

FPMA News

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Student Housing Today...

Are Greeks Staying Competitive?

by Andrew Pitts, Treanor Architects, P. A.

Talk to anyone about student housing and they will conjure up images of loud music, burnt popcorn, pizza delivery and late night studies. However, it still is a business – one with demanding buyers, heavy competition and constant change. Just as in every other business in America, Greek Housing cannot afford to ignore the market which surrounds it. The student housing market is seeing significant trend changes due to demographics and technological advances. With these changes in front of us, it is imperative to stay current, fiscally savvy and on top of the game.

Current State of Greek Houses...

How does your house stack up to the competition? Even though we may have great curb appeal and the interior of our house looks well kept, we are not meeting the growing needs of today's students and lack the amenities students' desire. Additionally, a large section of the Greek community is fighting growing deferred maintenance, building code violations, and fire and life safety deficiencies.

What are the problems?

Security:

Too many times we will return from Spring Break and hear that XYZ house was broken into and thousands of dollars of items have been stolen. *How do we prevent this?* It is the sense of security; if a facility looks secure then it is perceived as secure. Facilities need to control the landscape against the house and improve or replace the lighting around the facility. Facilities can also provide hardware that will allow for control and monitoring. A card access system on the main entry doors can control and monitor who is entering the facility, block entry during specific times (spring break, summer, etc.) and allows for easy removal of a member should that be necessary.



Mechanical, Electrical and Plumbing Systems:

Comfort of the space is equally important as control of the space. Too many of our current facilities are hot on one side and cold on the other. Providing mechanical systems that allow the students some level of control should be incorporated into a facility. Electrical requirements are of critical concern as well. On average a student brings over 15 items to "plug-in". Facilities should be provided with an abundance of receptacles, adequate primary service, and room for expansion.



Life Safety Improvements:

Another trend is the installation of fire sprinkler and life-safety

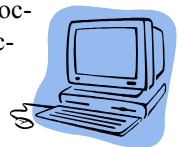
systems. On average there are over a 140 "reported" fires in Greek houses. The National Fire Protection Association estimates that two-thirds of fires go unreported. Sprinklers typically reduce the risk of a fire fatality and reduce the average property loss by one-half to two-thirds.¹



In addition many municipalities are requiring the installation of sprinkler systems in community residential facilities. Greek houses are typically of older construction, and most have wide, open staircases. Housekeeping practices and general building upkeep are generally not up to par with commercial facilities. Like other houses, these usually are lacking in fire-rated construction, self-closing corridor doors, and have sleeping areas that are not separated from public rooms.²

Technology

This area is one of the fastest growing and ever changing trends in housing. Organizations are providing data connections throughout the facilities: individual living area, small and large group study rooms, library, and computer / technology rooms. They are providing a central network, internet service, and access to the University computer system. On average, an individual living suite should be provided with one data connection per occupant (i.e. 4 person suite equals four data connections.)



Where Do We Go From Here?

When taking stock of the state of our facilities, it may feel a little overwhelming to make these changes. We might ask ourselves, "Are our facilities really that lacking? Do we really need all of these amenities?" How does your facility compare? Do you stack up to the competition? Are you losing upper classmen to apartments? Organizations need to address these issues and many more, as they look towards the future of housing in the Greek community.

Andrew Pitts is an Architect with Treanor Architects, P.A. Treanor Architects, P.A. has worked with numerous Greek Organizations, presented at national conferences, and specializes in Greek and Student Housing.

¹ NFPA Fact Sheet, November 2001

² *The Dormitory and Fraternity House Fire Problem*, Mark Bromann, Flex Fire Protection Design, April 2000

COVERAGE CORNER

by Richard Jungman, Manager of Claims
for Hobbs Group/Kirklin & Co., LLC

For various reasons, a number of chapter houses insured under the FPMA Property Insurance Program will become vacant during the policy period. To ensure that coverage on your chapter house is not jeopardized, it is important you understand when it is considered vacant and that you deal with the vacancy immediately. The FPMA policy forms, **Select Business Policy Conditions SB 86 01, ed. 11/97** and **Select Business Policy Special Coverages for Fraternities (10/01)**, address when a location is considered vacant and the effects the vacancy has on a chapter house's coverage.

When is a property considered vacant under the policy?

A chapter house insured under the FPMA Property Insurance Program is considered vacant:

- If the policy is issued to a tenant, it is considered vacant when the suite or unit rented or leased does not contain enough business personal property to conduct customary operations.
- When the policy is issued to the owner of the building, it is considered vacant when 70% of its space is not rented or used to conduct customary operations. This requires active use of 30% or more of the facility space.



- A chapter house under renovation is not considered vacant. To meet the special needs of fraternal organizations, the FPMA policy, by endorsement, does not consider a chapter house vacant over summer or winter break contingent upon being occupied the preceding semester and will be occupied the following semester.

What effect does the vacancy have on coverage afforded under the policy?

After a property is vacant under one of the scenarios addressed above for more than 30 consecutive days, there are serious implications on coverage afforded under the policy in the event of a loss after the 30 day grace period.

- The vacancy results in the elimination of coverage for

vandalism, sprinkler leakage unless the system has been protected against freezing, building glass breakage, water damage, theft or attempted theft.

- All other payments for losses otherwise covered under the policy will be reduced by 15% and subject to a \$10,000.00 deductible.

What should you do if your chapter house becomes vacant?

- Immediately contact Hobbs Group / Kirklin & Co., LLC and advise us of the vacancy. We can issue a vacancy warranty which will restore coverage for the causes of loss listed above contingent upon measures taken to secure the property being met and your chapter house passing an inspection.
- Immediately secure the premise by boarding up all windows accessible from the ground, decks or fire escapes.
- Maintain the heat at a minimum of 55 degrees or shut off the main water supply and have all plumbing drained and water blown out.
- Hire someone to walk through the property daily to ensure the property is secure and a loss has not occurred. Many organizations elect to have a caretaker reside in the property to deter vandals and mitigate the damage should a loss occur.



What has FPMA done to address vacant locations and their impact on the premium you pay?

- The program no longer will insure a new location that is vacant. Only properties that were insured under the program prior to the vacancy will be written.
- Upon notice that a property is vacant, a 30 day notice of cancellation is issued. The cancellation will be rescinded when the vacancy warranty provisions are met, the additional premium is paid and the property passes an inspection. Compliance is discussed weekly during the FPMA Underwriting Meeting.

Vacant properties present a significant risk to the vitality and affordability of your chapter's property insurance. While they only account for approximately 1% of the locations insured within FPMA, they account for over 12% of all claim dollars paid. Collectively, FPMA and its members can make a difference and stabilize the premium for property insurance by properly addressing the risks associated with a vacant property.



From the Editor

In this semester's newsletter, we have had the opportunity to receive contributions from experts in the area of Greek Housing. Each company brings a high level of expertise in this field and is dedicated in preserving the Greek way of life. A big part of a successful chapter is the chapter that possesses the ability to look past today and plan for tomorrow. Knowledge is power and the needed knowledge is readily available if

you know where to look. I encourage you to look at each of the websites of our contributing authors or contact them to better understand how they can help your organization achieve its goals.

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Raising Your Expectations

An Introduction to Fraternity and Sorority Fundraising

by Patrick Alderdice, President,
Pennington & Company

While our Greek experience is certainly more than the “bricks and mortar” of the chapter house, our “home away from home” undoubtedly plays a significant role as a living and learning center and as a proud symbol of our shared values and goals. A capital campaign should be considered for any renovation or new construction of your chapter house when a minimum financial need is \$250,000.



Entering a campaign without a clear and objective assessment of the need, ability, and willingness places your project in jeopardy. The ultimate success of any campaign is based largely on the early planning processes, including a Pre-Campaign Feasibility Study (PCFS). The preparation and discipline required for a properly executed feasibility study lays a firm foundation for an upcoming campaign. The PCFS should instill confidence in major donor prospects that the plan is well conceived and that the chapter has done their homework. Sophisticated donors appreciate the assurance that the plan they are being asked to support has a reasonable chance for success.

FRATERNITY FUNDRAISING RULES TO REMEMBER:

- Not everyone will participate in a capital campaign. In fraternity & sorority fundraising, a 20-25% participation rate is good. Therefore, if you have

1,000 mailable, living alumni, you can expect only 200 to 250 contributions of any size of gift.

- 80% of all dollars contributed will come from 20% of donors, or roughly 40 to 50 contributors will make up 80% of the project.
- Your top 10 gifts typically make up half the campaign goal, with the lead gift being 15% of the campaign goal.
- You will need at least four solid prospects to secure each gift.

IMPORTANCE OF A FEASIBILITY STUDY:

- Develops a unifying case of support for your campaign.
- Evaluates alumni membership and identifies major donor prospects
- Confidential interviews of 25-35 of your top donor prospects help measure their attitudes toward the fraternity or sorority.
- Identifies alumni for leadership roles in the campaign
- Determines the ability of top donor prospects to support a project/campaign.
- Determines the willingness of top donor prospects to support a project/campaign.

DO'S AND DON'TS OF FRATERNITY FUNDRAISING:

- Do involve professional assistance early in the planning stage.
- Do conduct a feasibility study to de-

termine the likelihood for success and establish a minimum fundraising goal.

- Do work quietly to raise a significant portion of the total goal before making a general announcement to your membership.
- Don't rely on the fallacy of averages: "We need \$500,000 to renovate the chapter house and have 1,000 alumni. Everyone needs to send in \$500."
- Don't announce in an alumni newsletter that you are thinking about initiating a capital campaign. You will receive a flood of \$100 checks instead of staying disciplined in approaching your major donor prospects face to face.
- Don't complete the project first and then try to raise the money to pay for it.



Pennington & Company is the recognized leader in fraternity and sorority fundraising, having helped raise more than \$42 million in support of the renovation and new construction of Greek housing on 45 university and college campuses. Pennington & Company's proven strategies will help you assess your needs and develop support for a successful fundraising campaign. If you would like more information, please visit www.penningtonco.com or contact Patrick by phone at (785) 843-1661 or by email, patricka@penningtonco.com.

WHAT IS FPMA?

* An association developed to make fraternal house or alumni corporation officers better property managers through education and other assistance.

* Providing a comprehensive and competitive Property and Boiler & Machinery insurance program to protect the physical plant of the association partici-



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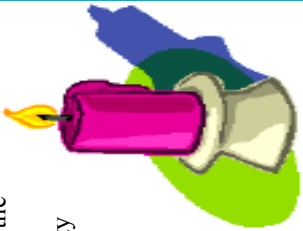
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Candles: What is your chapter's policy?

By: Richard Jungman, Claims Manager

The dangers associated with the resurgent popularity of the burning of candles have been addressed across the country to Alumni Housing Corporations and at National Fraternity conventions. If your chapter allows members to burn candles in their rooms, you need to clearly understand the risk that you are assuming.

Highlighted below are statistics for candle fires as reported in the December 2002 Issue of *Campus Fire Watch*. *Campus Fire Watch* is a monthly newsletter dedicated solely to the fire safety issues facing undergraduate housing. For more details on Campus Fire Watch, check out their website at www.campus-fire-watch.com.



- 37% of the home candle fires occurred because candles were unattended, abandoned or inadequately controlled. 19% occurred because some form of combustible material was left too close to the candle.
- 44% of candle fires started in bedrooms.
- Home candle fires hit their 19 year peak in 1998, the latest year for which data is available. There were 12,540 fires reported as being started due to improper candle burning causing more than \$144.5 million in direct property damage.

Ed Comeau, the editor of *Campus Fire Watch* and former chief investigator for the National Fire Protection Association states that in Greek housing the only policy is a no candle policy. He states that the demographics of the tenants in Greek housing make candle burning a recipe for disaster. An example of this is the Delta Upsilon chapter house at the University of Massachusetts. A candle left unattended in a tenant's room started a fire which totally engulfed the chapter house. Fortunately, no lives were lost, but the result was over \$500,000 paid out and civil recovery from the responsible member is now being pursued by the insurance company.



Mr. Comeau's advice to Greek Organizations is frequent monitoring and strict enforcement of the policy. Candles can be burned safely, but with undergraduates, candles are many times burned when the tenant is intoxicated. This allows the candle to burn unattended long after the tenant passes out, which, according to the statistics, is the leading cause of candle fires. Our recommendation is that candles should be banned from tenants' rooms and this policy incorporated into their lease. Candles should only be used in ritual ceremonies of the local chapter provided they are used in a safe manner.



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