Laws of Sigma Alpha Epsilon
- ☐ Articles of Incorporation
- ☐ By-Laws of the House Corporation
- ☐ IRS Letter of Determination
- ☐ Minutes of Annual Meetings and Directors= Meetings
- ☐ _____
- ☐ _____

INSURANCE:

- ☐ Liability Policy
- ☐ Building & Personal Property Policy
- ☐ Worker=s Compensation Policy
- ☐ Employee Health and Life Insurance Policy
- ☐ Fidelity Insurance
- ☐ _____
- ☐ _____

PROPERTY DATA:

- ☐ Deeds
- ☐ Mortgages
- ☐ Other Loans
- ☐ Appraisals
- ☐ _____
- ☐ _____

REPORTING REQUIREMENTS:

- ☐ IRS Form 990
- ☐ Annual Report to the Secretary of State
- ☐ Real Estate & Building Report
- ☐ Notice and receipt for payment of state and local property taxes
- ☐ _____
- ☐ _____

HOUSE CORPORATION: FINANCIAL OPERATIONS

«« House Corporation Budget

«« Financial Reports to the Board of Directors

««

««
