



Interest-Free Housing Co-operative of Canada Ltd.

REGULATIONS

REGULATIONS ON OWNERSHIP/TRANSFER OF OWNERSHIP OF RESIDENTIAL UNITS

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1. TYPES OF SHARES

1.1 **Member Shares:** To become a member of Interest Free Housing Cooperative of Canada (“IHC” or “the Cooperative”), each prospective member needs to purchase a minimum of 5 shares worth \$100 each for a total of \$500. All member shares are invested into residential housing projects which are owned by IHC. These member shares accrue dividends quarterly (only those shares which completed the entire quarter are eligible) and dividends are declared and paid after the Annual General Meeting in the subsequent year.

1.2 **Preference Shares:** Once a member is notified of their eligibility to enter into an occupancy agreement with IHC and once the home purchase transaction is completed, their Membership shares are now converted into Preference Shares and represent the home buyer’s equity ownership in the property and this class of shares does not accrue dividends.

2. LEGAL OWNERSHIP

2.1 The Cooperative will assume the legal ownership of allocated properties until the occupant member has discharged all financial and legal responsibilities; including but not limited to the original payment made by the Cooperative and all expenses and costs thereon.

3. REPAYMENT PERIOD (Amortization Period)

- 3.1 All member occupants must pay the full owing amount to the cooperative and transfer the occupying unit in their name within a term of 25 years or less from the date of purchase. In case of defaults, IHC reserves the right (as title holder) to pursue all legal actions to enforce payments through civil action or evacuate the property and replace the tenant with another member on the waiting list.
- 3.2 All member occupants are encouraged to accelerate the repayment of their debt to the Cooperative at no extra costs. For full settlement of debts towards the cooperative, he/she will have to pay the original price that the cooperative had paid to buy the unit as well as all expenses/costs incurred thereon. The Cooperative, however, is not entitled to any share in gains or losses resulting from the change in the property's value over time.

4. ELIGIBILITY FOR ALLOCATION OF RESIDENTIAL PROPERTIES

- 4.1 To eligible to apply for allocation of a residential property, a member must have satisfied the following criteria:

Value of Property at the time of Purchase (in CAD)	Member's Ownership of Shares (Value)
Upto \$299,999.99	Minimum 20%
#300,000.00 - \$500,000.00	Minimum 30%
Above \$500,000.00	100%

5. ALLOCATION OF RESIDENTIAL PROPERTIES

- 5.1. As and when funds are available, IHC will invite eligible members and ask them to show interest in designated properties. Eligible members will have to enter in a Residential Property Occupancy Agreement with the Cooperative before a unit is allocated to them;
- 5.2. To enter a Residential Property Occupancy Agreement mentioned in para 2.1., every member will fill in an Occupancy Statement (available on IHC website);
- 5.3. IHC will make payments to buy designated properties for eligible members according to the formula mentioned in para 4.1. IHC will remain the legal owner of all residential properties until the member, to whom the property has been allocated, fully satisfies all his/her financial obligations towards the property including payment of the original purchase amount as well as all associated costs of ownership/transfer of ownership;
- 5.4. Members occupying residential units will have to pay to IHC all costs that the Cooperative incurs in buying the unit, taking its legal possession and/or executing the deal/transaction.
- 5.5. After accepting an offer from IHC to buy a residential unit, the eligible member must undertake, execute and deliver to IHC an Occupancy Agreement within 90 days of accepting the offer failing which, the member will have to pay all costs/losses IHC has incurred in execution of the proposed deal;

6. SALE/RESALE OF SHARES OF THE COOPERATIVE

6.1. No member will be allowed to sell his/her shares (privately) to an IHC member and/or an outsider (a non IHC member). All sales/purchases of the shares of the Cooperative will need an approval from the Board of Directors.

7. SALE/RESALE OF RESIDENTIAL UNITS

7.1 Any member occupant who wishes to sell their residential unit will have to notify the Board of Directors of their intent. The Board of Directors will then offer the unit for sale to the next eligible member on the IHC priority list. All sales/purchases of residential units must go through the Board of Directors.

7.2. If an occupant member wishes to sell his/her residential unit within a year of the date of original purchase, he/she must pay an amount of \$ 5000.00 to IHC as penalty for early eviction. This is to discourage an early sale of residential units as the Cooperative exists to provide affordable shariah-compliant housing and not to facilitate any capital gains.

8. OCCUPANCY CHARGES

8.1. All eligible members, upon receipt of an offer to occupy a residential unit, will have to enter a contract with the Cooperative by signing a Residential Property Occupancy Agreement;

8.2. Upon occupying a residential unit, all members will have to pay a monthly occupancy charge (property rent) calculated according to the following formula:

$$\text{FMV rental} \times \frac{\text{Purchase price of the residential unit less the value of member shares (members' Preference Shares)}}{\text{Total Purchase Value of the Residential Unit}}$$

(IHC, being the legal owner, reserves the right to increase the rent of Residential Units annually to an amount congruent with the provincial/territorial law).

8.3. All occupant members must pay a monthly administration fee of \$ 20.00 in Ontario and \$ 30.00 in all other provinces/territories of the country payable on the first day of every month;

8.4. All members/occupants will be responsible to pay all expenses related to residential unit they occupy. These expenses may include but are not limited to payments of charges such as hydro, gas, water, any/all other utilities, common area/condominium/strata fees, municipal (realty) taxes, insurance, legal fees, repairs, material, labour, landscaping, garbage/snow removal, cleaning, liens, special levies etc.;

9. NEGLIGENCE/BREACH OF OCCUPANCY CONTRACT

9.1. Members found negligent or in breach of the Occupancy Contract may have their membership of the Cooperative revoked and may be asked to vacate the property. Any member involved in an act of negligence/breach of the Occupancy Contract will be responsible of any cost/losses/damages to the property their negligence/breach of Occupancy Contract may have caused. All such costs/losses/damages, if any, will be recovered from the share capital of the occupant member in the Cooperative.

10. IMPROVEMENTS/EXPANSIONS

- 10.1. During the period of occupancy, all occupant members must notify the Cooperative in writing of any intent of additions and/or expansions to the occupied unit before undertaking/executing any such works on the property. All such additions/expansions/changes to the occupying property will require an approval of the Board of Directors. Upon getting an approval from the Board of Directors, the occupant member will be responsible for any/all building permits/approvals from legal authorities related to the property improvement. He/she will also be liable to all costs/expenses/fees thereon.

END OF REGULATIONS