



# RF Riba-Free (*Islamic*) Banking and Finance

## A New Life Style For 21<sup>st</sup> Century

**LARIBA**

[www.LARIBA.com](http://www.LARIBA.com)



**A Movement**

**to Invite All People to Live Riba Free**

**The RF Lifestyle**

# LARIBA – Background



- Formed In 1987 By American Muslims -- The FIRST & OLDEST RF Finance Effort in America
- Capitalized By American Muslim Community With No Foreign Funds
- Finances Homes, Cars, Businesses, Commercial Real Estate and Non-profit Community Ventures
- Staff Is Trained to Think & Operate As RF Bankers

# LARIBA – MISSION



## A MOVEMENT

Toward an **RF Life Style** that Uses RF Finance, Monetary Theory & Banking As A Window of **DAWA**.

**WE SERVE PEOPLE OF ALL FAITHS  
WITHOUT RIBA!**

# خال من الربا – بديل جديد للصيرفة الربوية



**RF** Another Alternative Banking and Finance Discipline

**RF** Banking and Finance

**RF** Riba-Free  
Ribit-Free  
Responsible Finance

**Also Known As Islamic Banking & Finance**

خال من الربا

بدون ربا

بدون ريبيت (في التوراة)

التمويل المسؤؤل

و هو أيضا يسمى التمويل و الصيرفة الاسلامية

# LARIBA Fatwa Sources



## ■ AL Baraka Fatwas (1981–1990) Issued by:

1. Sheikh Dr. Yusuf Al-Qaradawi
2. Sheikh Al Siddiq Al-Dharir
3. Sheikh Mustafa Al-Zarqa'
4. Sheikh Dr. `Abdullah bin-Sulayman Al-Manee` .
5. Sheikh Dr. Muhammad Sulayman Al-'Ashqar
6. Sheikh Abdul-Sattar Abu-Ghuddah
7. Dr. Samy Hamoud (D - R)
8. Sheikh Abdul-Hamid Al Sayeh
9. Sheikh Muhammad Mukhtar Al Salamy
10. Dr. Yusuf Qasim

# LARIBA's - GOALS



- Popularize RF Finance and Life Style
- Demonstrate The Value-Added By RF Finance Discipline.
- Comply With & Benefit From Existing Laws And Regulations WITHOUT VIOLATING SHARI'AA.
- Build Communities By Serving People Of All Faiths

# RF Life Style

## A Discipline & Way of Life for All



- Riba/Ribit Is Prohibited by All Faiths – NOT Exclusive to Muslims.
- We Do NOT Rent Money (which is Riba/Ribit). WE INVEST WITH & IN PEOPLE.
- Credit is a Human Right – We Serve People of ALL Faiths, Color, National Origin, etc..
- We Do Not Discriminate.

# LARIBA - MODEL



## AL Baraka Model

### Declining Musharaka in the Usufruct

#### TWO Property Rights:

1. **Ownership** Title – Milk al-Raqabah;
2. **Usage** Title – Haq al-Manfa'ah



# Steps of Al Baraka RF Finance Model as in Fatwa



1. The Bank and the customer share in purchasing the home in agreed-upon proportions.
2. The Bank sells his share in the property ownership (milk al-raqabah) to its partner, while retaining his ownership share of its usufruct (milk al-manfa`ah) until the time its partner pays remaining portion of the price.

# Steps of Al Baraka LARIBA RF Finance Model (Cont'd)



3. The Bank collects an annual/monthly rent in accordance with the unpaid portion of the property's price.

# LARIBA RF Finance Model EXCLUSIVE PROCESS!



## PREP STEP # 1:

Test the Presence of a House Pricing  
Economic Bubble:

**Commodity Indexation** based on Hadeeth

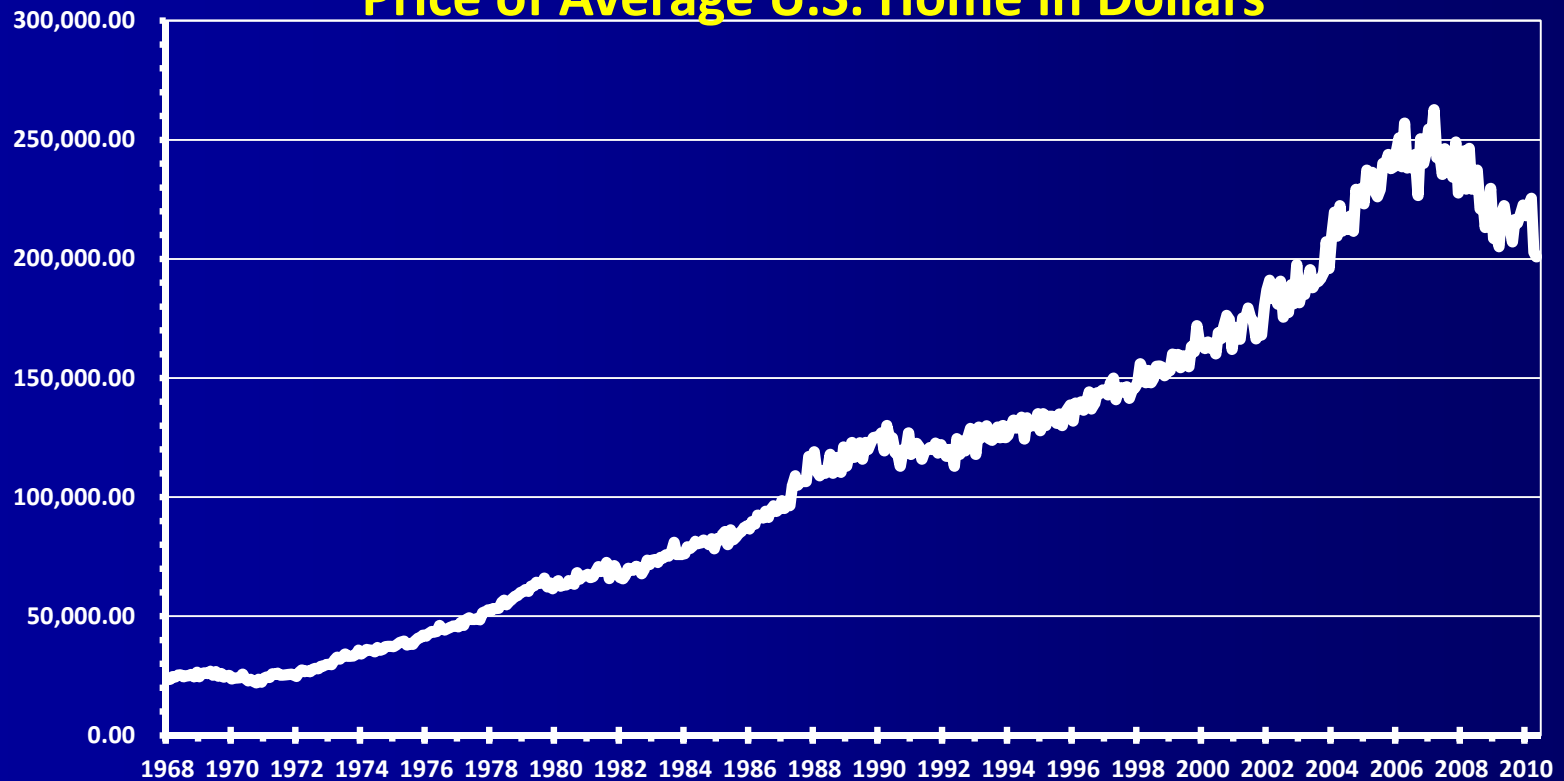
الذهب بالذهب و الفضة بالفضة و البر بالبر و الملح  
بالمح مثلا بمثل يدا بيد ، فمن زاد أو استزاد فقد  
أربى ، الآخذ و المعطى سواء (أحمد و البخارى)

# Applying RF Commodity Indexation Rule

## Avg. Home Price in US in US\$



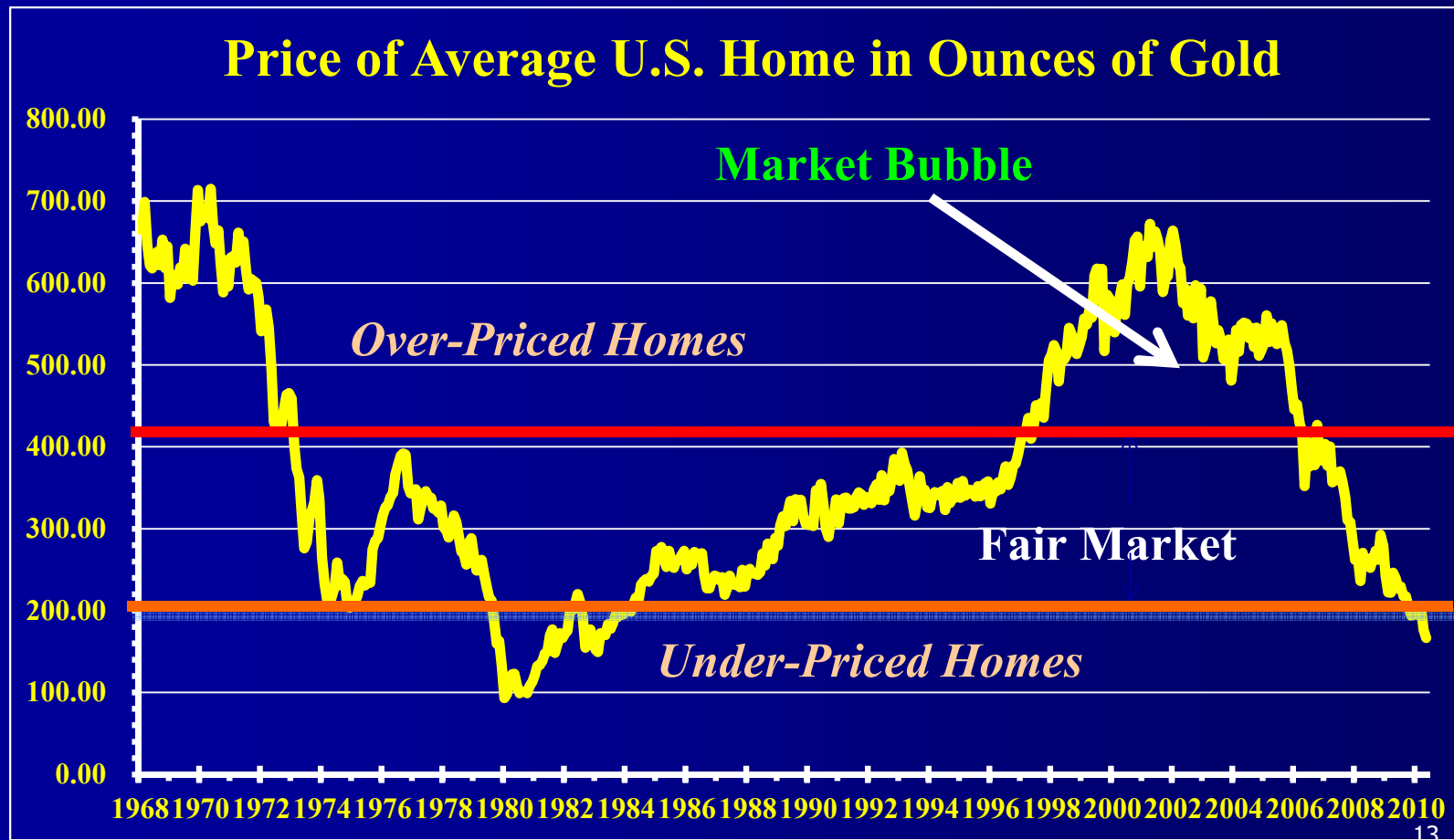
### Price of Average U.S. Home in Dollars



# Applying RF Rules

## Early Warning For Price Bubbles

### Home Prices in Ounces of Gold



# LARIBA – MODEL IT A PROCESS!



## PREP STEP #2:

Define the Rental Value of the House  
and Local market Conditions:

**Marking-to-Market** Based on The  
Khaybar Dates (Tamr) Story of Prophet  
Muhammad (s) and Saydona Bilal (r)

# LARIBA – MODEL IT A PROCESS!



## PREP STEP # 3.

Test the Prudence of Investing in this House  
at the Proposed Price Based on Actual  
Market Rentals in Area; NOT by Merely  
using an Interest Rate!

Islamabad Proprietary Program

# LARIBA – MODEL IT A PROCESS!



- Our RF Banker s are Trained to Think as Investors and Not As Persons Who “Sell” Loans or Rent Money.
- Each Financing Transaction is Evaluated By the RF Banker Based on The Market Value of the Utility of The Item Financed



# LARIBA MODEL

We Call It Straight without  
the Use of Heyal (Ruses)!



## Documentation Consists of:

- 1) **LARIBA Agreement** – documenting the Model, Process used and Basis for the figures used in the other documents.
- 2) **Standard Mortgage Documentation** as Required by The Laws of the USA.
- 3) US & State Regulatory **Disclosures**.

# LARIBA – MODEL

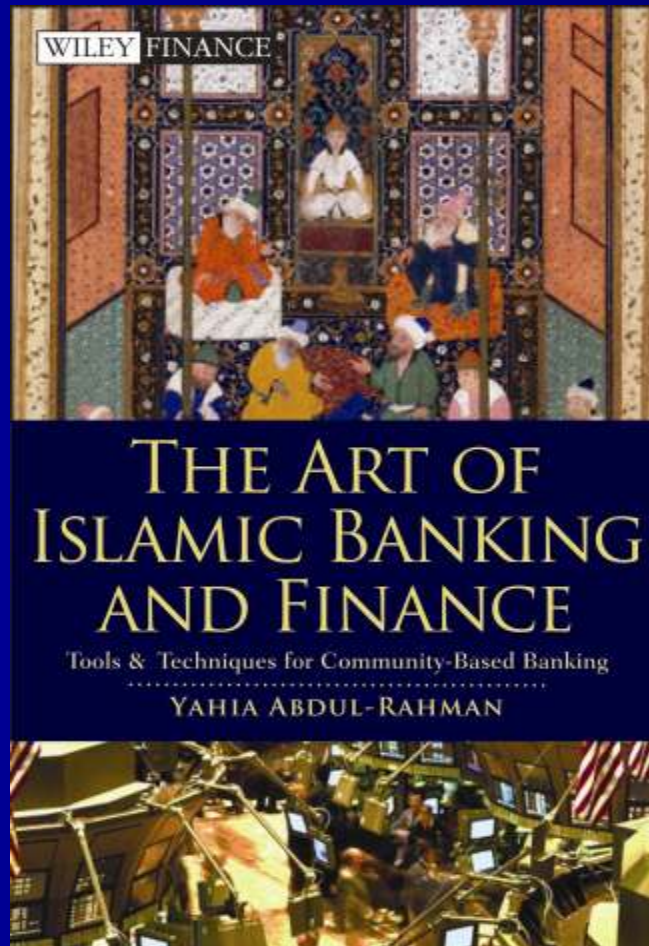


It Is A Process to Deliver the RF Spirit  
Final Outcome is RF Transaction

- Actual House Rent Used! Not Interest Rate
- Customer Holds Right of Ownership (Milk al Raqabah) from the start. & Registers Title in his name.
- Customer and LARIBA Share the Right of Usage (Haq al-Manfaa) and Return of Rental Income (RonC)
- Customer bears an RF debt “Dayn” with NO increase until he repays LARIBA (RofC)



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# LARIBA – RF Banking



*WE DO NOT RENT MONEY; WE INVEST IN YOU*

**We Answer To A Higher Authority**

**WE INVITE YOU TO LIVE WITHOUT RIBA!!**

**THANK YOU**

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