

Ameen Housing Co-operative of California

Regulations (Rev 1.1-2000)

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Building our community one home at a time

Author	History	Date
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This document spells out the regulations for the board and the members of the Ameen housing co-op when dealing with housing issues.

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1. HOUSING UNIT ALLOCATION, TRANSFER AND DISPOSITION

Housing units will be purchased by the “Co-operative” for eligible members. Titles to all housing units will be held in the name of the “Co-Operative” until members accumulate the required number of shares. Members are classified into two lists:

- i.** List “A”: There will be list maintained for eligible members who do not already own a housing unit. This will be called “List A”.
- ii.** List “B”: There will be another list maintained for eligible members who partially own a housing unit under mortgage. This will be called “List B”.

B. Active List (List of members waiting to buy their homes)

i. Members on the Active List

All members from List A and List B who feel that they are ready to request financing from AHC and have a minimum of 20,000 (or List B members who have their 10% of outstanding mortgage) deposited with AHC will be added to a single list upon request. This list will be maintained by the board and the qualified member on top of the list will be called to begin the home buying/mortgage payoff process at the appropriate time.

ii. Request for Addition to the Active List

To be added to the list members are required to send in a request of intent to join the Active list and subsequently fill out a RFAL form (Request for inclusion on Active List). This form estimates the expected approximate requirements of the member.

iii. Qualification process for the Active List

Based on the time of request to be added to the Active list, seniority of membership, accumulation of shares, information from the RFAL and other necessary considerations (in that order), the board decides on whether or not the member should be added to the Active list and conveys the same to the member.

iv. Notification to the Third member (from top) on the Active list

When a member reaches the third position from the top of the Active list, he is notified by the board and is required to deposit all of his down payment(a figure arrived at from the information in the RFAL).

C. Notice To Initiate Home purchase/Mortgage payoff process

When necessary funds are available or estimated to be available in time to invest in the next home, notice will be sent to the member on top of Active list and the second in line and he/she will be asked to provide all necessary information required by AHC by filling out the occupancy statement..

D. Occupancy Statement:

The application called “**OCCUPANCY STATEMENT**” will provide detailed and up to date information pertaining to the present residential status, i.e., type of housing unit, monthly rent/mortgage payments, balance of first and second mortgages with due dates, name of the mortgage companies/landlord/ management company, type of desired housing unit, choice of location, approximate price range and number of shares the member has acquired and planning to accumulate before closing date etc. if a housing unit is bought for that member.

E. Approval of Investment and Notification to members on Active List

All complete and eligible occupancy statements will be reviewed by the board of Directors. Upon satisfactory approval by board(or its representative) the member is asked to look for his new home and make offers or start the mortgage payoff process, which ever holds true for the member . The second on the list will be also be notified in case the first person does not wish utilize his turn or is not able to utilize his turn within 3 months.

A. Qualification, Down Payment, And Ameen Housing Co-op’s share of Investment

i. Minimum Shares required and AHC’s Share of Investment for Members from List A:

If the amount of investment desired from AHC is less than or equal to \$100,000, the minimum amount of shares required (as down payment) will be 20% of the desired amount. If the amount of investment desired from AHC is more than \$100,000 the minimum amount of shares required as down payment will be 30% of the desired amount which is in compliance with “max investment clause E(iv)” below.

ii. Minimum Shares required and AHC’s Share of Investment for members from List B:

The minimum amount of shares required (as down payment) from a member who wishes to payoff his mortgage will be 10% of the existing mortgage balance. The investment from AHC will have to comply with the “max investment clause E(iv).
[The equity of the home owner + 10% down payment should be more than or equal to 30% of the AHC’s investment]

iii. Mandatory Investment time for the minimum required shares:

The minimum required shares specified above should be invested with Ameen Housing Co-op for a minimum period of six months before the qualified member buys a house.

iv. Maximum Investment of Ameen Housing Co-op:

Co-operative's maximum investment will be \$300,000 for any qualified home buyer.

v. Extra Amount:

Any amount that is required (to close the deal) beyond AHC's investment + member's down payment is the responsibility of the member seeking investments from AHC

B. Buy Out (Pay off) Notification Process

i. Notice to The Board

Member desiring to payoff his loan is required to indicate to the board in writing of his intention. Upon such notification the board will order an appraisal, calculate the appreciation/depreciation and inform the member of any amount owed to AHC.

ii. Payment of Rent during payoff

If the member pays off partial amount due to AHC and not the entire amount, he/she is required to make the regular monthly payments as usual till the entire balance is paid off. The adjustments in the rental portions will be done in proportion to the amount paid off.

C. Vacating of a house before payoff

i. If a member, after occupying the housing unit, wants to vacate it, he/she will have to inform the Board of Directors about his/ her intention in writing at least ninety (90) days before such move. The Board of Directors will send the Notice of Purchase Offer to members on the active list. Three members will be selected and in order of preference they will be offered to negotiate the occupancy of the housing unit with the present owner/occupant.

ii. If no member interested in that housing unit is found, or if no member can take over that housing unit within the stipulated time, then the owner/member will be given the permission to arrange sale of that housing unit to outsiders.

F. Distribution of Appreciation or Depreciation

As a result of a transfer/sale of a housing unit, any gain or loss realized, after deducting the cost of authorized major improvements and expansions (a), and certain legal expenses, will be divided as follows:

- i. 80% to the member and 20% to the “Co-op”, if at the time of purchase, member had accumulated shares equivalent to more than 50% of the cost of the housing unit;
- ii. 70% to the member and 30% to the “Co-op”, if at the time of purchase member had accumulated 50% shares or less of the cost of the house.

G. Class G share

- i. To complete the ownership of the occupied housing unit, the member will have to accumulate shares equivalent to the cost of the housing unit PLUS one (1) Class “G” Preferred Share.
- ii. The cost of the above Class “G” Preferred Share will be determined by the Board as 10% of the difference between present fair market value of the said housing unit MINUS the actual cost, the cost of authorized major improvements and expansions (b), and certain legal expenses.

- H. If a member wants to transfer/sell his/her housing unit within one year from the date of acquisition by the “Co-op”, he/she will be required to pay a penalty of \$5,000.
- I. Starting from the calendar year, beginning after 12 months from the date of acquisition of the housing unit, the member will have to buy \$5,000 worth of shares or 10% of the cost of the housing unit, whichever is less, every year.
- J. After occupancy, the member will not be, normally, allowed to sell or transfer any of his/her shares.

3. OCCUPANCY, MAINTENANCE AND OCCUPANCY CHARGES (RENT)

- C. **Occupancy/Rental Agreement:** The occupancy agreement will be drawn for every housing unit occupied by a member.
- D. **Occupancy Charges and re evaluation:** Monthly occupancy charges (rent) will be based on existing comparable housing units of the Co-operative and their relative costs, and these may be reviewed every year.

E. Rental Payments and Administration Fee

i. Normal Payment Plan

Member Home Owner will pay the agreed upon occupancy charges(rent) on a monthly basis. A portion of this (in proportion to AHC's share) will go to AHC as rental income and the remaining portion buys more equity for the member Home Owner.

ii. Alternate Payment Plan (lower Monthly payments)

After the monthly occupancy charges have been agreed upon and the AHC's share of the monthly payment calculated, Member Home owner can choose to pay 70% of the agreed occupancy charges. In this plan the AHC's share calculated above (based on the 100% occupancy charges) will go as rental income to AHC and the remaining portion if any will go towards buying the equity for the member Home Owner. This plan will be available to members who have more than 30% equity in their homes and approval for this alternate plan will be at the boards disposal.

iii. Administrative Fee and Payment Dates

The payments from either of the plans above plus \$50 Administration Fee will be due and payable in advance on 1st day of each month.

F. Rental adjustment on share purchase: Proportionate monthly occupancy charges (rent) will be adjusted for the following Quarter in which additional shares of \$1,000 or more are purchased.

G. Taxes, Utilities and miscellaneous expenses: Heating, Gas, Common area/Condominium Fees, Property Taxes ©, Water, Home Owners Insurance, Legal fee, repairs, material, labor, landscaping, garbage/snow removal, special levies etc. will be the entire responsibility of the member/occupier.

H. Leasing and Subletting: Members are **not** allowed to rent, lease or sublet all or part of the housing unit.

I. Negligence/Breach of Agreement: Any member found negligent and/or in breach of Occupancy Agreement could be asked to vacate the housing unit, and he/she may be suspended from the membership. Any loss caused by such negligence and/or breach will be recovered from his/her share capital.

4. MAJOR IMPROVEMENTS AND EXPANSIONS

A. A member may undertake major improvements and/or expansions in the housing unit after getting the approval from the Board. The member will be responsible for asking

prior permission and/or approval from the city regarding the intended improvements. He will also be responsible for the compliance with any rules and/or By-Laws of the local authorities. Any loss sustained by the “Co-operative” because of his/her breach and/or negligence will be recovered from his/her shares.

(Members are required to keep all bills of all improvements and expansions, approvals from board, permits and any other necessary or related documentation.)

SUMMARY OF THE HOUSING SCHEME FROM THE SHARIAH
STANDPOINT

*AS DETERMINED BY: Justice Mufti Muhammad Taqi Usmani
Shariat Appellate Bench
Supreme Court of Pakistan*

The nature of the transactions involved in the Housing scheme of the Islamic Co-operative Housing Co-operation Ltd. from the Shariah point of view is as follows:

- (1) Any person who purchases the common shares of the corporation becomes a member of the corporation in the sense that he participates in the profit and loss of the corporation. The profit, if any, is distributed among all the members in proportion to their investment in the corporation by purchasing the common shares.
- (2) Any member of the Corporation in his individual capacity can purchase a house in partnership with the Corporation whereby the house is shared by the member and the Corporation, each in proportion of his respective investment in that house. But the title deeds of the house shall remain with the corporation as a security.
- (3) The share of the corporation in the house is, then, leased to the member on an agreed rent.
- (4) The member has a right to purchase the share of the Corporation in the house (mentioned in the articles as preferred shares) by a gradual process. Each time he buys a "Preferred Share" he buys a certain part of the share of the Corporation in the house, whereby the monthly rent payable by him is reduced to that extent.
- (5) The last share of the house to be purchased by the member is preferred share of class "G" the price of which shall be determined by the Board to reflect 10% of the difference between the cost and the fair market value. At this stage the full title of the house along with the title deeds shall be transferred to the member.