

Key Fact Statement (KFS) - Under Construction Property Home Finance - Islamic Banking Services



This document reflects product-specific Terms and Conditions governing Islamic Home Finance for Under Construction Property located within United Arab Emirates ("UAE") and is in addition to Arab Bank for Investment & Foreign Trade ("Al Masraf") – Islamic Banking Services General Terms and Conditions for Customers.

The Key Facts Sheet highlights important information about Islamic Home Finance such as the Profit rate, installment amount and provides you with the total amount to be pay back over the life of the Finance

Eligibility

- UAE National or UAE Resident
- Minimum age 21 years old and maximum up to 75 years (on case to case basis) at the time of maturity
- Min Salary AED 15,000 for salaried employee working in approved company with Bank
- Min length of service 6 months and confirmed employee

Features & Benefits

- Financing available for Under Construction property
- Combination of Fixed and Variable Profit Rate
- Repayment up to 25 years
- Fully compliant with Sharia rules.

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Additional notes and Frequently Asked Questions

1. Finance Structure:

Our Home Finance is based on Sharia structure of Forward Ijarah Muntahia Bittamleek. The Bank will purchase property from the Seller (owner of the property) through Islamic contract and lease back to the customer under Forward Ijarah Muntahia Bittamleek Contract ("Agreement")

2. Use of the property:

During the Finance Tenor, the property shall be used and occupied as a residence and for no other purposes without the written consent of the Bank.

3. Down Payment:

Bank will evaluate the land / property from one of the approved listed evaluator with the Bank to determine the market value. The Finance will be based on the property market value and you will require to pay the applicable down payment. You hereby undertake to provide such proof of payment prior to the transfer of the property at the relevant regulatory department.

In buyout or resale cases, you must settle the difference amount between liability of the bank/seller and the approved Finance value.

4. Equal Monthly Installment (EMI):

- You will pay Principle + Profit (as per Bank's prevailing rate) to the Bank on monthly basis. After the Fixed Profit Rate, the Monthly Installment calculated on EIBOR + Bank's Margin (Min Floor Rate). Based on the EIBOR revision period, the Monthly Installment for future installment may increase/ decrease from time to time.
- You are required to pay the Monthly Installment on due date to the Bank as per the repayment frequency.
- In case due to higher profit rate, you are not able to make installment on due date to the Bank, you should visit the Branch or meet your Relationship Manager and explain the reason and rationale and place request for Bank's review and approval to reschedule the installment if eligible.

Example:

Finance amount (Principal)	:	AED 2,000,000
Finance duration (Tenor)	:	300 months
Minimum Profit Rate (Rate)	:	3.75% per annum
Profit Rate Formula	:	Profit Rate*(1 + Profit Rate)Tenor/((1+ Profit Rate)Tenor-1)
Thus your Monthly Installment for Month 1 would be	:	AED 10,282.62/-

Principal Amount	Tenor	Profit Rate 3.75% per annum	Monthly Installment for 1 st month
2,000,000	300	$0.0031 * 2.550 / 1.5499$ =0.00514 per month	$2,000,000 * 0.00515$ = AED 10,282.62

Note: After 1st installment, the Monthly Installment will be calculate based on the Principle outstanding amount.

Warning: These figures are estimates/ examples only.

5. In case of Delay in Handover:

In the event of delay in completing the project beyond the grace period (as stated in the Offer Letter or agreed with the Bank) from the date of completion of construction as per the Contractor's Agreement.

- Bank will proceed with the property evaluation to check if the property is in useable form to start the Monthly Installment.
- Based on the evaluation report presented by Evaluator to the Bank, the Monthly Installment will start date

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6. Fixed Profit Rate:

The Fixed Profit Rate is applicable for fixed tenor you will pay fixed Monthly Installment. After the expiry of Fixed Profit Rate, the installment will be calculate based on the prevailing Variable Profit Rate.

7. Variable Profit Rate:

The variable profit rate is indicative and subject to change in accordance with the terms of the Agreement. The Bank's Base Rate is linked to EIBOR with the 3 months' review frequencies due to which the installments may increase or decrease based on the prevailing Profit Rate. However, the margin % remains fixed throughout the Tenor of the facility.

8. Property Evaluation Fee

You will require to pay the Property Evaluation Fee to cover the cost of appraisal of the property done by one of the approved evaluator with the Bank. The Property Evaluation Fee may vary depending upon the location / Emirate, type and numbers of the Property.

9. Maximum Finance Amount:

The Maximum Finance Amount you can avail with a Home Finance depends on your income, expenses, liabilities etc. the Bank will consider all your expenses and liabilities to make sure that you can make repayments on the Finance without placing yourself under financial stress

10. Life Takaful:

- You are required to choose the Life Takaful from one of the three Bank's approved Takaful provider selected by the Bank for the entire Finance Tenor and it will be assigned to Arab Bank for Investment Foreign Trade (Al Masraf).
- The Life Takaful should cover your Finance outstanding in the event of death due to any reason, terminal illness and permanent total disability to mitigate the risk associated with the life.
- The Life Takaful premium calculated on the Finance outstanding amount i.e. $\text{Monthly Premium} = \text{Finance outstanding amount} \times \text{Life Takaful rate \%}$
- The Life Takaful premium may not be fixed amount as it calculates on the Finance outstanding and paid on monthly basis to the Bank. The Bank will deduct this amount along with the Finance Monthly Installment from the Customer's account
- The Life Takaful premium may increase or decrease during the Finance Tenor based on the takaful provider rate
- The Life Takaful coverage should be in place prior to acceptance of the offer and disbursement of Finance by the Bank.
- Non-payment of Life Takaful payments shall be consider as an event of default under the facilities.

11. Property Takaful:

- You will required to choose the Property Takaful from one of the three Bank's approved Takaful provider selected by the Bank for the entire Finance Tenor and it will be assigned to Arab Bank for Investment Foreign Trade (Al Masraf).
- The Property Takaful should cover the risk associated with the property i.e. fire and major maintenance including Total Loss and Partial Loss.
- The Property Takaful premium calculated on the property value i.e. $\text{Annual Premium} = \text{Property Value} \times \text{Property Takaful rate \%}$
- The premium will be deduct on annually basis through direct debit or your bank account with Bank.
- The Property Takaful premium may increase or decrease during the Finance Tenor based on the takaful provider rate
- The Property Takaful coverage should be in place prior to acceptance of the offer and disbursement of Finance by the Bank.
- Non-payment of Property Takaful payments shall be consider as an event of default under the facilities.

12. Property All Risk Policy:

- This policy is applicable for under construction property only
- You should advise the Contractor to assign the same to Arab Bank for Investment and Foreign Trade (Al Masraf).

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- c) The policy covers any damage incurred by or hindering the project including the project site and 3rd party due to the project, plus any damages caused by fire, theft, accident, flood, rain, deliberate vandalism or other relevant risks.
- d) The Insurance policy starts from the execution date of Istisna'a Contract and until Initial Hand-Over.
- e) You should obtain copies (which has to be attested from the insurance company) of the insurance policies for the project from Constructor and submit to Bank prior commencing of the work / upon renewal of each policy or also at any time upon the request of the Bank

13. Property mortgaged to the Bank:

The property will be mortgage to the Bank until the Principal, accrued Profit, fees and charges fully paid to the Bank. The mortgage on property is a security on the Finance, which means you cannot sell the property / mortgage to third party if the customer cannot continue to make repayments.

All owners whose names are stated in the property ownership document should be an applicant for the Finance facility.

Warning:

14. Installment not paid on time:

You shall pay the monthly installment on due date and if you fails to pay the monthly installment your account will go into arears. This may affect your credit rating, which may limit your ability to be granted any finance in the future. Further, if you fail to pay three consecutive installments, the Agreement shall be terminated and the remaining installments shall become payable within a period of 15 days of receiving a written notice from the Bank, and the Bank shall have the right to take applicable legal action against you that includes the sale of mortgaged property, and therefore, you may lose your property

15. Home Finance Reschedule

Customer must inform the bank in case your monthly income is reduced due to (Salary reduction from employer, allowances withdraw/ turning into pensioner/ Property Rent where the partial installment was dependent on rent). Al Masraf will assist you to reschedule the existing Home Finance for applicable tenor to maintain your monthly expenses vs income.

Warning:

16. Delay penalty:

Bank is entitled to charge delay penalty fee (as per Bank's Schedule of Fees available on Almasraf.ae) from the due Monthly Installment after the lapse of the payment due date or Monthly Installment date on Finance as a commitment to donate, on monthly basis until all payments due or installments are paid.

17. Modification of property:

The Customer is not permitted to make any modifications, additions, improvements, substitutions or alterations to the Property without the prior written approval of the Bank. If approved by the Bank, such modifications shall be at the expense of the Customer.

Warning:

18. Delay in completing the Project:

In the event of a delay in completing the Project by Contractor, the Bank may impose the delay penalty on the Contractor. Such penalty shall be deducted from any sums payable by Bank to the Contractor. The delay penalty shall be calculated from the date of scheduled completion, without any need for notice or legal action.

Period (no of days) * (1% of Project Cost or AED XXXX)/ Original Completion Period (No of Days)

19. Payment to Contractor during the Construction period:

The payment to Contractor will be paid in trenches according to the agreed stage is completed as per the plan. The tranche payment will be made against the "Progress Payment Certificate- PPC" signed by Contractor and Consultant and this should be approved by the Bank's evaluator.

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In case any requirement is not met in the "stage completion report" by Bank's evaluator, the payment to Contractor may be postponed till the required stage is completed or partial amount may be released by the Bank.

20. Retention Amount from Tranche Payment:

The Bank will retain the Retention Amount as specified in the Istisna'a Contract from each stage tranche payment which will be released upon final handover

21. Profit during the Contraction Period:

Profit will start accruing on Bank's Portion during the drawn down period & will be paid by you on monthly basis during the construction period

22. Construction Period:

Your Contractor to complete the construction within 2 years and it may extend on case to case basis up to 12 months in case of delay in completion

23. Performance Bond:

You are required to submit the Performance Bond equal to the amount stated in the Istisna'a Contract from the Contractor to the Bank.

The performance bond should be valid throughout the period of construction period and automatically renewal able up to the date falling three months from the Initial Hand-Over date or from any other date or for any other period agreed by the Contractor and Bank.

24. Schedule of Fees:

This Finance is governed by Schedule of Fees and Charges. In the event any of these fees are due to be paid, such fees should be paid by the Customer.

- Al Masraf publishes its Retail Banking Schedule of Fees & Charges in line with its commitment to a transparent Customer relationship. ([Click here to refer to Retail Banking Schedule of Charges](#))
- Customer are strongly encouraged to write to us on info@almasraf.ae in case of need for more clarity on any fees charged to the account.

25. Partial Settlement:

The Bank will allow Partial Settlement during the Finance term and you will require to pay the applicable fees as mentioned on the Almasraf.ae website. You will have following options to reschedule as Finance:

- Pay same installment and reduce the tenor OR
- Decrease your monthly installment and maintain the same tenor

26. Deferment or Postponement

Deferment is the delay or suspension of Monthly Installment. You are required to submit the request at our Branch and mentioned the reason for deferment and pay the applicable fee mentioned on our website (www.almasraf.ae). The Bank will assess your request based on the eligibility and policy and accordingly, defer the installment as per your request

Warning

In the event of deferment, the Finance maturity period will be increased by the number of deferments availed by you during the Finance term.

27. Home Finance closure

You can request to close the facility by submitting the request by visiting any of Al Masraf Branches and submit the Early Settlement Form. The applicable Early Settlement Fee ([you may visit www.almasraf.ae Schedule of Fees & Charges page](#)) will be charged on the Principal Finance outstanding amount.

28. Early Settlement Amount:

The Early Settlement Amount is being calculated as follows:

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- Outstanding of Principle amount;
- Accrued and unpaid Variable amount;
- Any amount representing the costs of takaful (including any takaful undertaken on behalf of the Customer & major Maintenance and Taxes incurred by the Bank during the relevant Tenor;
- Early settlement fee as per applicable Schedule of Fees & Charges of the Bank mentioned on Almasraf.ae;

Example:

Outstanding Principal Amount	:	AED 5,403,334.94
Accrued and unpaid Variable amount (Profit)	:	AED 7,504.63
Property Takaful	:	AED – 847.90
Early Settlement Fee (“ESF”)	:	AED 10,000
VAT on ESF	:	AED 500
Early Settlement Amount	:	AED 5,420,491.67

Warning: These figures are estimates/ examples only and the Accrued and unpaid Variable amount, Property Takaful refund may vary depends on the settlement date

29. Release of Mortgage:

Bank will release mortgage over the property upon full and final settlement of Finance outstanding, related fees and charges.

30. VAT:

For the avoidance of doubt, VAT is additional to all amounts / fees mentioned in the Schedule of Fees are exclude with VAT at the prevailing rate

31. Further queries and/or clarifications

In case of queries, please send an email to info@almasraf.ae for more clarity before signing to the Offer Letter and Home Finance Agreements. You should provide copy of E-ID / Passport and Visa page (in case of expatriate customer), UAE Mobile number and RIM to facilitate a timely response

32. Cooling-Off period:

Al Masraf- Islamic Banking Services grants the customer the right to a Cooling-Off Period of complete 5 days Business Days to revoke the signed agreement without incurring any penalty or charges. The customer also has the right to waive the Central Bank’s required Cooling-Off Period of complete 5 Business Days by signing a written waiver form provided by the Bank.

Declaration

Customer hereby agrees to the above conditions and declares to the below by signing the Key Fact Statement- KFS:

- Customer acknowledges to have received and understood the Home Finance terms and conditions for as well as the Key Facts Statement
- Customer has been provided with the Data Protection Statement ([Click here to refer to Data Protection Statement](#))
- The Bank reserves the right to change terms and conditions of the Agreement at any time at its sole discretion by providing 60 days written notice to the Customer.
- Customer acknowledges that this facility may be withdrawn or terminated by the Bank at any time up on issuing a Sixty (60) days written notice

Customer Name:	
Signature & Date	