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## 8.02 The Selection and Opening of a New Property

### **8.02.01 - SELECTION OF A PROPERTY**

The selection of a property for purchase can come from one of three places. It could be a grassroots effort, including people from one or more Houses that have a property in mind. It could come from one of the Standing Committees. It could also come from an ad-hoc expansion committee, headed by the Executive Vice President.

### **8.02.02 - APPROVAL OF PHYSICAL DEVELOPMENT COMMITTEE**

After a property is selected several steps must be met before it can be recommended to the Board for purchase:

1. **a.** It must be toured by the Maintenance Coordinator and the Physical Development Committee, and approved by a vote of the Physical Development Committee. The Maintenance Coordinator must prepare a written opinion on the property.
1. **b.** The Maintenance Coordinator should use their experience to prepare an estimate of the costs involved in renovations to the property.
1. **c.** The number of spaces must be decided upon.
1. **d.** The Executive Director should prepare a report on the costs and potential revenues of the property, based on the available estimates.
1. **e.** A report from a certified home inspector shall be considered by the Physical Development Committee before they make their recommendation to the Board.

### **8.02.03 - RECOMMENDATION OF A PROPERTY FOR PURCHASE**

In order to begin financial negotiations with the seller a House must be recommended to the Board by the sponsoring committee.

1. **a.** At this Board meeting a maximum purchase price should be set (and kept a secret) and a negotiation group should be picked. This group must contain the Executive Director, one member of the Board, and one other member of SHC. It is recommended that the House have between 10 and 20 spaces.
1. **b.** A purchase proposal to be sent to the Board representatives before the Board meeting must include the following:
  1. **i.** A report from a certified home inspector.
  2. **ii.** The Maintenance Coordinator's comments on the home inspector's report.

3. **iii.** A list of preliminary renovations with line item cost estimates, prepared by the Maintenance Coordinator.
4. **iv.** A list of opening needs, containing an estimate of the costs of the items laid out in House Provisions.
5. **v.** A multiple five-year operating projection showing the effects of different purchases' prices and financing scenarios on feasibility. All projections should assume we spend the entire renovation contingency and assume an interest rate of at least half a point higher than is currently available (to account for possible changes in the interest rate while closing).

#### **8.02.04 - CONTINGENCIES OF A PURCHASE**

After successful negotiations, the purchase of the House must be made contingent upon a majority approval of the whole membership via a referendum.

#### **8.02.05 - RENOVATIONS**

The Maintenance Coordinator will supervise the subcontracting of labor during renovations. It is recommended that professional contractors do most of the labor. The budget for renovations should be 25% over the estimate, to be prepared for unforeseen problems. Ultimately, the Maintenance Coordinator will be asked to take responsibility for the management of the project, and to set a timetable for its completion. In any event, no one will be allowed to reside in the House until the renovations are complete.

#### **8.02.06 - OPENING OF A NEW PROPERTY**

The opening of the new co-op cannot happen until the following conditions are met:

1. **a.** The House has a membership composed of one member with previous SHC experience per every five spaces. These members will receive one month's free assessment upon adequate completion of listed tasks, and will be hired from the pool of applicants by the Executive Committee.
1. **b.** Money is to be given to the House for a checking account and reserves. The amount is to be determined by the following formulas.
  1. **i.** \$100 per each space into checking
  2. **ii.** \$25 per each space into savings
1. **c.** One of the experienced co-ops will be given the extra job of opening coordinator. They will take charge of the initial moving in period. Their duties are to handle keys, set up an interim job schedule, organize the first House meetings, answer questions for the new members, and other duties as needed. They will be paid as an Interim Coordinator for this

job.

1. **d.** All items listed in House Provisions must be in place.
1. **e.** The Board representative from the House must make a brief report about the progress at the House at the Board meetings for the first year of its existence.
1. **f.** The residents will be provided with a generic House constitution for the opening. They are free to modify it as they see fit.
1. **g.** The co-op members must choose a name for the House within the first month of the semester. If this is not done, the Board will pick a name for the House.
1. **h.** At least one non-resident corporate officer should be present at every House meeting for the first semester.

### **8.02.07 - FOLLOW UP**

At the first meeting of each semester in the first two years, a presentation shall be made by the Board representative and the House Facilitator or President about the progress at the House. This is to ensure that close attention gets paid to new properties.

### **8.02.08 - NEW HOUSE PROVISIONS**

1. **a.** A House must meet one of the following requirements to be considered a New House:
  1. **i.** Newly-purchased property (see The Selection and Opening of a New Property).
  2. **ii.** Converted from a non-co-op property to a co-op property.
  3. **iii.** Be a “recolonized” property (see Recolonization and Article X: Maintenance).
1. **b.** New House status shall last a six-month period once occupancy begins.
1. **c.** New Houses may petition the SHC for to acquire the following items if they are not present or functional:
  1. ● Cookware (pots, pans, cooking utensils, Tupperware, etc.)
  2. ● Tableware (plates, bowls, silverware, glasses)
  3. ● Electrical equipment
  4. ● Light bulbs
  5. ● Locks and door hardware
  6. ● Phone equipment
  7. ● Paint (common areas, bedrooms)
  8. ● Shower curtains
  9. ● Bathroom hardware
  10. ● Smoke detectors
  11. ● Window glass
  12. ● Fire extinguisher maintenance
1. **d.** At their discretion, the Maintenance Vice President or Executive Vice President can approve the purchase of additional items for a New House.

1. **e.** The SHC will pay for disposal of old garbage and unusable furniture from a New House.

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