



Key Concepts of Islamic Financing and Interest-Free Home Ownership Program

By PERVEZ NASIM (Chairman)

Islamic Co-operative Housing Corporation Ltd.

Ansar Financial Group, Canada



Ansar Financial



Preamble

- The very fundamental concept for us to understand and accept is the fact, as revealed by Allah, our creator and sustainer, in the Holy Quran:

*"And It Is For Allah Whatever In The Heavens
And
Whatever In The Earth."*



IN OTHER WORDS, WE THE HUMAN BEINGS;



Do not really own anything in this World,
Are just a trustee, will have to account
for any and all breaches of this trust,
abuse, misuse & injustices





WE THE HUMAN BEINGS

- Come to this World with nothing, not even with a diaper;
- We leave this World with nothing material;
- only our good deeds and bad deeds go with us in our graves.





SHARIAH (ISLAMIC LAW) REQUIRES FROM A MUSLIM THAT ONE MUST:

- **Have honesty and integrity;**
- **Expect blessings and rewards from the Creator, in addition to monetary benefit;**
- **Be truthful and not to deceive;**
- **Be conscious of social and environmental cost/benefits; rather than just monetary fulfillment.**





Misconceptions among Muslims particularly, and among some Non-Muslims, as Well!

- Islamic banking and financing means; ‘conventional banking and financing’ delete the word “Interest”, add the word “Profit”!





Islamic Co-operative Housing Corporation Ltd.

- Maximizing the profit is not the most important aspect of business
- Charity and social responsibility are part and parcel with the bottom line



“AFFORRRRDABLE AND INTEREST-FREE HOME OWNERSHIP”

ISLAMIC ALTERNATIVE A PRACTICAL MODEL

By **PERVEZ NASIM (Chairman)**

Islamic Co-operative Housing Corporation Ltd.
Ansar Financial Group, Canada



Islamic Co-operative Housing Corporation Ltd.

- North America's 1st Islamic Financial Institution
- An interest-free HOME OWNERSHIP and INVESTMENT Project established in 1980 in Canada



ACHC
ANSAR & ISLAMIC CO-OPERATIVE
HOUSING CORPORATION LTD.

THE SHARIA MODEL ADOPTED BY THE CO-OP

- **Musharikah Mutanaqisah or Decreasing Partnership model was adopted;**
- **For its simplicity and practical nature for the long-term transactions;**
- **A Partnership between a Family and the Community (Co-op)**



A PARTNERSHIP

Between the Islamic Financial Institution
and
The Prospective Homeowner



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Islamic Co-operative Housing Corporation Ltd.

- **THE CO-OP IS BEING MANAGED BY A BOARD OF SEVEN VOLUNTEERS WHO ARE ELECTED EVERY TWO YEARS**



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Our Objectives

- *To facilitate our committed members the opportunity to buy a house for their families without indulging in riba, and with as much security and flexibility as possible, within the taxation and legal framework of the country*
- **and**



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.... to provide

an Opportunity to Committed Muslims all over the World...

- To mobilize and pool their savings and invest in the houses of fellow Muslims with no strings attached to a particular house;
- To keep an individual's funds as flexible as possible with the ability to sell/transfer his/her shares with a reasonable notice;
- To maintain the security of the investment; and,
- To share the capital gain or loss and the rental income of the “Co-operative” in the form of dividends with all members.



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TYPES OF MEMBERSHIP

- a) Prospective Home Buyers;
- b) Home Buyers under the **interest-based** mortgages;
- c) Simple Investors;
- d) Home Buyers under Co-op Scheme;
- e) Institutional Investors; Mosques, Charities & Islamic Centers etc.
- f) Children/Grand Children



MEMBERS COMMITMENTS:

- Pay \$75 membership fee to join
- Buy 6 shares of \$100 each annually
- Invest first and buy shares
- 20% of 1st \$100,000 cost of house
- 25% of up to the next \$100,000 cost
- 30% of over \$200,000 cost of house



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MEMBERS:

- Pay proportionate rent
- Increase their ownership when they can
(every month or every second month or so on)
- Rent decreases as ownership ratio increases (could be every month or so)
- Share gain/loss 10% with the co-op
- Legal ownership remains in the name of the housing co-op till 100% ownership shares are purchased by the member



MONTHLY RENT REVISION FORM

► Membership #: R.E.P #:

Revision # _____

► Effective , _____ the total proportionate occupancy charges for the above housing unit will be \$1,100.00 calculated as follows:

► Shares previously held by the member \$120,000.00

► Additional shares purchased on _____ \$ 20,000.00

► Total shares held by the member A = \$140,000.00

► Corporation's share B = \$166,000.00

► Cost of the Housing unit C = \$306,000.00

►

► Occupancy Charges (Rent) D = \$ 2,000.00

►

► Monthly Proportionate Rent: $(B / C) \times D$ E = \$ 1,085.00

$$\frac{\$ 166,000 \times 2,000}{\$ 306,000}$$

► Add: Administration Fee: \$ 15.00

► **TOTAL PROPORTIONATE RENT :** **\$ 1,100.00**

► PREPARED BY: _____

DATE: _____



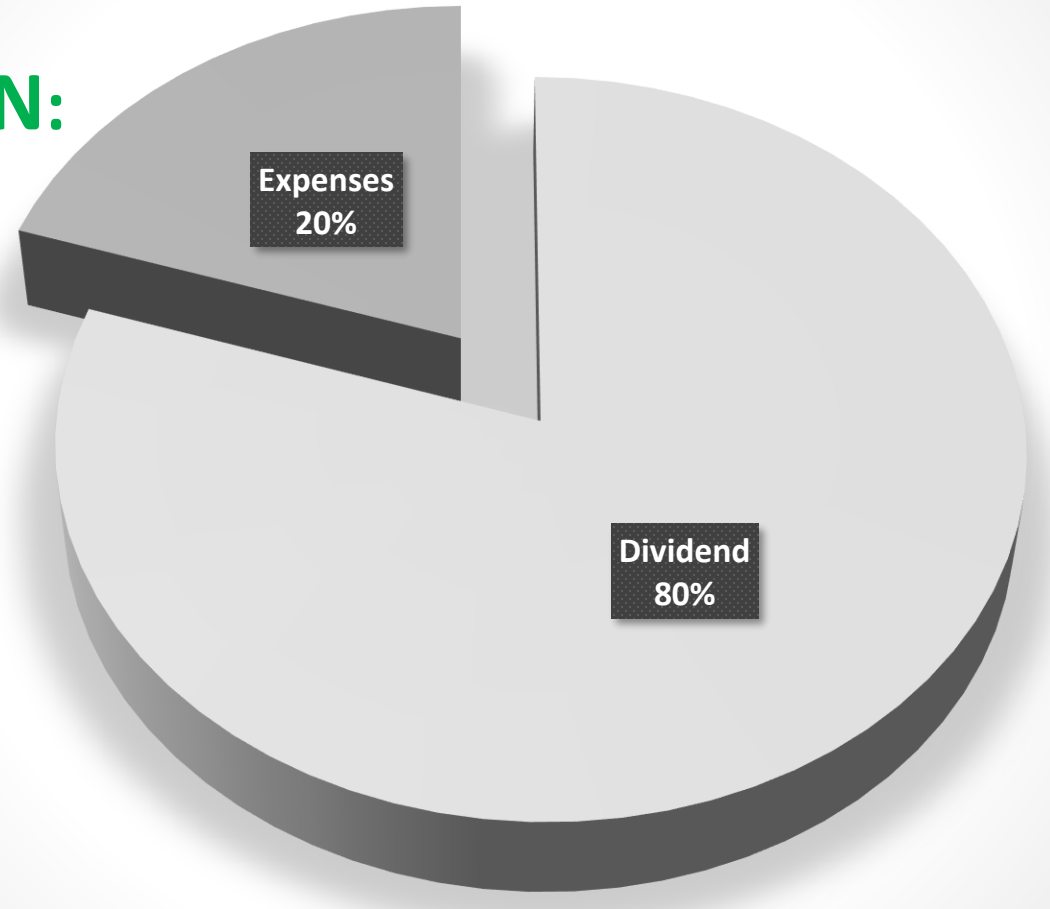
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SHARING OF GAIN OR LOSS

- As a result of sale/transfer of the housing unit any gain or loss realized will be divided as follows:
 - a) If, at that time, the member has more than 50% shares, 10% to the Co-op and 90% to the member.
 - a) If the member has 50% or less shares, 20% to the Co-op and 80% to the member.
- The capital gain or loss will be shared after making an adjustment for authorized improvements, expansions and certain legal expenses incurred by the member.



INCOME DISTRIBUTION:



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Islamic Co-operative Housing Corporation Ltd.

- Members are in drivers' seat
- Complete 100% ownership in 10-12 years
- Conventional mortgages take 25-30 years



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ANSAR FINANCIAL GROUP LAUNCHED A NEW CO-OPERATIVE IN 2003



ANSAR CO-OPERATIVE HOUSING CORPORATION LTD.
Ansar Co-operative operates under the same principles

COMBINED PRESENT STATUS

- In thirty-eight years, purchased around eight hundred eighty (880) houses
- Sold a little over \$71 Million worth of Shares;
- Gave Dividends between 3.6% and 10%.
- For the year 2020 it is 3.6%;
- Membership has grown to over 4,900 in North America and a good number from overseas as investors;



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Islamic Co-operative Housing Corporation Ltd.

Established Home & Auto Takaful for Co-op Members

in partnership with second largest Insurance Company in Canada

The Co-operators Insurance Group



OUR OTHER SERVICES AND PROJECTS

- **Business Financing & Joint Ventures**
- **Car Ownership Plan**
- **Interest-free Retirement Saving Plans**
- **Equipment Leasing**
- **Land Development**
- **Residential & Industrial Construction and Development**
- **Healthcare Facilities (Nursing Homes in Progress)**



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Ansar Financial Group - AFG

(AG - Private + AFDC - Public)

- Funds are invested in Ethically and Islamically permitted businesses/projects through Ansar Financial Group
- Various Shariah concepts such as:
 - MUSHARIKAH (partnership)
 - MURABAHA (installment purchase) and IJARA (leasing)are applied in the operation of all business transactions.





Ansar Financial

First Interest-Free Public Company in North America

**Ansar Financial
and
Development Corporation (AFDC)**

First Interest-Free Public Company in North America listed on Exchange

HIGHLIGHTS OF AFDC IPO

- **Maximum Offering: \$15,000,000**
- **Sold 14,600,000 Common Shares in March 2010**
- **\$1.00 per Common Share**
- **Current Portfolio over \$15.5 Million**
- **Shares are Tax-Deductible for Retirement, Education and Tax-Free Savings Plan**



Core Principles of Business of this Corporation:

The Corporation (AFDC)

- Is operating on Interest-free basis;
- Is Prohibited from Borrowing Money on interest;
- Has Sharia/Ethics Committee is mandated in the Corporation's By-Laws





Ansar Financial



Leading Financial Development of the Community

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