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A Modified Diminishing Partnership for Home Financing

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Abstract: Home is a basic necessity for human life, that why home financing takes a large chunk of people's income. Therefore, Islamic and Conventional Banks try to offer new product in order to respond to customer needs related to home financing. Basing on this fact, we propose a Modified Diminishing Partnership model based on profit and loss sharing to reduce the duration of getting the full shares in the house property. Our proposition will be represented by the rental that customer has to give every month to the bank with redemption to increase his shares on the property of the house.

Keywords: home financing, interest rate, rental rate, modified diminishing partnership

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