

**Frequently Asked Questions
under
Skim Saraan Bercagar Islamik (SSB-i)
or
Islamic Reverse Mortgage Financing Facility
(Financing)**

“SSB-i Financing”



Frequently Asked Questions

1	<p>Why Islamic using sale-based contract whereas conventional using loan concept?</p> <p>Under Islamic, loan is referred as <i>Qard</i> – the contract of lending money by a lender to a borrower where the latter is bound to repay an equivalent replacement amount to the lender. Hence, no profit is envisaged under the Islamic loan contract.</p> <p>Whereas SSB-i Financing is based on sale-based commodity transaction, where the marked-up price (principal and profit is built up into one price) under Deferred Sale Price that is owed by the Customer(s) to pay on deferred basis under SSB-i Financing.</p>
2	<p>Is the Islamic rate higher than conventional rate?</p> <p>For SSB-i Financing which is based on sale-based contract, the profit computation is determined upfront based on Ceiling Profit Rate (CPR) as the contracted profit under the Deferred Sale Price, whichever is higher during the offer and acceptance of the SSB-i Financing. The CPR provides the maximum capping for the total profit amount regardless the monthly variables of the Effective Profit Rate (EPR).</p> <p>Considering the Islamic facility tenure is up to the age of 120 years, the CPR will look higher than conventional which doesn't have tenure.</p>
3	<p>How is the profit determined on monthly basis?</p> <p>Under SSB-i Financing, the profit rate shall be based on the Ceiling Profit Rate (CPR) that is the maximum profit rate to be charged to the Customer(s) throughout the lifetime of facility tenure and Effective Profit Rate (EPR), is the actual profit rate charged to the Customer(s) that varied on monthly basis.</p> <p>Any different between the profit amount based on CPR and EPR, Cagamas will give a monthly rebate provided that CPR is higher than EPR.</p>
4	<p>Why Effective Profit Rate (EPR) changes every month?</p> <p>The EPR is the variable rate which is the actual profit charged to the Customer(s). It varies each month as predetermined by Cagamas by referring to its cost of funds, as well as other factors such as reference rate used in conventional in offering the reverse mortgage loan facility.</p>



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5	<p>Why Islamic needs facility tenure whereas not for conventional?</p> <p>Conventional features based on lifetime payout whereas SSB-i Financing cannot based of lifetime as it may trigger uncertainty to the contract which is not Shariah compliant. Hence, the facility tenure for Islamic is determined until the age of 120 years old of the Customer(s) which is high probability the Customer(s) will survive until such age.</p>
6	<p>Whether Customer(s) involved in commodity trading with Commodity Broker?</p> <p>Under SSB-i Financing, Customer(s) will appoint Cagamas as its agent (<i>wakeel</i>) to sell commodity on his/her behalf. Hence, Customer will not involve in the actual transaction.</p>
7	<p>Whether Customer(s) can ask Cagamas to sell the commodity for cash consideration at a higher price than cost price?</p> <p>Under commodity trading transaction, the purchase price and the selling price of the commodity between the commodity brokers will be the same amount of the cost price as to match with asset cashflow and the accounting entries of the commodity with the brokers.</p>
8	<p>Whether Customer(s) can refuse to buy the commodity from Cagamas after Cagamas purchasing from the Commodity Broker A?</p> <p>There will be a promise (Wa'd) from the Customer(s) embedded in the contract that Customer(s) undertakes to buy from Cagamas, otherwise Cagamas will claim damages for the breach of promise/undertaking.</p>
9	<p>What is the different between One Time Recourse Waiver Fee under conventional and One Time Facility Fee under Islamic ?</p> <p>One Time Recourse Waiver Fee for conventional is referring to no recourse fee to the estate upon the Customer's death.</p> <p>Whereas One Time Facility Fee covers a broader scopes of Cagamas to represent Customer(s) in negotiations and dealings with third parties, provide advance for Initial Expenses, as an agent under commodity trading, disbursement of monthly payout as well as to ensure no recourse to the heirs/estate upon the Customer's death.</p>



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10	<p>What will happen upon the death of a Muslim who has taken the SSB-i Financing ?</p> <p>Upon the death of a Muslim customer, the SSB-i Financing will become due and payable.</p> <p>The estate may redeem the property, failing which Cagamas may sell the charged/assigned property to recover the SSB-i Financing outstanding amount which is due and payable, whereby any excess from the net proceeds of sale will be paid to the appointed executor/administrator of the Muslim deceased's estate.</p>
11	<p>What happens if a Muslim customer leaves a Wasiat?</p> <p>Under Islamic inheritance law, the personal representatives of the Muslim deceased's estate are required to settle the Muslim deceased's debt prior to executing the deceased's wishes according to the Wasiat and distributing the estate among his/her legal heirs based on Wasiat terms, mutual agreement and/or Faraid.</p>
12	<p>What needs to be done by a Muslim customer before taking the SSB-i Financing ?</p> <p>The Customer is advised to nominate two (2) nominees to notify Cagamas of the Customer's death and to receive all documents and notices served upon the Customer by Cagamas, including any documents relating to any proceedings or actions commenced by Cagamas under the SSB-i Financing .</p> <p>For Muslim, it is encouraged to draw up a Wasiat who thereafter will manage and distribute any excess amount to your beneficiaries based on the Wasiat, hibah (gift) or the Faraid entitlements respectively.</p>
13	<p>Whether the nominee in SSB-i Financing similar to EPF?</p> <p>No. The nominee functions is to notify Cagamas of the Customer's death and receive documents submitted by Cagamas after death only.</p> <p>Under EPF's nomination, the nominee for Muslim acts as Wasi/Administrator to apportion member's EPF savings upon the member's death to the rightful beneficiary in accordance with Islamic Law.</p>



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14	<p>What will happen to the remaining sales surplus after the termination of SSB-i Financing if there are no heirs who claim?</p> <p>Cagamas will endeavour to pay the balance to the executor/administrator and/or the lawful beneficiaries.</p>
15	<p>Can a Muslim customer use the house listed in his Wasiat as security for the SSB-i Financing?</p> <p>The Muslim customer may use the house listed under his/her Wasiat as security for the SSB-i Financing if he/she is still the legal owner of the property.</p>
16	<p>Can a Muslim customer use the property that he has transferred to a third party through Hibah Amanah as security for the SSB-i Financing ?</p> <p>Hibah property may not be used as security as the donor no longer owns the property after executing the Hibah Amanah documentation.</p> <p>Note: The same applies even if a Hibah document has been executed but the land title still bears the name of the Muslim customer(s). The property is considered already gifted to the Hibah recipient and thus may not be charged to Cagamas.</p>

