



HARVARD LAW SCHOOL ISLAMIC FINANCE PANNEL
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SHARI‘A-COMPLIANT HOME FINANCING IN THE UNITED STATES: A REPORT

On April 6th, 2013, the Islamic Finance Project hosted an event entitled Shari‘a Compliant Home Finance in the United States. Drawing over 100 guests, the panel discussion featured a talk by Shaykh Yusuf Talal DeLorenzo, Chairman of the Shari‘a Board for the Dow Jones Islamic Market Indexes and a highly regarded scholar of Islamic transactional law. Following DeLorenzo’s talk, five panelists offered their opinion and comments: Kathleen C. Engel, Associate Dean for Intellectual Life and Professor of Law at Suffolk University; Thomas Gainor, Senior Vice President and General Counsel at Guidance Residential, LLC; David Loundy, Chairman of the Board of Directors of Devon Bank; Stephen Ranzini, President and CEO of University Bank; and Ibrahim Warde, Adjunct Professor at the Fletcher School at Tufts University. The event was moderated by Samuel L. Hayes, the Jacob H. Schiff Chair in Investment Banking Emeritus at Harvard Business School.

DeLorenzo began by discussing the potentially large market for shari‘a financial products in the U.S. He stressed the importance of our building upon the home-finance sector in order to gain access to a larger market in the future. He outlined a number of challenges faced by shari‘a compliant home financiers in the United States. The first two major challenges to successfully introduce shari‘a compliant services are providing competitive pricing and competitive services. Shari‘a compliant home finance aims at Muslims in the higher end of the middle class market. This is a relatively well educated group that is keenly aware of the dynamics of family finance. He said the days of a COB (cost of being Muslim) are over; Muslim consumers are now interested in products that are priced competitively. Similarly, they are used to the customer orientation and efficiency of conventional banks, which creates the market for competitive services. Islamic financial institutions must find a way to provide this efficiency and financial value without the advantage of large scale operations.

In addition to the excellent competitive pricing and services offered, another challenge Delorenzo discussed is the absolute necessity that all shari‘a brand financial products must maintain shari‘a authenticity. The Islamic financial industry was founded on Islamic ideals of fairness, justice, and universal access to the economy. However, there is growing feeling that the industry is finding ways to technically follow shari‘a laws, while producing products that are no different from conventional ones. Skepticism is one of the biggest challenges faced by the shari‘a compliant home financing sector. In order for consumers to embrace Islamic financing methods, they must feel that Islamic finance is truly value-added and is giving them something conventional banks do not.

Inertia is one of the most difficult challenges faced by Islamic home financing providers in the US. Most Muslims in the home owning demographic are already banked, insured, invested, and financed by conventional means. Convincing satisfied customers to switch banks is difficult, and religious and nationalistic sympathies are often not enough to do so.

Skepticism is strong in Muslim communities in the United States; many educated Muslims question the credentials of shari‘a compliant businesses. Any hint of scandal, fraud, or business failure is enough to make consumers doubt Islamic finance and its legitimacy. Not only do they influence the performance of the shari‘a home financing market, both skepticism and doubt affect the Islamic finance market on a larger scale, making it exceedingly important to address early on.

The Islamic finance industry must also quell the fears of consumers hesitant to invest in new businesses. Consumers are often afraid to be the first to use a service or put their trust in a bank. Many believe a product will not be any good if it does not come with recommendation from

friends, neighbors, or existing customers. They may worry that a business started only a year ago will not be around fifteen or thirty years hence to finish the financing term offered. These are valid concerns that all consumers should think of when investing in something as financially large as a home.

Some of these challenges, such as fear and inertia, can be countered, to a degree, by having Islamic windows in conventional banks. However, all of these challenges ultimately require consumer education. A greater Islamic board of trade for the United States may be the first step toward achieving this educational goal. There might be a better solution(s), and it is discussions like this one that must continue in order to serve as the starting point for divergent thinkers to begin ruminating. If the shari' a compliant home finance industry can find a successful method of educating consumers about the quality and authenticity of its services, it could serve as a role model for other Islamic finance product providers.

Following Shaykh Yusuf's speech, panel members shared their views, opinions and addressed queries.

David Loundy identified some additional challenges faced by the industry, such as taxation and regulation issues. Tom Gainor reflected on the difficulty and importance of building a good reputation. Gainor also optimistically noted that he no longer fears, as he did ten years ago, that Islamic finance is such a new and fragile industry that it may someday be relegated/regulated out of existence. Stephen Ranzini reflected on important lessons that the conventional financial industry can learn from the Islamic financial industry. Ibrahim Warde commented on the dire need for creative new financial solutions in the wake of the subprime crisis. Katherine Engel spoke about the confusion and doubt in the financial world that is an indirect negative effect of the subprime crisis on shari' a compliant home finance.

In order for Islamic finance to become a true contributor to the global financial system and one used widely by Muslims in every walk of life, it must first be successful with the middle class in the United States and Europe, where competition is tough and the ability to adapt, innovate, and establish a reputation of authenticity is essential.

Context and Overview

Beginning with the premise that home finance represents the single most important factor in the growth of a vital retail Islamic financial services industry in the United States, this seminar was organized to study what may be done to further the progress of shari' a-compliant home finance and to address some of the concerns that are limiting the adoption of these services among potential clients.

The Muslim community in the United States is a relatively affluent and well-educated group. Shari' a-compliant home finance has managed to make a reasonable start for itself here. The question now is how to build on what has been accomplished to date. Moreover, home finance is not the only shari' a-compliant financial products and services business to compete for a market share in North America (including the US, Canada and the Caribbean). Indeed, it is hoped that a wide range of financial services and products that comply with the shari' a will be made available to the public here in North America. Many believe that the success of Islamic finance services lies in the success of the home finance business, as that is the business that opens the door to other opportunities.

Home finance in general aims at the higher end of the middle class market and is therefore particularly well positioned to offer related financial services to the consumer. In the North American, Muslim community, estimated at between seven and ten million people in the US alone, this important demographic has the potential to spur the development of a wide range of shari' a-compliant financial services, either as replacements for conventional services already in use or as first time services. There are, however, several keys to the successful introduction of these services.

From a Muslim retail consumer's perspective, financial services must (1) come with competitive pricing, (2) offer competitive services, and (3) comply with recognized shari' a norms. The order of importance these factors may differ from client to client.

In many ways, the home finance industry is considered a test balloon for the rest of the Islamic financial services industry. Success in this industry, under the particular circumstances of the United States Muslim community, will only come through hard work, innovation and keen attention to the market. It is the latter that this seminar sought to address.

The financial industry, regardless of the product or service is built first and foremost on trust. Conventional financial institutions, the competition, have a distinct advantage in this regard. Many of them have branded themselves to become household names, many have a historical presence that may extend as far back as a century or more, and many have a physical presence in neighborhoods and suburbs having a high concentration of Muslims. All of these may be considered challenge in the development of shari' a-compliant businesses. They may also be considered healthy competition and motivation.

Other challenges to the industry come from within the United States Muslim community itself. In addition to the keys alluded to earlier, (competitive pricing, competitive services, and shari' a authenticity), we may add the need to overcome (4) inertia, (5) skepticism, (6) doubt and (7) fear.

1. **Competitive Pricing:** Middle class Muslim families in the United States are very much attuned to the day- to-day dynamics of family finance. Through networks of colleagues, friends, and neighbors, not to mention the media, Muslims are aware of market dynamics . Thus, successful home finance operations are those that offer competitive rates. Businesses must assume that the days of the COB (Cost of Being Muslim) or the shari'a Premium, if there ever were any, are over.

2. **Competitive Services:** For the reasons cited above, Muslims are also well aware of what good service means. Accustomed to smiling and efficient service from local banks and insurance brokers, Muslims are accustomed to, and have grown to expect, good service and assistance. Sales representatives at shari'a-compliant home finance companies must be well trained, educated and skilled in dealing with all manner of people and situations. As the first line of contact with the Muslim public, the sales team, including the people on the phones must be a priority for a successful home finance operation.

3. **Shari'a Authenticity:** While the threshold for satisfaction in the matter of compliance with shari'a norms may not be high for many Muslim consumers, if not most, it is nonetheless of utmost importance. For a large segment of consumers in United States it is the single most important factor in the decision to buy or not to buy. Obviously, it is what differentiates shari'a compliant product from its conventional counterparts. More importantly, it is why the product exists in the first place. If there hadn't been a need and a demand for shari'a-compliance, there wouldn't be a supply. In surveying the list of businesses presently operating in United States, it is interesting to compare the degrees of attention given to this matter. Time and again, voices have raised the question of the authenticity and the true 'value-add' of products marketed with the claim of being shari'a-compliant, but these products are apparently no different than conventional products. There are many criteria to be considered, and varying reasons for the perceived disparities, but in general it is clear that some people give the matter more attention than others.

4. **Inertia:** The inertia factor is undoubtedly strong, as most Muslims in the home owning demographic are already banked, insured, invested and financed by conventional means. Overcoming such inertia is never an easy task. Appeals to the religiosity or to the nationalistic sympathies of Muslim consumers aside cannot be relied upon for success in the home finance market when people have established themselves as customers and, in many cases, have gained some sort of status (gold card, platinum account, etc.) within the system.

5. **Skepticism:** The element of skepticism, too, is strong in the United States community. Many educated Muslims in the U.S., and professionals in particular, question the credentials of shari'a-compliant businesses, if not the very premise on which they are founded. For many in the immigrant communities, there may be negative experiences or attitudes from their home countries. Ways must be found to meet each of these

challenges. Moreover, the solutions developed by the Islamic home finance industry may be applicable by other Islamic financial product and service providers.

6. **Doubt:** Doubt is, by definition, insidious. In business, doubt can be fatal. There are many forms of doubt. Doubt can be related to the reputation of the industry itself. If shari'a businesses have failed in the past or, even worse, if they have been involved in scandals or frauds, the doubts will be even more difficult to deal with. Particularly in the context of contemporary United States society, where revelations of financial scandal are becoming commonplace, this is an issue that must be addressed. Doubt may be aimed at the company and its reputation, or at members of its sales or management teams. Another form taken by doubt is doubt in the authenticity or shari'a credentials of a shari'a-compliant financial service or product. This form of doubt can have a devastating effect on a business. Whatever the form in which doubt appears, it must be dealt with. Clearly it is best to anticipate and dispel doubt before it occurs and actually becomes a factor.

7. **Fear:** Finally, there is the matter of consumer trepidation, from outright fear to simple timidity. Fears about new businesses and their sustainability are always a factor at the retail level. This is something that all start-ups have to deal with. The logic goes something like this: if the consumer cannot see that others have bought the product or service, the consumer will not feel comfortable being the first to do so. So, unless there is a track record, the business will not attract customers. But without customers there cannot be a track record. Islamic financial products and services face the same challenge. Moreover, what's to say to the consumer that a business that was started six months or two years ago will be around for the term of the financing it offers—often ten, fifteen or even thirty years hence?

Obviously, there are a host of remedies for these challenges, and many of them are more adequately addressed in business schools. However, seminars such as this is the right sort of forum for their identification and discussion. There may be much that Islamic home finance providers can learn from the conventional industry and its collective wisdom. In fact, of the challenges mentioned above, the last four can be countered to an extent by having Islamic financing windows in conventional banks. Such a market entry seems to have obvious advantages under the current circumstances. Given the specifics of the target market, it should be obvious that gatherings such as this one will prove of benefit to everyone involved. People in the industry might even want to begin thinking about a trade organization of their own.

From my own perspective, however, it seems that one obvious approach to the challenges listed above will be consumer education. Indeed, if the shari'a-compliant home finance industry can find a successful formula for educating potential consumers, the same may be adapted for use by other Islamic

financial product and services providers. So here, too, is a way that this industry can contribute to the growth of other Islamic financial services. And again one thinks of a greater Islamic board of trade for United States. Whatever the solution, or solutions, it is clear that consumer education must become a priority for businesses in the Islamic financial products and services industry here.

In addition to the subjects already mentioned, the importance of Fanny Mae and Freddy Mac to the survival of the industry must also be considered. Obviously, these institutions play a key role in the supply of capital. And just as obviously, these institutions have been shaken to their very foundations in recent years, beginning with internal auditing irregularities and continuing through the global financial crisis and the erosion of political support. How dependent are our Islamic home finance businesses on these two? What sorts of relationships exist?

Finally, in the absence of such institutions, we must ask what options may become available for Islamic home finance. What options are there for the so-called “non-conforming” market not covered by Fanny and Freddie? Indeed, many of our most lucrative markets, at least potentially, demand more than Fanny and Freddie can provide. What, then, about the jumbo Islamic home finance product? Who are the investors, or potential investors?

A topic related to Fanny and Freddie is sukuk and the possibility of securitizing shari’a-compliant home finance contracts through their networks and under their labels. What obstacles stand in the way of a program to regularly issue a series of such investment instruments? Is volume an issue? Does politics play a role in this?

Additionally, how are all of these matters to be explained to the public? Muslim consumers in United States are often very particular about their associations, personal or professional. Some Islamic home finance providers have developed materials, however basic, to explain their relationships to Freddy and Fanny, particularly in terms of cash flow and the possibility of tainted funds entering into the transactions they conduct for their clients. Even so, this remains a little understood subject and one that needs clarification. In short, sales reps and their support teams need the tools to be able to explain these matters as succinctly as possible.

In addition to originating home finance contracts, and re-financing through replacing existing contracts (often in the form of conventional loans), shari’a-compliant home finance businesses deal with consumers through servicing. In some instances, the servicing is outsourced to specialized servicers. Are there issues that need to be considered before handing this

business over to others? Consumers in general are not clear on the role of servicers. Muslim consumers are no different. Again, special care will have to be taken to explain these things to consumers, many of whom will be first time home buyers or immigrants who are unfamiliar with such practices.

All of these are issues that can be discussed by representatives of the industry at seminars such as this. For my own part, I am convinced that if Islamic finance is to be meaningful—by which I mean if it is to become a true partner and contributor to the global financial system on the one hand, and if it is to become a real factor in the financial lives of Muslims in every walk of life, and in every part of the globe—then it will have to demonstrate its virtues and success in United States and Europe among the middle classes where the competition is tough and where its survival will rely on its ability to adapt, innovate and be seen as an authentic and credible alternative to existing products.

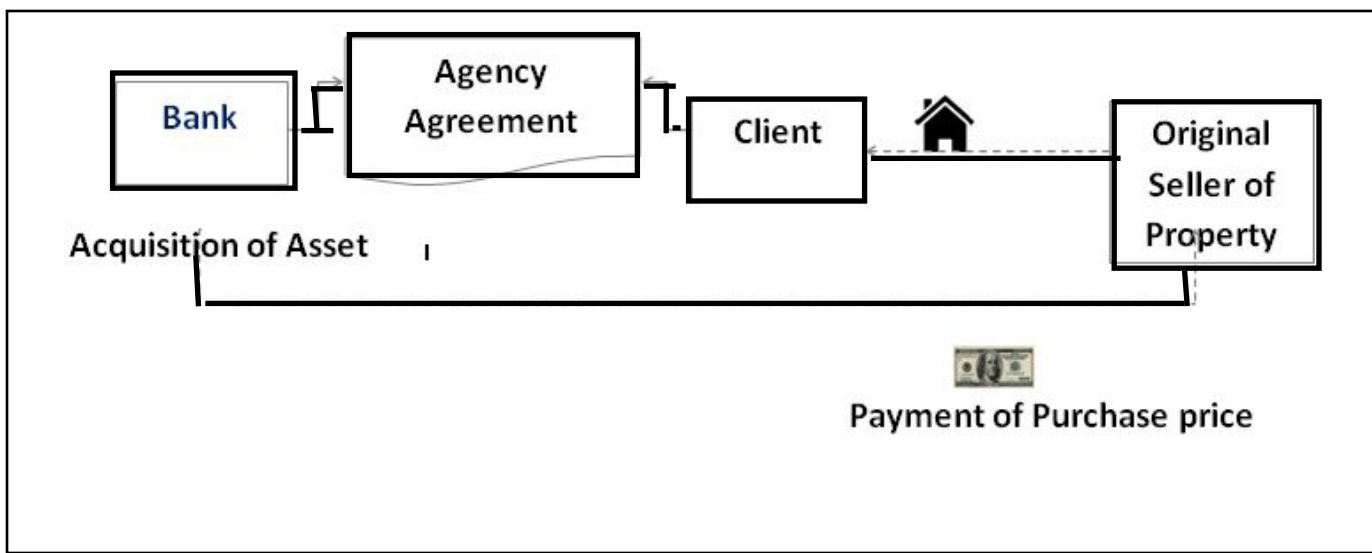
Meaningful finance begins at the level of the retail consumer. This is where the real volumes are, at least potentially, and this is where finance has the greatest and most immediate impact on people and society. Likewise, it can provide a means to finance development domestically and abroad. A dam in Pakistan, an airport in the Sudan, seeds and equipment for small farms in a central Asian republic, cottage industry in Bangladesh, a mosque in Springfield—all of these may be financed in compliance with shari’a norms and many will be financed using the same basic contracts used in Islamic home finance. The place to hone our skills, to develop our strategies, and to carry out our well-designed and cutting edge business plans for Islamic finance is the place where all of these will be tested to the extreme, going head to head against well-established mega businesses in United States.

It is often described the development of modern Islamic finance is a trickle down process. The industry has endured a great deal of criticism for its seeming preoccupation with investment banking, private equity, stock markets, and the like. In recent years, however, the picture that is beginning to emerge is that the same law firms and bankers who helped to develop the high end of the industry are more than willing to lend a hand to the retail sector. Moreover, without that body of work that accumulated knowledge and experience, the tools that were developed (including the benchmarks), the relationships that were established, and the difficult ground that was broken with businesses and regulators, progress on the retail front would remain limited.

Clearly, there is a long way to go, but we remain optimistic and believe that this seminar has helped us prepare together for the challenges ahead.

Illustrative Example of Home Financing Product Based On Murabaha

As discussed above, *murabaha* is the sale of an item at a disclosed profit margin executed either on spot basis or deferred basis. The *murabaha* based home financing products offered in the United States is based on deferred *murabaha* (similar to Installment sales wherein the payment of price is deferred). The Client selects the property and purchases it as an agent of Islamic financial institution (IFI). The IFI then sells the said property to the Client at a marked up price. The contract is executed and title is transferred to the Client upon down payment. The monthly installments include profit from the mark up and a payment toward the price of property.



Appendix A: Directory of Islamic Financial Institutions

In recent years, the Islamic finance industry has shown incredible growth in both retail and wholesale sectors, particularly in home financing. Although the prospect of owning a home is appealing to many, paying the full value of the house upfront is most often not feasible. Therefore, home financing is an increasingly attractive option for many people in the United States. Islamic mortgage, an alternative for practicing Muslims who believe that conventional mortgages violate Islamic law, is gaining popularity and becoming more competitive in the West. The three primary shari'a-compliant Islamic mortgage products are: *murabaha*, (mark-up sale contract), *'ijara* (lease contract), and *musharaka mutanaqisa* (diminishing partnership).

Murabaha can be described as the sale of an item at a disclosed profit margin. *Murabaha* is implemented in home financing as follows: A prospective home buyer will approach a financial institution to buy a house for a price agreed upon by both the buyer and seller. The financial institution will buy the house and immediately resell it to the customer at the agreed profit margin. The home buyer will pay for the property in installments over a pre-agreed time period and mortgage the property to the financial institution in order to secure the installments.

'Ijara is the rental or lease of an item with the intention of making a profit. In the case of *'ijara wa iqtina* (lease-to-purchase contract), home financing is implemented when the financial institution purchases property for a client at an agreed price. The financial institution will first rent out the property to the client and then sell it to the client at the end of a defined period of time at the originally agreed price. The client's monthly payment to the financial institution serves two purposes: payment of rent and a guarantee to the financial institution that the client will be able to purchase the property at the end of the rental period. *Musharaka* (joint venture agreement) is a standard Islamic finance transaction where two or more parties enter into a partnership. In a typical *musharaka* agreement, two or more parties agree to provide capital (ra's al-mal) towards the financing of a commercial venture. Profits are shared according to a predetermined ratio, and losses are shared on the basis of equity participation. In home financing, a *musharaka mutanaqisa* (declining equity) is a method of diminishing partnership whereby the financial institution and the customer buy the house and the customer purchases the financial institution's share gradually. The home buyer also enters a concurrent agreement with the financier to rent the property. The money he pays to the financier serves both as rent and as payment for purchase of financier's shares. Accordingly, the financier's share in the house will diminish, while the home buyer's will increase until the latter acquires all shares and becomes the sole owner of the property.

This is a general overview of how the three models are

operated in Islamic financial institutions. It should be noted that variation in application may occur from one financial institution to another depending on the laws and regulations enforced in each country. Nevertheless, the basic rules of these models must be adhered to in order for them to qualify as shari'a-compliant.

The role of Islamic home financing institutions, like other Islamic financial institutions, is to make sure that clients perceive a difference between Islamic mortgages and conventional ones. In the United States, there are many mainstream and downstream Islamic mortgage providers with different structures, such as co-operative financing structure, *'ijara*, diminishing *musharaka* and *murabaha*.

Institutions Offering Islamic Mortgages

The Islamic Finance Project at Harvard has compiled a list of shari'a-compliant Islamic financial institutions in the United States. This list is not exhaustive and does not aim to promote or advertise any of the institutions' products; rather, it aims to give both Muslims and non-Muslims who are interested in Islamic mortgages a catalogue of those Islamic financial institutions.

There are two categories of Islamic financial institutions listed below. The first category includes institutions that are providers of specifically Islamic mortgages. The second includes institutions that provide a wider range of shari'a products in general. More details about these products can be obtained by contacting the individual institutions.

African Development Center

African Development Center (ADC) works within the African communities of Minnesota to start and sustain successful businesses, build wealth, and promote community reinvestment. ADC counsels Muslim members of the community to help them obtain Islamic home finance interest free. They also provide development seminars and workshops on topics such as establishing credit and buying a home.

Contact details:

African Development Center, 1931 South 5th Street, Minneapolis, MN 55454

Tel: 612-333-4772 Toll-free: 1-877-232-4775 www.adcminnesota.org/

Hussein Samatar, Executive Director, E-mail: info@adcminnesota.org

American Finance House LARIBA

American Finance House LARIBA, established in 1987, is the oldest community-owned, shari'a compliant finance company in the United States. American Finance House LARIBA offers clients home financing, auto financing, business and trade financing, equipment financing, home construction, and riba free banking. Financial services offered include *'ijara*, diminishing *musharaka*, *mudaraba* and *murabaha*.

Contact details:

American Finance House LARIBA, 750 E. Green St., Ste. 210, Pasadena, CA 91101

Tel: (626) 449-4401, or 1(888) LARIBA-1 www.lariba.com/default.htm

Dr. Yahia Abdul-Rahman, Founder E-mail: arahman@msn.com

Mike Maguid Abdelaaty, President, E-mail: mabdelaaty@hotmail.com

Bank of Whittier

Bank of Whittier is a full service, faith based, riba free commercial bank. Bank of Whittier offers home financing, home improvement financing, auto financing, personal checking, and bank cards. A variety of retirement and savings products are also offered.

Contact details:

Bank of Whittier, 15141 East Whittier Blvd., Whittier, CA 90603-2198

Tel: (562) 945-7553 Toll Free: (855) 692-1122 Fax: (562) 945-5031

www.bankofwhittier.com/default.htm

Dr. Yahia Abdul-Rahman, Chairman and CEO, E-mail: arahman@whittierBank.com

Ciderle Muntaha Capital Alliance (CMCA)

Ciderle Muntaha Capital Alliance (CMCA) is a mortgage banking firm offering debt placement, equity, structured financing, transaction advisory, and Shari'a Compliant Financing for real estate development and acquisitions throughout the USA. Operating as a commercial real estate capital markets dept and equity facilitator, CMCA offers *murabaha*, *'ijara*, *musharakah*, and *wakala*.

Contact details:

Ciderle Muntaha Capital Alliance, 11150 W Olympic Blvd, Suite 1090, Los Angeles, CA, 90064

Tel.: +1-310.562.0572 Fax: +1-310.882.6848 www.CMCAcapitalAlliance.com

E-mail: jyacoubi@CMCAcapitalAlliance.com

Co-op First L.L.C.

Co-op First is an Islamic financing company created to purchase homes and vehicles without interest and provide a halal way to invest with an excellent return. All funds are collected only from investors, with no ties to banks or other interest bearing institutions. Co-op investors pool their money to purchase homes and cars; buyers make monthly payments until their debt is repaid.

Contact details:

Co-op First L.L.C., 2232 Stratford Ave, Suite #210, Cincinnati, OH 45219

Tel: (513) 793-3076 www.coopfirst.com

E-mail: CoopFirstLLC@yahoo.com

Devon Bank

Devon Bank is a full service community bank operating in Illinois, Indiana, Wisconsin, Minnesota, California, North Carolina, and Texas. Devon Bank offers installment sale Islamic financing and has received a fatwa from the Shari'a Supervisory Board of America (Mufti Nawal-ur-Rahman). Financial structures used include *murabaha* and *'ijara*, profit sharing deposits, mutual funds offered by third party providers, and *musharaka*.

Contact details:

Devon Bank, 6445 N. Western Avenue, Chicago, IL 60645

Phone: 1 (866) 683-3866 Fax: (773) 973 – 5647

www.devonbank.com/asp/home.asp

David Loundy, Chairman, E-mail: bank@devonbank.com; david@devonbank.com

Guidance Residential, LLC

Guidance Residential offers shari'a compliant home financing through *musharakah*, or declining balance co-ownership. Mortgages, disclosures, title registration, and home acquisition programs each have their own fatwa.

Contact details:

Guidance Residential, LLC, 11107 Sunset Hills Road, Suite 200, Reston, VA 20190

Tel. 703.885.0835 or 866- 484-3262 Fax 703.885.0811 www.GuidanceResidential.com

Thomas Gainor, SVP/General Counsel

E-mail: tom.gainor@guidanceresidential.com

Hussam Qutub, Vice President, E-mail: hussam.qutub@guidanceresidential.com

Ijaraloans.com

Ijaraloans.com is an Islamic loan and finance company that provides no interest financing programs. The company offers *murabaha*, *musharaka* and *'ijara wa iqtina* mortgage alternatives for the Muslim community.

Contact details:

Ijaraloans.com 2531 Jackson Avenue, Ste 331, Ann Arbor, MI 48103

Toll Free: 1-877-864-5272 Fax: 775-205-0617

Shoeb M. Sharieff, E-mail: shoeb@ijaraloans.com or info@ijaraloans.com

SAMAD Group Islamic Home Finance

SAMAD Group, Inc. is an asset management firm that finances Muslim owned companies such as Wingate Inns and Megalith. SAMAD Group also offers a National Islamic Home Finance Program that utilizes *'ijara* and *murabaha*.

Contact details:

SAMAD Group, 1563 East Dorothy Lane, Suite 300, Kettering, OH 45429

Toll-Free: 1-888-US-SAMAD Tel: (937)298-9402,

Fax: (937)298-4310

www.intoislam.com/islam/Islamic/Finance/7964.html

Bashir G. Ahmed, President & CEO,

E-mail bgasamad@aol.com

University Islamic Financial (UIF Corp.) Subsidiary of University Bank

UIF offers both home and commercial real estate financing. Financing transactions take place under murabaha or 'ijara structures.

Contact details:

University Islamic Financial, 30500 Northwestern Hwy, Suite 315, Farmington Hills, MI 48334

Toll Free: 1-800 -916-UIFC www.myUIF.com

Stephen Ranzini, Chairman & CEO Email: info@myUIF.com; ranzini@university-bank.com

Zayan Finance

Zayan Finance directly sources, underwrites and funds shari'a-compliant transactions of \$500,000 to \$25 million and more for the purchase, refinance, or cash out of commercial real estate properties. Eligible property types include multi-family, owner-use, industrial, medical, office, retail, hotels, and mixed use.

Contact details:

Zayan Finance, 103 Carnegie Center, Suite 300, Princeton, NJ 08540

Tel: (877) 929-2612 www.zayanfinance.com/index.php

Naveed Siddiqui- President and CEO, E-mail: info@zayanfinance.com

Institutions offering other Islamic Services

Amana Mutual Fund (Saturna Capital)

Amana Mutual Funds Trust is a mutual fund company offering investment products consistent with Islamic investing principles. Investment accounts for retirement, education, health savings, and Hajj are offered. Zakah calculation and distribution are also offered on accounts held at Saturna Capital, the investment adviser and administrator for the Amana Funds.

Contact details:

Amana Mutual Fund Trust, 1300 North State Street, Bellingham, WA 98225

www.amanafunds.com/

Owaiz M Dadabhoj, Director, Islamic Investing Tel 714 222-3317

AZZAD Asset Management, Inc

Established in 1997, Azzad Asset Management, Inc. is an investment advisory firm registered with the Securities & Exchange Commission and headquartered in Falls Church, Virginia. Azzad Asset Management's services include financial planning and professional investment management through its shari'a-compliant mutual funds or separately managed investment accounts (Ethical Wrap Program).

Contact details:

AZZAD Asset Management, Inc. 3141 Fairview Park Dr. Suite 460, Fall Church, VA 22042

Phone: 888.862.9923

www.azzad.net/ or www.azzadfunds.com

Bashar Qasem, Fonder & Chief Executive Officer E-mail:

bashar@azzadfund.com

Iman Fund (IMANX)

The Iman Fund (IMANX) is a no-load mutual fund launched in June 2000 and offered by Allied Asset Advisors, a subsidiary of NAIT. NAIT invests in shari'a-compliant companies. It includes, among others, shares of stocks from the Dow Jones Islamic Market Indexes.

Contact details:

Iman Fund (IMANX), 721 Enterprise Dr. Suite# 100, Oak Brook, IL 60523

Toll Free: (877)417-6161 Phone: (630)789-0453

Fax: (630)789-9455 www.imanfund.com

Mohamad Nasir, General Manager, E-mail: mnasir@investaaa.com or info@investaaa.com

North American Islamic Trust, Inc.

The North American Islamic Trust (NAIT) is a waqf, the historical Islamic equivalent of an American trust or endowment, serving Muslims in the United States. NAIT supports and provides services to ISNA, MSA, their affiliates, and other Islamic centres and institutions.

Contact details:

North American Islamic Trust, Inc. 721 Enterprise Drive, Oak Brook, IL 60523

Phone: 630.789.9191 Fax: 630.789.9455

www.nait.net/index.htm

Mujeeb Cheema, Executive Director,

E-mail: info@nait.net

Palm National Partners LLC

Palm National Partners LLC, provides working capital for businesses using the inherent equity of the business' assets. Its programs are shari'a-compliant and fully accessible to Muslim business owners who wish to avoid borrowing money with interest.

Contact details:

Palm National Partners LLC, Tower 45, 120 W 45th Street, 29th Floor, New York, NY 10036

www.palmnational.com/interest-free-capital/

Tel: (212) 220-3883 or (888) 977-PALM

Fax: (646) 224-8741 E-mail: zey@palmnationao.com

Shari'ah Capital Inc.

Shariah Capital is a U.S.-based company that creates and customizes shari'a-compliant financial products and platforms and provides selective shari'a consulting and advisory services,

primarily to global financial institutions and investment firms with product initiatives directed to Islamic investors.

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Wafra Investment Advisory Group, Inc.

Wafra is an investment group specializing in structuring and managing global investment strategies that comply with shari'a requirements. Wafra currently manages or advises approxi-

mately 25 shari'a-compliant investment products and accounts, available only to non-U.S. investors, in the areas of global real estate and leasing investment.

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