



United National Bank

UNB IslamicMortgage

Finance your property with peace of mind



it's your bank



Understanding your needs

Your mortgage tailored to meet your requirements.

Who we are

United National Bank is a UK registered and capitalised bank. Our banking products and services have been carefully developed to help you make the most of your finances. We ensure that you receive high levels of banking service, professionalism and confidentiality in our dealings with you.

Why United National Bank?

We understand your needs and appreciate you want a bank that you can trust with your finances, making sure you're always dealt with professionally and efficiently. You want quality banking that is designed to make your life easier, not harder, which is why we offer a range of banking products that are flexible and simple to use. United National Bank's banking products cover personal, family and business banking, and all are carefully developed with you in mind.

What is the UNB IslamicMortgage?

United National Bank prides itself on responding to the particular needs of its customers. Buying property is often the biggest single purchase a person will make in their lifetime but, as a Muslim, it's not always the easiest. As Shari'ah law states that all transactions should take place without the payment or charging of riba (interest), a conventional mortgage - where a customer takes out a loan which is repaid with interest - can be unsuitable. The **UNB IslamicMortgage** has been specially developed to avoid interest: it works on the principle of 'leasing' (Ijara), so no riba is ever charged by us or paid by you. As a result, the **UNB IslamicMortgage** gives you a simple and flexible way to own your own property, and the satisfaction of knowing you're acting in accordance with Shari'ah law.



Making the right choice

Acquire property in accordance with Shari'ah.

How does the UNB IslamicMortgage work?

Unlike a traditional mortgage, where the purchaser borrows money from a bank, which is then repaid with interest, United National Bank's Islamic mortgage works on an Ijara or leasing principle. As the purchaser, you will find the property and agree the purchase price, so you can be sure of getting the property you want at the right price for you. The Bank will then purchase the property on your behalf and lease the property to you for the duration of your mortgage. As you will be leasing the property from the Bank, you will be paying rent for living in the property, rather than interest on a loan. At regular intervals, for example, semi-annually, the Bank will assess your rent and modify it to reflect the payments you've already made. At the agreed completion date of the mortgage, which can be up to a maximum of 25 years, the Bank will transfer ownership to you and the property will become legally yours.

Who authorises the UNB IslamicMortgage?

The **UNB IslamicMortgage** has been reviewed by an eminent Islamic scholar, who is completely satisfied that it is compliant with Shari'ah. We are happy to provide further information about the Shari'ah review on request. You should, however, make every attempt to satisfy yourself that the **UNB IslamicMortgage** conforms to your own personal view of the Shari'ah, as United National Bank can accept no liability if you later discover that **UNB IslamicMortgage** does not meet with your interpretation of Shari'ah law.

Simple and flexible

An Islamic mortgage for the home or business.

What are the charges?

The **UNB IslamicMortgage** is carefully designed to be as simple and flexible possible. Your mortgage manager will work closely with you to establish your requirements, discuss your budget plan and agree charges and repayments, making it easier for you to make an informed decision about taking the mortgage.

The mortgage charges will include external costs including legal and valuation fees (please see the tariff schedule for details).

What about Insurance?

United National Bank recommends that customers take out insurance to protect their home or business premises against risks such as fire, flood and subsidence. However, we understand that our customers may not want to deal with insurance companies, which is why the Bank is happy to arrange for a policy to be taken out in our name to safeguard the property. The premium will be chargeable to you, and will provide you with the same level of protection as if you had taken out the policy yourself, but the Bank will make all arrangements and there will be no need for you to deal with the insurers yourself. If, however, you would prefer to arrange your own policy, as United National Bank does not sell insurance, you are free to speak to your independent insurance advisor and choose a suitable policy according to your own needs, or consult your mortgage manager for more information.

The way forward

Come and talk to us about your needs.

Who can take out a UNB IslamicMortgage?

The **UNB IslamicMortgage** is suitable for buying most types of property, including homes and business premises, and is available to customers in England, Scotland and Wales and to non-residents. If you already have a conventional mortgage, you can use the **UNB IslamicMortgage** to replace it and refinance your property in accordance with Shari'ah. In addition, the **UNB IslamicMortgage** is suitable for remortgaging your home or other property. However, due to legal restrictions, it is not currently possible to use the **UNB IslamicMortgage** for the purchase of housing or council properties where the tenant has a 'right to buy' or similar right.

What's my next step?

We would like to invite you to one of our five branches in order to speak with one of our mortgage managers, who will discuss your requirements with you. Please contact your nearest branch, for an initial telephone consultation, and to arrange a suitable time to discuss further, in detail, your mortgage needs. We will endeavour to give you an 'in principle' decision regarding your mortgage within 3 working days and an offer letter within 15 working days, subject to the completion of formalities.



Budget Planner

This is your **UNB IslamicMortgage** Budget Planner. Simply work out your total monthly income and positive cash flow, using our guidelines.

Income

Use this section of the Budget Planner to work out your total monthly and annual cash flow. Please fill in all the sections that are relevant to you. If you are applying for a joint mortgage, show your combined income and cash flow.

Income / Cash Flow	Monthly	Annual
Net Salary / Income (after tax and National Insurance, etc)	<input type="text" value="£ ."/>	<input type="text" value="£ ."/>
Other Income (if any)	<input type="text" value="£ ."/>	<input type="text" value="£ ."/>
Total Income =	<input type="text" value="£ ."/>	<input type="text" value="£ ."/>

Expenses / Payments

Use this section of the Budget Planner to work out your total monthly and annual expenditure. Include all regular outgoings that occur in one month; fill in all sections that are relevant to you, and add others that are not already included in the Budget Planner. If you are applying for a joint mortgage, please combine your expenditures together to show a single total.

Expenses	Monthly	Annual
Living Expenses (such as food, entertainment, travel and utilities)	<input type="text" value="£ ."/>	<input type="text" value="£ ."/>
Other Fixed Payments (such as mortgage, car instalments, life assurance and education)	<input type="text" value="£ ."/>	<input type="text" value="£ ."/>
Total Expenditure =	<input type="text" value="£ ."/>	<input type="text" value="£ ."/>
Total Income =	<input type="text" value="£ ."/>	<input type="text" value="£ ."/>
Less		
Total Expenses / Payments =	<input type="text" value="£ ."/>	<input type="text" value="£ ."/>
Net (positive) Cash Flow =	<input type="text" value="£ ."/>	<input type="text" value="£ ."/>

Applicant's Signature	<input type="text"/>
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Frequently asked questions

Further information about your mortgage.

You are advised to read through this as you may find the answers to some of the most frequently asked questions that we are asked:

Shari'ah compliance and general advice

Who is United National Bank's Shari'ah advisor?

The learned scholar Dr. Muhammad Imran Ashraf Usmani (son of the world renowned Islamic scholar Justice Muhammad Taqi Usmani) has reviewed the **UNB IslamicMortgage** documentation and has provided a Shari'ah opinion or fatwa confirming that the **UNB IslamicMortgage** product is Shari'ah compliant. We can provide you with more information on Dr. Usmani's qualifications on request.

Should I obtain advice from anyone else before I take out the UNB IslamicMortgage?

You must be comfortable that the **UNB IslamicMortgage** is suitable for you. We can only go so far in helping you in this process. United National Bank will provide you with all the information you require (including the fatwa) but ultimately it is your choice. You may decide to consult your local Imam or Mufti directly but please remember that they are not Independent Financial Advisors ("IFAs") and they should not be advising you on which mortgage product you should choose. There are many IFAs listed in the Yellow Pages and you may wish to consider speaking to an IFA before making your decision.

Frequently asked questions

Further information about your mortgage.

The UNB IslamicMortgage

What does Ijara mean?

Ijara is Arabic for “leasing”. The Ijara contract is one of the types of contract that are permissible under Islam.

Essentially, the owner of property is allowed under the Shari’ah to transfer the “usufruct” or use of the property to another person in return for being able to charge that person rent.

What are the steps involved in purchasing a property using the UNB IslamicMortgage?

You will have to complete the mortgage application form. United National Bank will consider your application for the **UNB IslamicMortgage**. Once we are satisfied that you fulfil our criteria for the **UNB IslamicMortgage**, we will send you an offer letter. The letter will describe the offer and will set out any additional security that is required. In addition it will set out the terms and conditions upon which our offer is based and will include a checklist of the information that you are required to provide us with. We will also

send you the Ijara sale agreement, the Ijara lease agreement and the Ijara legal mortgage at the same time that we send you the offer letter. Each of these should be signed by you and returned to us.

On completion:

- ✦ we will pay the amount we are willing to pay towards the purchase of the property to your solicitor. You will pay the difference between this amount and the actual purchase price of the property;
- ✦ United National Bank will be registered at HM Land Registry as the legal owner of the property;
- ✦ You will lease the property from United National Bank for an agreed number of years;
- ✦ The first priority legal mortgage you granted United National Bank will be registered at HM Land Registry;
- ✦ You pay monthly instalments towards the sale price of the property as well as rent for the duration of the mortgage term; and

- ✦ Once you have paid the sale price and rent due to United National Bank, the property will be transferred into your name and the record at HM Land Registry will be amended to show that you are the registered legal owner of the property.

If United National Bank is the legal owner of the property, does that mean that United National Bank will benefit from any increase in the value of the property?

Whilst United National Bank is the legal owner, we will not benefit from any increase in the value of the property. Our only interest is to receive the balance of the sale price (due to United National Bank under the Ijara sale agreement) that we paid in purchasing the property as well as the rent that is due to us (under the Ijara lease agreement). Any appreciation or depreciation in value of the property will be passed onto you on completion of the sale of the property under the Ijara sale agreement.

In your explanation of the UNB IslamicMortgage you mentioned that the rent is

calculated on the sale price outstanding under the Ijara sale agreement and by reference to the Bank of England's Base Rate plus a profit margin. Is it permissible under the Shari'ah to determine rent in this way?

The comparison between the price of an Islamic financial product and a conventional (that is, non-Islamic) product is known as “benchmarking”. It is important to understand that the process of benchmarking, which involves referring to a product that might use an interest rate (such as the Bank of England's Base Rate plus a further amount of interest) when determining the level of rent we charge you, is not the same as charging interest under a loan. Scholars have permitted Islamic finance providers to refer to an interest rate benchmark for determining rent provided that the benchmark is well known to everyone so that no dispute over the amount of rent can arise in the future. If the characteristics of an Ijara are present (e.g. United National Bank owns the property and leases it to the customer) it does not matter that the rent is calculated this way.

Frequently asked questions

Further information about your mortgage.

I understand that you will review the rent payable from time to time during the life of the UNB IslamicMortgage. I have two questions concerning this:

Why does United National Bank review the rent periodically?

Providing a mortgage product that has variable rent is important to both United National Bank and our customers. We need to ensure that the rent payable to us remains competitive and provides United National Bank with a rate of return that is comparable with the profit that the other mortgage providers make when advancing conventional non-Islamic loans. At the same time, our customers want the flexibility of knowing that if the rates that are used for benchmarking purposes go up or down, their rent will accordingly be adjusted. There is a further reason why we adjust the rent. Some of our customers may wish to make partial payments in addition to the monthly sale price instalments. By periodically adjusting the rent, partial repayments are taken into consideration when assessing what the new rent figure should be on each rent review date.

What happens if the rent increases too much and what does this mean for me?

If the amount of rent is unacceptable our customers have the right under the Ijara lease agreement to object to the revised rent within one (1) month of receiving the rent adjustment notice. If you object to the adjusted figure (which remember could go up or down), then you are entitled to purchase the property from United National Bank by pre-paying the remaining balance of the sale price in accordance with the Ijara sale agreement. You should refer to the Ijara lease agreement and the Ijara sale agreement for further information on your rights concerning this.

If I want to sell the property in the future can I do so?

In the Ijara sale agreement you have the right to require us to transfer the property to either yourself or a third party. If you want United National Bank to transfer the property to yourself you must repay the remaining balance of the sale price due to us under the Ijara sale agreement. If you are selling the property to a third party

you must ensure that the selling price is sufficient so that United National Bank receives the balance of the sale price from the sale proceeds. In either case United National Bank will not transfer the property unless we are satisfied that all sums due to us will be paid. In the case of a sale to a third party, United National Bank's obligation is to execute a transfer only. We will not enter into any contract with that third party.

How will the property be transferred to me once the sale price has been paid?

The Ijara sale agreement provides that completion of the sale of the property to you will take place five (5) working days following the expiry of the mortgage term or the date that the last sale price instalment has been paid.

What are the rules of amanah (trust) that you say you comply with?

We have been careful to ensure that we do not breach the Shari'ah rules relating to amanah (trust/safe-keeping). According to

the Shari'ah, if any amount is deposited with the Ameen (safe keeper/trustee) as amanah, the trustee cannot use that amount for its own benefit. In a diminishing ownership product such as the **UNB IslamicMortgage** the amount paid by the customer (the sale price) results in the customer's beneficial interest in the property increasing. Therefore United National Bank is entitled to use any payments received without breaching the rules of trust. Some mortgage providers may, in offering Ijara mortgages, breach the rules if their product is not a diminishing ownership product. If you are comparing products offered by other mortgage providers, you should check that all aspects of the mortgage are Shari'ah compliant.

For further information and/or a better understanding of the **UNB IslamicMortgage** product you are requested to read the **UNB IslamicMortgage** information booklet that is available at every United National Bank branch.

The small print

Your home is at risk if you do not keep up repayments on a mortgage or other loan secured on it.

Security is required for mortgages that are subject to status and valuation. Written quotations are available on request.

Calls to United National Bank may be recorded and/or monitored for security, training and customer service purposes.

United National Bank is regulated by the Financial Services Authority (FSA).

UNB IslamicMortgage is only available to persons aged 18 or over.

Your feedback

United National Bank values its customers' business but also acknowledges that, on rare occasions, the customer may not feel fully satisfied with the service provided by the bank. If you have a grievance, please ask a member of staff who will advise you as to the internal complaints procedure of the bank.

Contact information

UK Branches

London Principal Branch 2 Brook Street London W1S 1BQ	Birmingham 391-393 Stratford Road Birmingham B11 4JZ Tel: 0121 772 2648 Fax: 0121 773 9872	Bradford 3-5 Oak Lane Bradford BD9 4PU Tel: 01274 548 174 Fax: 01274 481 103	Glasgow 11-13 Gibson Street Glasgow G12 8NU Tel: 0141 341 0555 Fax: 0141 341 0666	Manchester 79 Thomas Street Manchester M4 1LQ Tel: 0161 834 4074 Fax: 0161 835 1049
Consumer Banking Representative: Tel: 020 7290 8025 Fax: 020 7290 4975				

www.unbankltd.com

United National Bank Limited
2 Brook Street, London W1S 1BQ.
Fax: +44 (0) 20 7290 4975

Tel: +44 (0) 20 7290 8000
Email: info@unbankltd.com

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