



Fraternity PAC and the Collegiate Housing and Infrastructure Act

Kevin O'Neil, President of the Fraternity & Sorority Political Action Committee and initiate of Lambda Chi Alpha Fraternity



The Fraternity & Sorority Political Action Committee (PAC) was formed in March of 2005, so Greeks could work together to fund candidates for federal office who support policy initiatives that sustain and improve the fraternal experience.

The PAC proves that Greeks nationwide care enough about our issues to aid the election of candidates who will support our agenda. Having a visible and effective PAC provides tremendous credibility to the Greek cause in Washington.

Why should Greek alumnae/alumni volunteers nationwide care about the PAC?

- ★ We are working to keep the approximately 155 Greek Senators and Members of Congress in office and to build relationships with the innumerable other policymakers in Congress who have had positive interactions with the Greek system.
- ★ In just our first two years of operations (2005-06), Fraternity & Sorority PAC raised \$310,311 from less than 500 donors nationwide. We are already the largest federal PAC focused solely on higher education or representing the interests of college students.
- ★ Almost 90% of the 99 candidates the PAC contributed to in the 2006 election cycle are members of the new 110th Congress. The PAC is bipartisan in distributing funding candidates for office.
- ★ Several of the Greek candidates we supported won narrow victories of 51% or less, and the PAC's financial support was critical to helping them win.
- ★ There will be a record number of NPC alumnae serving in Congress thanks in part to the support provided by Fraternity & Sorority PAC.
- ★ Members of 62 different fraternities and sororities contributed to the PAC this cycle.

With almost 7 million Greek alumnae/alumni nationwide, the PAC's future is limitless if we can get the support of more Greeks nationwide. The PAC has a goal of raising \$400,000 for the 2007-08 election cycle.

If you care about student issues like tax parity for fraternity housing, freedom of association on campus, fire safety, substance abuse programming or other issues that impact today's Greek students, we are their voice in the political process.

We need your support this cycle to achieve our goals. Please visit our website at www.fratpac.org to learn more about us or become a contributor today.

Paid for by Fraternity & Sorority PAC, P.O. Box 50731, Washington D.C. 20091-0731, and not authorized by any candidate or candidate committee.

Collegiate Housing and Infrastructure Act of 2007

To amend the Internal Revenue Code of 1986 to provide for collegiate housing and infrastructure grants.

Introduced in the House of Representatives by Rep. Stephanie Tubbs Jones (OH) and Rep. Paul Jones (WI) on January 23, 2007

BILL

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled:

Section 1: Short Title

This Act may be cited as the Collegiate Housing and Infrastructure Act of 2007.

Section 2: Charitable Organizations Permitted to Make Collegiate Housing and Infrastructure Grants

(a) Section 501 of the Internal Revenue Code of 1986 (relating to exemption from tax on corporations, certain trusts, etc.) is amended by re-designating subsection (r) as subsection (s) and by inserting after subsection (q) the following new subsection:

(r) Treatment of Organizations Making Collegiate Housing and Infrastructure Improvement Grants

1. **In General:** For purposes of subsection (c)(3) and sections 170(c)(2)(B), 2055(a)(2), and 2522(a)(2), an organization shall not fail to be treated as organized and operated exclusively for charitable or educational purposes solely because such organization makes collegiate housing and infrastructure grants to an organization described in subsection (c)(7), so long as, at the time of the grant, substantially all of the active members of the recipient organization are full-time students at the college or university with which such recipient organization is associated.
2. **Housing and Infrastructure Grants:** For purposes of paragraph (1), collegiate housing and infrastructure grants are grants to provide, improve, operate, or maintain collegiate housing that may involve more than incidental social, recreational, or private purposes, so long as such grants are for purposes that would be permissible for a dormitory of the college or university referred to in paragraph (1). A grant shall not be treated as a collegiate housing and infrastructure grant for purposes of paragraph (1) to the extent that such grant is used to provide physical fitness equipment.
3. **Grants to Certain Organizations Holding Title to Property:** For purposes of this subsection, a collegiate housing and infrastructure grant to an organization described in subsection (c)(2) or (c)(7) holding title to property exclusively for the benefit of an organization described in subsection (c)(7) shall be considered a grant to the organization described in subsection (c)(7) for whose benefit such property is held.

(b) The amendment made by this section shall apply to grants made in taxable years ending after the date of the enactment of this Act.

Properly Insuring against the Law & Ordinance Exposure

By Ned Kirklin, Managing Director, HRH/Kirklin & Co, LLC and initiate of Kappa Sigma Fraternity with contributions from Adjusters International and Paul O. Dudey, CPCU

As a volunteer for a house corporation, shock comes in learning and dealing with a significant property loss to the chapter property. An additional shock comes when you learn the property insurance policy purchased from a local agent contains an “Ordinance or Law” exclusion in the policy. Despite insuring the building limit at a sufficient reconstruction cost, the exclusion will likely prevent a full recovery of the cost which will be incurred to reconstruct the building.

The Ordinance or Law Exclusion found in the common industry property policy states that the insurer will not pay for loss or damage caused directly or indirectly by:

“The enforcement of any ordinance or law:

- i. Regulating the construction, use or repair of any property; or
- ii. Requiring the tearing down of any property, including the cost of removing its debris.”

With building codes continually changing requiring items such as new or improved fire sprinkler systems, better electrical wiring and handicap accessibility; even buildings constructed in the past 10 years can have material Ordinance or Law exposures.



The exclusion found in the common property policy can produce three distinct and separate areas of uninsured loss:

- a. Loss of the value of the undamaged portion of a building when the building must be torn down due to building damage exceeding a percentage specified under the code (50, 60 or 75 percent is typical).
- b. Cost of demolition and removal of the debris of undamaged portions of the structure that must be torn down or modified. Under this area of exposure, it is important to distinguish between

debris of damaged property commonly covered under the basic property policy and debris of undamaged property commonly excluded.

- c. Increased cost of reconstruction – the added cost to repair or rebuild in accordance with the current code. Examples include installing a fire sprinkler system or other fire protection equipment in a previously unprotected building. This exposure can also include the need to rebuild with a heavier class of construction or redesigning the facility to meet earthquake or hurricane resistant standards.



The good news is that the Fraternal Property Management Association (FPMA) sponsored property program underwritten by RSUI Indemnity Company, rated A (XI) by AM Best & Company provides protection for Ordinance & Law exposures. Coverage provided for every insured facility at no additional cost is;

1. Loss of the value of the undamaged portion of the building – full building limit is provided.
2. Demolition & Increased Cost of Construction \$250,000 combined limit per occurrence.

FPMA works to provide a comprehensive property insurance program for all participating locations. The Law & Ordinance Coverage outlined above is provided at no additional cost but it must be understood that building ordinance exposures can differ greatly depending upon the age of your facility and the municipality in which the facility is located. Some municipalities require facility updating regardless of whether or not a renovation is undertaken or a property loss is incurred. While other municipalities allow all upgrade requirements to be “grandfathered” until the time of a major renovation or property loss.

If a property owner (i.e. house corporation) believes the \$250,000 limit outlined above for Demolition & Increased Cost of Construction is not sufficient, a request for an additional limit of coverage may be made.

Please contact your respective Account Executive at HRH/Kirklin & Co, LLC for further information by phone at 1-800-736-4327 or visit us online at www.kirklin.com



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Being Prepared-Creating a Business Personal Property Inventory

Rich Jungman, Vice President-Client Service and Operations, HRH/Kirklin & Co., LLC
and initiate of Phi Sigma Kappa Fraternity

There are several lessons to be learned after a loss to a chapter property occurs. These lessons can be stressful and may create financial havoc for your chapter. Many fraternity housing entities have learned the stress associated with the documentation needed for a business personal property claim and the unfortunate financial impact of being underinsured.



Taking the time to develop a Business Personal Property Inventory can help avoid such stress from happening to you and your chapter.

An inventory of the House Corporation's Business Personal Property primarily assists in two ways:

1. *It is a tool to properly assess the House Corporation's needs regarding insurance for Business Personal Property. After you have completed an inventory, and identified the accumulated costs to replace the listed items, compare the figure to the current limit purchased under the House Corporation's Commercial Property Insurance Policy.*
2. *If a loss should occur, items documented within the inventory will be a significant time saver when settling the claim with the insurance adjuster.*

A few helpful tips can make completing a comprehensive inventory easier and more accurate.

A. Create your inventory room by room

Breaking any large project down into components is a key to it being completed timely and accurately. By completing the inventory room by room the chances items are missed is reduced; resulting in a more accurate, detailed inventory.

B. Provide specifics and detail

It is important to provide specifics within the inventory and describe the property in detail. Where applicable, provide the make, model number, serial number, date of purchase and where the item was purchased.

With detailed records, you will be assured if a loss happens; the property will be replaced with an equivalent, kind and quality. It will also be helpful when determining the appropriate replacement value of the House Corporation's contents for insuring purposes.

C. Use today's technologies to your advantage

- i. *Retain receipts:* For significant purchases, it is recommended receipts be retained. In today's digital age, receipts can easily, quickly and efficiently be retained by scanning them and saving them as PDF files or other images.
- ii. *Keep visual records in addition to the inventory:* Photograph or video tape necessary items. Be sure to properly label each item in a photograph or video. While you might be the one documenting the House Corporation's Business Personal Property, you might not be the one using it to provide documentation necessary to settle a claim.
- iii. *Secure the inventory and records:* Once you have completed the necessary steps, save the records in a safe place. It is also recommended, more than one person on the House Corporation Board retain copies.



Make sure to update the chapter inventory annually. The hard work is getting the initial inventory done, but it does not stop there. Take the time prior to each year's renewal to update your inventory. Remove items which are no longer owned or worth insuring and make sure recent purchases have been added.

A sample Business Personal Property Inventory worksheet is available for downloading at www.kirklin.com under the Risk Management Educational Resources section of the website.

Fighting Fire with a Safe Chapter Facility

According to the USFA (United States Fire Administration), an estimated 150 fires will occur in fraternity and sorority facilities this year. These fires are estimated to be responsible for 10 fatalities and \$2.1 million in property loss.

Amid the increased efforts in fire safety education, we are quickly reminded of the two fatalities occurring in fraternity fires in the fall of 2006 and the 94 campus-related fire fatalities since 2000.

Statistics from the Center for Campus Safety indicate that an average of 16 student housing fire fatalities have occurred each year from 2000 to 2006.

Simple action can be taken to prevent the possible onset and exposure to fire and hazardous situations.

Danger Items to limit and restrict within chapter facilities include:

Candles

In 2006, 38.5% of candle fires started in the bedroom, resulting in 30% of associated deaths according to the National Fire Prevention Association (NFPA).

Space Heaters

The NFPA reports that nearly 70% of home heating fires and deaths in 2002 were attributed to portable or fixed space heaters.

Halogen Lights

The US Consumer Product Safety Commission (CPSC) has issued a warning advising on the excessive temperatures of halogen bulbs.

Smoking

According to the NFPA, smoking materials (i.e. cigarettes, cigars, pipes, etc.) are the leading cause of fire deaths in the United States. Roughly 25% of all fire deaths in 2002 were attributed to smoking materials.

Extension Cords

The CPSC reports that an estimated 4,700 fires and 50 fatalities result from extension cords each year.

In addition to these key items, safe facilities will (1) properly store all combustible items; (2) have kitchen areas which meet all fire & health safety requirements; (3) assure laundry dryers receive regular maintenance and repair.

Without question, simple steps can be taken to prevent the outbreak of fire within chapter facilities and avoid a potentially fatal or costly accident. Simple education and awareness as well as proper maintenance, repair and updating of chapter facilities will help prevent a loss.



A fraternity fire took the life of one student and severely injured three others in November of 2006

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Your contact information will remain confidential and will not be solicited or provided to additional vendors or producers.

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What is FPMA

- *An association developed to support fraternity volunteers adequately manage chapter properties through education on risk awareness and facility care*
- *Providing a comprehensive and competitive Property and Boiler & Machinery insurance program to protect the physical plant of the association participants*

Need a quote?

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