

## STARTING A HOUSE CORPORATION

### First Things First

- Establish a savings account, commonly referred to a housing fund to hold alumni contributions and money from fundraising projects. This account should have two alumni signatures required for any withdrawals.
- The chapter should also contribute through a chapter bylaw that requires a per-man, per-school term assessment to be deposited into the housing fund. Be realistic, even a small assessment (\$25-\$50 per man/semester) will help grow the housing fund.

### Starting A House Corporation

Three things must occur to start an operable house corporation:

- The entity must become incorporated within the respective state. In most states, the Secretary of State's office is the point of contact to determine exactly what is required to incorporate.
- An Employer Identification Number (EIN) must be obtained from the Internal Revenue Service (IRS). The EIN is needed to complete the necessary IRS forms and to open a bank account. To do this, download the IRS Form SS-4 from the IRS website by going to <https://www.irs.gov/forms-instructions> and click on "Form SS-4." Once your Form SS-4 is completed, you can submit it either by mail or by phone at the IRS Service Center assigned to your area. To determine which Service Center to contact, call 1-800-829-1040.
- The corporation must obtain proper nonprofit status with the IRS by completing the Form 1024: Application for Recognition of Exemption Under Section 501(a). The corporation should apply for exemption from federal income tax code under IRS Code, Section 501(c)(7) as a social club. For more content on IRS Tax-Exempt Status Information, search for "Publication 557."

IN CANADA: The process is very similar in Canada; contact the Fraternity's real estate department at the for further advice if you're starting a Canadian house corporation.

To make things easier for your corporation, both at its inception and in the long term, keep the following recommendations in mind when selecting a name for your corporation. Do not use the words "house", "building", or "property". In addition, to avoid confusion with the chapter and other PIKE entities, do not use the words "Pi Kappa Alpha", "Pike", "PIKE", "PiKA" or the chapter name within the corporate title. Be creative; think of other symbols or mascots of the Fraternity, chapter, or university. Perhaps a geographical reference, unique to the local area, could be used in some way. For example, "The Bull Dog Garnet and Gold Society" or "Spring River Alumni Corporation".

The 501(c)(7) status is easier to obtain if the word "house" or "building" is not included in the corporation's legal name and if the purpose, membership, and dissolution provisions are defined as suggested in the sample house corporation bylaws.

### IRS Publications & Forms that Should be Requested:

- Form SS-4: Application for Employer Identification Number (EIN)
- Publication 557: Tax-exempt status for your organization
- Form 8718: User fee form to request tax exemption letter
- Form 1024: Application for letter of tax-exempt recognition
- Form 990: Annual income tax return form for tax exempt organizations
- Form 990-EZ: If applicable, abbreviated tax return for exempt organizations
- Publication 598: Unrelated business income tax for tax-exempt organizations
- Form 990-T: Income tax return addendum for unrelated business income
- For more specific information about the incorporation process, choosing a corporation name, sample house corporation by-laws, and other helpful actions to getting your corporation started, contact the Real Estate Department at (901) 748-1868 ext. 1116.

The above is intended to provide the chapter with general information and suggestions for improvement. It is not a directive and is not intended to direct the chapter in any manner. A chapter is not required to use or implement this information or suggestions. The decision on whether or how to use this information is solely that of the chapter.