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## PROPERTY FINANCING-i (TAWARRUQ) WAHDAH HOME REFINANCING

Date: \_\_\_\_\_

### 1. What is this product about?

This financing facility is to assist you in refinancing a completed residential property. The Bank's Sale Price is derived based on the Ceiling Profit Rate (CPR), which is fixed throughout the tenure. However, the Effective Profit Rate (EPR) is calculated on a variable/ floating rate basis.

### 2. What is the Shariah concept applicable?

- This financing is under the Shariah principle of Tawarruq.
- Tawarruq consists of two sale and purchase contracts. The first involves the sale of an asset by a seller to a purchaser on a deferred basis. Subsequently, the purchaser of the first sale will sell the same asset to a third party on a cash and spot basis.
- The mechanism of Tawarruq for this product is as follows:
  - (a) The customer purchases the commodities from the Bank on Murabahah (cost plus sale) basis at the Bank's Sale Price. In this arrangement, the purchase will be performed by the Bank as the customer's Purchase Agent.
  - (b) As the Sale Agent for the customer, the Bank shall then sell the commodities to a Commodity Purchaser at cost price. Proceeds from the transaction will be disbursed for customer's utilization.
  - (c) The customer is obliged to pay the amount due from the Murabahah transaction as per the agreed terms.
- "Commodities" means any commodities acceptable to the Bank e.g. palm oil, plastic resin, rubber, cocoa beans, soy beans, timber and metal (excluding gold and silver) traded at any commodity trading platform approved by the Bank. The purchase and sale of the commodity are performed based on the customer's mandate, where Bank as the Purchase and Sale Agent trades the commodities as made available and provided by commodity providers subject to the Bank's prevailing policies.

### 3. What do I get from this product?

Illustration:

Open Market Value	RM 500,000
Margin of Financing	90%
Total Financing Amount	RM 450,000
Financing Tenure	30 years

CPR	11% p.a.
Bank's Sale Price	RM 1,542,765.60
EPR	BR + 0.63% = 3.15% p.a.
<b>Note:</b> BR is 2.52% p.a.	

### 4. What is the Base Rate?

The Base Rate (BR) we offer for this product is made up of two parts, our benchmark Cost of Funds (COF) and the Statutory Reserve Requirement (SRR) cost imposed by Bank Negara Malaysia (BNM). Our benchmark COF reflects the cost of raising new funds based on 3-month Kuala Lumpur Interbank Offered Rate (KLIBOR) as the reference rate plus a Funding Cost Adjustment.

### 5. What are possible scenarios to trigger a change in the Base Rate?

Our BR can rise or fall due to changes in the benchmark COF and SRR. Changes in the benchmark COF could occur due to changes in the Overnight Policy Rate (OPR) as decided by the Monetary Policy Committee of BNM, as well as other factors such as market funding conditions due to global and domestic economic environment.

### 6. What is the historical benchmark Cost of Funds for the last 3 years?

Please refer our website at <https://www.bankislam.com/personal-banking/other-information/base-rate-and-historical-benchmark/> for more information.

### 7. What are my obligations?

- Your Monthly Instalment is RM \_\_\_\_\_.
- Total payment amount at the end of \_\_\_\_\_ years is RM \_\_\_\_\_.
- Your Monthly Instalment and total payment amount will vary upon changes in the BR as illustrated below, however, the total payment amount will not exceed the Bank's Sale Price.

Rate	Today (BR = _____ %)	If BR goes up by 1%	If BR goes up by 2%
Monthly Instalment	RM	RM	RM
Total profit at the end of ____ years	RM	RM	RM
Total payment amount at the end of ____ years	RM	RM	RM

**Note:** Illustration on the effect of changes in BR can be referred to <https://www.bankislam.com/personal-banking/other-information/base-rate-and-historical-benchmark/>.

- Any changes in the BR, EPR and the Monthly Instalment (if any) which is applicable to your financing will be communicated to you prior to the effective date of the new rates and Monthly Instalment (if any).
- Any excess payment made to the financing account be utilized to set-off any shortfall in monthly payment or to settle any other charges that may incur in the future.
- Customer is obliged to pay the monthly payment until full settlement of the financing. Should the financing tenure extended beyond the retirement age, the customer is still obliged to pay the monthly payment. However, the customer may opt at any time to fully settle the financing upon reaching retirement age.

## 8. What other charges do I have to pay?

No.	Type of Fee	Fee Amount / Detail
i.	Stamp Duty	As per Stamp Duty Act 1949 (Revised 1989).
ii.	Disbursement Fee	Including fee for registration of charge and other related charges.
iii.	Legal Fee	All legal fees and incidental expenses related in connection with Facility (including but not limited to the preparation, stamping and registration of any security documents and the lodgement and withdrawal of caveats).
iv.	Valuation Fee	Applicable to completed property or own construction of property by the appointed contractor only.
v.	Processing Fee	Waived.
vi.	Wakalah Fee	RM25.00 for the Appointment of the Bank as Purchase Agent (ABPA) RM25.00 for the Appointment of the Bank as Sales Agent (ABSA)
vii.	Cancellation	You shall pay all costs incurred by the Bank, if any, for preparation and registration of security documents in connection with the facility including the expenses incurred during the claim process if the facility is cancelled.

## 9. What if I fail to fulfil my obligations?

- Late Payment Charge (Ta`widh) will be apply as follows when you fail to fulfil your obligation:

<b>Before Maturity of Facility</b>	A sum equivalent to one per cent (1%) per annum on overdue instalments until date of full payment.
<b>After Maturity of Facility</b>	A sum equivalent to the prevailing daily overnight Islamic Interbank Money Market (IIMM) rate on outstanding balance i.e. outstanding Sale Price less Ibra', if any.
<b>Post Judgement Debt</b>	A sum equivalent to the prevailing daily overnight Islamic IIMM rate on basic judgment sum calculated from judgment date until date of full payment.

**Note:** The imposition of Ta`widh shall be in such manner as approved by Bank Negara Malaysia from time to time.

- Upon default:
  - The Bank may by written notice to you, demand for immediate payment of amount overdue from you and/or the guarantor;
  - The Bank has the right to set off your deposit or any other account(s) maintained with the Bank towards settlement of overdue payment under this facilities granted by the Bank;
  - The Bank has the right to take legal action against you if you fail to response to the reminder notices. The Bank shall exercise its right on any security pledged with the Bank and you are to bear all the cost involved. You are also responsible to settle any shortfall. Legal action against you may affect your credit rating leading to any future credit assessment being more difficult or expensive to you; and
  - Cross default of other facilities with the Bank may be triggered.

## 10. What if I fully settle the financing before its maturity?

- There is no lock in period for this facility and the Bank shall grant rebate (Ibra') on the deferred profits upon full settlement of the financing.
- The Ibra' formula is as below:

Ibra' (rebate) on early settlement = Deferred Profit

**Note:**

- Deferred Profit = Total Contracted Profit – Accrued Profit.*
- Total Contracted Profit = Sale Price – Purchase Price (or Financing Amount).*
- Accrued Profit is calculated based on EPR of the outstanding Purchase Price (or Financing Amount) being disbursed (or utilised).*

- For early settlement of financing facility, you shall be entitled for rebate on contributions made for the Mortgage Reducing Term Takaful (MRTT)/ Mortgage Level Term Takaful (MLTT) from the appointed Takaful Operators, if applicable.

## 11. Do I need a collateral or guarantor?

- The financed property will become the collateral for this financing.
- With regard to guarantor, it is on case to case basis depending on credit consideration and payment capability.

## 12. Do I need any Takaful coverage?

- Mortgage Reducing Term Takaful (MRTT) or Mortgage Level Term Takaful (MLTT) – compulsory.
- House Owner Takaful/ Householder Takaful Plan (HOT) – if applicable.

**Note:**

- Quotations will be provided by the Bank for MRTT or MLTT offered by the Bank's panel of Takaful operators. You are free to choose the service of any non-panel Takaful Operators in the country. However, to avoid any delay for disbursement of the financing amount, the appointment of the Bank's panel Takaful is highly encouraged.*
- The Bank accept MRTT or MLTT coverage only for the financing facility while the conventional MRTA is strictly prohibited.*

## 13. What are the major risks?

- Death of the customer and/or joint customer:
  - Without derogating and/or limiting the Bank's rights and remedies currently available under the financing and/or security documents, upon death of the Customer, the Customer's heirs or successors in title shall continue to make the monthly payment on the outstanding financing amount based on the agreed terms until full settlement.
  - For financing facility which is covered against MRTT/ MLTT and where the claim amount received from the Takaful operator is insufficient to fully settle the financing, the Customer's heirs or successors in title shall continue to make the monthly payment on the outstanding financing amount based on the agreed terms until full settlement.
  - In the case of joint account, the surviving Customer shall continue to make the monthly payment on the outstanding financing amount based on the agreed terms until full settlement.
- If your financing facility is under variable/ floating Rate, the EPR will change according to the movement in the BR. Hence, the Monthly Instalment amount may also be revised according to the changes of the EPR.

## 14. What do I need to do if there are changes to my contact details?

It is important that you inform us of any changes in your contact details to ensure that all correspondences reach you in a timely manner. To update your contact details, you may inform us in writing or visit the nearest Bank Islam Branch.

## 15. Where can I get assistance and redress?

If you have difficulties in servicing the monthly instalment, you should contact us at the earliest possible to discuss on the payment options at:

**Contact Centre & Customer Care**  
**Bank Islam Malaysia Berhad**  
**17<sup>th</sup> Floor, Menara Bank Islam**  
**No. 22, Jalan Perak**  
**50450 Kuala Lumpur**  
**Tel: 03 2690 0900**  
**Fax: 03 2782 1337**  
**Email: [contactcentre@bankislam.com.my](mailto:contactcentre@bankislam.com.my)**

Alternatively, you may seek the services of Agensi Kaunseling dan Pengurusan Kredit (AKPK), an agency established by Bank Negara Malaysia to provide free services on money management, credit counselling and debt restructuring for individuals. You can contact AKPK at:

**5<sup>th</sup> and 6<sup>th</sup> Floor,**  
**Menara Bumiputra Commerce**  
**Jalan Raja Laut,**  
**50350 Kuala Lumpur.**  
**Tel: 03 2616 7766**  
**Fax: 03 2616 7601**  
**Website: [www.akpk.org.my](http://www.akpk.org.my)**

<p>If you wish to complaint on the products or services provided by us, you may contact us at:</p> <p><b>Contact Centre &amp; Customer Care</b>  <b>Bank Islam Malaysia Berhad</b>  <b>17<sup>th</sup> Floor, Menara Bank Islam</b>  <b>No. 22, Jalan Perak</b>  <b>50450 Kuala Lumpur</b>  <b>Tel: 03 2690 0900</b>  <b>Fax: 03 2782 1352</b>  <b>Email: <a href="mailto:customercare@bankislam.com.my">customercare@bankislam.com.my</a></b></p>	<p>If your query or complaint is not satisfactorily resolved by us, you may contact Bank Negara Malaysia LINK or TELELINK at:</p> <p><b>Block D, Bank Negara Malaysia,</b>  <b>Jalan Dato' Onn,</b>  <b>50480 Kuala Lumpur</b>  <b>Tel: 1 300 88 5465</b>  <b>Fax: 03 2174 1515</b>  <b>Email: <a href="mailto:bnmtelelink@bnm.gov.my">bnmtelelink@bnm.gov.my</a></b></p>
<p><b>16. Where can I get further information?</b></p>	
<p>Should you require additional information about Islamic home financing, you may refer to the banking info website at <a href="http://www.bankinginfo.com.my">www.bankinginfo.com.my</a>.</p>	
<p><b>17. Other house financing packages available</b></p>	
<ul style="list-style-type: none"> <li>• Home Financing-i (Tawarruq) – Baiti Home Financing</li> </ul>	
<p><b>IMPORTANT NOTE: YOUR PROPERTY MAY BE FORECLOSED IF YOU DO NOT KEEP PAYING INSTALMENTS OF YOUR FINANCING.</b></p>	

- Note:**
1. The above is for illustration purposes only. Profit and charges may vary and subject to the Bank's terms and conditions.
  2. All information provided in this Product Disclosure Sheet is valid with effect from July 2021.

Acknowledge Receipt by Customer,

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 Name:  
 I/C Number:  
 Date: