

Quick summary/overview of legal document

This note is not legal advice and is simply to attempt to synthesize in a few words what the legal documents been voted on are about.

Zeta Delta Property Association (ZDPA) is a not for profit corporation, exempt from having to pay income tax that is over 40 years old. It is also the legal owner of the real estate at 407 Huron St. and thus owns the fraternity house.

ZDPA's mission has always been to maintain a frat house for members of Zeta Delta Chapter of Sigma Nu Fraternity. The brotherhood has already voted to sell the house and a number of corporate and legal steps must be undertaken to close the sale of the property. The package of documents therefore calls for a meeting of the members of ZDPA, which we believe include all frat brothers, to ratify the acts of past directors and appoint a new board of directors going forward. This would be followed by a Board of Directors meeting that would adopt two bylaws (bylaw 1 re: the general organization of the corporation and bylaw 2 to specify that upon dissolution, any remaining assets of ZDPA must go to a registered charity). Bylaw 2 is important in that it confirms ZDPA's status as a non-profit, tax-exempt organization. The Board would also move to amend the "letters patent" of ZDPA to include new goals for the organization, namely organizing events to keep the alumni chapter alive (organize White Roses, golf tournaments, family days etc.), find ways to see about recruiting new actives at U of T etc.

In order for ZDPA to maintain its tax exempt status, it cannot be seen to accumulate and tax-shelter income. The safest way to achieve this goal is for any income generated by the corporation to be distributed/spent each year. The amended letters patent would therefore allow for some of the investment income to be used to make a contribution to a registered charity, such as CHIP Charitable Services since so many of the brotherhood participates in that charity established in honour of departed brother James Dinneen. Other charities could eventually receive funds as well.

Once the new directors are confirmed in their new roles and that the letters patent are amended, the brotherhood as the members of ZDPA would be asked to ratify these Board decisions.

Note that the Board of Directors of ZDPA intends to place the proceeds of the sale of the fraternity, net of liabilities and expenses relating to the sale, into a guaranteed income certificate with a financial institution pending figuring out how to invest the monies for the future. At a later date, the plan is to create a trust fund to ensure that the capital of the fraternity grows in such a manner as to serve as a down-payment should the chapter be revived, and to provide sufficient income to fund alumni events and keep the alumni chapter alive for years to come.