

Questions and Answers for Parents:

Who is Gamma Omicron Incorporated?

Gamma Omicron Incorporated is the housing corporation that legally owns the Chapter House in Lawrence for the Kappa Sigma fraternity. It is a not-for-profit corporation made up of prior alumni of the Chapter and the current active members living in the house. A board of non-compensated voluntary directors works with the Chapter to assist them with various chapter operations, including the collection of rent and other fees. It is sometimes referred to as the Corporation Board or just the Board.

Who runs the operations of the Chapter?

The fiscal operations of the Chapter are primarily the responsibility of the Chapter. The Corporation Board and the Chapter alumni advisor offer assistance and guidance, but it is the members who run the operations (or at least the officers elected by the members). No assessments to the students come from the Corporation Board.

What does the Corporation Board do?

The Board operates much like the Landlord for an apartment complex. We are primarily responsible for the physical facility, the Chapter House, much like you would be responsible for your personal residence. This includes the mortgage, property taxes, insurance and maintenance for the house. We also support the alumni relations through communications and alumni events at the house. In addition, we also assist the Chapter with the various aspects (and challenges) of running the Chapter operations, (finances, scholarship, rush, social, officer leadership, etc.). Most of this is directed through the Alumni Advisor, who is the primary liaison between the Chapter and the Board.

Why is the rent paid to Gamma Omicron?

The Board of Directors has a fiduciary responsibility to the alumni of the Chapter to ensure the long-term survival of the Chapter at KU. Since the only source of operating income comes from rent paid by the Chapter, we have taken the responsibility to collect and deposit the rent paid by each member. If the Chapter did not remit the rent owed to the Board, we would not have sufficient funds to pay the expenses we are responsible for. Basically, we collect the rent from the members and take out the rent owed to us by the Chapter first. All rent collected after that goes to fund the Chapter operations. Past experience has shown this to be the most effective approach.

When does the Corporation Board get involved with the rent collections?

Your son signed a Room Contract with Gamma Omicron Inc as Landlord and the local Kappa Sigma Chapter as agent for the Landlord when he moved into the house. This contract requests that all rent be paid to Gamma Omicron Inc. The Board works closely with the Chapter Treasurer to assist him in providing the account information as to who has paid what and who may still have an outstanding balance with the Chapter. Any and all correspondence, regarding your son's account, generally goes first through the Chapter Treasurer as the Room Contract is with him. The Chapter has the primary responsibility to collect the rent. The Board does not get involved in this first level of contact. The Board gets involved with collections efforts for those students who have long over due balances. That correspondence usually starts with the parents. By the time it gets to that point, our correspondence goes to the parents to ask for their assistance. The letter is direct, but it is a fairly typical standard dunning letter.

Who is responsible for the Security Deposits?

The Board collects and holds the Security Deposits for each member in a separate account from our operating funds. We are responsible for tracking and assessing all deductions from the deposits. The assessments are generally made by each room and for the common areas as a whole. Individual tracking for each member is not done. This is same as any other landlord who would not track each roommate's contribution to the deposit, but would track the assessments to the entire deposit for the apartment. The Board performs an inspection after each semester for the common areas and annually at the end of the year for the individual rooms to determine the assessments to levy. Assessments can also be a result of a Chapter monetary shortfall as well as the normal assessments a landlord would make.

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Why can there be assessments for Chapter monetary shortfalls?

The National fraternity requires that each year, the chapter break even, that is, no profit and no loss. The only source of revenue is the rent from the members. This must pay all food, wages (the cook and housemom), payroll taxes, utilities, supplies, and all the social activities the members choose. When the Chapter fails to have enough members living in the Chapter House (either due to lack of recruiting enough members or several members leave) and they continue to have the same level of expenses, then they are the only source to make up the difference. In the past this has been deducted from the Security Deposit and sometimes with a special assessment in the month of May. The business part of the fraternity is just the same as an apartment. If you have 4 roommates, each pays $\frac{1}{4}$. If you lose one roommate or you chose to have only 3, then each pays $\frac{1}{3}$. The Board and Alumni advisor work with the chapter treasurer to ensure that the year ends in a break even mode.

Please explain why there are other deductions from the Security Deposit?

The Security Deposit is also used to pay for cleaning, repairs, replacement of missing items, etc. that occurs after the members leave the house for the summer. An annual inspection is made of the rooms and the common areas of the house. Each member is held accountable for his room and also shares equally in the common areas of the house. If the members are aware of someone who has damaged the common areas and they collect the money for the repair, then they will not have to share the expense. Generally, that is not the norm. Only once in the past has that occurred. Most of the time, no one knows or they do not want to say. After the inspection, the actual expenses incurred are allocated back to the members, no profit, no loss. An assessment is made for each semester. The second semester assessment is generally more than the first semester because the inspection is more comprehensive as all the members have moved out.

Why are there deductions from the Security Deposit when no physical damage has occurred?

Most the deductions from the Security Deposit are for cleaning, trash removal and replacement of missing items vs. actual hard physical damage. Have your son take a look at his room, does it look like it has just been cleaned, if not, he and his roommates will get assessed a cleaning charge. The same applies to the common areas. Have your son take a look at the dorms. Are they clean and well maintained? When you come to visit, take a look around. Did the house and your son's room look clean? If not, at the end of the year deductions will be made from the Security Deposit to return the house and the individual rooms to a clean and acceptable status. Deductions are also made for missing items. At the end of each year, a physical inventory of all desks, chairs, file cabinets, phones, etc. is conducted. This inventory is compared to the prior year and appropriate assessments are made. Since by nature most of these items move freely within the house, this assessment is made across all members vs. by individual room. The Board's intention is return the house each year to an acceptable status for the incoming members, just as any landlord would do for the incoming tenants.

What can my son do to get his Security Deposit back?

He should take care of his room as if it were a room in your house. He should keep it clean, well maintained and have no damage to the walls, windows, shelves or furnishings. At the end of the year, to minimize the assessment for his room, your son and his roommates need to totally clean out their room, leaving no personal belongings and leave it in good condition (normal wear and tear allowed). Heavily soiled floors and excessive wall hangings are not considered normal wear and tear. The time taken to remove trash, wall hangings and generally clean out each room is recorded at the end of the year. The more time it takes in your son's room, the larger the deduction that can be expected. To minimize the assessment for the common areas of the Chapter House, all members need to get together and clean out the house and ensure no items are missing. It also takes the members in the house to police who may have done damage to the common areas or else all share in the expense. Each year the Board attempts to bring the Chapter House back to an acceptable and clean position so the members moving in next year have a clean place to reside. Without this approach, it would not take long for the Chapter House to deteriorate to an unacceptable condition to reside.