

UIF
Your trusted Islamic Banking Solution

Fatwa

Regarding the Commercial Redeemable Lease Process

March 2011

Assalamu Alaykum, Dear Management and Consumers of UIF's Redeemable Lease Process for Commercial Acquisition. UIF has presented us and I reviewed the following documents as attached here:

This contract governs the occupancy of property and payments related thereto. We find it to conform to Islamic principles;

We have reviewed the Redeemable Lease and Annexes which is the sole contract of this process. This contract governs the occupancy of property and payments related thereto. We find it to conform to Islamic principles;

We have reviewed the Promise to Purchase and Annexes which is a document enabling the consumer to buy the property in the future as well as allowing the investor to sell the property according to local custom should the consumer be in default under the Redeemable Lease and unable to cure or otherwise restore the lease terms. We find it to conform to Islamic principles;

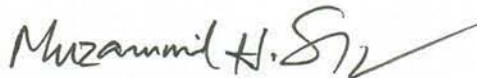
We have reviewed the Adjustable Rate to Lease which is applied should the rent be fixed for a period that is not equal to the full term of the leasehold estate and makes clear to the consumer the way and manner in which rent may go up or down at any rent renewal or rent setting date. We find it to conform to Islamic principles;

We have reviewed the Monthly Allocation Schedule (Annex B of the Lease) which is appended to the contract of lease and allocates the monthly payments for tax and regulatory purposes between such amounts as are income to the investor; amounts which may be allocated to a consumer's purchase of the property; the payment of taxes; and the payment of insurance or other costs associated with the lease. We find it to conform with Islamic principles;


Other documents applied in this process include the LLC agreement, Memorandum of Lease & Promise to Purchase, Errors and Omissions agreement, Guarantee's, Agreement to provide insurance and certain disclosures required by state and federal law, they remain approved under this fatwa. We further affirm that this process neither includes nor requires a promise to sell letter from the investor to the consumer.

We find all of these documents to be in compliance with Shariah principles and precepts, as we understand and interpret. We are not in a position to give any legal guarantee in this matter. We, however, believe that the degree of clarity achieved in these documents should work to the benefit of consumer.. We believe that the documentation has achieved new levels of clarity and transparency even in regard to terminology. In view of all these factors, we are pleased to record our approval of the documentation.

And Allah knows best.



Dr. Muzammil Siddiqi



Sh. Mohamad Adam El-Sheikh

7, 31, 2011