



Delta Gamma Office of Housing

HOUSE CORPORATION BASICS

Updated June 2023

The Office of Housing is the umbrella term for both the Fraternity Housing Corporation (FHC) and the Fraternity Management Corporation (FMC).

What is FHC?

- FHC was created in 1989 to ensure that standard accounting procedures were incorporated by local house corporations and to assist with tax return completion, payroll processing, accounts payable and receivable payments and insurance program administration.
- FHC started with twelve clients and two employees. Today, FHC serves all 150 chapters by way of three housing models with nine employees.
- As the corporation continued to take on new clients, FHC moved three times around Executive Offices to keep up with their ever-growing staff. In March 2013, FHC moved to their current destination next door to Executive Offices at 3220 Riverside Drive Suite A-2 Columbus, OH 43221.

What is a house corporation?

- It is the landlord, employer, and the holder of insurance for the chapter and itself.
- It is usually a not-for-profit corporation incorporated in the state or province in which the chapter is located. It can also be a Limited Liability Company (LLC). It holds and protects the assets of the chapter.
- All house corporations share a common goal: to provide a suitable social environment for the chapter, whether they own or rent a house, lodge, suite, or other accommodation.

Who are the members of a house corporation?

- Every initiated member of the collegiate chapter who has paid her house corporation fees during her first year of membership is a member of the house corporation of that chapter.
- Membership can also come from transfer students or alumnae initiated into another chapter who pay a designated affiliation fee. Many of the alumnae who serve on house corporation boards were initiated at chapters other than the chapter they presently serve.

Who are the members of a house corporation board of directors?

- The house corporation directors are elected by the house corporation membership at an annual meeting to do the work of the corporation. The directors must be alumnae members of the corporation.
- The directors are elected to specific offices at the first board meeting following the annual meeting. This is done by the members of the board of directors, not the membership of the corporation. In most cases, the officers are president, vice president, treasurer, and secretary.
- Ex-officio members of the board are the Advisory Team Chair (ATC), local alumnae chapter president and the collegiate chapter president, vp: finance, and the director of house management. These members of the board have all the same voting rights and access to information as the elected directors.

What does a house corporation do?

1. Finances

The house corporation collects money from the chapter to cover the expenses of the house corporation. FHC invoices the chapters and collects the money on behalf of all house corporations. The following costs are listed on the annual agreement signed by the collegiate vp: finance, Regional Finance Specialist, and house corporation treasurer. The chapter budget must reflect these costs to be approved:

House Corporation Fees

- A one-time fee paid by all new members in their first year of membership. The money is to be used for capital purchases, such as major redecorating or renovating of chapter housing. If there is no housing, this money can be set aside for future expenses.

Chapter Obligation

- Paid by all members of the chapter to cover the annual expenses such as income taxes, insurance, accounting fees, storage rental, etc.

Resident Rent

- Paid by members who live in the chapter house to cover the majority of the operations of the house. Examples of these expenses are cleaning, maintenance, grounds upkeep, principal mortgage payments, etc.

2. Employment

- The house corporation employs the house director, housekeeper, cook, and any other staff employed to work in the house. FHC handles all payroll issues with the employment committee.
- The house corporation employment committee, chaired by an elected director, hires the house director and may be involved in the hiring process of other employees. The other members of this committee include the ATC and a collegiate member of the house corporation board of directors.
- ALL Delta Gamma housing must have a house director or resident advisor. In some cases, chapter members live in a designated dormitory space and pay rent directly to the university. In that case, a house director is not required but a resident advisor is recommended.
- FHC offers the Employee Management Service (EMS) to house corporations should they choose to participate. This program exists to help house corporations interview potential employees, provide training, handle performance reviews, negotiate contract renewal and offer consultation on employee issues.

3. Insurance

- It is mandatory that all house corporations purchase general liability insurance as part of the master Delta Gamma Fraternity policy. This insurance protects the Fraternity, its members, and volunteers from claims resulting from bodily injury or property damage that occur on house corporation premises or at Fraternity events held off-premises.
- A house corporation must also purchase property insurance to cover property it owns or is obligated to insure and worker's compensation insurance if they have employees. House corporations may choose to be a part of the master policy through MJ Insurance or purchase insurance through a different company. Ohio, Washington, Montana, and North Dakota all require companies to use the states' workers' compensation insurance.

Reference information for insurance:

- In case of an emergency, contact MJ Insurance at 1-888-442-7470. Also, contact Executive Offices, who will alert the house corporation officers.
- For questions regarding policy changes and coverage questions, contact Allison Mrasek at MJ Insurance.
- For questions regarding claims, contact Heather Cox at MJ Insurance.
- Call MJ Insurance to obtain coverage for Delta Gamma events, whether collegiate or alumnae.
- Renting an automobile-
 - It is not necessary to purchase the extra insurance.
 - Make sure Delta Gamma Fraternity is on the contract.

- All house corporations, alumnae chapters, and alumnae associations are billed once a year for liability and bonding insurance. It is mandatory that this be paid to be in good standing with the Fraternity.

FREQUENTLY ASKED QUESTIONS

Q: Does every chapter need a house corporation? If not, what are their options?

A: Currently, there have been no new house corporations established since 2013. Any new chapters fall under the LLC or FMC models. As of July 1, 2023, there are 75 traditional house corporations, 57 chapters served by FMC and 18 LLCs owned and operated by FHC.

A chapter with a house may also be an LLC. In this situation, there may be a few local volunteers who manage the day-to-day operations and long-term projects and purchases for the house, in conjunction with Office of Housing staff. Major decisions are approved by the FHC Board of Directors.

If there is no chapter house, the chapter may be a member of FMC. The collegiate chapter, ATC and, in some cases, another alumnae volunteer work together to produce a wish list. The Office of Housing staff and the FMC Board of Directors then prioritize the wish list requests and work directly with the chapter to fulfill them.

Q: What do the Regional Housing Specialists do?

A: Regional Housing Specialists (RHS) act as liaisons between house corporations in their region and the Fraternity. They are a resource for house corporations and assist with challenges they may face. They are available to train new house corporation officers at an established chapter or at a newly formed chapter. They work with the Fraternity Council Treasurer, the Director: Housing Development, the Director: Housing Resources and the Office of Housing staff.

Q: Why does the process for major improvements and renovations take so long?

A: There are many components involved in completing a major project or renovation. Each step takes time and builds on the previous one. For example, many architects need 2-3 months to complete their renderings. These are needed before a contractor can provide a bid for the total cost of the project, which may take another 1-2 months. If financing is required, banks will need the bid along with evidence that the chapter can support the debt to provide the terms of a loan. This also may take many months to finalize. All of this must happen before construction can begin, which can take 6-15 months.

Q: Who is responsible for the safety and security of the chapter members?

A: Everyone! If there is a house, the house corporation is involved with the fire safety and security of the building and the property that surrounds it. The advisory team and collegiate chapter must support this with compliance to their standing rules.

Q: How can communication between the house corporation and the chapter be improved?

A: The ATC, the chapter president, vp: finance and director of house management should be included in all board meetings. The collegiate members should also be part of house corporation committees such as decorating/furnishings. A good approach to get accurate information about

the relationship between the chapter and the house corporation is to ask questions of the collegiate officers who attend the board meetings. It is very possible the reason the chapter knows so little about the house corporation is that the collegiate board members are invited but choose not to attend or do not report to the chapter the work of the house corporation.

The entire chapter is also responsible for attending the annual meeting, typically held in the spring around the chapter's Founders Day. In the fall, the director: house management should present to house corporation the chapter's wish list. A member of the house corporation should attend the new member meeting where the house corporation is discussed.

Other suggestions include asking the chapter to invite a member of the board to a chapter meeting to discuss house corporation finances or to have a house corporation member meet with the live-in members of the chapter in the fall.

Q: Where can I find Housing Related Policies?

A: Housing Related Policies can be found in the Delta Gamma Website Library under 'Policies and Positional Statements' and '8- Housing Series.'

FREQUENTLY ASKED QUESTIONS - FMC

Q: Our chapter has a house corporation board, how does this program affect us?

A: For chapters with fully functioning volunteer house corporation boards and a house, this program will have no impact on your operations.

Q: What is the process for a chapter who is eligible to join FMC?

A: A chapter with one or no house corporation officers and no Delta Gamma-owned house will have the opportunity to join FMC. The existing house corporation will be dissolved with the state and IRS, and the funds will be put in an account with FMC. FMC has its own paperwork and forms to complete as a 501c7 organization and its own board of directors. There will no longer be any responsibilities to fulfill or fees paid as a local house corporation when a house corporation dissolves and joins FMC. (See scenarios below if a house corporation is required in the future).

Q: What if a university at a FMC chapter announces it is building a new Greek housing facility?

A: Council could determine that a new house corporation should be established, or the chapter could remain at FMC and FMC would establish an account for the group to start saving for required "buy-in" funds for the new facility. If Council determines a house corporation board is needed, the funds held when it joined FMC would be transferred to the new house corporation account at FMC. FMC would handle all necessary filings and RHS/regional team would recruit and train new board members for the house corporation.

Q: What if an FMC chapter is closed?

A: FMC would work with the trustee, university officials and chapter advisors for the redistribution or liquidation of the assets. The funds held by the house corporation when it joined FMC and the proceeds from assets owned (computers, furniture, etc.) at that time would be transferred to the Fraternity. Ritual equipment would be returned to the Fraternity.

Q: What if an FMC chapter has an opportunity to rent a suite or apartment?

A: The chapter could continue to be managed by FMC, moving to the “suite billing option.” FMC and the RHS would work with the chapter to negotiate any necessary leases, deposits, etc., and the chapter would submit furnishings requests to FMC.

Q: What if Council determines a house corporation owned/leased residential facility is needed on a campus where there is a FMC chapter?

A: Council would vote to establish a house corporation. The RHS/regional team would recruit a house corporation board and FHC would handle all necessary corporate filings. The funds held by the house corporation when it joined FMC would be transferred to the house corporation FHC account.

Q: How would the budget work for an FMC chapter?

A: Each collegiate chapter on FMC would still have chapter obligation to cover their members' insurance, the accounting fee and any rent for a storage unit or meeting space. On top of that would be any funds related to things on their wish list, including furnishings or electronic equipment that the house corporation would previously have put on their budget.

Q: What type of fee would each new member pay similar to their current house corporation fees?

A: As house corporation fees would not be applicable anymore, but the IRS requires all 501c7 groups to pay a “membership” fee to join the organization, each new member would pay an FMC fee similar to the new member house corporation fee to join FMC.

Q: How would the chapter submit wish list requests, and how would these be managed by FMC?

A: Each year the chapter would work through their director of house management/chapter property and their ATC to come up with a list of items they need for initiation, for their operations and to stay competitive with other chapters on that campus if there is a suite. This wish list would be submitted via Anchorbase and the FMC/LLC Specialist at Executive Offices would be in contact about fulfilling these wish list items.

Q: How do the FMC chapters operate compared to an FHC chapter?

A: As far as daily operations, an FMC chapter works directly with the Office of Housing staff to pay all invoices, collect from the chapter according to the Annual Agreement, and assist with wish list requests. The FMC/LLC Specialist at Executive Offices will work with chapter officers and committee/board members with the day-to-day operations and their long-term projects and purchases.

LLC FREQUENTLY ASKED QUESTIONS

Q: What is an LLC?

A: LLC stands for Limited Liability Company. It is a separate and distinct legal entity used in business operations. While it does have some similarities, an LLC is not the same as a traditional house corporation.

Q: Why is there a need for LLC's in Delta Gamma?

A: In 2015, FHC and the Fraternity decided to purchase property on behalf of two new chapters that required housing for members. The LLC's were formed for these two chapters so the property

could be owned and operated by a parent organization such as FHC. As of July 1, 2019, Delta Gamma manages 9 LLC properties.

Q: How is an LLC different from a house corporation in terms of structure?

A: For Delta Gamma purposes, the LLC's do not require the directors and officers that are outlined in the model house corporation bylaws. Rather, they are much more flexible and may have a committee of local volunteers and collegians as well as FHC staff who handle the necessary day-to-day operations.

Q: Who should I contact if I have a question regarding a chapter that is owned and operated by an LLC?

A: The main contact for a chapter that is owned and operated by an LLC is the FMC/LLC Specialist at Executive Offices. She can be reached at jessica@deltagamma.org or 614-487-5599.

Q: How do the LLC chapters operate compared to an FHC chapter?

A: As far as daily operations, an LLC chapter works directly with the Office of Housing staff to pay all invoices, collect from the chapter according to the Annual Agreement, assist with payroll and human resource issues and grant wish list requests. The FMC/LLC Specialist at Executive Offices will work with chapter officers and committee/board members with the day-to-day operations of their houses and their long-term projects and purchases.