

PRODUCT DISCLOSURE SHEET

(Read this Product Disclosure Sheet before you decide to take up the <Hong Leong CM Flexi Property Financing-i>. Be sure to also read the terms in the letter of offer. Seek clarification from your institution if you do not understand any part of this document or general terms)

Please tick whichever is applicable in this document.

Please do not hesitate to contact us for clarification, if required.



<Hong Leong CM Flexi Property Financing-i >

Date: ____/____/____

1. What is this product about?

This <<branch business house / branch business shop >> financing is a financing scheme to assist you in owning a property. It comes with a combination of fixed and variable rate. It also has various features to provide you with the flexibility.

The rate charged is pegged against the Islamic Financing Rate (“IFR”). Under this product, you are protected against a higher rate by the ceiling rate i.e. the Contracted Profit Rate (“CPR”) where selling price is capped at CPR. No matter how high the IFR fluctuates, you will not be charged more than the CPR.

The facility is calculated on a variable rate basis and you are offering your property as a security to the Bank.

It offers flexibility in payment and profit savings.

Any excess payment received after deducting your instalment and any charges payable, is deemed as an “Advance Payment”.

Advance Payment will not be considered as prepayment of the principal balance. However, subject to the terms in the Letter of Offer it shall be taken into consideration for profit calculation purposes. Profit is calculated on the Eligible Principal Outstanding Balance, which is the difference between the financing outstanding balance (exclusive of charges) (“Principal Outstanding Balance”) and the Advance Payment or up to 30% of the Principal Outstanding Balance, whichever is lower.

Withdrawals are allowed from excess payment under Advance Payment with written notice.

2. What is the Shariah concept applicable?

The Shariah principle used is Murabahah via Tawarruq arrangement. Tawarruq refers to purchasing an asset with deferred price, then selling it to a third party to obtain cash. The mechanics involved are:

1. The Bank buys the commodity* at Facility Amount on spot;
2. Bank now owns the commodity;
3. Bank sells the commodity to customer at a Selling Price on deferred payment (instalments). As owner of the commodity, customer may opt to take physical delivery/possession at his own expense;
4. Next, as the owner of the commodity, customer appoints Bank as agent to sell the commodity;
5. Bank (as agent of the customer) sells commodity at Facility Amount on spot to a third party for cash;
6. Bank disburses the proceeds of the customer’s sale of the commodity (Facility Amount)

*Commodity: -

- (a) The commodity is in the form of Crude Palm Oil or any other Shariah compliant commodities to be traded under the Facility shall be acceptable to the parties and as approved by the Shariah Committee of the Bank;
- (b) The trading is carried out on a multi-commodity trading platform such as Bursa Suq Al Sila’ or any other commodity trading platform, which, facilitates Tawarruq transactions and has been approved by the Shariah Committee of the Bank.

3. What do I get from this product?

Facility 1 < Product Name>: _____

Item	Description								
Total amount financed	RM								
Margin of financing	< > %								
Tenure	months								
Profit rate / Effective profit rate	<table border="1"> <thead> <tr> <th>Profit rate</th> <th>Effective profit rate</th> </tr> </thead> <tbody> <tr> <td>Year 1 : IFR <+/-> < > %</td> <td>< > %</td> </tr> <tr> <td>Year 2-3 : IFR <+/-> < > %</td> <td>< > %</td> </tr> <tr> <td>Thereafter : IFR <+/-> < > %</td> <td>< > %</td> </tr> </tbody> </table>	Profit rate	Effective profit rate	Year 1 : IFR <+/-> < > %	< > %	Year 2-3 : IFR <+/-> < > %	< > %	Thereafter : IFR <+/-> < > %	< > %
Profit rate	Effective profit rate								
Year 1 : IFR <+/-> < > %	< > %								
Year 2-3 : IFR <+/-> < > %	< > %								
Thereafter : IFR <+/-> < > %	< > %								
Contracted profit rate	< > % p.a.								
Selling price	RM								

Facility 2 < Product Name>: _____

Item	Description	
Total amount financed	RM	
Margin of financing	< > %	
Tenure	months	
Profit rate / Effective profit rate	Profit rate	
	Effective profit rate	
	Year 1 : IFR <+/-> < >%	< >%
	Year 2-3 : IFR <+/-> < >%	< >%
	Thereafter : IFR <+/-> < >%	< >%
Contracted profit rate	< > % p.a.	
Selling price	RM	

Note: Current Islamic Financing Rate (IFR) is <6.89>%

4. What are my obligations?

Important: Your monthly instalment amount and total payment amount will vary if the IFR changes.

Rate	Today (IFR=<6.89>%)	If IFR goes up 1%	If IFR goes up 2%
Facility 1 < Product Name>			
Monthly instalment	RM	RM	RM
Total profit at the end of <[Approved Tenure]> months (exclude GPP)	RM	RM	RM
Total payment amount at the end of <[Approved Tenure]> months (exclude GPP)	RM	RM	RM
Facility 2 < Product Name>			
Monthly Profit Payment	Based on utilization	Based on utilization	Based on utilization

Note:

- Pending commencement of the monthly instalment as provided in the table above, you are required to pay to the Bank Grace Period Profit (GPP) (if any), payable monthly and calculated at the Effective Profit Rate on the daily outstanding amount (or based on monthly rest where specified and applicable) from the first disbursement of the Facility or commencing from such date as advised by the Bank in writing.
- Rebate shall be provided to you if there is a difference between the contracted profit rate and the effective profit rate.
- The Bank shall be entitled, from time to time, to vary the IFR at its discretion. If and whenever the Effective Profit Rate (EPR) is varied as a consequence of variations to the IFR, the Bank may at its absolute discretion make the following adjustment consequent upon such variation, namely, either:-
 - by varying the amount of any Monthly Instalments; or
 - by varying the number of the Monthly Instalments.

5. What are the fees and charges I have to pay?

- **Stamp Duties**
As per Stamp Duty Act 1949 (revised 1989).
- **Legal Fees**
As per the scale in the Solicitor's Remuneration Order (SRO).
- **Disbursement Fees**
Disbursement Fees including but not limited to registration fee, search fee, goods and services tax and any other taxes or levy as per the scale fees charged by the respective authorities and/or legal firms.
- **Valuation Fees**
As per the Seventh Schedule of the scale fees set by the Board of Valuers, Appraisers and Estate Agents Malaysia.
- **Termination fee**
A termination fee of RM2,000 shall be charged based on the concepts of Gharamah (penalty) and/or Ta'widh (compensation) if the Facilities herein or any part thereof is cancelled by you prior to the disbursement of the Facilities for any reason whatsoever.
- **Miscellaneous Fees**
Miscellaneous Fees including but not limited to online IBG payment, IBG payment via ATM machine, cheque processing fee and any other fees or charges that may be imposed by the respective relevant authorities from time to time with prior notice.
- **Advance Payment Withdrawal Service Fees**
A non-refundable service fee of RM50.00 shall be charged upon redrawing of advance payment

Important: Subject to Government Taxes, if applicable.

6. What if I fail to fulfil my obligations?

Should you fail to service your payment obligation in a timely manner, the following shall apply:

- **Compensation Charges**

- a) For default payment during facility tenure = 1% p.a. on the overdue instalment amount;
- b) For default causing the facility to be terminated or brought to court = 1% p.a. on the outstanding balance (outstanding principal plus accrued profit);
- c) For default payment after expiry of facility tenure = BNM Islamic Interbank Money Market ("IIMM") rate on the outstanding balance (outstanding principal plus accrued profit);
- d) For default payment post judgment = IIMM rate on the basic judgment sum.

Note:

- (i) Compensation charges shall not be compounded and more than the outstanding principal
- (ii) Compensation charges method and rate are subject to changes as may be prescribed by BNM
- (iii) Compensation charges is computed on a daily basis from the payment due date/maturity date/judgement date

- **Right to set-off**

The Bank is entitled to set-off any credit balance in your deposit account maintained with the Bank against any outstanding balance in this financing account.

- **Legal Action**

Legal action will be taken if you fail to respond to reminder notices. Your property may be foreclosed and you will have to bear all costs. The Bank reserves a right to commence recovery activities, foreclosure and bankruptcy proceedings. You are also responsible to settle any shortfall after your property is sold.

- **Credit Rating Deterioration**

Legal action against you may affect your credit rating leading to credit being more difficult or expensive to you.

7. What if I fully settle the financing before its maturity?

- Lock in period: <lock-in period> months from 1st release
- The Bank undertakes to grant you rebate at the point of early settlement.
- The early redemption / settlement fees reflects the costs incurred or to be incurred by the Bank as a result of the early settlement which may include the costs of fund, costs of capital, liquidity costs, statutory reserve costs, discounted profit rates, and other costs, as well as any legal fees, stamp duties and/or valuation fees which have been incurred under the terms of the Facilities.

The early redemption / settlement fees are payable at the point of redemption.

Rebate formula:

Rebate on early settlement = Remaining Unearned – *Early Settlement Charges (if any)

Note:

- *Remaining Unearned = Total Profit – Accrued Profit*
- *Total Profit = Selling Price – Financing Amount*
- *Accrued Profit is calculated based on Effective Profit Rate on the outstanding Financing Amount being disbursed*

*If within lock-in period

8. Do I need any Takaful/Insurance coverage?

- Mortgage Reducing Term Takaful (MRTT) is optional unless is compulsory due to promotional criteria as stated in Letter of Offer.
- However, you are encouraged to take up the MRTT to protect your family from losing the property due to unforeseen circumstances.
- Where the MRTT is financed by the Bank, the Bank shall only release the takaful contribution either with the first financing release towards financing of the Property(ies) or at any time thereafter at the Bank's discretion subject to the following:
 - (a) the Bank having received the letter of acceptance/letter of offer issued by a takaful operator which is acceptable to the Bank;
 - (b) the Bank has not received any notification from the takaful operator of your rejection and/or appeal of the letter of offer;
 - (c) you/takaful participant have/has not deceased prior to the first release of the financing; and
 - (d) in the event the letter of acceptance/letter of offer issued by the takaful operator expires on or before the first financing release, you will submit a fresh proposal form for evaluation and a fresh letter of acceptance/letter of offer shall be procured by you.
- The coverage of the MRTT shall be effective upon receipt of the full takaful contribution (including any loading or excess to the original takaful contribution quoted) by the takaful operator.
- Fire Takaful / Houseowner Takaful on the property pledged to Bank as collateral is compulsory, which you may opt from Hong Leong MSIG Takaful (HLMT) or any other takaful operators.

9. What are the major risks?

The EPR is a variable rate and may change according to change(s) in the IBR. An increase in EPR may result in higher monthly payment. However, the EPR increase is capped at the CPR stated above.

10. 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 correspondence details, please contact us at +603-7626 8899 or visit any of our branches nationwide.

11. Where can I get assistance and redress?

- If you have any difficulties in making payments, you should contact us earliest possible to discuss payment alternatives. You may contact our Consumer Collection Centre at:
Level 2, PJ City Development,
No. 15A, Jalan 219, Section 51A,
46100 Petaling Jaya, Selangor
Tel: +603-7952 3388 Fax: +603-7873 8228
Email: MCC@hbb.hongleong.com.my or HLBBMPLMORTGAGE@hbb.hongleong.com.my
- Alternatively, you may seek the services of Credit Counselling and Debt Management Agency [Agensi Kaunseling dan Pengurusan Kredit] (AKPK), an agency established by Bank Negara to provide free services on money management, credit counselling and debt restructuring for individuals. You can contact AKPK at:
Tingkat 8, Maju Junction Mall, 1001, Jalan Sultan Ismail, 50250 Kuala Lumpur.
Tel: +603-2616 7766 E-mail: enquiry@akpk.org.my
- If you wish to complain on the products or services provided by us, you may contact:
Service Recovery & Complaint Resolution – Customer Experience
Hong Leong Bank Berhad, 13A Floor, Menara Hong Leong,
No 6, Jalan Damansara, Bukit Damansara,
50490 Kuala Lumpur
Tel: +603 – 7627 8899
E-mail: HLOnline@hbb.hongleong.com.my
- If your query or complaint is not satisfactorily resolved by us, you may contact:
Bank Negara Malaysia LINK or TELELINK at: Block D, Bank Negara Malaysia, Jalan Dato' Onn, 50480 Kuala Lumpur.
Tel: 1-300-88-5465 Fax: +603-2174 1515 E-mail: bnmtelelink@bnm.gov.my

12. Where can I get further information?

Should you require additional information about taking Small and Medium Enterprises Financing, please refer to the *bankinginfo* booklet on "Small and Medium Enterprises – Financing Products for Your Business" available at all our branches and the www.bankinginfo.com.my website.

13. Other house financing packages available

- Nil

IMPORTANT NOTE: YOUR PROPERTY MAY BE FORECLOSED IF YOU DO NOT KEEP PAYMENTS ON YOUR PROPERTY FINANCING.

The information provided in this disclosure sheet is valid as at ____/____/____

Appendix 1- Illustrative Payment Schedule without GPP

Customer	Customer 1
CPR (%)	10.60
EPR (%)	4.80 @ *IFR - 1.80%
Financing Terms	120 months
Installment (EPR)	1,577.00

Selling Price	243,891.60
Financing Amount	150,000.00
Total Profit	93,891.60
Disb. Date	7-Dec-12

* IFR is 6.60%

No	Date	At Effective Profit Rate				OS Financing Amt	OS Selling Price	Remaining Unearned
		Installment	Principal Paid	Billed Profit	Profit Rate			
0	7-Dec-12					150,000.00	243,891.60	93,891.60
1	1-Jan-13	1,577.00	1,083.75	493.25	4.80%	148,916.25	242,314.60	93,398.35
2	1-Feb-13	1,577.00	970.02	606.98	4.80%	147,946.23	240,737.60	92,791.37
3	1-Mar-13	1,577.00	1,032.12	544.88	4.80%	146,914.11	239,160.60	92,246.49
4	1-Apr-13	1,577.00	978.08	598.92	4.80%	145,936.03	237,583.60	91,647.57
5	1-May-13	1,577.00	1,001.30	575.70	4.80%	144,934.73	236,006.60	91,071.87
6	1-Jun-13	1,577.00	986.14	590.86	4.80%	143,948.59	234,429.60	90,481.01
7	1-Jul-13	1,577.00	1,009.10	567.90	4.80%	142,939.49	232,852.60	89,913.11
8	1-Aug-13	1,577.00	994.20	582.80	4.80%	141,945.29	231,275.60	89,330.31
9	1-Sep-13	1,577.00	998.23	578.77	4.80%	140,947.06	229,698.60	88,751.54
10	1-Oct-13	1,577.00	1,020.80	556.20	4.80%	139,926.26	228,121.60	88,195.34
11	1-Nov-13	1,577.00	1,006.60	570.40	4.80%	138,919.66	226,544.60	87,624.94
12	1-Dec-13	1,577.00	1,028.90	548.10	4.80%	137,890.76	224,967.60	87,076.84

Disclaimer : This schedule indicates the payment of instalments by customer. The values illustrated above may change according to a number of variables such as promptness of payment by customers, prepayments, movement of Islamic Financing Rate, differing disbursement amount and number of days in the month.

Profit is calculated on daily based on daily outstanding principal balance, as follows:-

$$\begin{aligned} \text{Daily Profit (1}^{\text{st}} \text{ month)} &= 150,000.00 \times 4.80\% \times 1/365 \\ &= 19.7260 \\ &= 19.73 \text{ (round to two decimals)} \end{aligned}$$

$$\begin{aligned} \text{01/01/2013 Billed Profit} &= \text{Daily Profit} \times \text{No of days (from 7}^{\text{th}} \text{ Dec 12 to 31}^{\text{st}} \text{ Dec 12)} \\ &= 19.73 \times 25 \text{ days} \\ &= \text{RM } 493.25 \end{aligned}$$

Early Settlement of Financing

Customer requested for early settlement as at 17/10/2017 (58th instalment not paid), where early settlement charge is imposed on the customer is RM500.00 (amount is only for illustrative purposes). Extract of the payment schedule:

No	Date	At Effective Profit Rate				OS Financing Amt	OS Selling Price	Remaining Unearned
		Installment	Principal Paid	Billed Profit	Profit Rate			
0	7-Dec-12					150,000.00	243,891.60	93,891.60
1	1-Jan-13	1,577.00	1,083.75	493.25	4.80%	148,916.25	242,314.60	93,398.35
2	1-Feb-13	1,577.00	970.02	606.98	4.80%	147,946.23	240,737.60	92,791.37
57	1-Sep-17	1,577.00	1,215.54	361.46	4.80%	87,458.77	154,002.60	66,543.83
58	1-Oct-17	1,577.00	1,232.00	345.00	4.80%	86,226.77	152,425.60	66,198.83
59	1-Nov-17	1,577.00	1,225.46	351.54	4.80%	85,001.31	150,848.60	65,847.29

$$\begin{aligned} \text{Current month profit} &= \text{Daily profit} \times \text{No of days} \\ &= (\text{Outstanding Financing Amount} \times \text{Profit Rate} \times 1/365) \times 16 \text{ days} \\ &= (87,458.77 \times 4.8\% \times 1/365) \text{(round to 2 decimals)} \times 16 \text{ days (1/10/17 to 17/10/17)/365} \\ &= 11.5014 \approx 11.50 \times 16 = 184.00 \end{aligned}$$

$$\begin{aligned} \text{Remaining Unearned at 17/10/17} &= \text{Remaining Unearned (at 1/10/17)} - \text{Current Month Profit (from 1/10/17 to 17/10/17)} \\ &= 66,198.83 - 184.00 \\ &= 66,014.83 \end{aligned}$$

$$\begin{aligned} \text{Rebate at Settlement} &= \text{Remaining Unearned (at 17/10/17)} - \text{Early Settlement Charges} \\ &= 66,014.83 - 500.00 \\ &= 65,514.83 \end{aligned}$$

$$\begin{aligned} \text{Outstanding Selling Price at Settlement} &= \text{Scheduled Outstanding Selling Price at 01/10/17} + \text{Instalment Due Not Paid, if any (for 01/10/17 Due Date)} \\ &= 152,425.60 + 1,577.00 \\ &= 154,002.60 \end{aligned}$$

$$\begin{aligned} \text{Settlement Amount as at 17/10/2017} &= \text{Outstanding Selling Price (at Settlement)} - \text{Undisbursed Financing Amount (if any)} \\ &\quad + \text{Compensation Charges (if any)} + \text{Misc Cost (if any)} + \text{Other Charges (if any)} \\ &\quad - \text{Rebate at settlement} \\ &= 154,002.60 - 0.00 + 0.00 + 0.00 - 65,514.83 \\ &= \text{RM } 88,487.77 \end{aligned}$$

Appendix 2- Illustrative Payment Schedule with GPP

Customer	Customer 1		Financing Amount	150,000.00
CPR (%)	10.60	@ IFR - 1.80%	Selling Price	259,791.60
EPR (%)	4.80		Total Profit	109,791.60
GPP Period (mths)	12		Installment (EPR)	1,577.00
Fin Tenure (inc GPP)	132		Disb. Date	14-Dec-12

No	Date	At Effective Profit Rate				OS Financing Amt	OS Selling Price	Remaining Unearned	Remarks
		Installment	Principal Paid	Billed Profit	Profit Rate				
0	14-Dec-12					60,000.00	259,791.60	109,791.60	40% disbursement
1	1-Jan-13	142.02	-	142.02	4.80%	60,000.00	259,649.58	109,649.58	
2	1-Feb-13	244.59	-	244.59	4.80%	60,000.00	259,404.99	109,404.99	
3	1-Mar-13	220.92	-	220.92	4.80%	60,000.00	259,184.07	109,184.07	
4	1-Apr-13	244.59	-	244.59	4.80%	105,000.00	258,939.48	108,939.48	30% disbursement
5	1-May-13	414.30	-	414.30	4.80%	105,000.00	258,525.18	108,525.18	
6	1-Jun-13	428.11	-	428.11	4.80%	105,000.00	258,097.07	108,097.07	
7	1-Jul-13	414.30	-	414.30	4.80%	135,000.00	257,682.77	107,682.77	20% disbursement
8	1-Aug-13	550.25	-	550.25	4.80%	135,000.00	257,132.52	107,132.52	
9	1-Sep-13	550.25	-	550.25	4.80%	135,000.00	256,582.27	106,582.27	
10	1-Oct-13	532.50	-	532.50	4.80%	135,000.00	256,049.77	106,049.77	
11	1-Nov-13	550.25	-	550.25	4.80%	135,000.00	255,499.52	105,499.52	
12	1-Dec-13	532.50	-	532.50	4.80%	150,000.00	254,967.02	104,967.02	10% disbursement
13	1-Jan-14	1,577.00	965.37	611.63	4.80%	149,034.63	253,390.02	104,355.39	
14	1-Feb-14	1,577.00	969.40	607.60	4.80%	148,065.23	251,813.02	103,747.79	
15	1-Mar-14	1,577.00	1,031.84	545.16	4.80%	147,033.39	250,236.02	103,202.63	

Disclaimer : This schedule indicates the payment of instalments by customer. The values illustrated above may change according to a number of variables such as promptness of payment by customers, prepayments, differing disbursement amount, movement of the Islamic Financing Rate and number of days in the month.

Profit is calculated on daily based on daily outstanding principal balance, as follows:-

$$\begin{aligned} \text{Daily Profit (1st month)} &= 60,000.00 \times 4.80\% \times 1/365 \\ &= 7.8904 \\ &= 7.89 \text{ (round to two decimals)} \end{aligned}$$

$$\begin{aligned} \text{01/01/2013 Billed Profit} &= \text{Daily Profit} \times \text{No of days (from 14th Dec 12 to 31st Dec 12)} \\ &= 7.89 \times 18 \text{ days} \\ &= \text{RM } 142.02 \end{aligned}$$

Early Settlement of Financing

Customer requested for early settlement as at **17/10/2017** (58th instalment not paid), where early settlement charge is imposed on the customer is RM500.00 (amount is only for illustrative purposes). Extract of the payment schedule:

No	Date	At Effective Profit Rate				OS Financing Amt	OS Selling Price	Remaining Unearned
		Installment	Principal Paid	Billed Profit	Profit Rate			
0	14-Dec-12					60,000.00	259,791.60	109,791.60
1	1-Jan-13	142.02	-	142.02	4.80%	60,000.00	259,649.58	109,649.58
2	1-Feb-13	244.59	-	244.59	4.80%	60,000.00	259,404.99	109,404.99
57	1-Sep-17	1,577.00	1,156.64	420.36	4.80%	101,954.09	184,002.02	82,047.93
58	1-Oct-17	1,577.00	1,174.70	402.30	4.80%	100,779.39	182,425.02	81,645.63
59	1-Nov-17	1,577.00	1,166.25	410.75	4.80%	99,613.14	180,848.02	81,234.88

$$\begin{aligned} \text{Current month profit} &= \text{Daily profit} \times \text{No of days} \\ &= (\text{Outstanding Financing Amount} \times \text{Profit Rate} \times 1/365) \times 16 \text{ days} \\ &= (101,954.09 \times 4.8\% \times 1/365) \times 16 \text{ days (1/10/17 to 17/10/17)/365} \\ &= 13.4076 \approx 13.41 \text{ (round to 2 decimals)} \times 16 = 214.56 \end{aligned}$$

$$\begin{aligned} \text{Remaining Unearned at 17/10/17} &= \text{Remaining Unearned (at 1/10/17)} - \text{Current Month Profit (from 1/10/17 to 17/10/17)} \\ &= 81,645.63 - 214.56 \\ &= 81,431.07 \end{aligned}$$

$$\begin{aligned} \text{Rebate at Settlement} &= \text{Remaining Unearned (at 17/10/17)} - \text{Early Settlement Charges} \\ &= 81,431.07 - 500.00 \\ &= 80,931.07 \end{aligned}$$

$$\begin{aligned} \text{Outstanding Selling Price at Settlement} &= \text{Scheduled Outstanding Selling Price at 01/10/17} + \text{Instalment Due Not Paid, if any (for 01/10/17 Due Date)} \\ &= 182,425.02 + 1,577.00 \\ &= 184,002.02 \end{aligned}$$

$$\begin{aligned} \text{Settlement Amount as at 17/10/2017} &= \text{Outstanding Selling Price (at Settlement)} - \text{Undisbursed Financing Amount (if any)} \\ &\quad + \text{Compensation Charges (if any)} + \text{Misc Cost (if any)} + \text{Other Charges (if any)} \\ &\quad - \text{Rebate at settlement} \\ &= 184,002.02 - 0.00 + 0.00 + 0.00 + 0.00 - 80,931.07 \\ &= \text{RM } 103,070.95 \end{aligned}$$