



AMEEN Housing Co-operative of California

Investing in the Community

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Regulations

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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.

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

i. Members on the Active list

All members who feel they are ready to request financing from AHC and have a reasonable portion of the down payment deposited with AHC and are able, 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 pay off 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 on the list, seniority of membership, accumulation of shares, information from RFAL and other necessary considerations(in that order), the AHC determine 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/she is notified by the AHC and is required to deposit all of his down payment (a figure arrived at from the information in the RFAL).

B. 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 member on the top of Active List and second in line. He/She will be asked to provide all necessary information required by AHC by filling out the occupancy statement.

C. 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.

D. Approval of Investment and Notification to members on Active list

All occupancy statements will be reviewed by the AHC. 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, whichever holds true for the member. The second on the list will also be notified in case the first person does not wish to utilize his turn within 2 months.

E. Qualification, Down Payment, and AHC share of investment

- i. Minimum Shares required and AHC's Share of Investment for members who want to purchase a house.

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)".

- ii. Minimum Shares required and AHC's shares of Investment for members who wish to payoff mortgage

The minimum amount of shares required as down payment will be as follows:

- 10% if the equity in the house is more than or equal to 20%
- If the equity in the house is less than 20% then the equity of the home owner + down payment should be more than or equal to 30% of the AHC's investment.. The investment from AHC will have to comply with "max investment clause E (iv).

- iii. Mandatory Investment Time for the minimum required shares

The minimum required shares specified above should be invested with AHC for a minimum period of six months or AHC discretion before the qualified member buys a house.

- iv. Maximum investment of AHC

Maximum investment will be \$500,000.

- 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 investment from AHC

- vi. Loan from Employer or other sources

Loan such as employer provided or any other means will not be recognized by the AHC and will not be supported by AHC.

F. Payoff Process

i. Appreciation or Depreciation calculation

If a member accumulate 70% of the shares or member notify AHC to payoff his/her loan in writing whichever comes first AHC will order an appraisal, calculate the appreciation or depreciation, and inform the member of any amount owed to

After reaching to the 70% accumulation of the shares no improvements or expansions will be acknowledge as approved expenses by AHC. Member will not be allowed to deduct any amount if any improvements or expansions are done after 70% accumulation.

ii. Payment of Rent during Payoff

If the member pays of 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 portion will be done in proportion to the amount paid off.

G. 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 AHC about his/her intention in writing at least ninety (90) days before such move. The AHC will send notice of Purchase offer to AHC 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 home owner/occupant.

ii. If no member of AHC is interested n that housing unit, or if no member can take over that housing unit within stipulated time, the owner /member will be given permission to arrange sale of that housing unit to general public.

iii. he home owner will be responsible for the cost of home sale, including but not limited to any repair, needed to present the house for sale, any brokerage cost involved in the sale of that unit, The brokerage cost if paid by the escrow will be deducted from homeowner's equity/investment before the funds are disbursed.

H. 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 improvements and expansions (no deduction for any improvements or expansions if done after 70% accumulation), and certain legal expenses, will be divided as follows:

- 70% to the member and 30% to the AHC

I. Class G Share - Reserved

J. Early Vacancy Penalty

If a member wants to transfer/sell his/her housing within one year from the date of acquisition by the "Co-op" he/she will be required to pay a penalty of \$5,000.00

K. Buy Back Process

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 housing unit, whichever is less, every year.

L. After occupancy, the member will not be, normally allowed to sell or transfer any of his/her shares.

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 any "appreciation or depreciation" in accordance with clause H (i).

2. OCCUPANCY, MAINTENANCE, AND OCCUPANCY CHARGES (RENT)

- A. Occupancy /Rental Agreements: The occupancy agreement will be drawn for every housing unit occupied by a member.
- B. Occupancy Charges and Re-evaluation: Monthly occupancy charges (rent) will be based on fair market value, and these may be reviewed every year.
- C. Rental Payments and Administration Fee: Members will pay only proportionate (in proportion to "Co-operative" share in the house) occupancy charges (rent), plus \$75 Administration Fee which will be due and payable in advance on 1st day of each month. (This rent does not go towards the purchase of additional shares).
- D. Proportionate monthly occupancy charges (rent) will be adjusted for the following month in which additional shares of \$1, 000 or more are purchased.
- E. 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/ the occupier. AHC will reduce the rent by 7% from the agreed upon rent in accordance with the AHC new rental policy as support toward shared expenses of insurance and Taxes.
- F. Leasing and Subletting: Members are not allowed to rent, lease or sublet all or part of the housing unit.
- G. 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.

3. MAJOR IMPROVEMENTS AND EXPANSIONS

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 expansion, approvals from board, permits, and any other necessary or related documentation.)