

# The Seven Habits of Highly Successful House Corporations

*by Matt Noble, President, Fraternity Management Group and initiate of Kappa Sigma Fraternity*

## 1. Operate Like a Business

- ◆ File for incorporation under local and state laws.
- ◆ Communicate and stay involved with University House Corporation committees and your National House Corporation where applicable.
- ◆ Conduct regular meetings, quarterly for the entire board, monthly for the executive committee with regular communication via phone calls and emails.
- ◆ Prepare written reports for all meetings and mail an annual report to all appropriate stake holders including the undergraduate chapter and key alumni members.
- ◆ Conduct monthly property inspections for both facility cleanliness and maintenance in conjunction with the undergraduate house manager and president.
- ◆ Prepare and follow an annual budget, as well as a five-year finance and expenditure plan.
- ◆ File all government reports required of non-profit incorporated entities.
- ◆ Outsource critical functions (i.e. financial audit, website development) and review all expenses annually to determine where costs and revenues can be adjusted.
- ◆ Develop a well-balanced board of directors and executive committee, relative to age, experience and background.
- ◆ Coordinate with the alumni membership and undergraduates to ensure that an effective alumni relations program is in place.
- ◆ Have a check-in and check-out procedure for member suites and a minimum of annual professional cleanings.

## 2. Execute a Lease/Use Agreement

- ◆ Specify the amount of rent for each pay period (i.e. monthly, semester, or annually).
- ◆ Outline roles and responsibilities of the individual member, chapter, and house corporation (include rent, kitchen use, reserve fund, security deposits and fees associated with members not living in the facility).
- ◆ Have a set of house rules and policies (i.e. alcohol/substance free and no smoking).
- ◆ Specify the right of the House Corporation to terminate the agreement and serve notice of eviction for tenants not meeting expectations of agreement.
- ◆ Require the chapter to obtain written housing contracts for all tenants with security deposits on an annual basis.

## 3. Charge Fair Market Rent

- ◆ Charge fair market rent based on apartments, dorms, and other fraternities within the locality of the facility; research these numbers every two years. If your facility is among the best on campus, your rent should be among the highest, yet comparable.
- ◆ Rent should cover all facility related expenses and uses for tenants.
- ◆ Involve the undergraduates in the review of fair market values and establishment of rent.

## 4. Establish a Maintenance Reserve Fund

- ◆ Establish and fund maintenance and replacement reserve, rule of thumb is 10 percent of gross revenues.
- ◆ Complete a maintenance reserve analysis at a minimum of every five years.
- ◆ Complete maintenance and replacement improvement projects every summer, with the ability to perform similar improvements during the winter break periods.



*Left: Architectural rendering of Kappa Sigma Fraternity at the University of Denver*

#### **5. Reduce the Debt**

- ◆ Rule of thumb is \$10,000 per bed, but may be higher or lower depending on revenue sources and locality.
- ◆ Continue to charge fair market rent even when debt is paid off.

#### **6. Fill the House**

- ◆ Require that the chapter pay full rent, regardless if every bed is rented or not. Set the line in the sand and stick to it.
- ◆ Require the chapter to follow a priority point system which will be used for room selection and immediate move-in if the house is not at capacity.
- ◆ Close the house in the summer unless it is marketable for the students attending school during the summer periods or the facility plays a significant role in recruitment.

#### **7. Develop a Sense of Ownership in the Undergraduates**

- ◆ Allow undergraduates to participate in discussion process of the corporation, inviting key chapter leaders to attend quarterly board meetings.
- ◆ Solicit recommendations and identified needs of the undergraduates to better provide a facility that will be competitive in amenities and offerings.
- ◆ Speak at a chapter meeting once per semester, introducing the functions of the house corporation, executive committee directors, and key goals for the semester, year or beyond.

*Since 1987, Fraternity Management Group (FMG) has worked with fraternity and sorority staff, undergraduates, alumni and volunteers. FMG is your source for alumni and parent relations programs, feasibility study & capital campaigns, and web-based information management systems. Further information can be found online at [www.FMGTucson.com](http://www.FMGTucson.com) and by contacting Matt Noble at 1-800-228-7326 or [matt@fmgucson.com](mailto:matt@fmgucson.com).*

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