



Islamic Lending Solutions

LARIBA Home Financing Model

As the nation's largest provider of mortgage funds to lenders, Fannie Mae's mission is to tear down barriers, increase homeownership nationwide among minorities, low- and moderate-income families, women-headed households, and others whose homeownership rates lag the general population. Through American Finance House LARIBA, American-Muslim families have the opportunity purchase a home in the U.S. while abiding by the Islamic Law prohibiting paying or collecting interest on mortgages.

Please note that this service is available to all people of all faiths. LARIBA is an Equal Opportunity Lender/Financier.

We've listed several frequently asked questions and answers to help you understand how the LARIBA model works.

Q. How does this model work?

A. Under the LARIBA model, which is based on the concept of "Ijara **wa Iqtinaa**" (Lease- To-Purchase) an agreement is made between you and American Finance House LARIBA (AFHL) that establishes jointly negotiated maximum monthly payments based on the property's **purchase price and actual market fair rental value as researched by both, you and LARIBA, by calling real estate offices in the neighborhood** that serves as marking the property to the market. Using that agreed upon **monthly rent, LARIBA calculates the monthly payment using a conceptual joint ownership model with declining equity on the part of LARIBA and increasing ownership on the part of the buyer.** LARIBA **then calculates the rate of return on investment generated by the rental payment,** or "implied interest rate" on the transaction. In order to comply with Federal and State Mortgage Standards, **as well as regulations and laws concerning disclosure,** the transaction uses standard real estate financing documents, **which are supplemented by a rider, called the "Lariba Financing Agreement", which summarizes the model used and the methodology for calculating the payment.** ~~(the monthly payments as lease payments rather than interest payments.)~~ **remove this underlined & bracketed sentence.**

Q. Will my loan be considered a conventional loan?

A. Yes. The transactions use standard real estate financing documents and are serviced like a conventional Mortgage. A minimum of 5 percent down payment from the borrower own funds are required.

Q. Who will be responsible for the monthly payment?

Normally on a joint lease to purchase basis, AFHL will purchase the property with you and you will repay AFHL on a monthly basis.

Q. Can I use this model to refinance my existing home loan?

A. Yes. **You can apply the same concept to refinance an existing mortgage loan. This service is available to all people of all faiths. LARIBA is an Equal Opportunity Lender/Financier.**

Q. Who is eligible for this LARIBA model?

A. This model is not restricted to Muslim-Americans and is available to anyone who qualifies.

Q. Where is the LARIBA model available?

A. This model is available **in 28 states including** Alaska, California, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, Nevada, New Jersey, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, South

Carolina, Texas, Virginia, Washington, and Wyoming. LARIBA is in the Mo the process of being licensed in additional states.

Q. How do I get more information on this model?

A. For more information, you may visit to www.LARIBA.com or contact 1-888-LARIBA-1 (888-527-4221) or 626-449-4401. For press communications, please call Dr. Yahia Abdul-Rahman, Founder at 626-255-2181 or 626-818-0855.

Our Business Is The American Dream

At Fannie Mae, we are in the American Dream business. Our Mission is to tear down barriers, lower costs, and increase the opportunities for homeownership and affordable rental housing for all Americans. Because having a safe place to call home strengthens families, communities, and our nation as a whole.

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