

Takaaful T&T Friendly Society
Property Ownership Installment Plan Policy

APPROVED BY THE BOARD OF DIRECTORS

January 23, 2010

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INTRODUCTION:

This policy is intended to provide general direction and guidelines, and shall be adhered to in order to ensure that:-

- Business is transacted according to the laws of Shariah as well as the Friendly Societies Act and other related legislations in T&T.
- The Assets of the Society must be adequately protected at all times.
- Approvals shall be granted within the limits and restrictions of this policy.
- No member must be discriminated against.

THE BOARD OF MANAGEMENT:

The Board of Management (BOM) shall be responsible for:-

1. Approving and amending this policy.
2. Approving which properties will be offered on installment sale.
3. Approving the selling prices of the properties.
4. Ruling on the termination of any sale agreement.
5. Authorizing the transfer of the property on the completion of a transaction.
6. Properly recording in the Minutes all decisions related to this policy.

THE INVESTMENT COMMITTEE:

The Investment Committee is responsible for:-

1. Processing applications and submitting suitable ones to the BOM for approval.
2. Monitoring the performance of transactions.
3. Taking necessary action to secure the interests of the Society.
4. Reporting to the BOM on a monthly basis.
5. Recommending to the BOM which properties should be offered for installment sale.
6. Recommending to the BOM the selling price of such properties
7. Recommending to the BOM which sale agreements are to be terminated
8. Approving waivers and advise the BOM about such
9. Process applications for financing on a timely basis.
10. Interviewing applicants.
11. Requesting any additional information deemed necessary for discharge of its duty.

DISCRETION OF THE INVESTMENT COMMITTEE:

At all times the Committee shall exercise reasonable discretion in the exercise of its duty and in the application of this policy, as well as understand the confidential nature of its business. Special circumstances should be taken into consideration and recommendations be made to the BOM where warranted.

GENERAL POLICY:

1. Only members with a minimum of six months membership may apply.
2. Members must pay a down payment of at least twenty-five percent (25%) of the value of the property.
3. Transactions shall not exceed thirty six (36) months.
4. Only properties that are in the ownership of the Society shall be considered for installment sales.
5. The selling price cannot be changed even if there is a breach in the agreement.
6. The property shall remain in the ownership of the Society until the transaction is completely paid off.
7. The member shall not occupy the property until the ownership is transferred to him/her.
8. In evaluating the application, the member's ability to pay must be determined after personal expenditure and other liabilities are deducted from the net income.
9. All legal and other costs incidental to the application shall be borne by the member.
10. All applications are to be kept in the strictest confidence.

WAIVERS:

1. A waiver is the suspension of one (1) month's installment which, however, has to be paid within the year.
2. No more than one (1) waiver may be granted to a member within any twelve (12) month period.
3. The member may submit a written request giving the reason/s for the waiver.
4. The granting of a waiver shall not exceed the life of the contract.

FINANCING OF OFFICIALS:

1. The term 'Officials' refers to members of the Board of Management, Committee members and staff.
2. The member shall not act on his/her own application, or be present while the application is being considered.

FINANCING COSTS:

Based on the concept of 'increased price for deferred payment' the following charges shall be added to the selling price:

- For one (1) year contracts 3%
- For two (2) year contracts 5%
- For three (3) year contracts 7%

METHOD OF PAYMENT:

The acceptable method of payment is via the authorization of salary deduction, standing orders, or by salary assignments to the Society. Where this is not possible, over the counter payments will be acceptable.

DELINQUENCY:

A financial transaction becomes delinquent immediately a payment is missed without prior approval. The following will apply in such circumstances:-

1. Contact member as soon as payment missed, if possible by telephone call.

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2. Remind member in writing, requesting payment and/or explanation.
3. Meet with member to ascertain whether problem exist, and inform the Committee.

CANCELLATION:

1. When an agreement is entered into and the Society or the client cancels such, the penalty to be applied will be the profit margin prorated on the number of payments made.
2. The Society may cancel a contract whenever a client misses two installments.

DOCUMENTATION REQUIRED:

The following documents are required to facilitate processing of the application:-

1. Completed Application Form
2. Proof of identification, i.e. ID Card, Permit or Passport.
3. Most recent salary slip and job letter.
4. Bank statements for at least six months.
5. Credit Report