

FATWA

(25.07.09.pdf exceeds the maximum upload size for this site and will be sent separately)

Anthony Apponyi (AA) Commentary *

1. Fatwa granted by Sharia Advisory Board (SAB) for CHAIN FREE® Home Owners Plan™

1.2 The Fatwa on the CHAIN FREE® Home Owners Plan™ was developed by Professor Humayon Dar for Chain Mender Limited (now called Albani Limited) to introduce the ethos of ethical finance to consumers in an understandable and acceptable format

2. Three separate entities

2.1 Finance Company – Albani Limited, 0580845

2.2 Plan Company

2.3 Management Company

3. Separate legal entities

3.1 Owned by different shareholders

3.2 Investors in Finance Company cannot invest in Plan Company

3.3 Finance Company cannot own shares in Plan Company

3.4 Majority shares in Plan Company should be held and controlled by other than external investors

4. Finance Company

4.1 Recommended that investors invest by way of *Mudaraba* or *Wakala*

4.2 External Investors have agreement not shareholding

4.3 No relationship with Plan Company

4.4 Independent of Management Company with no shared management function

4.5 Not acceptable that Finance Company serves as *Wakeel* agent for Management Company

4.6 No relationship with Management Company

5. Plan Company

5.1 Same as Plan

5.2 No relationship with Finance Company

5.3 Must be completely independent of Finance Company

5.4 Home owners must join Plan before Valuation of their Property for sale

5.5 Must have veto over valuation

6. Management Company

6.1 Independent of Finance Company with no shared management function

7. Member

7.1 Home owners who join Plan until they sign Participation Documents

7.2 Leave Plan if they do not sign Participation Documents

8. Participating Member

8.1 Member who signs Participation Documents

8.2 In the Plan for one year from the Facility or until they EXIT, NON-EXIT or NO-SALE whichever is earlier

8.3 Share in Plan Surplus with Plan Company shareholders

8.4 Pays Estate Agents Fee because neither Plan nor Group buys the house?

9. Membership Agreement

9.1 Home owner must join Plan before Valuation of their Property for sale

9.2 Contract between Member and Plan Company

10. Membership Fee (also known as Facility Fee)

10.1 Only paid by Participating Members (EXITS, NON-EXITS and NO-SALES)

10.2 Fixed Fee (£1) + $n\%$ Fall Back Price® and $n\%$ Plan Surplus

10.3 No set off against Fall Back Price® unless Customer agrees in which event Finance Company reimburses Plan

11. Facility letter

11.1 Only available to Participating Members

11.2 Same as CHAIN FREE®

11.3 Guarantees performance of the Plan

12. Facility

12.1 Only available to Participating Members

12.2 Same as Fall Back Price®

12.3 Can be used for any purpose

12.4 All existing mortgages must be paid off

13. Plan Surplus

13.1 After Plan Operating Costs all Participating Members share in Plan Surplus (5%) for one year from the Facility or until they EXIT, NON-EXIT or NO-SALE whichever is earlier

13.2 Participating Member's solicitor receive cheque quarterly from Plan made out to Participating Member

14. Service Agreement

14.1 Same as Membership Agreement

14.2 Between Member and Plan Company

15. Wakala Agreement

15.1 Same as Management Agreement

15.2 Management Company manages Plan as Wakeel

15.3 Management Fee paid by Plan Company to Management Company

16. Kafala Agreement

16.1 Same as Guarantee Agreement

16.2 Between Plan Company and Finance Company

*Subject to Professor Humayon Dar audit