

Bismillah

Jafari No-Interest Credit Union

A Credit Union to provide no-interest loans to our community members, InshAllah

www.JafariCU.com

**Your savings federally insured to at least \$250,000
and backed by the full faith and credit of the United States Government**

NCUA

National Credit Union Administration, a U.S. Government Agency

Typical Credit Unions

- CUs use your deposits to make loans; your deposits are federally insured to \$250,000
- The CU's field of membership defines who can join. CU members elect the CU's board
- CUs are non-profits. But CUs charge interest on loans to
 - pay for the CU's expenses
 - pay interest to depositors
 - maintain capital of at least 7% of assets

Jafari No-Interest Credit Union

- Uses deposits to make no-interest loans
- Does not charge interest nor pays interest
- Savings Account Only. Fee: \$3/month
- Deposit/withdrawal done primarily via ACH, using CU's Routing & Account Nbrs
- **Interest Savings Example:** A \$10,000 student loan at 6.8%, paid over 15 years, will avoid \$6,000 interest and will be paid off in 5-7 years because of no interest.

Jafari No-Interest Credit Union

- Annual expenses \$30-\$36,000. All staff are volunteers. Office space is donated. *Main expenses:* IT systems \$15,000, Bank/ACH \$7,000, CU Legal forms \$5,000
- \$3/month Fee covers 20% of expenses.
- **Optional** Fee, \$7/month, to pay for expenses and build CU's capital
- **Optional** Fee, \$10-\$250/month, to build capital. This fee is *Refundable* if the CU meets certain financial criteria.

Jafari No-Interest Credit Union

Loans – General Requirements

- For now, the CU offers **refinancing** of Auto and Student loans, and small mortgages (max \$20,000).
- The member must have made at least 6 monthly payments for the existing loan.
- Must meet CU's credit, income and Minimum Interest Rate criteria

Background: Jafari Interest Free Loans

- A 501c(3) non-profit, www.Jafari-ifl.org, started in Ramadhan 2007 to make interest-free loans to members who have existing loans (student, car)
- (Aug 2018) Has 240 members in 15 states
- Issued 116 loans for \$1,220,000, saving our community \$456,000 in interest. Includes a few financial-hardship loans.
- **NOTE:** JIFL and Jafari No-Interest CU are separate, independent organizations.

Some Benefits of a Credit Union

- Some people are more comfortable with a regulated entity like a CU
- A CU can use deposits make loans. This allows us to make more loans while providing federal insurance to depositors
- A CU can have liens on cars and homes to provide more protection to the lender
- A CU provides better governance and continuity

Jafari No-Interest Credit Union

- Savings account only; no debit card, ATM, etc. Deposit/withdrawals primarily via ACH
- \$3/month Account Fee
- Optional fee \$7/month
- Optional fee \$10-\$250/month. *Refundable if* the CU meets certain financial criteria.
- Refinancing of existing car, student and small mortgage loans.
- **Interest Savings:** \$10,000 6.8% 15 year student loan saves about **\$6,000** interest.

Jafari No-Interest Credit Union

- **Who can join:** People in CU's Field of Membership in Houston, Dallas and Austin. Also, family members living **anywhere** in the US.
- **Family members include:** Brothers, Sisters, Parents, Children, Uncles, Aunts, Nieces, Nephews, In-Laws, First Cousins.
- **Future Plans:**
 - Add centers in Florida, Michigan, California
 - No-interest loans for small business, college
 - Car leasing as a source of CU income.

Jafari No-Interest Credit Union

Current Status (Aug 2018) www.JafariCU.com

- Members: 238, including 35 members from 14 states besides Texas: California, Colorado, Florida, Georgia, Illinois, Maryland, Michigan, New Jersey, New Hampshire, New York, North Carolina, Pennsylvania, Virginia and Washington.
- Deposits: \$575,000, Capital: \$265,000
- Loans Issued: 53 loans for \$442,000 – saving our community **\$149,000** interest.
- CU's quarterly reports on NCUA website:
<http://mapping.ncua.gov/SingleResult.aspx?ID=68675&IsCorpCU=0>

How you can help

www.JafariCU.com

- **Join the CU**, if eligible directly or related to a CU member. Monthly fee is \$3.
- Inform family and friends about the credit union, in Texas and in other US states.
- Deposit more funds in the CU. Your deposits are federally insured, and enable the CU to issue more **no-interest** loans.
- Help the CU with optional fees or donations. The CU does not charge interest and relies on fees to meet its expenses and capital requirements.

Quotes from Ahlul-Bayt (AS)

https://www.al-islam.org/anecdotes-reflection-part-4-sayyid-ali-akbar-sadaaqat/70-loans#f_1178667a_2

Imam Sadiq (peace be upon him) has said:

مَكْتُوبٌ عَلَى بَابِ الْجَنَّةِ الصَّدَقَةُ بِعَشْرَةٍ وَ الْقَرْضُ بِثَمَانِيَةِ عَشْرٍ

*"It is written upon the door of Paradise: The reward for (giving) charity is ten times and that of (extending) loans is eighteen times"*²

<https://www.al-islam.org/a-bundle-of-flowers-sayyid-faqih-imani/giving-loan>

The Holy Prophet (S) said: "The one from whom his brother Muslim needs borrowing but he does not give him loan, Allah prohibits him entering Paradise on the Day when the righteous will be recompensed."

Bihar-ul-Anwar, vol. 76, p. 367

Why you should join

www.JafariCU.com

- As Muslims, the CU provides a no-interest borrowing option to our community
- Join an activity that provides reward of 18 times, according to Imam Sadiq (AS)
- Avoid (save) interest on your loans
- Help other people avoid (save) interest
- Strengthen our community financially. Any interest savings stay in our community.
- What it costs you:
 - \$3/month account fee
 - Any Optional Fees you choose to pay

Quotes from Ahlul-Bayt (AS)

Giving respite to Borrower

<https://www.al-islam.org/divine-perspective-on-rights-a-commentary-of-imam-sajjads-treatise-of-rights/right-n-36-right>

more time is mentioned: Imam Sadiq said:

مَنْ أَرَادَ أَنْ يُظِلَّهُ اللَّهُ يَوْمَ لَا ظِلَّ إِلَّا ظِلُّهُ... فَلْيَنْظُرْ مُعْسِراً أَوْ يَدِّعْ لَهُ مِنْ حَقِّهِ.

"Those who desire to be in the Shade of God on the Day on which there is no other shade, should give time to debtors who are unable to pay back their debt or remit it." ³

Imam Sadiq narrated that once the Prophet climbed the pulpit and said:

أَيُّهَا النَّاسُ! لِيَبْلُغَ الشَّاهِدُ الْغَائِبَ مِنْكُمْ. أَلَا وَمَنْ أَنْظَرَ مُعْسِراً كَانَ لَهُ عَلَى اللَّهِ فِي كُلِّ يَوْمٍ ثَوَابٌ صَدَقَةٍ بِمِثْلِ مَالِهِ حَتَّى يَسْتَوْفِيَهُ.

"O People! You who are present and can witness to what I say! Deliver my words to those who are absent. Beware! God will reward the one who gives time to a debtor who cannot pay back his debt with the reward of charity on his loan for each day that the repayment of the loan is postponed."

Then Imam Sadiq recited the following verse:

وَإِنْ كَانَ ذُو عُسْرَةٍ فَنَظِرَةٌ إِلَى مَيْسَرَةٍ وَأَنْ تَصَدَّقُوا خَيْرٌ لَكُمْ إِنْ كُنْتُمْ تَعْلَمُونَ

"If the debtor is in a difficulty, grant him time till it is easy for him to repay. But if ye remit it by way of charity, that is best for you if ye only knew." [The Holy Qur'an, al-Baqarah 2:280]