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## PROPERTY FINANCING-i (TAWARRUQ) BAITI HOME FINANCING

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

### 1. What is this product about?

This financing facility is to assist you in financing the purchase of a 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 for normal financing:

Property Price	RM 500,000
Margin of Financing	90%
Total Financing Amount	RM 450,000
Financing Tenure	30 years
CPR	10.75% p.a.
Bank's Sale Price	RM 1,512,239.81
EPR <i>Note: SBR is 2.25% p.a.</i>	SBR + 1.15% = 3.40% p.a.

Illustration for financing with tier rate:

Property Price	RM 600,000	
Margin of Financing	90%	
Total Financing Amount	RM 540,000	
Financing Tenure	30 years	
CPR	10.75% p.a.	
Bank's Sale Price	RM 1,826,969.48	
EPR <i>Note: SBR is 2.25% p.a.</i>	Tier 1 (1 to 12 month)	SBR + 0% = 2.25% p.a.
	Tier 2 (13 to 24 month)	SBR + 1.15% = 3.40% p.a.
	Tier 3 (25 to 360 month)	SBR + 1.15% = 3.40% p.a.

**Note:** Please refer to Question 8. for more information on Step Up payment scheme.

### 4. What is the Standardised Base Rate (SBR)?

The SBR we offer on this product is based on the benchmark rate specified by Bank Negara Malaysia. The benchmark rate is currently set as the Overnight Policy Rate (OPR), which reflects the monetary policy stance as decided by the Monetary Policy Committee of Bank Negara Malaysia.

### 5. What are the possible scenarios that may trigger a change in the SBR?

The SBR can rise or fall due to changes in the benchmark rate, i.e. changes in the OPR.

**6. What is the historical SBR for the past 3 years?**

Please refer our website at <https://www.bankislam.com/personal-banking/other-information/standardized-base-rate-sbr/> 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 SBR as illustrated below, however, the total payment amount will not exceed the Bank's Sale Price.

Rate	Today (SBR = _____ % )	If SBR goes up by 1%	If SBR 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 SBR can be referred to <https://www.bankislam.com/personal-banking/other-information/standardized-base-rate-sbr/>

- Any changes in the SBR, 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).
- During a property construction period, you are required to service the monthly profit on the financing amount disbursed by the Bank to the Developer/ Contractor.
- Any excess payment amount between monthly payment and the actual profit charged shall be utilized to set-off any shortfall in monthly payment or to settle any other charges that may incur in the future.
- In the event that the property financed under this facility is not completed and has been categorised as abandoned by the Ministry of Housing and Local Authority, you are obliged to service the monthly payment to the Bank as per the payment term stipulated under the Letter of Offer for the following:
  - Financing amount disbursed to the Developer/ Contractor; and
  - Profit accrued until full settlement of the financing amount disbursed.
- 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. Does the Bank offer Step Up payment scheme?**

Yes, the Bank offers Step Up payment scheme to customer who fulfilment of the following criteria:

- Malaysian citizen;
- First time house buyer for own occupation;
- Property price of not more than RM300,000;
- Gross household income of not more than RM5,000 per month;
- No record of impaired financing for the past twelve (12) months; and
- Margin of financing of up to 110% provided the portion of financing above 90% level is covered by Takaful.

Step Up payment scheme allows customer to only pay profit portion during the Step Up period as follows:

**A. For Step Up Financing without Grace Period**

During the period of first 60 months commencing from the date of first disbursement of the financing amount (Step-Up period), the Customer is only required to service the monthly profit based on the prevailing effective profit rate. There will be no reduction to the outstanding Bank's Purchase Price through monthly payment made during the Step-Up period which may give effect to a higher financing cost under this scheme.

**B. For Step Up Financing with Grace Period**

The Customer is to service the Bank's monthly profit based on the prevailing EPR during the first [24/36] months commencing from the date of first disbursement of the financing amount (Grace Period).

The respective effective profit rate and monthly profit within the said Grace Period shall valid and effective commencing from the date of first disbursement of financing amount for a period of **[24/36]** months or until full disbursement of the financing amount.

In the event the financing amount is fully disbursed during the Grace Period, the effective profit rate and the monthly payment amount will commence from the date of full disbursement of the financing amount for a period of 60 months (Step-Up period).

In the event the financing amount is fully disbursed after the Grace Period, the effective profit rate and the monthly payment amount will commence from the date of full disbursement of the financing amount for Step-Up period.

During the Step-Up period, the Customer is only required to service the monthly profit based on the prevailing effective profit rate. There will be no reduction to the outstanding Bank's Purchase Price through monthly payment made during the Grace Period and Step-Up period which may give effect to a higher financing cost under this scheme.

## 9. 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.

## 10. 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.

## 11. 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:**

- i. *Deferred Profit = Total Contracted Profit – Accrued Profit.*
- ii. *Total Contracted Profit = Sale Price – Purchase Price (or Financing Amount).*
- iii. *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.

## 12. 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.

## 13. 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:**

- i. *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.*
- ii. *The Bank accept MRTT or MLTT coverage only for the financing facility while the conventional MRTA is strictly prohibited.*

## 14. What are the major risks?

- Death of the customer and/or joint customer:
  - i. 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.
  - ii. 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.
  - iii. 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 SBR. Hence, the Monthly Instalment amount may also be revised according to the changes of the EPR.

## 15. 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.

## 16. 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>          17<sup>th</sup> Floor, Menara Bank Islam          No. 22, Jalan Perak          50450 Kuala Lumpur          Tel: 03 2690 0900          Fax: 03 2782 1352          Email: <a href="mailto:customercare@bankislam.com.my">customercare@bankislam.com.my</a></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>          Tel: 1 300 88 5465          Fax: 03 2174 1515          Email: <a href="mailto:bnmtelelink@bnm.gov.my">bnmtelelink@bnm.gov.my</a></p>
<p><b>17. 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>18. Other house financing packages available</b></p>	
<ul style="list-style-type: none"> <li>• Home Financing-i (Tawarruq) – Wahdah Home Refinancing</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 August 2022.

Acknowledge Receipt by Customer,

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 Name:  
 I/C Number:  
 Date: