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بسم الله الرحمن الرحيم

23rd Dhul Hijjah 1441

13th August 2020

As-salāmu ‘alaykum wa-rahmatullāhi wa-barakātuh.

<u>Re: Manzil</u>

The CEO and co-founder of Manzil, Mohamad Sawwaf, requested the Darul Iftaa to review Manzil's Murabahah model of financing.

We were presented the following three documents by Manzil;

1. Manzil Shariah Compliance Brief
2. Manzil Mortgage Fund
3. Manzil Murabaha Model

According to our understanding from the documents in reference,

- The client approaches Manzil and expresses his intention for Manzil to finance a property.
- Manzil performs a preliminary credit assessment
- Manzil appoints the customer as its agent to negotiate the price and terms for the purchase agreement on its behalf.
- On the closing date, Manzil purchases the property and assumes all risks associated with the property.
- Manzil sells the property to the client at an agreed sale price
- The property is mortgaged as security (rahn) against the payment of the purchase price.
- The customer makes monthly payments over the agreed term.
- Once all payments have been made in full, the mortgage security is discharged.

The documents in reference as well as the mode of finance adopted by Manzil are Shariah Compliant.

However, in order for a product to be Shariah compliant, the practical implementation of the procedure is equally important. This is the responsibility of the internal Shariah advisor who should have an independent autonomy in supervising and auditing the transactions. An independent external Shariah audit may also enhance the Shariah compliancy of Manzil.

The issue of Manzil requiring the client to insure the property is challenging. While it is not a legal requirement to insure the property, Manzil is under legal obligation to safeguard the interests of the investors. This can be regarded as an indirect obligation on the client to insure the property. Besides this issue, the product is Shariah compliant on condition the procedure is carried out accordingly.

And Allah Ta'āla Knows Best

Mirza-Zain Baig

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Checked and Approved by,

Mufti Ebrahim Desai.