

Contemporary Issues Related To Buying Real Estate (2)

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Sixth

Buying Commercial Properties Leased for Businesses Engaged in Forbidden Practices-Comment

- The main transaction is concerning the sale of the property
- The ongoing rental agreements are peripheral to the transaction.



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- The legal maxim states: *"Leeway is afforded to matters peripheral to a transaction more than they are given to the main issue of the transaction"*.



Sixth

Buying Commercial Properties Leased for Businesses Engaged in Forbidden Practices- Comment

- However, when those rental agreements end, it is forbidden to renew those agreements





Seventh

Purchasing on Behalf of Another who is not Able to Buy

- Mortgage companies usually do not lend applicants with bad credit or no credit history.
- There is no issue if a Muslim is requested to buy a house on behalf of another with no or insufficient credit as long as it is being financed in a Halaal way.
- Otherwise, that would be assisting in sin and aggression, thus, prohibited.

Eighth Selling a Property to a Buyer who Mortgages Traditionally- Comment

- The seller is allowed to follow through with the sale of his property to any buyer he chooses, even if he knows the buyer will take out an interest-bearing loan for the purchase. The seller is in no way liable for the actions and decisions of others.





Ninth

Home Equity Conversion Mortgage (HECM), Commonly Known as Reverse Mortgage

- A type of loan for senior citizens above the age of 62 that allows them to pull out an interest-bearing loan that does not exceed their equity.
- This loan is taken out by the borrower as a monthly payment until he dies or decides to sell the house.



Ninth

Home Equity Conversion Mortgage (HECM), Commonly Known as Reverse Mortgage

- If the price of a home is \$200K, for example, and \$100K has been paid off as an equity, the homeowner cannot take a loan that exceeds \$100K after factoring in the interest rate.
- As a collateral, a lien is placed on his equity in the home, and this is why the loan doesn't need to be repaid if the owner is alive.





Ninth

Home Equity Conversion Mortgage (HECM), Commonly Known as Reverse Mortgage

- Regardless of the regulations and the ways that this loan may be repaid, for the purpose of this research, this type of loan is prohibited by Islamic law because it is interest-bearing.