

FAQ

Q: What is RPG?

RPG is a non-profit, 501(c) 7 trust whose sole purpose is the preservation and protection, ownership and management of Alpha Tau Omega fraternity houses for the benefit of ATO.

Q: Who controls RPG?

RPG is controlled by a Board of Directors (BOD) whose members are commercial real estate professionals, finance specialists and/or attorneys, all ATO alumni. The RPG BOD is charged with setting long-term goals and general oversight. RPG is a wholly controlled subsidiary of Alpha Tau Omega and as such the National Fraternity BOD approves all members of the RPG BOD. Ultimately, the National Fraternity BOD (and by proxy RPG's BOD) is elected by, and accountable to its constituents (all ATO undergraduates and alumni).

Q: Why is the chapter house better off in RPG's hands than it would be if a local housing corporation owned it?

ATO's first preference is for an involved local housing corporation made up of several alumni to manage the local chapter's physical plant. However, for a growing number of alumni serving as volunteers on a housing corporation, the demands of managing a commercial piece of property is problematic. Managing a fraternity house takes considerable time and patience. It is a job not especially rewarding for a volunteer.

RPG was created in part to address the problem of a growing number of volunteer housing corporations that dwindle to one or two members and eventually become burned out. Typically these volunteers have little to no property or facility management experience. In too many cases chapter houses are eventually sold to colleges and universities, private developers or, in some worse case scenarios, liquidated with volunteers pocketing the proceeds. ATO's history is replete with local alumni taking over housing corporations and mismanaging the asset, selling the chapter house or taking some (or all) of the revenue for personal use. Even little things like routine paperwork can become problematic for some housing corporation volunteers, which if neglected, could put the property in jeopardy. Even if you're comfortable with the housing corporation board today, there is no way to know who will be in charge ten or twenty years from now, or how prepared or committed they are to effectively managing the property.

RPG was created and incorporated to serve one purpose, the preservation and protection of ATO real estate assets for the benefit of ATO undergraduate chapters through the ownership and management of those assets. RPG is audited annually by an independent accounting firm to insure that it is serving that purpose. How many local housing corporations are independently audited to insure their compliance with the chartered purpose?

With RPG, you have consistency of management across the years by people who are paid to manage the property and mandated to preserve and protect your property for ATO.

Q: But if we transfer the property RPG will gain a large financial asset.

True. And while the concern is understandable at first glance, it doesn't hold up when considering the facts. RPG is a non-profit corporation in business to manage ATO housing assets. RPG is a not for-profit corporation. Employees are not paid based on assets and there are no financial dividends distributed. An independent audit is conducted each year on RPG finances. The Board of Directors has no opportunity to be in a position to receive financial gains because of position.

Q: Can we buy our house back from RPG once they own it?

This is another understandable and logical question from alumni who are considering RPG. The question RPG has in response is, why would you want to? What you are really asking is can we put another name on the deed/title.

Since house corporation leadership is typically fluid, ownership of a fraternity house is 1% deed/title and 99% property management. Ultimately the name on the deed/title is nothing more than the name of the entity whose employees/volunteers are responsible for the proper management and preservation of the asset. So in reality the question that needs to be asked is do we, the local group of alumni, care to be responsible for the daily repairs and maintenance of the fraternity house, collecting rent from 30+ college men, negotiating and sometimes guaranteeing mortgages, and personally overseeing renovation projects?

Because RPG is so strongly mandated by the National Fraternity to preserve property for ATO, and we know local house corporations eventually struggle to do this, deeding the house back to the local organization is not an option.

Just because RPG ultimately holds the title to the house does not mean the local organization has no input in decision making relative to the property. RPG is ultimately accountable to the constituents of the fraternity. It is in the best interest of RPG, the alumni and the chapter to work cooperatively when moving forward with major decisions relative to the chapter house. Further, RPG relies on the input of local alumni to advise us as to the evolving housing needs of the local chapter.

Q: What happens to the house if the chapter closes?

History demonstrates RPG's commitment to keeping ATO houses in the ATO Family. We've held onto houses for over ten years waiting for chapters to return. Not once was "selling the house" an option that we considered. In the unfortunate instance that a chapter closes, RPG will most certainly continue to own the house and lease it to another organization until the chapter can once again return.

Q: What happens to the chapter house if RPG ceases to exist?

According to RPG's articles of incorporation all of its assets would transfer to the National Fraternity. However, keep in mind that RPG is a subsidiary of the National Fraternity and if RPG ceases to exist, ATO (and likely the nation) would be facing far greater problems than fraternity house ownership...and your local housing corporation in that scenario would probably have already liquidated the property.

Q: What event(s) would cause RPG to sell the chapter house?

The reason(s) RPG would be forced to sell a chapter house are identical to those that would force a local housing corporation/alumni group to sell the chapter house.

- The university/college would cease to exist
- The Greek system would cease to exist on that campus
- The Fraternity would decide that ATO no longer desired a presence on that campus

In summary there is nothing that would cause RPG to sell a chapter that wouldn't cause a local housing corporation/alumni group to have to do the same thing. We are all in the business of providing housing for the undergraduate members of our fraternity. In reality RPG provides a more stable environment that better insures an ATO chapter house remains available for ATOs now and in the future.

Q: Will the alumni group still be responsible for setting rent rates, securing leases from residents, handling collections, conducting check-ins/outs and responding to maintenance & repair requests?

No. That's one of the many benefits of RPG. Alumni no longer have to manage a fraternity house. RPG handles all aspects of property management including leasing, facility maintenance and long-term capital improvement planning. That being said, we welcome alumni and undergraduate input and involvement. Lease rates are based on the operational costs of the property, debt service, capital reserve accumulation and overhead. We pay careful attention to comparable property rental rates to insure that we are competitively priced. The chapter president and treasurer are involved in this process. RPG contracts local professional property management to handle day to day maintenance and repair issues. The chapter house manager plays a vital role in this process. Lastly, at the point we need to undertake a considerable renovation/replacement/repair we will consult the local alumni group and chapter for guidance and involvement.