



EQRAZ

Halal Home Financing

PRODUCT GUIDE



Halal, Flexible, and Affordable Home Finance

Unlike a conventional mortgage where the purchaser borrows money from a lender which is then repaid with interest, EQRAZ's halal home financing product is based on Islamic finance principles of Murabaha. EQRAZ' Murabaha mortgage is the product of three years of careful scholarship and product design, and meets the highest standards in global Shariah-compliance and Canadian regulations.

We have partnered with seasoned Canadian mortgage brokers to guide you through the stages of your halal home financing. Furthermore, our Shariah Supervisory Board representatives from the Shariyah Review Bureau, Bahrain are available to address and resolve all your Shariah-related queries. Simply email shariah@eqraz.com and we will respond to you within 48 hours. We will even set up a direct call between you and our Shariah scholars on request.

وَعَدَ اللَّهُ الَّذِينَ آمَنُوا وَعَمِلُوا الصَّالِحَاتِ لَهُمْ
مَغْفِرَةٌ وَأَجْرٌ عَظِيمٌ

God has promised unto those who attain to faith and do good works [that] theirs shall be forgiveness of sins, and a mighty reward

Al-Quran: [5:9]

How Your Halal Home Financing Works

Once you select your property, one of our mortgage brokers will assist you in filling and submitting your application. Once your application is approved, EQRAZ will immediately provide you with a standard Offer Letter for your review and confirmation. Your mortgage lawyer will assist you in your review, and throughout the closing process.

You will then sign a Murabaha Agreement and a standard Canadian mortgage charge with EQRAZ for a five-year renewable term, following which you will receive your home financing funds. You will have full title to the purchased property right from the beginning, along with all the rights and responsibilities associated with property ownership.

Your monthly payments will remain constant throughout the financing term, in accordance with the schedule included in the Murabaha Agreement. Payments will be automatically deducted from your designated bank account.

You will be allowed to partially or fully prepay your mortgage at any time throughout your financing term. Prepayment fees will be applied – based on standard Canadian practices – in accordance with the Murabaha Agreement and in full compliance with AAOIFI Shariah standards.

*Please note that EQRAZ makes no claims, representations or commitments in this text or anywhere else in this Product Guide with regards to the profit rate applicable, or the monthly or total payment amounts that you will incur as a result of your financing. This information will be provided to you in EQRAZ' Offer Letter once your halal home financing application has been reviewed and approved. For further information, please feel free to contact us using the contact details provided at the end of this Product Guide, or through the "Contact Us" page on our website.

يَمْحَقُ اللَّهُ الرِّبَا وَيُزِيهِ الصَّدَقَاتِ وَاللَّهُ لَا يُحِبُّ كُلَّ كَفَّارٍ أَثِيمٍ

God deprives usurious gains of all blessing, whereas He blesses charitable deeds with manifold increase. And God does not love anyone who is stubbornly ingrate and persists in sinful ways

Al-Quran: [2:276]





How Will We Serve You?

Administrative Support

We have partnered with one of Canada's leading, fully regulated, independently owned and operated mortgage servicing companies to provide you with the care, attention, and efficient service that you deserve. We will provide you with a dedicated customer service line that you can call for any and all enquiries or support.

Fees

In accordance with Shariah law and AAOIFI standards, any servicing fees charged and retained by EQRAZ will be at cost only, with any additional proceeds being donated to approved charities.

For a list of comprehensive applicable fees, please refer to the EQRAZ Fee Schedule available on our website at www.eqraz.com/ourdocuments. All our fees are based on CMHC guidelines and Canadian industry standards, and in full compliance with Shariah law and AAOIFI standards.

Shariah-Related Support

For all your Shariah-related queries, you can email shariah@eqraz.com or call 1-877-55-EQRAZ and we will ensure that you are connected with our Shariah experts from the *Shariyah Review Bureau, Bahrain* to attend to all your queries within 48 hours.



وَتَعَاوَنُوا عَلَى الْبِرِّ وَالتَّقْوَىٰ وَلَا تَعَاوَنُوا عَلَى الْإِثْمِ وَالْعُدْوَانِ

***And cooperate in righteousness and piety,
but not in sin and aggression***



Al-Quran: [5:2]

Benefits of an EQRAZ Mortgage

With EQRAZ Halal Home Financing:

- You have the assurity of a halal financing product approved by globally recognized Shariah scholars in accordance with AAOIFI standards
- You never deal with riba
- You have full legal property ownership and title in your name
- You are able to partially or fully prepay your financing at any time during your financing term (subject to industry standard prepayment fees* and strictly in accordance with Shariah law and AAOIFI standards)
- You can sell your property at any time and retain 100% of the property price increase
- You can renew your financing every five years based on profit rates at that time
- You do not pay double land transfer taxes or double capital gains taxes
- You do not sign any “side agreements” (including any side interest-bearing mortgage agreements) to imitate Shariah-compliance
- You receive fast, friendly and efficient customer support from our administration partner, one of Canada’s most well established and trusted, fully regulated mortgage servicing companies, already managing over 20 billion dollars worth of mortgage assets
- You can have your Shariah-related questions and concerns answered directly by our Shariah Supervisory Board members and auditors through our dedicated Shariah-support helpline

*EQRAZ makes no representations in this document regarding the amount of prepayment or other fees. This information will be clearly provided to you in accordance with Canadian legal disclosure requirements in our Offer Letter sent to you once your halal financing application has been approved. For further information, please feel free to contact us using the contact details provided at the end of this Product Guide.

For a full list of applicable service fees that apply, please refer to the EQRAZ Fee Schedule available on www.eqraz.com/ourdocuments.

الَّذِينَ يَأْكُلُونَ الرِّبَا لَا يَقُومُونَ إِلَّا كَمَا يَقُومُ الَّذِي يَتَخَبَّطُهُ الشَّيْطَانُ مِنَ الْمَسِّ ذَٰلِكَ بِأَنَّهُمْ قَالُوا إِنَّمَا الْبَيْعُ مِثْلُ الرِّبَا وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا فَمَنْ جَاءَهُ مَوْعِظَةٌ مِّن رَّبِّهِ فَانْتَهَىٰ فَلَهُ مَا سَلَفَ وَأَمْرُهُ إِلَى اللَّهِ وَمَنْ عَادَ فَأُولَٰئِكَ أَصْحَابُ النَّارِ هُمْ فِيهَا خَالِدُونَ

Those who gorge themselves on usury behave but as he might behave whom Satan has confounded with his touch; for they say, “Buying and selling is but a kind of usury” - the while God has made buying and selling lawful and usury unlawful. Hence, whoever becomes aware of his Sustainer’s admonition, and thereupon desists [from usury], may keep his past gains, and it will be for God to judge him; but as for those who return to it -they are destined for the fire, therein to abide

— Al-Quran: [2:275] —

Agreements & Mortgage Closing

To receive your halal home financing, you will sign two agreements with EQRAZ: A Murabaha Agreement and a Canadian industry-standard legal mortgage charge. Once your application is approved, you will receive an Offer Letter (also referred to as a “Commitment Letter”) through your mortgage lawyer, specifying the details of the offer such as the financing amount, rate, term, and repayment schedule.

Murabaha Agreement

This is a Murabaha Agreement through which EQRAZ and you agree to enter into Murabaha transactions in accordance with the payment schedule included in your Offer Letter. The transactions will occur automatically throughout the financing period through an independent agent which you will appoint as part of this Murabaha Agreement. The independent agent has been incorporated in the process, based on the instructions of EQRAZ’s Shariyah Supervisory Board, to comply with Shariah and AAOIFI requirements.

This agreement ensures that all aspects of the financing are strictly halal, including funds forwarding, repayment, profits, and fees. Additionally, the Murabaha Agreement includes facility details, roles and responsibilities of each party, pricing, funds disbursement mechanisms, as well as events (and consequences) of default.

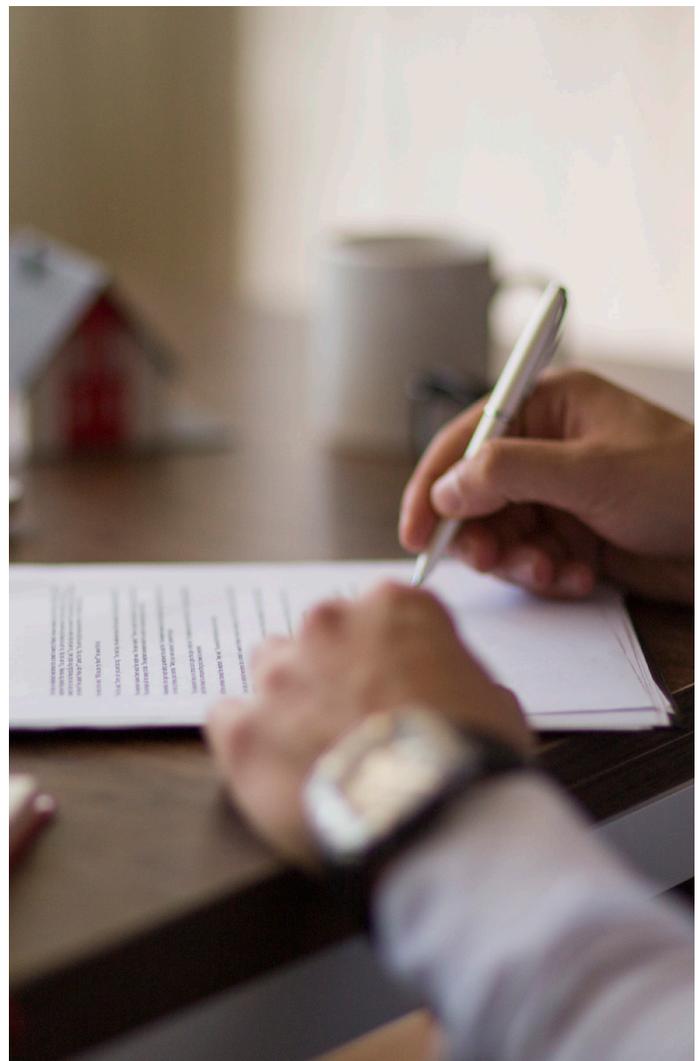
Legal Mortgage Charge

This document grants EQRAZ a first priority charge, and therefore offers EQRAZ security for your payment obligations under the Murabaha Agreement. The Mortgage Charge also outlines your responsibilities to maintain insurance on the financed property through an EQRAZ-approved insurance company, as required under Canadian law and approved by EQRAZ’s Shariyah Supervisory Board in accordance with AAOIFI standards.

يَا أَيُّهَا الَّذِينَ ءَامَنُوا إِذَا تَدَايَنْتُمْ بِدَيْنٍ إِلَىٰ
أَجَلٍ مُّسَمًّى فَاكْتُبُوهُ

O You who believe! Whenever you give or take credit for a stated term, set it down in writing

Al-Quran: [2:282]



Application Process Summary





Key Stages of an Application

1. Determine Eligibility for Application

Duration: 1 day after you contact the mortgage broker

Discuss your financing needs with an EQRAZ partner mortgage broker. Your mortgage broker will conduct an initial assessment against EQRAZ's qualification criteria. Once your mortgage broker is satisfied that your application will meet EQRAZ's approval criteria, he or she will assist you with next steps. Your mortgage broker will also assist you in having all your Shariah-related and other queries and concerns answered by EQRAZ.

2. Make Your Application

Duration: 1 day after you complete your application package

Your mortgage broker will assist you through the application process. You will need to provide your original documents such as payslips, bank statements, and notices of assessment as requested to facilitate the underwriting process. We will also require identification documents such as passport and drivers license for KYC checks. Once your mortgage broker has verified that your application and supporting documents fulfill the requirements, (s)he will submit them to EQRAZ for review and approval.

3. Underwriting

Duration: 3 - 5 days after EQRAZ receives your completed documents

Once we have received the documents that we have requested, your application will be reviewed and assessed by our underwriting team. As part of the application, we will carry out a credit check through Equifax and/or Transunion, and complete a detailed assessment in accordance with our underwriting guidelines.

Note: An incomplete or erroneous application package will cause delays in you receiving approval for your halal home financing.

4. Financing Offer Package

Duration: 2 days, but depends on you

Once your application is approved, we will send your lawyer our "Offer Letter" containing details of our financing offer to you, actions required by you, and instructions to the lawyer, to be signed and returned by you within 10 days.

The offered profit rate will expire after 10 days from the date of your application. In addition, if completion doesn't take place within 90 days after the date of our Offer Letter to you, we will need to confirm that your circumstances remain the same. This may mean that you will have to complete a new application and provide up-to-date supporting documentation.

5. Select Property and Obtain Accepted Offer of Purchase and Sale

Duration: Depends on you

Once you have received EQRAZ's Offer Letter, you can go ahead and select your property for purchase, obtain an accepted Offer of Purchase and Sale, then send it to EQRAZ via the closing lawyers.

6. Property Appraisal

Duration: 2 days after you have provided us with property details

As soon as your lawyer has provided our lawyer with your accepted Offer of Purchase and Sale, EQRAZ will proceed with property appraisal in order to ensure that the property is suitable security for the finance amount requested.

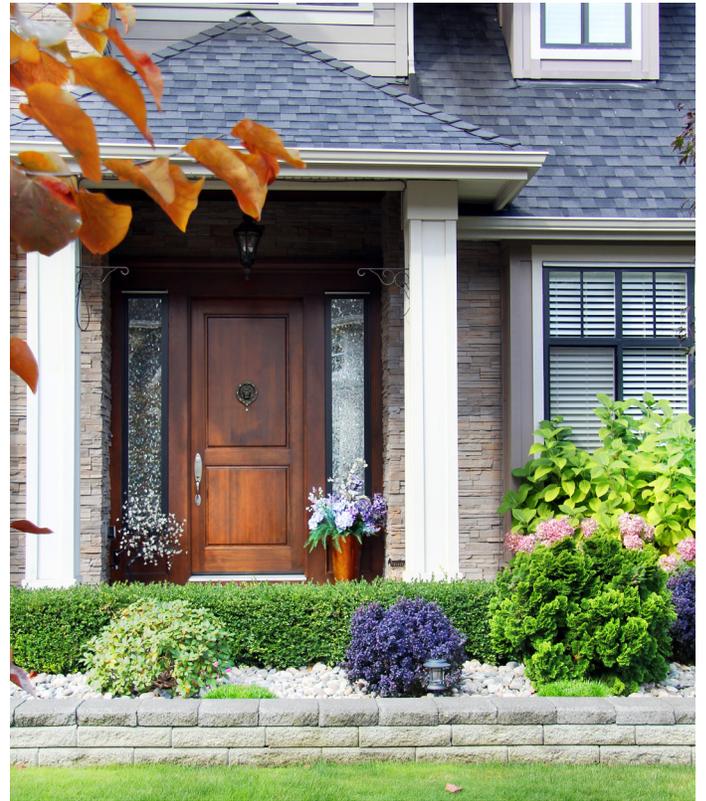
You should note that whilst you may pass the credit check, if the documentation you submit does not support the details contained in your application, following the full assessment by EQRAZ's underwriting team, you may still be declined for EQRAZ's halal home financing.

7. Instructions to Finalize Financing

Duration: 1 day

Once the property appraisal is completed to our satisfaction, EQRAZ will instruct its lawyer to complete the financing process.

Our lawyer will conduct a title search to ensure there are no liens or claims against the property that you are purchasing. Once this is completed, the lawyer will prepare and issue the financing documents for your signature. You will be required to take up both title and homeowners insurance on the property. As soon as you have signed and returned the financing documents, EQRAZ will be ready to release financing for your property.



رَبَّنَا آتِنَا مِنْ لَدُنْكَ رَحْمَةً وَهَيِّئْ لَنَا مِنْ أَمْرِنَا رَشَدًا

Our Lord, bless us with mercy from thyself, and provide us with guidance in our matters

Al-Quran: [18:10]



Completion

EQRAZ will forward funds to your lawyer in accordance with the agreed property closing date, following which your lawyer will complete the funds transfer with the property seller's lawyer, and title shall be transferred to your name.

Confirmation and Welcome Letter

Once transfer of title is complete, EQRAZ will send you a confirmation letter containing important information including your payment obligations and customer helpline details, as well as a special welcome gift for you and your new home!

وَقِيلَ لِلَّذِينَ اتَّقَوْا مَاذَا أَنْزَلَ رَبُّكُمْ ۖ قَالُوا خَيْرًا ۗ لِلَّذِينَ أَحْسَنُوا فِي هَذِهِ الدُّنْيَا حَسَنَةٌ ۗ وَلَدَارُ الْآخِرَةِ خَيْرٌ ۗ وَلَنِعْمَ دَارُ الْمُتَّقِينَ

But [when] those who are conscious of God are asked, “What is it that your Sustainer has bestowed from on high?” -they answer, “Goodness supreme!” Good fortune awaits, in this world, all who persevere in doing good; but their ultimate state will be far better still: for, how excellent indeed will be the state of the God-conscious [in the life to come]

— Al-Quran: [16:30] —

This Product Guide is designed to provide you with a reasonably accurate overview of EQRAZ' halal home financing product. Nothing stated herein is legally binding. In the event of any conflict between the contents of this guide and the legal financing documents, the legal documents shall prevail. EQRAZ reserves the right to amend its policies and procedures without notice. If you have any concerns or if there is anything that you do not understand, you should consider taking independent legal advice.

Frequently Asked Questions

Should I obtain advice from anyone else before proceeding?

Yes, you will need your own lawyer to work with EQRAZ's closing lawyer to advise you. EQRAZ can recommend from our panel of lawyers already well-versed with our product documentation. However, you are free to choose your own lawyer if you so prefer.

Should I use an EQRAZ-recommended lawyer?

We recommend lawyers that have extensive experience in mortgage closings, and have the required training and knowledge associated with EQRAZ's halal home financing product. We suggest that you use one of our recommended lawyers to ensure that your mortgage closing happens efficiently and without delay. All closings will be completed by two lawyers, of whom one will act on your behalf and the other will act on EQRAZ's behalf. This is recommended by law society standards.

All our recommended lawyers are professionals that strictly adhere to the rules and codes of professional conduct within their region of practice and in accordance with their respective law societies.

While you are certainly entitled to use a lawyer of your own choosing, we believe that working with a lawyer recommended by us, and who is already familiar with our documentation and processes, will help you save on legal fees and expenses, and will likely make the closing process faster and easier.

Why are Shariah-compliant finance products priced based on percentage rates. Isn't this interest?

Globally, all Islamic banks and financial institutions advertise and offer their products based on a percentage rate. This allows clients to make an apples-to-apples comparison between the cost of halal financing and that of conventional products.

A percentage rate simply informs you how much the financing will cost you in proportion to your halal home financing amount, and does not indicate that there is any interest involved.

Why is EQRAZ halal home financing more expensive than the cheapest available conventional loans.

In Canada, as in all western countries, halal financing is more expensive because Islamic financial institutions ("IFIs") do not have access to very low-cost funds available from the well established interest-bearing financial markets. IFIs have to obtain halal funding from limited sources, which is more expensive than conventional interest-bearing funding. As halal financing grows in Canada, we expect that the costs will reduce, as they have generally done so in countries with mature Islamic Finance industries.

﴿لِيُنْفِقُ ذُو سَعَةٍ مِّن سَعَتِهِ ۖ وَمَن قُدِرَ عَلَيْهِ رِزْقُهُ فَلْيُنْفِقْ مِمَّا آتَاهُ اللَّهُ ۚ لَا يُكَلِّفُ اللَّهُ نَفْسًا إِلَّا مَا آتَاهَا ۗ سَيَجْعَلُ اللَّهُ بَعْدَ عُسْرٍ يُسْرًا﴾

Let him who has abundance spend out of his abundance and whoever has his means of subsistence straitened to him, let him spend out of that which Allah has given him; Allah does not lay on any soul a burden except to the extent to which He has granted it; Allah brings about ease after hardship.

Al-Quran: [65:7]

Frequently Asked Questions

What contracts will I sign, and are these compliant with both Shariah and Canadian law?

You will be required to sign three main agreements as follows:

- The Offer Letter
- The Murabaha Agreement
- The Legal Mortgage Charge

You will also sign some other legal documents standard in Canada. All the above documents are 100% compliant with both Shariah (and AAOIFI) as well as Canadian law.

What happens if I lose my job or I am unable to pay my monthly payments for any reason?

In the event that you become unable to meet your payment obligations to EQRAZ, it is critical that you inform us immediately. While our actions will depend on your individual circumstances, we will make a sincere effort to work with you in a supportive and collaborative way through your difficult situation, and to deal with you fairly and compassionately.

However, it is ultimately your responsibility to ensure you can afford your monthly payments as, in the event of delays or default, you may lose your home.

Why do I incur late payment fees in case of delayed payments? Is this halal?

There may be times when some customers make their payments late. This results in default charges payable to our mortgage administrator, which are beyond our control. We pay these default charges on your behalf and recover them by charging you. We also apply delay penalties, approved by EQRAZ's Shariah Supervisory Board and compliant with AAOIFI, to discourage payment delays, which would otherwise increase the cost of halal financing significantly for all our clients. However, the additional amounts are donated to charity. EQRAZ does not profit from any extra income generated from these additional charges.

This is compliant with Shariah law and AAOIFI standards, and approved by EQRAZ's Shariah Supervisory Board.

Can I make partial or complete prepayments to my halal home financing?

Yes. You can partially or fully prepay the financing amount due at any time throughout the financing period. However, prepayment charges will apply.

يَا أَيُّهَا الَّذِينَ ءَامَنُوا لَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ إِلَّا أَنْ تَكُونَ تِجَارَةً عَن تَرَاضٍ مِّنْكُمْ وَلَا تَقْتُلُوا
أَنْفُسَكُمْ ۚ إِنَّ اللَّهَ كَانَ بِكُمْ رَحِيمًا

O You who believe! Do not devour one another's possessions wrongfully - not even by way of trade based on mutual agreement - and do not destroy one another: for, behold, God is indeed a dispenser of grace unto you

Al-Quran: [4:29]

Frequently Asked Questions

Will I own and have title to my financed property?

Yes. You will hold title to the property, and have the full rights and responsibilities of ownership.

EQRAZ only holds a mortgage charge on your property, which means that if you sell the property, you must first clear your outstanding financing amount and applicable fees to EQRAZ before you can use the proceeds from the property sale for any other purpose.

Who will benefit from the increase in property prices over time?

As the legal and beneficial owner of the property, you will keep all the profits from property price increases. Similarly, in the event of a property price reduction, you will also absorb the loss.

If I wish to sell my property during a negative equity situation, can I do so and are there any conditions surrounding this?

You may sell the property to a third party at any price you are willing to take. However, you will have to settle your outstanding dues, including applicable fees and charges, to EQRAZ out-of-pocket before the property's title can be transferred to the buyer and the property sale can be concluded.

Can I transfer my existing interest-bearing or halal mortgage to EQRAZ?

Yes. You will apply for EQRAZ's home financing plan just as a new mortgage and, on approval, your financing and the legal mortgage charge will be transferred to EQRAZ.

Is my home and financing safe with EQRAZ?

YES! IT IS 100% SAFE! EQRAZ is Canada's ONLY halal home financing provider that has engaged one of Canada's most well-established and trusted firms for mortgage administration. Our mortgage portfolio is structured to be completely independent of EQRAZ as a corporate entity. If, God forbid, anything should happen to EQRAZ, your mortgage will be taken over by the financing bank, and will continue to be administered without any risk or interruption to you. Your financing will remain 100% halal. Your mortgage will neither be disrupted nor put at risk, and your financing as well as your home shall remain safe and in your hands.

رَبَّنَا لَا تُزِغْ قُلُوبَنَا بَعْدَ إِذْ هَدَيْتَنَا وَهَبْ لَنَا مِنْ لَدُنْكَ رَحْمَةً إِنَّكَ أَنْتَ الْوَهَّابُ

Our Lord, let not our hearts deviate from the truth after You have guided us, and grant us mercy from You. Truly, you are the bestower

Al-Quran: [3:8]

سُورَةُ الضُّحَىٰ

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

وَالضُّحَىٰ ^(١) وَاللَّيْلِ إِذَا سَجَىٰ ^(٢) مَا وَدَّعَكَ رَبُّكَ وَمَا قَلَىٰ ^(٣) وَالْأَخِرَةُ خَيْرٌ لَّكَ مِنَ الْأُولَىٰ ^(٤)
وَلَسَوْفَ يُعْطِيكَ رَبُّكَ فَتَرْضَىٰ ^(٥) أَلَمْ يَجِدْكَ يَتِيمًا فَآوَىٰ ^(٦) وَوَجَدَكَ ضَالًّا فَهَدَىٰ ^(٧) وَوَجَدَكَ غَابِلًا
فَأَعْتَىٰ ^(٨) فَأَمَّا الْيَتِيمَ فَلَا تَقْهَرْ ^(٩) وَأَمَّا السَّابِلَ فَلَا تَنْهَرْ ^(١٠) وَأَمَّا بِنِعْمَةِ رَبِّكَ فَحَدِّثْ ^(١١)

Surah Al-Duha

In the name of God, the Beneficent, the Merciful

'I swear by the early hours of the day, ²And the night when it covers with darkness. ³Your Lord has not forsaken you, nor has He become displeased, ⁴and surely what comes after is better for you than that which has gone before. ⁵And soon will your Lord give you so that you shall be well pleased. ⁶Did He not find you an orphan and give you shelter? ⁷And find you lost (that is, unrecognized by men) and guide (them to you)? ⁸And find you in want and make you to be free from want? ⁹Therefore, as for the orphan, do not oppress (him). ¹⁰And as for him who asks, do not chide (him), ¹¹and as for the favor of your Lord, do announce (it).

سُورَةُ الْإِنشِرَاحِ

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

أَلَمْ نَشْرَحْ لَكَ صَدْرَكَ ^(١) وَوَضَعْنَا عَنكَ وِزْرَكَ ^(٢) الَّذِي أَنْقَضَ ظَهْرَكَ ^(٣) وَرَفَعْنَا لَكَ ذِكْرَكَ ^(٤) فَإِنَّ مَعَ الْعُسْرِ يُسْرًا ^(٥) إِنَّ مَعَ الْعُسْرِ يُسْرًا ^(٦) فَإِذَا فَرَغْتَ فَانصَبْ ^(٧) وَإِلَىٰ رَبِّكَ فَارْغَبْ ^(٨)

Surah Al-Inshirah

In the name of God, the Beneficent, the Merciful

'Have We not expanded for you your breast, ²And taken off from you your burden, ³which pressed heavily upon your back, ⁴and exalted for you your esteem? ⁵Surely with difficulty is ease. ⁶With difficulty is surely ease. ⁷So when you are free, nominate. ⁸And make your Lord your exclusive object.



EQRAZ

*Want to know more about any of
our products or services?*

Our Offices

407 Iroquois Shore Rd., Unit 8, Suite CM6,
Oakville, ON, L6H 1M3, Canada

For General Enquiries

t: 1-888-55-EQRAZ (37729)

** Monday to Friday, 9am to 7pm EST*

e: ask@eqraz.com

Protecting Your Personal Information

EQRAZ is committed to protecting the privacy and security of your personal information. Please see our Privacy Policy, on our website, which describes how we collect and use personal information about you. We will only use your personal information in accordance with our Privacy Policy unless otherwise required by applicable law. We take steps to ensure that the personal information that we collect about you is adequate, relevant, not excessive, and used for limited purposes.

For Shariah-Related Enquiries

t: 1-877-55-EQRAZ (37729)

** Monday to Friday, 9am to 7pm EST*

e: shariah@eqraz.com

If We Don't Get it Right

It is our intention to provide with the highest level of customer satisfaction possible. If you are dissatisfied for any reason, please write to us at ask@eqraz.com or call 1-888-55-EQRAZ and we will handle your concerns immediately and to the best of our ability.

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