

ZERO MORTGAGE

Usury Free Home Financing

The Third Annual Conference of Islamic
Economics & Islamic Finance

Venue: Chestnut Conference Center
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Organized by: [ECO-ENA, Inc.](#), Canada



Presenter

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 - VP Business Operations

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Intro

- What is Riba?
 - Major sin therefore need cannot override it
- What is Necessity?
- Necessity vs Need
- Nature of a Mortgage
- Nature of a Student Loan
- Element of Riba
- What is Zero Mortgage ('Zero')?
- Why Zero?
- How does it work?
 - Next Steps!
- Questions and Answers

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What is Riba?

- Some benefit (in cash, kind, service or spirit) over and above the value of the commodity lent is made a condition by the lender for the loan he/she gives.
- The commodity borrowed, or its value, is to be 'recreated' by the borrower if he uses up the commodity or part of it so that he may return it, or its value, to the lender.
- Riba is charged on circulating capital whereas rent is charged on fixed capital.
- If Shirk is a crime against God, then usury is a crime against humanity

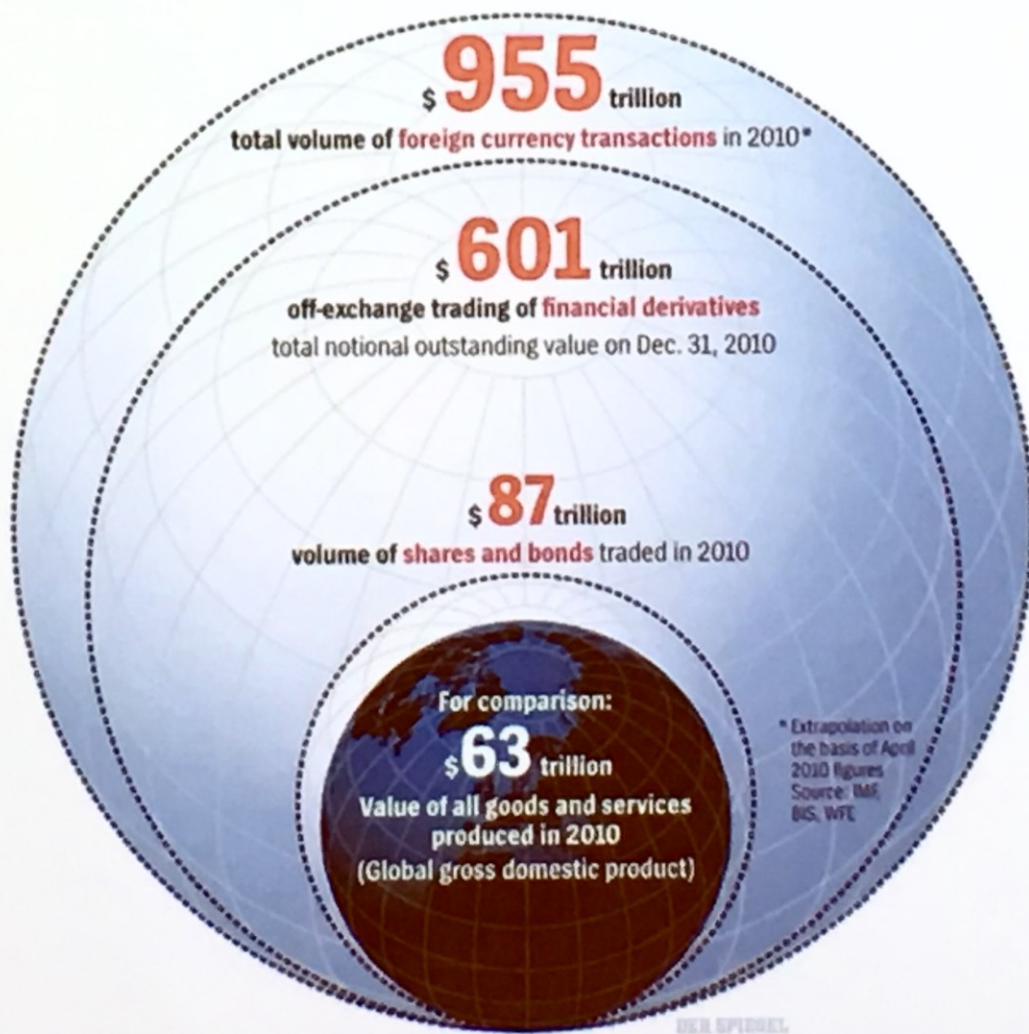
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Why is Riba Haraam?

- (4:29) يا ايها الذين آمنوا لا تاكلوا اموالكم بينكم بالباطل
 - YOU who have attained to faith! Do not devour one another's possessions wrongfully
- O ye who believe! devour not usury doubled and multiplied (3:130)
- Those who swallow usury cannot rise up save as he ariseth whom the devil hath prostrated by (his) touch. That is because they say: Trade is just like usury; whereas Allah permitteth trading and forbiddeth usury.(2:275)
- And whatever you may give out in usury so that it might increase through (other) people's possessions will bring (you) no increase in the sight of God (30:39)

An Economy of Bubbles & Bursts



Fictional financial economy is over 26 times larger than everything else produced on earth.

What is a Necessity?

- Necessity means cases in which a person will be harmed if he does not take the Haraam option, in which the harm will effect the five essentials which are: religion, life, honour, reason and wealth.
- The first condition:
 - We should be compelled to do this specific haraam thing, meaning that we cannot find anything with which to meet that necessity except this haraam thing
- The second condition:
 - The necessity should be met by that Haraam thing.

Necessity vs Need

- Fuqaha (Jurists) suggest that a Necessity is the only precondition for allowing for consumption or partaking in a Major Sin
- Need Cannot override a Major Sin in Islam
- Riba is a Major Sin and therefore a Need cannot override it

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Nature of Mortgages

- The lender holds the property as a collateral against the loan it offers
- Creditor or mortgagee can use the property as a collateral to retrieve the mortgage amount in the instance of default
- The mortgagor is the full beneficiary of the property
- In the instance of a traditional loan, the loan amount is not conditional to purchase of any thing or service.

Nature of Student Loan

- The option available for students is an extremely generous scheme.
- Govt subsidizes higher education for Canadians and it is Govt that gives student loans.
- Both educational institutions and students benefit
- Positive Externalities of an educated population to society

Element of Riba

- A large number of scholars agree that there's elements of Riba in both Student Loans and Mortgages
- The way to avoid Riba is devised successfully for mortgages
- The way to avoid Riba for Student Loans is still worked by many but no water tight solution is yet there for people to use.

Zero Mortgage A Solution!

- Zero Mortgage Canada
 - Licensed to use Zero Global Limited (UAE)'s halal financing product
- Mission
 - Provide Canadians, especially those who want a usury-free residential product with a solution

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What is Zero?

- It is AAOFI compliant
 - Meets the minimum Shari'ah compliance standards
 - How Zero is Compliant?
 - **Ethics Board** – approved product
 - **3 Leading Independent Scholars**
- Fatwas and FAQ online at www.zeroglobal.biz

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Zero's Ethics Board

- *Sheikh Nizam Yaqubi*, Shari'ah Scholar, Bahrain
- *Dr. Aznan Hasan*, Shari'ah Scholar, International Islamic University, Malaysia
- *Dr. Mufti Muhammad Zubair Usmani*, Pakistan
- *Mufti Ismail Ebrahim Desai*, Chief Shari'ah Officer
 - Email info@zeromortgage.ca

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Why Zero?

- **No additional fees** – home ownership costs are the same as conventional mortgages
- **No wait period**
- **Client's name is listed on the title** deed of the property
- Clients have **exclusive possession and use** of the property in exchange for a monthly profit rate
- **Low profit rates** – prices are competitive with Non-halal mortgage options

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How does it work?

- Halal Financing based on a **Diminishing Musharakah contract (Partnership)**
 - *First contract signed*
 - Each payment made goes towards principal and Home Payment amount
- **Home Payment Amount** is paid and not an Interest Amount
 - Like rent – your share goes towards increasing your equity
- Mortgages serviced by a major financial institution

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How does it work?

- Zero and our Partners will **honour** Halal financing requirements
 - **Late Payment Fees**
 - Will not profit
 - Will donate excess to charity
 - **Defaulting due to Distress**
 - Zero will be notified
 - Zero will help resolve
 - Zero can cover your payments or advise to sell
- Zero and our Partners offer the option to pay for home improvements

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How does it work?

- You choose the house you want to buy
- You sell and you **keep all the profits**
- You can make renovations
- You can rent a portion of the residence
- Zero's Losses:
 - Value of property less than mortgage
 - Government insurance expired/No pay out

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How does it work?

- **Sign Musharakah contract with Zero**
- **Zero's Partner, True North Mortgage (TNM) and Think Financial, funds the purchase of the house**
 - TNM owns Think Financial (\$1 billion to fund)
 - Offices all across Canada!
- Your name goes on title
- Zero and Partner's ownership is registered on the property

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Next Steps!

- **Halal Questions?**
 - Book an appointment with Zero
 - Skype or this Office
 - www.zeroglobal.biz

- **Questions for Ethics Board?**
 - Email info@zeromortgage.ca

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Questions



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