

# LOCAL

## Koran-friendly mortgages now in Hamilton

BY SHARON BOASE

A Hamilton credit union is the first financial outfit in Steeltown to join a global banking trend that's slowly making its way to Canada.

McMaster Savings and Credit Union (MSCU) has begun offering Shariah-friendly mortgages, financial arrangements that comply with the prohibition under Islamic law on the payment or collection of interest.

Working in partnership with UM Financial, a Muslim financial services company based in Scarborough, MSCU has ventured into the world of trade partnerships that generate profit rather than interest.

"We're a credit union, we need to serve the community we're in and we identified this as a community that wasn't being served," said Paul Mauthe, CEO of MSCU.

Without a wealthy relative or friend to act as a financial partner, many Muslims had a hard time purchasing homes. That changed when the Mississauga-based Islamic Society of North America (Canada) set up the Islamic Co-operative Housing Corporation (ICHC).

The ICHC became so popular, it spun off into Ansar Co-operative Housing



JOHN RENNISON, THE HAMILTON SPECTATOR

**Shuja Qureshi, a manager for United Muslims (UM) Financial, says his firm is filling a need for Muslim Canadians to get financing, but not contravene the Koran.**

when a capital limit on ICHC shares had been reached. The two companies together have financed more than 600 homes, 200 of which are now fully owned by their Muslim purchasers.

Community leader Javid Mirza said most of the Muslim homebuyers he knows bought with the help of ICHC. But UM Financial, short for United Muslims Financial, is giving

them competition.

"We're different from ICHC," says Shuja Qureshi, manager of the UM Financial branch on the Mountain. "The property is registered in the purchaser's name, not ours, and if you sell the property, you don't have to share the profit with UM Financial."

Making a home was tricky for many Muslims, especially newcomers strugg-

### Home purchase example

Home value: \$300,000  
Amortization: 25 years  
Term length: 1 year  
Client ownership (down payment): 25 per cent or \$75,000  
UM Financial ownership (equity): 75 per cent or \$225,000

Monthly rent: \$1,463.46\*  
(Principal: \$328.80)

\* Comparable to a mortgage rate of 6.1 per cent

The purchaser kicks in a down payment and pays a rental fee similar to a monthly mortgage payment.

UM Financial charges one-half to three-quarters of a percentage above the going mortgage rate to cover the costs of the arrangement.

Financing comes in part from Shariah-compliant credit union deposit accounts that pay dividends rather than interest. Mauthe says the deposit accounts have proved to be a tough sell.

"We have a cultural issue," Mauthe says. "It's based on trust. Potential customers want to know why we're offering this and what's in it for them. They're very cautious. They really dig and want all the ins and outs of the whole thing."

Even Qureshi, a congregant and former board member at Hamilton Mosque, says potential clients have a long list of questions before they'll consider doing business with him.

In order to be Shariah-compliant, a mortgage must be financed interest-free from start to finish. Islamic law calls this Musharakah, which translates to partnership and is used for Islamic financing throughout the Middle East and parts of Asia.

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RON ALBERTSON, THE HAMILTON SPECTATOR

**Former mayor Larry Di Ianni will be honoured May 17 for his tireless work behind the scenes in Hamilton's community.**

## Di Ianni ready for good-natured roast

BY KERRY WALL

Former mayor Larry Di Ianni was named the eighth recipient of the Hamilton Safe Communities - CH Spirit of the Community Award yesterday. But he insists the award isn't just about him.

"It isn't so much a personal honour, though there is some element of that," he said. "It's a chance to give back to the community and promote community safety."

"Public safety is a top priority because without it, you don't have a community."

The award, whose past recipients include former police chief Colin Millar and former mayor Bob Morrow, is given annually to a person who has used his or her profile to improve community life but has not received "extensive recognition."

That's so the coalition can honour those (who) "aren't getting awards every other day," said Hamilton Safe Communities Coalition co-ordinator Kim Pielt-Sloboda.

Di Ianni was nominated by former Port Authority chair Larry Russell, his campaign chair when Di Ianni was elected mayor.

Safe Communities board member Brent Kinnaird agreed, saying the award encompasses Di Ianni's background in education.

"I think it's really in recognition of not only his time as mayor, but back to his days as an educator and a councillor in Stoney Creek," he explained.

The award will be formally presented at a May 17 banquet, where Di Ianni will also be the subject of a good-natured roast.

"They can be very, very humorous, so I'm looking forward to that with some amount of trepidation," Di Ianni joked. "I've been to the last four or five dinners. They're great fun. It's about promoting community safety, but it's also a good night."

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