Share Certificate in Co-Op Housing Society

We are trying to cover following query related to Share Certificate in Co Operative Housing Society. As a new flat owner many members do not know about this. It is one of most important document in society there we must know about this.

1. What is share capital in housing society?
2. What is share certificate?
3. Who and how decide the amount / authorized share capital?
4. Timeline to distribute the share certificate? or When can I get the share certificate from society?
5. Where is this share capital deposited?
6. Can we use share money for regular expenses?
7. How to know every member share capital amount?
8. How to issue share certificate?
9. Things to be check before issue a share certificate?
10. Share Certificate format?
11. How to Issue a duplicate share certificate?

Like above many more query coming to us in our WhatsApp group, so here we will try to explain everything.

1. What is Share Capital in housing society?

While incorporating a co-operative society, and planning to raise money, words like 'share capital' comes in picture. Starting a business and raising funds requires an understanding of what these terms are and why they are important for co-operative.

Simply we can say, share capital is the money a business raises in exchange for ownership in the company. For co-operative housing society, this usually refers to the money an individual pays to become a member.

2. What is Share Certificate?

The share certificate is a legal certificate given by a co-operative housing society that a particular member is the registered owner of shares in the cooperative housing society. Bye-Laws state that, "Share Certificate, prescribed in bye-laws, bearing distinctive number and indicating the name of the member, the number of shares issued and the value paid thereon, shall be issued by the society to every member for the shares subscribed by him, within a period of six months of the allotment of the shares.

In other words we can say that it receipt acknowledgement to members, who has paid share capital amount Rs 500 while registering the cooperative housing society.

Some important point about share certificate

- After amendment to the byelaws in 2014, in cooperative housing societies in Maharashtra, each member has to pay for 10 shares, which is the limit of his share in the liability of the Society.
- Paid up capital of the society will not always be equal to the authorized capital as the latter is kept higher, for future eventualities.
- A member will have 10 shares in the society, for which the member has paid to society while society formation, later society will issue a share certificate for same, giving details of the flat owner (Members name as per sale agreement), the flat no., share certificate no., and the distinctive nos. of the shares and the amount paid Rs. 500.
- Share certificate no. 1 will be given share nos. 1-10, likewise share certificate no 2 for shares 11-20 etc. This certificate is the only proof of the ownership of the premises by the member, as in Maharashtra, all premises are owned by the Societies and the flats are allotted to members on the basis of share certificate only.
- Owner Name & order of appearance on the Share Certificate will be same order as appearing on the Sale Agreement.
- Society cannot do any changes in share certificate, if spelling mistakes in Sale agreement same will be reflected in Share certificate.
- In case of sale/transfer, Share Certificate shall be surrendered to Society along with other forms & documents (Bye-laws 38(e)(i)) , after proper procedure & process is completed, then share certificate is transferred in name of the buyer from the seller and thereafter the seller has no right in the premises, as he ceases to be a member of the Society.

3. Who and how decide the amount / authorized share capital?

” The Registrar decides at the time of the society’s registration the total authorized capital which is divided into Rs. 50 per share and share certificates are thereof distributed to the members. The member is issued 10 shares (worth Rs 500) as the total share capital need not be the same as the actual number of shares issued.

4. Timeline to distribute the share certificate? or When can I get the share certificate from society?

Model bye-laws says, “Share Certificate, prescribed in bye-laws, bearing distinctive number and indicating the name of the member, the number of shares issued and the value paid thereon, shall be issued by the society to every member for the shares subscribed by him, within a period of six months of the allotment of the shares.

5. Where is this share capital deposited?

Share capital deposited in district co - operative bank by builder / promoter while registering the co - operative housing society. This account owner is Builder / Promotor therefore, after society handover Committee should be transfer this account on their name on priority basis, as it required for audit.

6. Can we use share money for regular expenses?

No

7. How to know every member share capital amount?

You need to read your society bye law. Authorized Share Capital Bye - Law 8

8. How to issue share certificate?

Society should check all documents and dues before issue the share certificate. Many society don't do any documentations and even not prepare the share register, Transfer Register and issuing share certificate blindly like not checking share certificate number is distinctive or not etc. So prepare a share register, "I" Form register & "J" Form register and do proper entries in required register after that issue a share certificate.

9. Things to be check before issue a share certificate?

Checklist for issuing Share Certificate to Original Member:

- Member has submitted the sale agreement copy?
- Does Member has clear all dues?
- In addition to request for Share certificate has the Member Submitted in writing that he /she does not have any Mortgage or loan or any liability against the property and if he/she does then he/she indemnify the Office bearers & Society.
- Member should show the Original Sale Agreement while collecting the Share certificate if no loan against the flat.
- Share certificate should be given to Member (Flat Owner) only.
- If the member is claiming share certificate after clearing all Mortgage or loan or any liability. Has he /she submitted Loan Clearance certificate in original or Certified copy of same.

10. Why do you need the share certificate?

Like your sale deed is the proof the ownership of property, in the same way a share certificate is legal proof that you are the rightful owner of the co-operative housing society's shares. It is the duty of the managing committee to issue share certificates after due diligence.

11. How to Issue a duplicate share certificate?

First of all society committee should issue a share certificate in a best quality glossy paper. So it can keep longer time without any soiled, bend or burst.

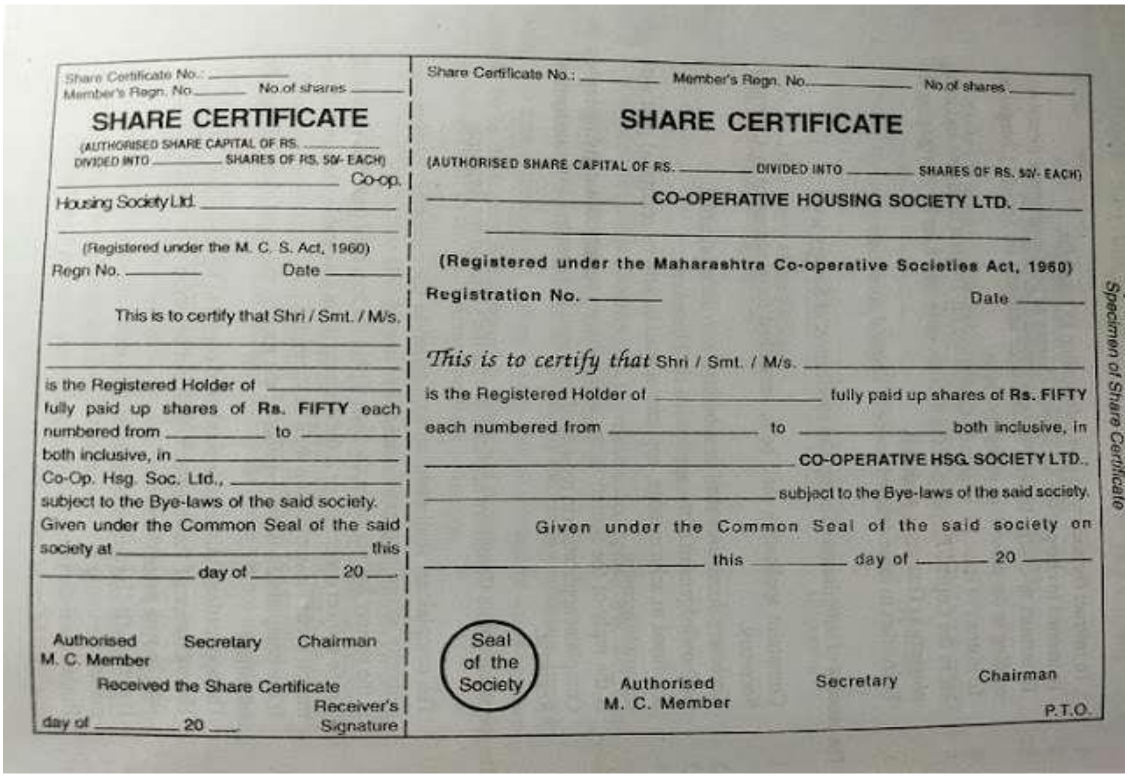
We advise to keep the Share Certificate in a safe place. Because getting duplicate is not an easy process. If your share certificate is destroyed, lost, soiled, misplaced, stolen, you need to approach housing society committee to issue a duplicate share certificate.

You need to follow the below mentioned procedure.

- First you need to file an FIR to the local police station, take the copy of FIR acknowledged by the Police.
- You need to write an application to the housing society informing them about the misplaced or lost share certificate and further request for a duplicate one, And, attach the acknowledged copy of the FIR with the application.
- You need to submit an indemnity bond of Rs 200 to the society, indemnifying the society of all cost/ results of issuing a duplicate share certificate.
- Attach the duly notarized indemnity bond with the application made to the society.
- On receiving the application the Secretary shall call a Managing committee meeting to get its approval for the grant of a duplicate share certificate. In the same meeting, the society examines the application and attached documents and approves the request for a duplicate share certificate if all papers is right.
- The society shall issue a public notice in two local newspapers and also same affix on the society's notice board in order to invite objections, if any.
- The society will wait for 15 days for any objections after putting out the notice on the society's notice board and the advertisement in the newspapers.
- If no objections are raised, the society shall issue a duplicate share certificate to the member. The cost of publishing notices in newspapers has to be borne by the member.

12. Share Certificate Format as prescribed in Bye – Law

Front Side



Share Certificate No.: ______
Member's Regn. No. ______ No. of shares ______

SHARE CERTIFICATE

(AUTHORISED SHARE CAPITAL OF RS. ______ DIVIDED INTO ______ SHARES OF RS. 50/- EACH)

______ Co-op. Housing Society Ltd. ______

(Registered under the M. C. S. Act, 1960)
Regn No. ______ Date ______

This is to certify that Shri / Smt. / M/s. ______

is the Registered Holder of ______ fully paid up shares of Rs. FIFTY each numbered from ______ to ______ both inclusive, in ______ Co-Op. Hsg. Soc. Ltd., ______ subject to the Bye-laws of the said society. Given under the Common Seal of the said society at ______ this ______ day of ______ 20__.

Authorised M. C. Member Secretary Chairman

Received the Share Certificate

day of ______ 20__ Receiver's Signature

Share Certificate No.: ______ Member's Regn. No. ______ No. of shares ______

SHARE CERTIFICATE

(AUTHORISED SHARE CAPITAL OF RS. ______ DIVIDED INTO ______ SHARES OF RS. 50/- EACH)

______ CO-OPERATIVE HOUSING SOCIETY LTD. ______

(Registered under the Maharashtra Co-operative Societies Act, 1960)

Registration No. ______ Date ______

This is to certify that Shri / Smt. / M/s. ______ is the Registered Holder of ______ fully paid up shares of Rs. FIFTY each numbered from ______ to ______ both inclusive, in ______ CO-OPERATIVE HSG. SOCIETY LTD., ______ subject to the Bye-laws of the said society.

Given under the Common Seal of the said society on ______ this ______ day of ______ 20 ______

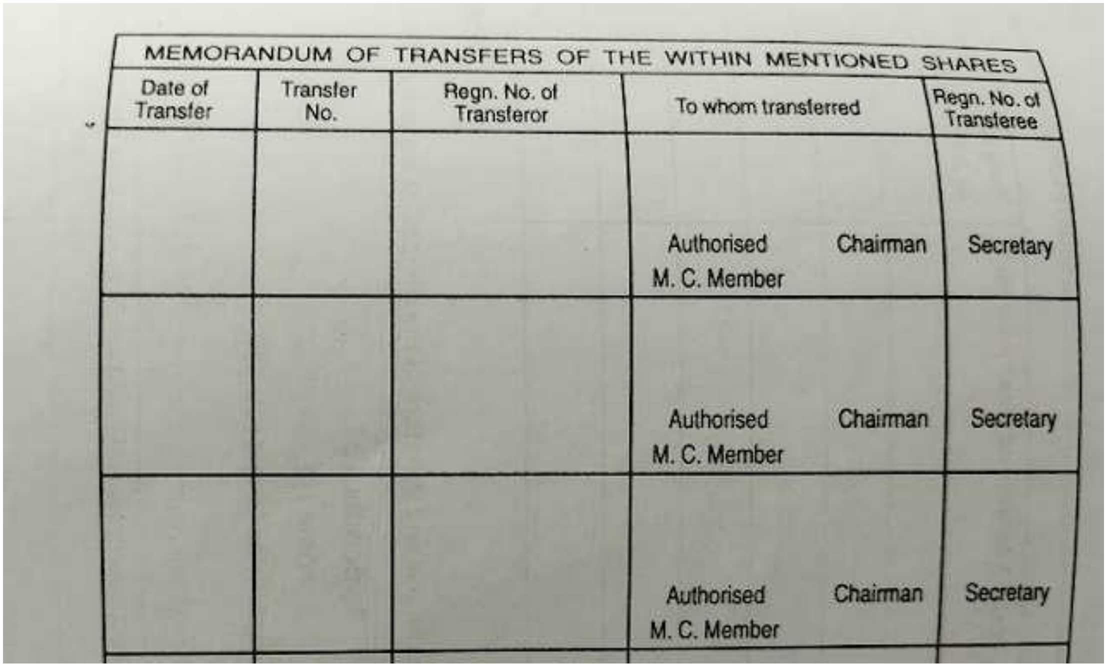
Seal of the Society

Authorised M. C. Member Secretary Chairman

P.T.O.

Specimen of Share Certificate

Back Side



MEMORANDUM OF TRANSFERS OF THE WITHIN MENTIONED SHARES

Date of Transfer	Transfer No.	Regn. No. of Transferor	To whom transferred		Regn. No. of Transferee
			Authorised M. C. Member	Chairman	Secretary
			Authorised M. C. Member	Chairman	Secretary
			Authorised M. C. Member	Chairman	Secretary