



## **Property Finance - FAQ**

### **1. Who can apply for an Ajman Bank mortgage Finance?**

1. UAE Nationals
2. UAE Residents - Expatriates

### **2. What is the product definition and Islamic structure followed by Ajman Bank for financing Completed properties?**

Individual (Salaried or Self Employed) who are interested in buying residential properties or Investment Real Estate properties but do not have money to pay the developer or seller in lump sum, Banks help these customers to buy their dream property by getting the finance and repay the amount in installment on monthly basis. These properties can be in form of Apartments, Villas, Townhouses, compound villa, buildings, etc. legalized by UAE government and subject to be completed as per evaluation report.

**Ijarah:** Under the Ijarah transaction, the Bank (referred as 'Mu'jir') will purchase the property as requested by the customer (referred as Musta'jir) and allow the customer, the right to use it and the benefits of the property for a predetermined period of time and in return the customer will pay a pre-determined agreed rent (referred as 'Ujrah').

The corpus of the property remains in the ownership of the owner (Ajman Bank), but only its usufruct i.e. the right to use it, is transferred to the lessee (Finance Customer). This is also known as Ijarah Muntahia Bitamleek.

### **3. What is the product definition and Islamic structure followed by Ajman Bank for financing under construction properties?**

Under this product variant, customer approaches the Bank and requests for construction financing. The following types of construction finance are offered under Forward Ijarah:

1. **Istisna Purchase:** In this agreement, bank appoints the customer as its contractor to construct the property. The customer is responsible for the construction and progressive payments are released to the customer on submission of completion certificates. Post completion, bank will lease the property to the customer Ijarah payments.

The progressive payments are released to the customer and the evidence of the payment to the contractor needs to be submitted by the customer back to the bank. The customer is not allowed to make any alterations in the approved construction plan prior to the bank's approval.

The Istisna purchase agreement and covers all the risk mitigants associated with appointing customer as a contractor.

2. **SPA:** If customer is buying a property from the developer and the down payment is not yet made, bank will sign the SPA (Sales & Purchase Agreement) directly with the developer. Customer will make a down payment or pay the initial payments to the developer followed by the payments from the bank till property handover.

This SPA needs to be Shariah compliant and approved by Ajman Bank Legal dept/Shariah Dept.

3. **Tripartite Agreement or Assignment Agreement:** If a customer is purchasing an under-construction property from the developer and has made the down payment (or any other payment related to property) to the developer, the customer will surrender his rights on the property by way of tripartite agreement. Bank will be the new owner in developer's records and the progressive payments



(after required down payment from the customer) will be made directly to the developer till property handover. The Tripartite agreement/assignment agreement needs to be approved by Legal/Shariah dept.

In all the three types of financing arrangements, the customer is liable to pay the profit accrued during the construction period as an advance rental. The monthly Ijarah installments start only after the handover period, as Forward Ijarah converts into an Ijarah contract post completion, and it is therefore classed as a 'lease contract.' The profit for construction period is collected as advance rentals during the construction period.

#### 4. What are the minimum monthly income requirements?

1. UAE Nationals:
  - a) Salaried - AED 15,000
  - b) Self Employed - AED 25,000
2. UAE Residents (Expats):
  - a) Salaried - AED 20,000
  - b) Self Employed - AED 25,000

#### 5. How much finance can a customer avail for 1<sup>st</sup> Rank

##### **Mortgage? UAE Nationals:**

##### **First Rank Mortgage (Ready Property)**

80% Finance to value in case the value of the property is  $\leq$  5 MN

70% Finance to value in case the value of the property is  $>$  5 MN

##### **UAE Residents - Expats:**

##### **First Rank Mortgage (Ready Property)**

75% Finance to value in case the value of the property is  $\leq$  5 MN

65% Finance to value in case the value of the property is  $>$  5 MN

In case of under construction properties, the downpayment would be 50%

#### 6. How are properties classified?

Properties are classified as follows:

##### **a) Freehold Properties**

The properties which are given or sold by the developers/sellers and give buyer (i.e. UAE Nationals and Expatriates) the rights to own are termed as free hold properties. Freehold properties are built on specific locations as approved by the government authorities.

##### **b) Non-Freehold Properties**

Non free hold properties pertain to areas where UAE Nationals & GCC Nationals (specific areas) can buy properties. The title deeds / mortgage deeds are issued by respective municipality and hence are eligible for finance. In most of such cases, the title deed is issued in the name of the customer and the bank's name is mentioned as mortgagee; such documents are called as mortgage deeds and are acceptable as per Ajman Bank policy.

### c) Leasehold Properties

Leasehold gives you the right of possession, but not ownership, of a property for an agreed period of time. Leasehold is usually for a fixed period of time, and it will set out details of obligations of the leaseholder for repairs and maintenance of the property. The leasehold properties are available for both Nationals and Expatriates in UAE. However, this segment will only be opened subject to Legal and Sharia approval.

## 7. What are the different segments under Property Finance and the transactions under each of them?

### i. Segment 1: Standard Ijarah / Forward Ijarah (1st Degree):

Different Types of Transactions allowed: -

New Purchase /Finance (Primary Or Secondary)	Means to buy a property directly from the developer OR from secondary market OR to construct a property
Standalone Buyout	Means customer will transfer his existing home finance from another bank/FI to Ajman Bank
Seller Buyout	Means a transaction of buying a property in the secondary market. between buyer and seller and Ajman Bank will buyout the finance of the seller from another bank or FI.

### ii. Segment 2: 2nd Rank Mortgage - Ijarah and Forward Ijarah (Housing Program):

The federal and local governments in UAE are providing housing assistance to UAE nationals through prominent housing programs which are: -

- National Housing Loan (NHL)
- Sheikh Zayed Housing Program (SZHP)
- Mohamed Bin Rashid Housing Establishment (MRHE)

Different Types of Transactions allowed: -

New Finance	Means customer already has approval / finance form housing program and he is requesting to complete his construction or to buy a ready property
Standalone Buyout	Means customer will transfer his existing 2nd degree home finance from another bank to Ajman Bank

### iii. Segment 3: Investment Real Estate (1st and 2nd Mortgage Degree for Standard, Housing program) Ready property only:

Classification : Public

Ajman Bank Public Joint Stock Company (P.J.S.C.) is licensed by the Central Bank of the UAE. All our products and services are Shari'ah compliant. For details, kindly visit [www.ajmanbank.ae](http://www.ajmanbank.ae)

- Any property with rental income and same will be added back with percentage higher than the income / liability policy percentage to finance compounded villas, single villa, flat or building.
- Add back up to 70% from rental income with no maximum cap on salary add back subject to property management.
- In case of new purchase, expected rental from Ajman Bank property Management company to be provided and considered for our calculations.
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Different Types of Transactions allowed: -

New Purchase (Primary Or Secondary)	Means to buy a property directly from the developer/contractor or from secondary market
Standalone Buyout	Means customer will transfer his existing home finance from another bank to Ajman Bank
Seller Buyout	Means a transaction of buying a property in the secondary market between buyer and seller and Ajman Bank will buyout the finance of the seller from another bank or FI.
Refinance (Top Up)	Means customer has existing Home Finance with Ajman Bank and he is requesting to re-evaluate the property to avail cash.

### 8. Should a customer need to be an existing Ajman Bank account holder to apply for a mortgage?

No - Ajman Bank Mortgage Services are open to all eligible customers.

### 9. How can a customer apply for an Ajman Bank mortgage?

1. The customer can call 800 22 phone banking center toll- Our 'call center advisor' will assist with his/her queries and on his/her request forward the details to Mortgage Sales Officer who will assist with the formal application. The customer will be contacted by the Mortgage Sales Officer within 24 hours of the call. **OR**
2. The customer may contact the nearest Ajman Bank branch who will redirect him/her to a Sales officer.

#### 10. Can the income of more than one applicant be considered for a mortgage?

Yes, more than one applicant can be considered subject to the co-applicant being a first kin relative wherein the primary applicant must be drawing a minimum monthly income as per the policy parameters mentioned in point 2.

#### 11. What is the maximum Finance amount that a customer can apply for?

Maximum amount that customers can be eligible for is up to AED 15,000,000 subject to Terms & Conditions.

#### 12. Is there a minimum / maximum age range?

- UAE Nationals: 21 Years - 70 Years on maturity of finance
- UAE Resident - Expats: 21 Years - 65 Years on maturity of finance

#### 13. What is the profit rate?

Ajman Bank offers a variable rate of profit on reducing balance basis for completed Properties and fixed rate for the construction period. Once the property is complete and the finance repayment starts the profit rate is linked to 6-month EIBOR (Emirates Inter Bank Offer Rate).

Detailed Profit Rate table available as Annexure 1

#### 14. What will the monthly repayments be?

The monthly repayments are based on the finance amount, tenor and profit rate applied.

#### 15. What additional charges will there be for processing the finance?

- Pre-approval fee: AED 3,000
- Processing fee: 1% of the finance amount up to a maximum of AED 35,000
- Property Insurance: Only in case property is already completed - As per stipulated rate from the Ajman Bank Takaful service providers.

#### 16. Should the customer require any Takaful (Insurance) if he/she takes out mortgage finance with Ajman Bank?

Yes. Life Takaful (insurance) is required if the property in question is still under construction. Life and Property Takaful (Insurance) are required if the property being financed is complete. Life Takaful is free; however substandard health declaration will carry an additional/incremental premium which will be loaded to the minimum rates.

#### 17. Can the customer arrange his/her own (Takaful) insurance?

No, it has to be through Ajman Bank approved Takaful Company

#### 18. Is it possible to buy out existing mortgage finance?

Yes

#### 19. Should the customer transfer his/her salary to Ajman Bank?

- UAE Nationals: It is mandatory to transfer salary
- UAE Residents - Expats: It is not mandatory to transfer salary

## 20. What happens after the customer has applied for a mortgage finance?

The application details are sent for further analysis to our Credit Department who will then issue (subject to all necessary preliminary documents being submitted with application form) an offer letter quoting the finance amount, terms and conditions of the finance, Interest Rate and Monthly installment amount. The offer letter has an acceptance date of 60 days from the date of issuing.

## 21. What is the maximum tenure that the mortgage finance is available for?

- UAE Residents: 25 Years

## 22. What can the customer do if he/she can't make a finance repayment?

Ajman Bank mortgage finance does not have a deferment policy; therefore, a special request must be made well in advance, or the Bank must be informed ahead of time if a certain installment cannot be made according to the installment repayment plan and is subject to the bank's credit terms and conditions.

## 23. Are Ajman Bank mortgage finance Sharia compliant?

Yes, Ajman Bank is an Islamic Bank and operates based on Sharia compliant principles.

## 24. What happened if the customer sells his/her property before the finance is paid off?

The customer can settle the finance early and obtain the release on the property. The Bank will apply an early settlement fee subject to the tariff applicable at the time of such settlement.

## 25. Can the customer repay his/her mortgage finance early?

Yes.

## 26. If so, will the customer be liable to any penalties?

1% on the outstanding amount or maximum AED 10,000 would be charged upon early settlement.

## 27. Can the customer make partial payments?

Yes, but the partial payment will be subject to a fee applied as a percentage of the amount paid in. The rate is the same as the early settlement charges.

## 28. What happens if a customer moves overseas during the term of the finance?

The Bank would need to be informed well in advance upon which the customer's personal lending/repayment profile will be altered subject to the bank's lending criteria for Non-Residents subject to bank's terms and conditions. The case will be submitted to Credit and Collections department for re-valuation.

## 29. How is the profit calculated?

Ajman Bank calculates profit on daily outstanding balances, in line with the directives of our regulators The Central Bank of the UAE. The profit amount is however recovered monthly.

## 30. How long will it take for the finance to be approved?

Approval/Offer Letter - 48 to 72 hours (Subject to all documentation being submitted by customer)

### 31. How do you disburse the funds?

We release amounts, on the customer's behalf, directly to the developer or seller based on the payment schedule provided by the developer or Sales agreement between the Seller and the customer.

### 32. How can the customer ensure that my property transactions are legitimate?

The responsibility of checking the legitimacy of the property transactions lies with the customer. Ajman Bank, however, will not associate itself with any party that does not comply with internationally recognized good practices.

### 33. What are the mandatory documents that are required order to apply for mortgage finance?

The following documents required at preapproval stage for all customers / segments:

- Duly completed and signed application form (All alterations must be authenticated by applicants).
- Original seen valid passport copy
- Valid residence visa copy (Expat)
- Free zone ID copy (for Free zone companies)
- In case of female applicant who is sponsored by her father, husband, brother etc., the labor card will be required.
- UAE ID Card (for UAE residence)
- Original seen Full Khulasat al Qaid copy for UAE nationals.
- Customer declaration to be signed off by customer confirming the source of DP is self and not by finance.
- Processing fees slip (when applicable)
- Original liability letter (in case of Settlement of debits)
- Valid employment card copy (for Government /Semi Government sector / free zone companies except MOD) when applicable

### 34. What are the additional documents required for residents - Salaried customers?

The following documents required for residents - Salaried customers:

- Original valid salary certificate
- Original Salary Transfer Letter for STL Customers when applicable
- STL from Government/Semi Government/Government Stake Companies will be acceptable on their standard format.
- Last 6 months original salary account bank statements reflecting last 6 salaries.

### 35. What are the additional documents required in case the property is 2nd degree mortgage?

The following documents are required in case the property is 2nd degree mortgage:

- Property Title deed
- Confirmation from related land department that land can be mortgaged to Ajman Bank
- NOC from housing program for second degree mortgage
- Valid Bath certificate for Abu Dhabi properties

### **36. What is the additional documents required case of rental income is considered from Against Salary and Rental income (Investment Real Estate) – Segment 4?**

The following is required in case of rental income is considered from Against Salary and Rental income (Investment Real Estate):

- Property management agreement favoring Ajman Bank (if the case considered under Investment Real Estate)
- Proof of ownership
- Valid tenancy contracts
- Rental Cheques copy.
- Bank statement shows rentals cheques credit.

### **37. What are the additional documents required for Residents - Self Employed Individuals**

Documentation Requirement at Pre-Approval for Residents - Self Employed Individuals:

- Audited financials and bank statement requirement in line with Income & DSR policy eligibility.
- Last 6 months original bank statement; if customer is the sole owner, then only business/ personal statement is required, in case of LLC, both company and personal statements are required.
- Undertaking form, the customer that he will not sell his shares or business during the course of finance.
- Valid trade license. Trade License should have the Owners/ Partners Name, Name of Company, Nature of Business, Date of Issue and Expiry, UAE Govt. stamp and signature. Photocopy is acceptable.
- For Self-employed applicants in Sharjah, where customer's name is not on the Trade License, the following should be provided:
  - Service level agreement among partners defining shareholding notarized by notary public.
  - Membership Certificate from Sharjah Chamber of Commerce and Industry defining the company's individual ownership.



## 2<sup>nd</sup> Rank Mortgage - FAQs

### 1. Who can apply for an Ajman Bank 2nd Rank mortgage Finance?

Only UAE Nationals can apply for 2<sup>nd</sup> Rank Mortgage

### 2. What are the minimum monthly income requirements?

UAE Nationals: Salary AED 15,000

### 3. What are the different types of Housing programs which are financed by Ajman Bank?

The following are the prominent housing programs:

- Sheikh Zayed Housing Program (SHZP)
- Muhammad Bin Rashid Housing Establishment (MRHE)
- National Housing Loan (NHL)

### 4. What is the sequence of the contribution for each of the Housing Programs?

NHL	SHZP	MRHE
1. Govt. Contribution through FGB 2. Customer down payment 3. 2nd Degree Mortgage Bank's contribution	1. Customer down payment 2. Bank's contribution to build the property. 3. Housing Program contribution	1. Customer down payment 2. Bank's contribution to build the property. 3. Housing Program contribution

### 5. How much finance can the customer avail?

#### **Second Rank Mortgage (Ready Property)**

85% Finance to value in case the value of the property is  $\leq$  5 MN

70% Finance to value in case the value of the property is  $>$  5 MN

### 6. What is the maximum Finance amount the customer can apply for?

Maximum amount that customers can be eligible as follows subject to Terms & Conditions:

SHZP & MRHE: Maximum of up to AED 5 Million

NHL: Maximum of up to AED 12 Million

### 7. Is there a minimum / maximum age range?

21 Years - 70 Years on maturity of finance.

## Land Finance - FAQs

### 1. Who can apply for Land Finance with Ajman Bank?

1. UAE Nationals
2. UAE Residents - Expatriates

### 2. What are the minimum monthly income requirements?

#### UAE Nationals:

- a) Salaried - AED 30,000
- b) Self Employed - AED 60,000

#### UAE Residents (Expats):

- a) Salaried - AED 40,000
- b) Self Employed - AED 60,000

### 3. What are the types of Land is financed by Ajman Bank?

Both Residential and Commercial land is financed.

### 4. How much finance can the customer avail?

#### UAE Nationals:

75% Finance to value in case of Residential Land  
 65% Finance to value in case of Commercial Land

#### UAE Residents - Expats:

70% Finance to value in case of Residential Land  
 60% Finance to value in case of Commercial Land

### 5. What is the maximum tenure that the Land Finance is available for?

#### UAE Nationals:

- a) Residential Land - 20 Years
- b) Commercial Land - 15 Years

#### UAE Residents-Expats: Salaried

- a) Residential Land - 15 Years
- b) Commercial Land - NA

#### UAE Residents-Expats: Self Employed

- a) Residential Land - 12 Years
- b) Commercial Land - 12 Years

### 6. How many Land Finance facilities can be availed?

- 1 Land, if salary/income is  $\leq$  AED 50,000
- 2 Lands, if salary/income is  $>$  AED 50,000

### 7. What is the maximum Finance amount the customer can apply for?

Maximum amount that customers can be eligible for is up to AED 8,000,000 subject to Terms & Conditions

## 8. What additional charges will there be for processing the finance?

- Pre-approval fee: AED 5,000
- Processing fee: 1% of the finance amount (No maximum)

## 9. What documents do I need to apply for Land Finance?

### Documentation Requirement at Pre-Approval - Salaried Individuals

- Duly completed and signed application form (All alterations must be authenticated by applicants).
- Original seen valid passport copy with valid residence visa copy (Expat).
- Original seen valid passport + UAE ID Card for UAE national.
- Original/Original seen valid salary certificate "or validate through salary transfer to Ajman Bank if expired".
- Original Salary Transfer Letter for STL Customers.
- STL from Government/Semi Government/Government Stake Companies will be acceptable on their standard format.
- Last 6 months original/original seen salary account bank statements reflecting last 6 salaries. The allowed variation is maximum of 5 days with 6 salary credits.
- Original liability letter will be required for take over cases.
- Valid employment card copy (for Government /Semi Government sector / free zone companies except MOI/MOD).
- Any valid Govt ID will be required.
- Proof of down payment is required i.e. copy of receipts of down payment or actual downpayment is submitted in Ajman Bank.

### Documentation Requirement at Pre-Approval - Self Employed Individuals

- Duly completed and signed application form (All alterations must be authenticated by applicants).
- Original seen valid passport + UAE ID Card.

- Audited financials and bank statement requirement in line with Income & DSR policy; income in the audited financials will be considered for eligibility.
- Last 6 months original / original seen bank statement; if customer is the sole owner, then only business statement is required, in case of LLC, both company and personal statements are required.
- Undertaking form, the customer that he will not sell his shares or business during the course of finance.
- Valid trade license. Trade License should have the Owners/ Partners Name, Name of Company, Nature of Business, Date of Issue and Expiry, UAE Govt. stamp and signature. Photocopy is acceptable.
- For Self-employed applicants in Sharjah, where customer's name is not on the Trade License, the following should be provided:
  - Service level agreement among partners defining shareholding notarized by notary public.
  - Membership Certificate from Sharjah Chamber of Commerce and Industry defining the company's individual ownership.
  - Proof of Down payment is required i.e. copy of the receipts of down payment or actual down payment is submitted in Ajman Bank. Both are acceptable.