

**ISLAMIC SCHEME MANUAL (ISLAMIC GUIDE) FOR THE
GUARANTEE SCHEME FOR ELIGIBLE HOUSING FINANCE
FACILITIES
FOR FINANCIERS**

**INDEX OF ISLAMIC SCHEME MANUAL (ISLAMIC GUIDE) FOR THE
GUARANTEE SCHEME FOR ELIGIBLE HOUSING FINANCE FACILITIES
FOR FINANCIERS**

1. Scope of the Islamic Scheme Manual
2. Overview of the Guarantee Scheme (GS) for Housing Finance facilities
3. Criteria for Financiers to avail the GS
4. Role and Responsibilities of Financiers
5. Housing Finance facilities Eligibility Criteria for GS
6. Assessment of income of Principal Customers in Informal sector
7. Representations and Warranties to be given by Financiers
8. Execution of the Master Guarantee Agreement
9. Conditions Precedent to Application for Guarantee under GS
10. Application for Guarantee under GS
11. Guarantee charges
12. Reports to be submitted by the Financier to the Trustee
13. Servicing Obligations of Financiers
14. Arrears/Delinquency Management
15. Guidelines on the Rescheduling/Restructuring of Delinquent Facilities
16. Claims Procedure
17. Recovery of Guarantee Claim Amount
18. Safeguards against Moral Hazards
19. Ad-hoc Review

Appendix 1 - Compliance with E&S Criteria – Exclusion List

Appendix 2 - Eligible Housing Finance facilities Data

Appendix 3 - Eligible Housing Finance facilities Performance Report

Appendix 4 - Delinquent Facilities Report

Appendix 5 - Guarantee Claim Request

Appendix 6 - Discharge Letter

Appendix 7 - E&S Representation Form

Appendix 8 - Shariah Structure of the Credit Guarantee Trust Scheme for Low-Income Housing (Trust)

Appendix 9 - Undertaking for E&S Compliance under CGS

ISLAMIC SCHEME MANUAL (ISLAMIC GUIDE) FOR THE GUARANTEE SCHEME FOR HOUSING FINANCE FACILITIES

1 Scope of the Islamic Scheme Manual

This Scheme Manual has been prepared in line with Master Guarantee Agreement (MGA) relating to Credit Guarantee Trust Scheme for Low-Income Housing. The objective of the Islamic Scheme Manual is to provide the eligibility criteria and processes in relation to the MGA.

2 Overview of the Guarantee Scheme (GS) for Eligible Housing Finance facilities

- 2.1 Housing financing in Pakistan is very limited. Presently, banks provide long-term housing facilities to households in the top income decile and to salaried employees. This excludes a majority of the population, in particular the 70% who are active in the informal sector.
- 2.2 Hence, the Government of Pakistan and the Trustee have entered into a Trust Deed for the establishment of a Trust which shall provide partial guarantee for low-income housing (Guarantee Scheme) to qualified financial institutions. The GS shall partially alleviate the credit risk entailed by providing Housing Finance facilities to low-income Customers, particularly those in the informal sector and will encourage the banks to provide Housing Finance facilities to this group of Customers.
- 2.3 The Government has appointed PMRC as the Trustee to manage, operate and administer the Trust with a seed capital of US\$10 million (PKR 15 Billion) with the support and sponsorship of the International Development Association and Government of Pakistan (as the **Strategic Sponsors**). Trust shall provide partial credit guarantee for low-income housing. The overall Islamic Credit Guarantee scheme is based on the concept of Kafalah/Guarantee and Conditional Tabarru'/Gift. Under this Guarantee & Conditional Tabarru' arrangement where the Trust is providing risk coverage to the qualified IPFIs incurring/classifying loss (of profit/rental amount only while any coverage to IPFIs for unsold unit shall be Tabarru) as per Prudential Regulations in respect of their eligible low-cost housing portfolio. At any point of time, if the facility is settled in full by the customer or regularized through restructuring or the qualified IPFI sells the asset in the market and recovers the loss through proceeds and/or any other source(s), the recovery amount so received shall be returned to the Trust up to the amount of Guarantee & Tabarru' arrangement paid by the Trust to the qualified IPFI. For further detail in this regard please refer to **Appendix 8**.
- 2.4. The Trust funds shall be invested in Shariah compliant avenues such as Sukuk etc.
- 2.5 Capitalized terms used in this Islamic Scheme Manual but not defined shall have the same meaning assigned to them in the Master Guarantee Agreement (MGA).

3 Criteria for Financiers to avail the GS

- 3.1 All Financiers must be qualified financial institutions (QFI).
- 3.2 A QFI shall be a financial institution that meets all of the following criteria:
 - 3.2.1 it is licensed and regulated by SBP and/or SECP and are engaged or contemplating to engage in the business of Shariah compliant housing finance;
 - 3.2.2 it has a long-term credit rating of at least "A" issued by one or more recognized credit rating agencies licensed by SECP, provided that credit rating of up to "BBB" may be acceptable in the case of Non-Banking Finance Companies and a minimum credit rating of "BB" may be acceptable in the case of newly incorporated Housing Finance Company; and

- 3.2.3** it has unqualified audited financial statements for the last two (2) financial years, provided that, in the case of newly incorporated entities, unqualified audited financial statements for the most recent financial year will be acceptable.

4 Role and Responsibilities of Financier

- 4.1** Financiers shall apply for the Guarantee cover as described in Section 10 of this Islamic Scheme Manual.
- 4.2** Financiers shall comply with all the terms and conditions of the GS as contained in the Guarantee Documents (including all covenants and undertakings as set out in the MGA).

5 Housing Finance Facilities Eligibility Standards for GS

5.1 Criteria relating to Housing Finance facility for Guarantee Coverage

- 5.1.1** It is a Housing Finance facility that is disbursed to or for the account of the Principal Customer by the Financier

and/or

A Mortgage Facility extended during residential property construction with the land plot for such construction in prior ownership of the Customer is eligible for CGS coverage. All relevant clauses in 5.3 shall apply. The maximum allowable Mortgage Facility amount as per the Mortgage Facility Agreement and/or the Mortgage Security Agreement shall comply with the limits as per 5.1.3 but for the duration of the construction process the Guarantee Coverage only applies to the portions of such Mortgage Facility actually disbursed to the Customer. Also for avoidance of doubt, prior ownership of land in the context of this clause shall mean that the land plot on which the residential construction is being financed by the Mortgage Facility has been in the ownership by the Customer prior to submitting application for such Facility and that such ownership complies with conditions as per 5.4.

- 5.1.2** Housing Finance facility has a profit/price resetting period of at least five (5) years.
- 5.1.3** The Housing Finance facility to conform with SBP circular for Low-cost housing/Govt. Subsidy Scheme (G-MSS) as updated from time to time.
- 5.1.4** Total monthly amortization payment, including under the Housing Finance facility, and the payment obligations of the Principal Customer against all other financing do not exceed fifty per cent (50%) of the net disposable income of the Principal Customer.
- 5.1.5** The Housing Finance facility has not been satisfied, cancelled, subordinated or rescinded in whole or in part and the Housing Finance property has not been released from the first ranking mortgage/housing finance created by the Housing Finance Security Document, in whole or in part, nor has any instrument been executed that would affect any such satisfaction, cancellation, subordination, rescission or release.
- 5.1.6** The Housing Finance facility is in compliance with Applicable Laws and Regulations.
- 5.1.7** Housing Finance facilities originated by the Financier where such Housing Finance facilities are not in the List of Excluded Activities as set forth in **Appendix 1** to this Islamic Scheme Manual.

5.2 Criteria relating to Principal Customer

- 5.2.1** Eligibility and parameters given in housing finance circular IH&SMEFD No.03 dated March 25, 2021 must be complied and any subsequent amendment from time to time by SBP.
- 5.2.2** It is the duty of the Financier to carefully assess the ability to pay by the Principal Customer including the assessment of his/her incomes and to the extent needed, of his/her living expenses.
- 5.2.3** The Principal Customer is a natural person either
 - a) having an income source that is estimated by the Financier using generally acceptable market methodology; or
 - b) having a verifiable source of income (duly assessed and verified by the Financier).
- 5.2.4** To the best knowledge of the Financier, the Principal Customer is not an undischarged bankrupt nor have any bankruptcy proceedings been commenced against the Principal Customer
- 5.2.5** The financing profile of the Principal Customer shall be supplemented with credit report from the Consumer Credit Information Bureau of SBP/other credit bureaus/any verification companies or by the Financier. The Financier should also obtain a written declaration from the Principal Customer divulging details of all financing facilities already obtained from other financial institutions.

5.3 Criteria relating to Housing Finance facility Documents

- 5.3.1** The Housing Finance Facility Agreement and/or the Housing Finance Security Agreement contain customary and enforceable provisions for enforcement of the Financier's rights and remedies against the Housing Finance property, including the right of the Financier to:
 - a) take possession of the Housing Finance property;
 - b) sell/assign the Housing Finance property;
 - c) commence foreclosure proceedings; and
 - d) exercise any other enforcement procedure, right or remedy available under applicable laws.
- 5.3.2** The Housing Finance Security Document creates a valid, existing and enforceable exclusive and first mortgage (legal or equitable) on the Housing Finance property, including all improvements on the Housing Finance property, in favour of the Financier and such housing finance facility is duly perfected, in the case of a legal mortgage, through registration with the land registrar/sub-registrar, and in the case of an equitable mortgage, through actual possession of the title deeds.
- 5.3.3** A substantially clean legal opinion has been obtained in respect of the Principal Customer's title to, and security interests (if any) on, the Housing Finance property and creation and perfection of valid housing finance/mortgage.
- 5.3.4** There is no provision in the Housing Finance facility Agreement and/or Housing Finance Security Agreement that restricts the Financier from assigning or transferring all its rights,

interests and benefits thereunder to any person with or without the Principal Customer's consent.

5.4 Criteria relating to Housing Finance property

- 5.4.1** The Housing Finance property is not subject to any bankruptcy or foreclosure proceeding or any other enforcement action and the Principal Customer has not filed for protection under Applicable Laws (including bankruptcy laws).
- 5.4.2** The Housing Finance property is in the lawful possession of the Principal Customer, and all inspections, licenses and certificates required to be made or issued with respect to the Housing Finance property and, with respect to the use and occupancy of the same, if any, have been made or obtained from the concerned authorities.
- 5.4.3** The Housing Finance property is insured in accordance with Shari'ah principles against loss by fire, hazards of extended coverage and such other hazards as are customary in the area where the Housing Finance property is located. All such Islamic insurance (Takaful) policies shall contain a standard mortgagee/housing finance clause naming the Financier, its successors and assigns as first loss payee and all contributions thereon have been paid.

and/or

In case the Mortgage Facility is extended during residential property construction, clauses in the Mortgage Facility Agreement and/or the Mortgage Security Agreement should stipulate that insurance/takaful policy according to the above conditions be obtained by the Customer immediately upon completion of construction and receipt by the Customer of all necessary permits.

- 5.4.4** Housing Finance property valued at more than Rs 3 million should be subject to assessment of the property value by at least one Valuator listed on PBA's approved Panel of Valuators. However, for Housing Finance property whose market value is Rs 3 million or less, the Financier's officers can assess the value of the property. The officers assessing the market value of the Housing Finance property should be independent from the business unit. In case of a low-cost housing project/scheme single valuation of similar type of units is acceptable as allowed by the regulator.

and/or

In case the Mortgage Facility is extended during residential property construction, clauses in the Mortgage Facility Agreement and/or the Mortgage Security Agreement should stipulate that a valuation of the finished property be undertaken by at least one Valuator listed on PBA's approved Panel of Valuators immediately upon completion of construction and receipt by the Customer of all necessary permits.

- 5.4.5** The Housing Finance property shall be owner-occupied.
- 5.4.6** To the best of the knowledge of the Financier, the Principal Customer and the Housing Finance property is in material compliance with all Applicable Environmental and Social Requirements.

6 Assessment of Income of Principal Customers in Informal Sector

- 6.1** Since the sub-prime crisis in the US, the rule of making facilities safe for Customers by ensuring their ability to pay is the **key element** of responsible housing financing everywhere. In US, the 2010 Dodd-

Frank Act put this rule at the forefront of prudent housing financing practice. The key rules include the verification of income, checking of other debt obligations and assessment of the residual income after making the Housing Finance Instalments and all other payments on outstanding facilities. The assessment of income can involve in particular the inference of income level from current bank account statements, savings behavior and estimation of “living expenses” after all the deductions including mandatory deductions.

- 6.2** The Financier should establish sound underwriting practices to assess the income of Principal Customers in the informal sector and hence ensuring their ability to meet the Housing Finance facility payments.
- 6.3** In addition to the techniques used by the Financier to assess the income of Principal Customers in the informal sector, the Financier may use the following techniques:
- a) Use the services of companies specialized in income evaluation of the informal sector.
 - b) Interview the Principal Customer to determine the sources of income and stability of his income.
 - c) Conduct field investigation to verify all the information on the facility applications and analyse the living habits including for instance the number of dependents, on-going obligations etc.
 - d) Analyze the Principal Customer’s bank statements for the last one year (if available).
 - e) Prior savings record by the Principal Customer for at least one year (if available).
- 6.4** A combination of the above techniques, in addition to the ones used by the Financier could be used to assess the Principal Customer’s ability.
- 6.5** The Financier shall have adequate documentary evidence that the Principal Customer’s assessed income is sufficient to meet the monthly payments/repayments.

7 Representations and Warranties to be given by Financiers

The Financier shall provide representations and warranties as set forth in the MGA.

8 Execution of the Master Guarantee Agreement (MGA)

- 8.1** Prior to availing the GS, the Financier shall indicate its interest to the Trustee to participate in the GS and request the Trustee to send copy of the MGA for its execution. The MGA contains the general terms and conditions of the GS.
- 8.2** Financier will provide the required documents and information for assessment of Financier as per QFI criteria in Section 3 of this Islamic Scheme Manual.
- 8.3** The Trustee shall send the MGA for the Financier’s execution.
- 8.4** On execution of the MGA by the Financier’s authorized signatories, the Financier shall return the MGA for the Trustee’s execution.
- 8.5** The Trustee shall execute the MGA and send a certified true copy to the Financier. The original copy shall be retained by the Trustee.

9 Conditions Precedent to Application for Guarantee under GS

The Financier shall execute the MGA.

10 Application for Guarantee under GS

10.1 The Financier shall apply for a Guarantee under the GS on a quarterly basis.

10.2 As part of the application, the Financier shall submit via email to the Trustee:

- a) details of the portfolio of Eligible Housing Finance facilities to be covered under a Guarantee in the form set out in **Appendix 2 (Eligible Housing Finance facilities Data)** of this Islamic Scheme Manual; and
- b) a form to represent that the Eligible Housing Finance facilities to be covered under a Guarantee are in compliance with Applicable Environmental and Social Requirements based on an environmental and social screening process conducted by the Financier pursuant to its Environmental and Social Management System, in the form and substance set out in **Appendix 7 ("Environmental and Social Representation Form")** of this Islamic Scheme Manual.

For the purposes of this section, "environmental and social management system" shall mean, in relation to the Financier, a systematic process for identifying, assessing and managing environmental and social risks and impacts associated with Housing Finance facilities and managing the Financier's exposure to such risks and impacts in a manner that enables Housing Finance facilities to meet Applicable Environmental and Social Requirements. The ESMS includes adequate policies, procedures, and capacity for identifying, managing, monitoring, and reporting on risks and impacts and shall be developed and implemented in accordance with the specific provisions of the Environmental and Social Risk Management Policy of the Trust.

- c) alternatively, Financier may obtain any of the following to comply with E&S requirements;
 - Undertaking from the Customer to confirm E&S compliance for individual houses (Appendix 9)

10.3 The Financier shall be responsible for ensuring the accuracy of the data and any other information provided to the Trustee.

10.4 The Trustee shall conduct an offsite portfolio review of the Housing Finance facilities Data submitted by the Financiers. In conducting an offsite portfolio review, the Trustee shall ensure that the Housing Finance facilities Eligibility Standards as given in Section 5 of this Islamic Scheme Manual are satisfied.

10.5 The Trustee, either by itself or by appointing agents, may also conduct an onsite portfolio review of the Housing Finance facilities submitted for issuance of a Guarantee to ensure compliance with the Housing Finance facilities Eligibility Standards and the terms and conditions set out in the Guarantee Documents.

10.6 If any of the Housing Finance facilities included in the Housing Finance facilities Data do not comply with the Housing Finance facilities Eligibility Standards for GS and/or any other terms and conditions, the Trustee will notify the Financiers and request them to remove such Housing Finance facilities and submit a revised list of Eligible Housing Finance facilities for Guarantee Coverage.

10.7 Based on the results of the offsite/onsite portfolio review, the Trustee will approve the Eligible Housing Finance facilities to be included in the GS under a Guarantee.

10.8 The Trustee shall prepare the Guarantee Agreement. The Trustee shall execute two copies of the Guarantee Agreement (including the annexure of the Eligible Housing Finance facilities covered under such Guarantee Agreement) and send both copies to the Financier for the Financier's execution.

10.9 After execution of the Guarantee Agreement by the Financier, the Financier shall send one copy of the executed Guarantee Agreement (including the annexure of the Eligible Housing Finance facilities

covered under such Guarantee Agreement) to the Trustee and retain one copy of the executed Guarantee Agreement.

10.10 Financiers may apply for Guarantees under the GS on a quarterly basis subsequent to the first application for a Guarantee.

10.11 It is mandatory for Financiers to ensure that an application for Guarantee is made in respect of each Eligible Housing Finance facility originated on or after the date of the MGA.

11 Guarantee Charges

11.1 The Trustee will notify the Financier of the amount of Guarantee Charges payable in respect of each Guarantee, being equal to 2% of the outstanding and unsold unit purchase of the portfolio of Eligible Housing Finance facilities covered under such Guarantee as of the date of the Guarantee Agreement

- These charges are a one-time upfront charges for guarantee term of 10 years.
- These charges are charged and payable upfront at the time of or after signing of Guarantee Agreement (known as Guarantee Charges).
- These charges shall not be considered as income.
- These charges shall be recorded in separate Shariah Compliant Bank Account.
- These charges will only be utilized for covering actual operative, organizational and administrative expenses of Trust relating to the Guarantee. The Trust shall not utilize this amount in the claim settlement of upcoming losses of Islamic financial institutions.
- External Auditors shall provide a certificate assuring that the Trust has utilized these charges amount only for the issuance, monitoring, operational & administrative expenses related to the guarantee arrangement of the Trust.
- These charges are received against Guarantee services only and not against the Tabbru as mentioned in clause 2.3 above.

11.2 The Financier shall remit the Guarantee Charges to the Trustee. The Guarantee Charges shall, unless otherwise agreed between the Parties, be paid by the Financier by crediting the amount into Trust's designated bank account by way of RTGS, wire transfer or SBP cheque.

11.3 The Guarantee becomes effective only upon payment of the Guarantee Charges.

12 Reports to be submitted by the Financiers to the Trustee

12.1 Financiers are required to submit to the Trustee the following quarterly reports commencing from the Guarantee Effective Date ("**Reports**"):

- a) A performance report of each of the Eligible Housing Finance facilities covered under a Guarantee setting out details about monthly payments under the Eligible Housing Finance facilities (on an individual and aggregate basis) in the form set out in **Appendix 3 (Eligible Housing Finance facilities Performance Report)** of this Islamic Scheme Manual; and
- b) In relation to Eligible Housing Finance facilities that have fallen in arrears of unit purchase/buy-out payments (or payments of a principal nature by whatever name called) and rental/profit payments (hereinafter referred to as the "**Delinquent Facilities**"), the Financier shall submit a report setting out details of such Delinquent Facilities in the form set out in **Appendix 4 (Delinquent Facilities Report)** of this Islamic Scheme Manual. The Delinquent Facilities Report, in addition to stating the number of months in arrears, shall also contain details of administrative actions (e.g. Notices sent to Principal Customers), loss mitigation actions

(restructuring or rescheduling in compliance with Shari'ah) and legal actions taken by the Financier.

12.2 In addition to the foregoing, the Financier shall:

- a) notify the Trustee in writing of any Termination Event (and the steps, if any, being taken to remedy it) or Discharge Event promptly upon becoming aware of its occurrence;
- b) promptly and no later than five (5) Business Days of becoming aware or receiving a demand from the Trustee, provide to the Trustee details of any litigation, administrative or regulatory proceedings or actions (including issuance of any show cause notices) which are initiated, or are likely to be initiated, against the Financier or the Principal Customers for a violation, or potential violation by the Financier or the Principal Customer, as the case may be, of any Applicable Environmental and Social Requirements; and
- c) any additional reporting as may reasonably be required by the Trust for the purposes of complying with its reporting obligations to the Strategic Sponsors.

12.3 The Reports under Section 12.1 of this Islamic Scheme Manual shall be submitted to the Trustee on the 15th of the month following the quarter end.

12.4 Failure to comply with reporting obligations set out herein shall constitute a material breach of the Guarantee Documents and may result in the termination of the relevant Guarantee in accordance with the Guarantee Documents.

12.5 The Financiers shall ensure the accuracy and completeness of the Reports submitted to the Trustee.

13 Servicing Obligations of Financiers

13.1 The Financiers shall:

- (a) at all times maintain an accurate and complete set of books and records in relation to the Servicing of the Eligible Housing Finance facilities covered under each Guarantee. Such books and records, together with the Housing Finance facility File with respect to each Eligible Housing Finance facility, shall be appropriately identified in the Financier's records and computer database and shall be available for inspection by the Trustee or its authorised representatives at any time during the Financier's business hours and after giving five (5) Business Days' advance notice in writing;
- (b) promptly and properly take all such actions and do all such acts and things (at its own expense) as are required by Applicable Laws in accordance with Shari'ah and/or this Islamic Scheme Manual, in respect of the management of the Delinquent Facilities, including but not limited to the restructuring or rescheduling on best effort basis, of such Delinquent Facilities in accordance with principles of Shariah;
- (c) to maintain complete books and records for each Eligible Housing Finance facility which shall be clearly marked to reflect that the same is covered under a Guarantee issued by the Trust; and
- (d) to hold and maintain custody of the Housing Finance facility File in respect of each Eligible Housing Finance facility with due and reasonable care and shall take all necessary steps to prevent any loss or damage to the Housing Finance facility Files.

14 Arrears/Delinquency Management

- 14.1** Subject to the Applicable Laws (in particular Prudential Regulations), the Financiers shall initiate early proactive actions as soon as an Eligible Housing Finance facility becomes a Delinquent Facility. Early actions taken by the Financier may prevent the Delinquent Facility from becoming non-performing. The Financiers shall follow up closely with the Principal Customers on the payments of the overdue instalments so that the Principal Customer's account can be brought up to date as soon as practicable.
- 14.2** The Financiers shall follow the requirements, guidelines and measures prescribed under the Applicable Laws (in particular the Prudential Regulations) for management of Delinquent Facilities.

15 Guidelines on the Rescheduling/Restructuring of Delinquent Facilities

The Financiers shall follow all requirements, guidelines and measures prescribed under the Applicable Laws in accordance with Shari'ah (in particular the Prudential Regulations) for rescheduling/restructuring (on best effort basis) of Delinquent Facilities.

16 Claims Procedure

- 16.1** The Financier shall submit Guarantee Claims on a quarterly basis.
- 16.2** The Financier can only submit a Guarantee Claim Request under a Guarantee within the Guarantee Claim Period (set out in Section 16.3 below) and subject to fulfilment of the Guarantee Claim Conditions as set out in the MGA.
- 16.3** The Guarantee Claim Period shall, in respect of each Eligible Housing Finance facility covered by a Guarantee, be the period commencing from the day after the Lock-In Period and ending on the earlier of (a) 11 years after the end of the Lock-In Period; or (b) the expiry of a period for designating a 'loss' as provided by the applicable Regulation.
- 16.4** The Financier will submit a Guarantee Claim Request in the form set out in **Appendix 5 (Guarantee Claim Request)** of this Islamic Scheme Manual together with the following documents verified and duly signed by the authorized signatories of the Financier:
- a) The payments track record of the Principal Customer from the Effective Guarantee Date to the month preceding the date of submission of the Claims Request.
 - b) Evidence of actions taken by the Financier for rescheduling/restructuring in compliance with Shari'ah principles (on best effort basis) of the Eligible Housing Finance facility. This should indicate the dates, documentation and the detailed actions taken to reschedule/restructure the Eligible Housing Finance facility and the results of the rescheduling/restructuring.
 - c) Copy of Notice of Demand by the Financier to the Principal Customer.
 - d) Evidence of recovery/foreclosure proceedings.
 - e) Confirmation that the Representations and Warranties provided by the Financier are valid as at the date of submission of the Claims Request.
 - f) Any other documents that may be required by the Trustee to verify the claims.
- 16.5** On receipt of the Guarantee Claims Request, the Trustee at its discretion shall, on its own or through its authorized representatives, conduct an onsite/offsite verification of the Eligible Housing Finance facilities included in the Guarantee Claims Request on a case by case basis to determine the validity of the claim submitted.

16.6 Upon the conclusion of the onsite/offsite verification, the Trustee shall either:

- (a) reject in writing the Guarantee Claim Request, in whole or in part, if the Trustee is of the reasonable opinion that the Guarantee Claim Request is defective or that the Guarantee Claim Conditions are not satisfied; or
- (b) accept the Guarantee Claim Request, remit the Guarantee Claim Amount in the Financier's designated account, and issue a Discharge Letter in the form set out in **Appendix 6** of this Islamic Scheme Manual.
- (c) Upon Trustee satisfaction for eligibility of claim, it will be paid within 10 Business Days from Trust Funds (excluding Guarantee Charges) .

16.7 The Financier shall acknowledge receipt of the Guarantee Claim Amount and sign and remit the Discharge Letter to the Trustee acknowledging the cessation of the Trustee's further obligations in respect of the concerned Eligible Housing Finance facilities under the GS.

17 Recovery of Guarantee Claim Amount

17.1 At any point of time, if the facility is settled in full by the customer or regularized through restructuring or the IPFI sells the asset in the market and recovers the loss through proceeds and/or any other source(s), the recovery amount so received shall be returned to the Trust up to the amount of Guarantee & Tabarru' arrangement paid by the Trust to IPFI.

18 Safeguards against Moral Hazards

18.1 The MGA defines Moral Hazard Event and provides safeguards against it.

18.2 Prior to initiating any action against the Financier in respect of any Moral Hazard Event, the Trustee shall, upon a Moral Hazard Event, serve a written notice ("**Moral Hazard Event Notice**") to the Financier:

- (a) declaring that a Moral Hazard Event has occurred and specifying the details in relation thereto; and
- (b) specifying the action(s) the Trustee is taking against the Financier pursuant to the MGA.

19 Ad-hoc Review

19.1 The Trustee shall upon giving at least 5 Business Days' Notice to the Financier, be entitled to conduct an onsite Ad-hoc Review of Eligible Housing Finance facilities covered under one or more Guarantee(s).

19.2 The Review may be conducted either by the Trustee or its authorised representatives.

19.3 The Financier shall provide all necessary assistance to, and fully cooperate with the Trustee and its authorised representatives for the purpose of a due and proper Ad-hoc Review, including but not limited to granting access, or procuring that access is granted, during normal business hours to the Trustee and its authorized representatives to the Housing Finance facility Files of each of the Eligible Housing Finance facilities, all books of records and accounts relating to the Servicing by the Financier of the Eligible Housing Finance facilities and such other information and documents as may be required by the Trustee and/or its authorised representatives for the purposes of the Ad-hoc Review.

LIST OF EXCLUDED ACTIVITIES – COMPLIANCE WITH E&S REQUIREMENT

1. Real estate construction deemed illegal or non-compliant according to Applicable Laws.¹
 2. Properties or land associated with illegal forced evictions of previous owners or occupants.²
 3. Properties built on land from which government agencies or builders have removed / involuntarily resettled local communities, including squatters or encroachers, without proper compensation.³
 4. Properties involving outstanding land disputes.
 5. Properties built in locations and / or in a manner that involves significant degradation or conversion of critical habitats⁴ and/or legally protected areas.⁵
 6. Properties built in locations and / or in a manner that involves significant adverse impacts on critical cultural heritage.^{6,7}
-

Footnotes

1. Examples include unauthorized construction; housing construction in zones not designated as residential; encroachment on public / government land or private land etc.

2. Permanent or temporary removal against their will of individuals, families and/or communities from the homes and/or land which they occupy, without the provision of, and access to, appropriate forms of legal or other protection. Prohibition on forced evictions does not, however, apply to evictions carried out by force in accordance with the law and in conformity with the provisions of the International Covenants on Human Rights. These criteria will only apply where such evictions took place specifically in anticipation or preparation for the construction of housing for which primary mortgages had been subsequently originated by Participating Banks and Non-Bank Financial Institutions.

3. Resettlement activities should follow the process through which adverse social and economic impacts are minimized through (i) providing compensation for loss of assets at replacement cost defined as the market value of the assets plus transaction costs and (ii) ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation, and the informed participation of those affected. These criteria will only apply to such resettlement / displacement that took place specifically in anticipation or preparation for the construction of housing for which primary mortgages had been subsequently originated by Participating Banks and Non-Bank Financial Institutions.

4. Critical habitat is a subset of both natural and modified habitat that deserves particular attention. Critical habitat includes areas with high biodiversity value that meet the criteria of the World Conservation Union (IUCN) classification, including habitats of significant importance for critically endangered or endangered species as defined by the IUCN Red List of Threatened Species; habitats of significant importance for endemic or restricted-range species; habitats supporting globally significant concentrations of migratory species and /or congregatory species; areas with unique assemblages of species or which are associated with key evolutionary processes. Primary Forests or forests of High Conservation Value (HCV) shall be considered Critical Habitats. HCV areas do not directly correspond with definitions for modified, natural and critical habitat. The HCV Resource Network, an internationally-recognized group, provides information and support on the evolving usage of HCV to ensure a consistent approach. <https://www.hcvnetwork.org/>

5. These criteria will only apply where such degradation or conversion took place specifically in anticipation or preparation for the construction of housing for which primary mortgages had been subsequently originated by Participating Banks and Non-Bank Financial Institutions and/or are likely to occur or continue post-construction.

6. Critical cultural heritage consists of one or both of the following types of cultural heritage: (i) the internationally recognized heritage of communities who use or have used within living memory the cultural heritage for long-standing cultural purposes; or (ii) legally protected cultural heritage areas, including those proposed by host governments for such designation.

7. These criteria will only apply where such impacts took place specifically in anticipation or preparation for the construction of housing for which primary mortgages had been subsequently originated by Financiers and/or are likely to occur or continue post-construction.

Financier's Name : _____

Data as of MM/YY

Principal Customer's Details											
	1	2	3	4	5	6	7	8	9	10	11
S.No	Principal Customer's Name	Principal Customer's CNIC #	Principal Customer's Facility Account#	Disbursement Date	Gender (Male/Female)	Co-Principal Customer (Y/N)	Principal Customer's Occupation	Principal Customer's Income	Household Income (in case of co-Principal Customer)	Principal Customer's Segment (Salaried/Self-employed/informal sector etc.)	Debt Burden

Facility Details									
12	13	14	15	16	17	18	19	20	21
Financing Amount	Tenor of Facility	Facility Fully Disbursed (Y/N)	Profit Rate %	Type of Pricing	Facility Maturity Date	Monthly Instalment	payment Frequency	Finance to Value (FTV)	Has the Mortgage Facility been classified as Sub-Standard during the 12 months period from the date of commencement of first instalment of principal/mark-up (Y/N)

Property Details							
22	23	24	25	26	27	28	29
Property Type (Apartment/House etc.)	Purchase Price of Property	Original Valuation as at (indicate date of valuation)	Valuation by Panel Valuers or Financier's Officers	Owner Occupied (Y/N)	Guarantee Expiry Date*	Property City	Property Province

*in respect of each Eligible Housing Finance facility, the date falling after the tenth anniversary from the date of first instalment of principal and/or profit payable by the Principal Customer in accordance with the Housing Finance facility Documents

Eligible Housing Finance facilities Performance Report

Eligible Housing Finance Facilities Monitoring Report on Performance of each of the Eligible Housing Finance facilities in Terms of Monthly Payments

Financier's Name: _____

Data as of MM/YY

Eligible Housing Finance facilities Performance Report										
Data/MIS Format										
	1	2	3	4	5	6	7	8	9	10
S.No	Principal Customer's Name	Principal Customer's CNIC #	Principal Customer's Facility Account#	Profit Rate %	Housing Finance facility Outstanding as of MM/YY	Housing Finance Instalment	Date of last Instalment Payment	Days Past Due	Last Payment Amount	Status (Regular/NPF)
1										
2										
3										
...										

Delinquent Facilities Report

Financier's Name: _____

Data as of MM/YY

Delinquent Facilities Report											
Data/MIS Format											
	1	2	3	4	5	6	7	8	9	10	11
S.No	Principal Customer's Name	Principal Customer's CNIC #	Principal Customer's Facility Account#	Original Housing Finance Facility Amount	Housing Finance facility Outstanding as of MM/YY	Housing Finance Instalment	Date of last Instalment Payment	Last Payment Amount	Number of Days past due	Current Classification Category	Details of administrative actions** including restructuring and legal actions taken by Financier to rectify delinquency
1											
2											
3											
...											

**** Administrative actions refer to calling of Principal Customers and sending Notices to settle arrears.**

GUARANTEE CLAIM REQUEST

[ON THE LETTERHEAD OF THE FINANCIER]

[Date]

To

Trustee of Credit Guarantee Trust Scheme for Low-Income Housing
Pakistan Mortgage Refinance Company Limited
6th Floor, Bahria Complex-I, M.T. Khan Road, Karachi
(hereinafter referred to as “**Trustee**”)

GUARANTEE CLAIM REQUEST

Dear Sirs:

1. Please refer to the Master Guarantee Agreement dated [●] (“**Agreement**”) and the Guarantee Agreement dated [●] (“**Guarantee**”) entered into between [●] (as the Financier) and the Credit Guarantee Trust Scheme for Low-Income Housing (“**Trust**”). Terms used in this Guarantee Claim Request but not defined shall, unless the context otherwise requires, have the same meanings as in the Guarantee Documents.
2. We hereby submit our claim under the Guarantee, and confirm that, in respect of each of the Eligible Housing Finance Facilities of which details are provided in Annexure [●] of this Guarantee Claim Request, the Principal Customer[s] [has/have] failed to make payments in accordance with the respective Housing Finance facility Documents.
3. We therefore request the Trust to credit in [our designated bank account], the Guarantee Claim Amount (to be determined by the Trustee on the basis of the Guarantee Coverage as of the date hereof) in respect of each Eligible Housing Finance Facility listed in Annexure [●] of this Guarantee Claim Request.
4. In support of our claim, we hereby certify, in respect of each Eligible Housing Finance facility listed in Annexure [●], that each of the Guarantee Claim Conditions are satisfied.
5. Please also find enclosed the following documents required to be submitted with the Guarantee Claim Request in accordance with the Clause 15 of the Islamic Scheme Manual:

(a) [insert list of documents] as given in
6. Clauses 16.12 (*Governing Law*) and 16.13 (*Jurisdiction*) of the Agreement shall stand incorporated in this Guarantee Claim Request.

7. We hereby represent and warrant that the undersigned is duly appointed and authorized to execute and issue this Guarantee Claim Request for and on behalf of the Financier.

Yours faithfully,

for and on behalf of
[FINANCIER NAME]

By:
Its:

Witnesses:

1 _____
Name:
Address:
CNIC Number:

2 _____
Name:
Address:
CNIC Number

Annexure to Guarantee Claim Request - Claim Request Data Format

Customer's Name: _____

Claim Request Data Format											
	1	2	3	4	5	6	7	8	9	10	11
S.No	Principal Customer's Name	Principal Customer's CNIC #	Principal Customer's Facility Account #	Original Housing Finance Facility Amount	Housing Finance facility Outstanding as of MM/YY	Claim Amount (Unpaid Rental + Tabarru')	Housing Finance Instalment	Date of last Instalment Payment	Last Payment Amount	Number of Days past due	Details of administrative actions** including restructuring and legal actions taken by Financier to rectify delinquency
1											
2											
..											
	12	13	14								
	Loan within Guarantee Period (Yes/No)	Loan Classified as loss (Yes/No)	Loss Classification Date (DD/MM/YY)								
1											
2											

**** Administrative actions refer to calling of Principal Customers and sending Notices to settle arrears.**

DISCHARGE LETTER

[ON THE LETTERHEAD OF TRUST]

[Date]

To

[Financier Name]

[Financier Address]

(hereinafter referred to as “Company”)

Dear Sirs:

1. Please refer to the Guarantee Claim Request dated [●] submitted by the Company pursuant to the Guarantee Agreement dated [●] (“**Guarantee**”) entered into between the Company (as the Financier) and the Credit Guarantee Trust Scheme for Low-Income Housing (“**Trust**”). Terms used in this Discharge Letter but not defined shall, unless the context otherwise requires, have the same meanings as in the Guarantee Documents.
2. We hereby confirm that your Guarantee Claim Request in respect of the Eligible Housing Finance Facilities listed in Annexure [●] of this Discharge Letter has been accepted in [full/part], and your designated account has been credited with the Guarantee Claim Amounts as specified against each Eligible Housing Finance facility in Annexure [●] of this Discharge Letter (and determined by the Trustee on the basis of Guarantee Coverage) in satisfaction of the Trust’s obligations under the Guarantee in respect of such Eligible Housing Finance facility(ies).
3. The Company acknowledges and agrees that, on receipt of the Guarantee Claim Amount(s), the Trust stands unconditionally discharged from its obligations and liabilities under the Guarantee in respect of the Eligible Housing Finance Facilities listed in Annexure [●] of this Discharge Letter.
4. Clauses 16.12 (*Governing Law*) and 16.13 (*Jurisdiction*) of the Agreement shall stand incorporated in this Discharge Letter.
5. Please kindly acknowledge your receipt of the Guarantee Claim Amount(s) and agreement to the above by executing and returning the Discharge Letter to the Trustee.

Yours faithfully,

for and on behalf of

TRUSTEE OF CREDIT GUARANTEE TRUST SCHEME FOR LOW-INCOME HOUSING
PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED

By:
Its:

Witnesses:

1 _____
Name:
Address:
CNIC Number:
Agreed and Acknowledged by:

2 _____
Name:
Address:
CNIC Number

[FINANCIER NAME]

By:
Its:

Witnesses:

1 _____
Name:
Address:
CNIC Number:

2 _____
Name:
Address:
CNIC Number

Annexure to Discharge Letter- Claim Discharge Data Format**Customer's Name:** _____

Claim Discharge Data Format							
	1	2	3	4	5	6	7
S.No	Principal Customer's Name	Principal Customer's CNIC #	Principal Customer's Facility Account #	Original Housing Finance Facility Amount	Housing Finance facility Outstanding as of MM/YY	Guarantee Claim Amount	Reason for Discharge
1							
2							
3							
..							

ENVIRONMENTAL AND SOCIAL REPRESENTATION FORM

Financier's Name: [INSERT FINANCIER'S FULL LEGAL NAME]

Data as of MM/YY

A. Environmental and Social Management System

(i) Does [INSERT FINANCIER'S FULL LEGAL NAME] have an Environmental and Social Management System? (Y/N).

If yes, please attach a copy.

(ii) Does the ESMS incorporate Applicable Environmental and Social Requirements, as defined by the Housing Finance Facility Eligibility Standards, in relation to Housing Finance facilities? (Y/N)

(iii) Does [INSERT FINANCIER'S FULL LEGAL NAME] ESMS have an environmental and social screening process in relation to Housing Finance facilities that integrates requirements of the Trustee's Environmental and Social Risk Management Policy? (Y/N)

(iv) Does [INSERT FINANCIER'S FULL LEGAL NAME] have a staff member/ unit/ department specifically responsible for management of environmental and social risks and implementation of the ESMS? (Y/N)

If yes, please provide name and contact information

B. Compliance of Housing Finance facility under Guarantee with Applicable Environmental and Social Requirements

(i) Does the Housing Finance facility for Guarantee, to the best of [INSERT FINANCIER'S FULL LEGAL NAME]'s knowledge, comply with Applicable Environmental and Social Requirements, including those set out in Housing Finance facility Eligibility Standards? (Y/N)

(ii) Is adequate documentation available for review by the Trustee and its representatives in the Housing Finance facility Files? (Y/N) *

*Check that documents stipulated in the Trustee's E&S procedures are available, such as ESIs (to the extent applicable), lease completion certificate, approved building plan, site plan, undertaking from Customer for E&S compliance of the Housing Finance facility and surveyor report are available.

(As The Financier)

For and on behalf of [INSERT FINANCIER'S FULL
LEGAL NAME] through its authorised signatory

}

SIGNATURE

Name:

Designation:

.....

AUGUST 13, 2020

SHARIAH STRUCTURE OF THE CREDIT GUARANTEE TRUST SCHEME FOR LOW-INCOME HOUSING (TRUST)

The Government of Pakistan (GOP) has initiated a Low-cost housing scheme under a Naya Pakistan Housing Program. GOP has invited the financial institutions to participate in this scheme.

The participating financial institutions shall extend the low-cost housing finance facilities to their customers. Usually the credit worthiness of low-income customer segment is low and financial institutions usually avoid extending such facility to them. The Government of Pakistan in order to promote low cost housing sector created a **CREDIT GUARANTEE TRUST SCHEME FOR LOW-INCOME HOUSING (TRUST)**, a trust established and existing under the laws of the Islamic Republic of Pakistan, acting through its trustee, Pakistan Mortgage Refinance Company Limited.

The Government of Pakistan and the Trustee have entered into a Trust Deed for the execution of a Trust, which shall provide partial credit guarantee for low-income housing (Guarantee Scheme). The Guarantee Scheme shall partially alleviate the credit risk entailed by providing housing finance to low-income customers, particularly those in the informal sector and will encourage the banks to provide housing finance to this group of customers.

The Government has appointed PMRC as the Trustee to manage, operate and administer the Trust with a seed capital of equivalent PKR of US\$10 million.

Once the Islamic Participating Financial Institutions (IPFI) agree to extend low cost housing facility to their customers using their House Financing Product as per Eligibility criteria of the scheme, the Trust shall cover the risk of this portfolio. The Trust, in order to promote this sector shall provide loss guarantee/coverage to the financial institutions against any overdue rental/ profit or default by the customers in making promised unit purchase/buy-out payments subject to

- a) It shall not exceed by 40% or any other amount as determined by the Strategic Sponsors from time to time, of their low cost housing portfolio; and
- b) Total claim against each Eligible House Finance Facility (including guarantee amount and Tabarru) shall not exceed the outstanding finance amount.

The Trust shall invest the Funds received from GOP in Shariah compliant avenues such as Sukuk etc. Claim payment for overdue profit/rental amount will be covered under the Guarantee and in addition to it the trust will give provide coverage for the outstanding buyout units as Tabarru.

In order to cover the actual administrative cost related to the aforesaid Guarantee provided for the overdue profit/rental (and not to Tabarru), estimated at 2% of the outstanding finance of the covered housing portfolio (or any other percentage) shall be paid upfront by the IPFI to the Trust for guarantee term of 10 years at the time of signing of Guarantee Agreement (as Administrative Cost of Guarantee). The Trust shall not utilize this amount in the claim settlement of upcoming losses of Islamic financial institutions. In order to keep this amount more transparent, the Trust shall keep it in a separate Shariah Compliant Bank Account/ in separate Shariah compliant investment avenues. Further, External Auditors shall provide a certificate assuring that the Trust has utilized this Administrative Cost of Guarantee to cover the actual administrative cost related to the guarantee.

The overall Islamic Credit Guarantee scheme is based on the concept of Kafalah and Conditional Tabarru.

¹. Under this Guarantee & Conditional Tabarru arrangement where the trust is providing coverage to the IPFIs incurring/classifying loss (of profit/rental & financing amount) as per PRs in their low-cost housing portfolio. At any point of time, if the facility is settled in full by the customer or regularized through restructuring or the IPFI sells the asset in the market and recovers the loss through proceeds and/or any other source(s), the recovery amount so received shall be returned to the Trust up to the amount of Guarantee & Tabarru arrangement paid by the Trust to IPFI.

Financier (IPFI) shall be entitled to submit a claim in respect of an Eligible Housing Facility covered under the arrangement subject to the fulfillment of all of the following conditions:

- (a) the claim arose during the Guarantee Term;
- (b) as of the date of the Claim Request, the Eligible Housing Facility has been in arrears and has been classified by the Financier as 'loss' in accordance with the Prudential Regulations;

¹ بخلاف باب البيع بأن من باع شيئاً ثم تبرع إنسان بأداء الثمن ثم فسخ البيع بالرد بالعيب أو بوجه من الوجوه أن للمتبرع أن يسترد ما دفع؛ لأن الدفع كان بحكم العقد وقد انفسخ ذلك العقد، وكذلك لو تبرع رجل بأداء المهر عن الزوج ثم ورد الطلاق قبل الدخول أنه يسترد منها النصف؛ لأن الطلاق قبل الدخول فسخ من وجه، ولو كانت الفرقة من قبلها قبل الدخول بها فله أن يسترد منها كل المهر، ولا يكون المهر للزوج بل يكون للمتبرع لانفساخ النكاح، هذا كله إذا أدى القابل فلو امتنع القابل عن الأداء لا يطالب بالأداء إلا إذا ضمن،
فحينئذ يؤخذ به بحكم الضمان. [بدائع الصنائع في ترتيب الشرائع (4 / 137)]

كما لو تبرع بقضاء دين غيره ثم ظهر أنه لم يكن على المتبرع عليه دين كان للمتبرع أن يرجع بما يتبرع به.
والجواب أن المتبرع إذا حصل مقصوده من التبرع لا يكون له أن يرجع بما يتبرع به كما لو وهب لذي رحم محرماً ووهب الأجنبي فعوضه، وإذا لم يحصل مقصوده من التبرع كان له أن يرجع بما يتبرع به ففي مسألة قضاء الدين مقصود تفريغ ذمة من عليه، وهذا المقصود لم يحصل لأن تفريغ الفارغ محال فكان له أن يرجع، أما في مسئلتنا مقصوده تحصيل عتق العبد، وهذا المقصود قد حصل فلا يكون له أن يرجع. [المحيط البرهاني في الفقه النعماني (4 / 115)]

فإن قيل: المتبرع يرجع بما تبرع إذا لم يحصل مقصوده من التبرع، كمن تبرع بأداء الثمن عن المشتري ثم هلك المبيع قبل القبض أو استحق فإن له الرجوع لعدم حصول مقصوده من التبرع وهو سلامة المبيع للمشتري. أجيب بأن المتبرع عليه هو المكاتب من وجه من حيث إن مقصود الأذن قضاء دينه من ماله وبعد العجز صار عبداً له من كل وجه والمولى لا يستوجب على عبده شيئاً بخلاف البائع فإن ذمته محل صالح لوجوب دين المتبرع فيثبت له حق الرجوع إذا لم يحصل مقصود. [العناية شرح الهداية (9 / 198)]

- (c) the Financier has taken all actions for the recovery, rescheduling and/or restructuring in term of Islamic principles of the Eligible Housing Facility in accordance with the Prudential Regulations and the Scheme Manual;
- (d) no Termination Event has occurred or is continuing;
- (e) the Trust's liability in relation to such Eligible Housing Facility does not otherwise stand discharged on account of a Discharge Event.

Master Guarantee Agreement, Guarantee Agreement, Islamic Scheme Manual (Islamic Guide) and all other Guarantee documents of the Credit Guarantee Scheme related to the Islamic Guarantee Product for IPFI will be prepared in accordance with this Fatwa.

والله سبحانه وتعالى اعلم

Mufti Ehsan Waquar Ahmad
Shariah Advisor

UNDERTAKING FOR E&S Compliance under CGS

I, Mr./Mrs./Ms. _____, s/o, d/o, w/o _____, having CNIC No. _____, undertake that I shall/have comply/ complied with the requirement(s) of Environmental and Social (E&S) Compliance in Credit Guarantee Scheme (CGS) of Pakistan Mortgage Refinance Company (PMRC) and shall also continue to meet and fulfil the said criteria for <Bank's Name> Home Finance under with respect to property against which, the finance is being availed. Furthermore, I hereby undertake and confirm that:

1. The construction is/will be legal and in compliance with applicable national and provincial laws and I shall not commit violation of such laws/bye laws;
2. The property is located in an area clearly designated as residential;
3. The property is/shall be built with a proper environmental assessment and NOC of Environmental Protection Agency (EPA) or relevant agencies responsible for approval of building plans where required or advised which shall be obtained for property susceptible to natural hazards / disasters (e.g. located in land slide prone area, on earthquake belt, close to the sea etc.) or locations hazardous to human habitation (e.g. waste dump sites/ landfills, drain ways, etc.);
4. The property / land is free from illegal or forced evictions of previous owners /occupants or otherwise;
5. The property / land is free from outstanding land disputes;
6. The property is not built or being built in locations and / or in a manner that involves significant degradation or conversion of critical habitats and/or legally protected areas;
7. The property is not built or being built in locations and / or in a manner that involves significant adverse impacts on critical cultural heritage;
8. While construction of the site the neighboring inhabitants will not suffer/ experience from any non-conductive environmental issues.
9. The household activities hazardous to the environment and / or human health and safety (e.g. storage or use of hazardous chemicals) shall be refrained / avoided.

I also undertake that all necessary health and safety measures as per best industry practices and standards for construction as applicable to construction of individual house will be adhered.

Furthermore, I hereby confirm that the above stated facts are true and correct to the best of my knowledge and belief and I understand that if at any time it is established that I have submitted a false statement / undertaking before the Bank, the Bank shall be entitled to terminate the financing facility, impose any penalties upon me and recover the outstanding amount including balance financed amount, charges, penalties, duties, in lump sum or otherwise.

Name of the Applicant:
CNIC #:
Date:

Witnesses: 1.

Witnesses: 2.