

Muslim mortgages in limbo after bank collapse

by [Ron Csillag](#)

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TORONTO (RNS) The collapse of a lender that offered Shariah-compliant mortgages has left Muslim homeowners in the Toronto area with many questions and so far, few answers.

Founded in 2004, Toronto's UM Financial partnered with an Ontario credit union to offer mortgages and other financial products that promised to circumvent Islam's ban on interest and usury.

Earlier this month, UM Financial, which bills itself as Canada's "premier Islamic financial institution," was put into receivership by an Ontario court over a dispute with the credit union.

Now, the apparent collapse of UM Financial has left about 160 Muslim homeowners in and around Toronto wondering who controls their properties, how to continue payments and whether their religious beliefs will be violated.

"What is going on? That's where we are right now," one Muslim leader, Mohammad Robert Heft, told the Globe and Mail newspaper at a meeting of more than 75 affected homeowners held in suburban Toronto on Saturday (Oct. 22).

There was consensus at the meeting that Muslims risked losing their home, but little else seemed clear. "It's such a mess," Heft said.

UM Financial said in a statement earlier this month that it had "ceased operations,"

but that its parent company, the UM Group, continues “business as usual” with separately incorporated credit card, real estate investment and other financial products that comply with Islamic law.

According to a Toronto law firm, the court order on receivership should not place the owners at risk of losing their homes as long as they continue making monthly payments.