

HOME IMPROVEMENT FINANCING FAQs

1) *What is this product about?*

Home Improvement Financing is an unsecured financing facility to fund for the renovation, extension and/or improvement of an existing house. This financing is specially designed for customers who wish to enhance their home such as, extending the kitchen or building a swimming pool. The works done must be of a structural renovation.

2) *What is the Shariah concept and structure for this product?*

Home Improvement Financing is based on the concept of Tawarruq. Tawarruq, also known as Reverse Murabaha, refers to the process of purchasing a commodity for a deferred price determined through Musawama (bargaining) or Murabaha (mark-up sale), and selling it to a third party for a spot price so as to obtain cash.

3) *What commodities are being traded by the Bank?*

The commodities traded for this concept will be:

1. Crude Palm Oil
2. Polyethylene (PE)

4) *Who can apply?*

Applicants who wish to apply for the Home Improvement Financing must meet the following criteria:

- Brunei Citizen/ Permanent Residents
- 18 years of age and above
- Pensioners
- Employed with Brunei Government, Semi-Government or Private Sector recognised by the Bank.

5) *How much do I entitle?*

The Home Improvement Financing entitlement is calculated according to:

- A maximum Total Debt Service Ratio (TDSR) of 60% for those with net income of BND 1,750.00 and above.
- For those with net income of below BND 1,750.00 shall be subject to Bank's policy.

6) *What is the maximum payment period?*

The maximum tenure is 10 years (120 months).

7) *What is the profit rate?*

The financing is provided at a profit rate of 7.5% APR.

8) *What is the minimum and maximum Home Improvement Financing amount I can apply for?*

The financing limit for is a minimum of BND 5,000.00 and a maximum of BND 125,000.00.

9) *How do I apply?*

Please visit our Personal Bankers at any BIBD Branch or our Financing Centre at Kiulap to complete the Consumer Financing Form and submit the required documents.

10) *What documents do I need to submit?*

The documents required for a Home Improvement Financing application are as follows:

- Original copy of Identification Card
- Original copy of Latest Salary Slip
- Confirmation of Salary/ Pension/ Service Contract (where applicable)
- Statement of Savings with other Financial Institutions (where applicable)

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- Contract Agreement between the Applicant and the Contractor
- Quotation of Project/ Construction

11) What are the fees and charges I have to pay?

Customers will be subject to the Bank's fees and charges as per prevailing Schedule of Tariffs.

12) What security/collateral do customers have to provide?

Customers must assign their monthly salary or monthly pension to BIBD as security/collateral.

13) How will the financing amount be disbursed?

The financing will only be credited into the Contractor's account with BIBD in a minimum of two stages of claims:

- First claim - must not be more than 20% of quotation amount
- Final claim - must not be less than 40% of quotation amount

14) When do I start paying the monthly payments?

You will only start paying your monthly payments one month after your financing is disbursed. E.g. if your financing is disbursed in September, your monthly payment will commence in October.

15) Will there be site inspections conducted?

There will be at least two site inspections:

- First site inspection - before second claim is disbursed
- Final site inspection - before final claim is disbursed

Additional site inspections may be conducted in the event of doubt in the progress of the renovation works.

16) Do I need to disclose any other information?

For better credit assessment, it would be helpful to disclose to our Personal Bankers any information regarding existing financing obligations with BIBD and with other financial institutions.

We will also require a valid mobile number for Aqad acceptance and an active e-mail address to receive the Notice of Confirmation and the Certificate of Commodity Ownership.

17) What will I be required to sign during application?

The Consumer Financing Form and the Deed of Assignment of Salary will require your signature. Copies of the original documents required to be submitted will require your signature as well.

18) Will I be given any documents during application?

A physical copy of the Terms & Conditions, copy of the Deed of Assignment of Salary and the Product Disclosure Sheet will be given to you.

19) Will I be briefed on the Terms & Conditions?

Our Personal Bankers will go through the Terms & Conditions with you at the time of your financing application.

20) When do I sign agreements?

There will no longer be a need to come back to the Branch for agreement signing. Upon approval of your financing, our Contact Centre will call you for Aqad acceptance.

21) When will Contact Centre contact me for Aqad acceptance?

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Our Contact Centre will contact you on Mondays to Fridays from 8.30am to 4.45pm (excluding Fridays from 12.00 to 2.00pm)

22) Will I be required to sign any documents after the Aqad has been performed?

As the Aqad acceptance is now via phone call by our Contact Centre, there is no longer any agreements/ documents to be signed.

The Consumer Financing Form and the Aqad shall be deemed as evidence of a legally binding offer and acceptance between you and BIBD.

23) What are the steps for Aqad acceptance?

- i. Our Contact Centre will first perform verification on your identity and application before confirming with you if you would like to proceed with the Aqad acceptance.
- ii. Our Contact Centre will then seek your acceptance of BIBD's offer to sell to you a commodity at a specific price (financing amount + profit).
- iii. Upon accepting the offer, our Contact Centre will provide you with two options:
 - a. Appoint BIBD as agent or Wakeel to sell the commodity on your behalf
 - b. Take physical delivery of the commodity
- iv. Our Contact Centre will then proceed to ask if you wish to appoint BIBD as your agent or Wakeel to sell the commodity on your behalf.
- v. If you appoint BIBD as your agent or Wakeel, our Contact Centre will confirm that the commodity will be sold and the proceeds will be disbursed into your designated account.
- vi. Our Contact Centre will then verify your email address for the Notice of Confirmation and the Certificate of Commodity Ownership to be emailed to you.

24) What happens if I decide to take physical delivery of the commodity?

If you decide to take physical delivery of the commodity, all costs related to the delivery of the commodity such as transportation costs, etc shall be borne by you.

25) What happens if I missed the call from Contact Centre?

Our Contact Centre will make THREE attempts to contact you. An SMS notification will be sent to you if you are still unreachable after three attempts.

26) What do I do if I have missed all THREE calls from Contact Centre?

You may call our Contact Centre at 2238181 to proceed with the Aqad acceptance or refer your Personal Banker.

27) Will I receive any documents confirming the Aqad acceptance?

The Notice of Confirmation as well as the Certificate of Commodity Ownership will be emailed to you hence the requirement of an active email address.

28) What if I do not have an email address?

We can accept any active email address that you are comfortable in providing. If you do not have any active email address to provide, you will have to come back to the Branch to request for the documents.

Aqad acceptance via Phone is designed to provide you with the most convenient method for financing applications. In order to experience this convenience, we will require an active email address.

29) What happens if I would like to cancel my financing application?

In the event that you wish to cancel your financing application, you may inform our Contact Centre during the call for the performance of the Aqad.

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30) Will there be any charges upon the cancellation of my financing application?

There will be a fee of BND 150.00 charged for cancellation of applications after approval has been granted. This fee will not be charged if you wish to cancel your financing application from the time of application until before it has been approved.

Cancellation of your financing application is not allowed once the financing amount has been disbursed into your designated account. The financing amount will then have to be settled.

31) Will I still be charged the processing fee if I cancel my financing application?

The processing fee will not be charged if you decide to cancel your financing application at any point in time.

32) Can I settle my financing ahead of schedule?

An early settlement fee, subject to the Bank's fees and charges as per prevailing Schedule of Tariffs, will be charged and deducted from the Ibra' (Rebate) for any financing amount settled earlier than maturity date due to but not limited to the following situations:

- i) early settlement or early redemption including those arising from prepayments;
- ii) due to financing structuring exercise;
- iii) in the case of default;
- iv) in the event of termination or cancellation of financing before maturity date.