



EQRAZ

HALAL HOME FINANCING PRODUCT

Application Instructions

Effective Date: 22nd January 2023

DISCLAIMER: The document does not constitute an offer or agreement to provide you with halal financing. No party shall be bound until the entry into definitive agreements as further outlined under the Commitment Letter. EQRAZ reserves the right to amend the contents of this document without notice at our own discretion.

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Application Process:

1. Please visit <https://eqraz.com/mortgage-calculators/> to determine the halal financing amount you qualify for
2. Please read the attached "EQRAZ-Mortgage-Qualification-Criteria" and ensure you meet all the requirements listed, especially "confirmation of down payment", "proof of income" and tax-related documents etc.
 - o *Please note that we will conduct primary and secondary checks on all documents provided, including calls to employers, auditors, banks etc.*
3. If the qualification amount meets your requirements, please visit www.eqraz.com and click on the "Apply" button to begin your application. This will take you to our third-party mortgage application portal
4. Please complete your application, making sure to enter all required information accurately and completely, then "submit" your application; **Please note below:**
 - o If your application is incomplete, it will not be processed
 - o Do NOT submit / upload your documents in the application portal at this stage, but keep them ready
5. Once you submit your application, you will receive a confirmation email with a reference number: "VDFCF-#####". Please send us a WhatsApp to 1.888.55.EQRAZ (37729) with this application number and full names of all applicants
6. Once WhatsApp message, we will refer you to our partner mortgage broker to complete your application submission to EQRAZ for review and approval

Post-Approval Process:

1. We expect to process applications within five (5) business days **after receiving all required documents**
2. If you are pre-approved, the mortgage broker will confirm your approved halal mortgage financing amount to you, and request you to e-transfer the pre-approval fee of CAD 250 to ask@eqraz.com within 48 hours
3. Once you have paid the pre-approval fee, you will receive your Pre-Approval Letter **valid for 60 calendar days**
4. Once you accept EQRAZ' Pre-approval Letter, you will have 60 days to find an acceptable property, in accordance with your requirements and EQRAZ' approval criteria.
 - o You and your realtor should ensure that you finalize property is acceptable to EQRAZ in accordance with our "Mortgage Qualification Criteria" document. Your mortgage broker will remain available to you for any queries
5. Once you have a property finalized, you will inform your mortgage broker, who will arrange with EQRAZ to issue you a Commitment Letter, valid for 60 days (or up to your closing date, whichever comes first), containing the detailed terms & conditions of your halal financing. **Note that this Commitment Letter will be issued subject to a reconfirmation that you and your selected property meet all approval criteria.** EQRAZ retains the right to approve or reject any application at its discretion. At this time, you will be required to pay CAD 2,500 non-refundable advance deposit against



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our 1.5% mortgage closing fee. **Your Commitment Letter will not be binding on us unless this fee is paid within 72 hours of us sending you the Commitment Letter.**

6. At this time, you will be ready to proceed with the property closing inshAllah.

Expected Mortgage Terms

Please refer to "EQRAZ Mortgage Term sheet" available at www.eqraz.com/our-documents

FAQ's

Q: Why is the Pre-approval Letter valid for only 60 days?

A: In most cases, the customer's financial situation changes over time. If your Pre-Approval is more than 60 days old, we would need to review your updated financial situation, which incurs additional underwriting costs. Also, this will ensure that the "indicative" profit rate stated in your Pre-Approval is updated.

Q: Why is there a CAD 250 non-refundable pre-approval fee

A: There is a significant cost involved in reviewing your mortgage application, and this fee covers that cost.

Q: What happens if my closing date is more than 60 days away?

A: We want to be as cooperative with you as possible. In the event that your closing date is more than 60 days away, we will advise you to reapply within 60 days of your closing. If you prefer to secure your application for a closing beyond 60 days, then you will incur additional charges, as we will be required to hold funds against your application.

Q: What happens if my closing gets delayed after I have received a commitment letter?

A: It is very important that you do your best to ensure your closing date does not get delayed from the signed Offer and Acceptance Agreement. If your closing date gets delayed, we will be unable to extend your Commitment Letter validity, and you will lose your CAD 2,500 deposit.

Q: Do I need to use a specific realtor?

A: No, you are free to use the realtor of your choice. However, you and your realtor must ensure that the property you select is acceptable to EQRAZ in accordance with our "Mortgage Qualification Criteria", attached to this document.

Q: Do I need to use a specific broker?

Currently EQRAZ is working with limited approved brokers, and we will require you to apply through one of these brokers. Should you wish to work with a different broker, please ask your broker to contact our broker of record, Mr. Trevor Daly at trevor@fcfunding.ca, and he will advise further.

Halal Mortgage Qualification Criteria

Financing Purpose	Purchase / Refinance / Transfer-Switch
Maximum FTV	80%
Down Payment	Minimum 20% down payment from own resources. Gifted funds also acceptable Payments ONLY through a Canadian bank account; NO cash or overseas transfers
Beacon and Credit History	Minimum 700 beacon / FICO score Derogatory credit history to be supported with a reasonable explanation Only one major credit occurrence (bankruptcy, consumer proposal, orderly payments, or debts, etc.)
Income	<p>Standard salaried income guidelines apply for all full-time employment</p> <ul style="list-style-type: none"> - Last Two recent paystubs - Last Two years T4 slips - Most recent Employment letter based on application date - 90-day bank account history confirming deposit of earnings <p>Self-Employed Income requires:</p> <ul style="list-style-type: none"> - 2 Years T1 – Generalists with NOA and Statement of Business activities - 2 Years T4s and T5s - Last 3 months business bank statements - Articles of Incorporation - Valid Business License (will conduct a corporate name search) - Commission sales letter or employment contract confirming commission arrangement <p>Proof of income requires:</p> <ul style="list-style-type: none"> - Two most recent NOA's or - Customer must provide a signed affidavit declaring the income used to qualify - In addition, the declared income must be supported by: - 6 months bank statements and - Sales order contracts, invoices, or employment contract to confirm income generated <p>Will Follow all CMHC Guidelines</p> <p>CCB (Canada Child Benefit) allowed as a valid source of income but consideration will be given to the age of the child in order to determine how long a homeowner can rely on this source of income.</p> <p>Rental income is not allowed to be included as "qualifying income"</p>
Minimum Financing Amount	CAD 100,000.
Maximum Financing Amount	CAD 750,000 (Case by case consideration may be made for financing of up to CAD 1,250,000.)
Debt Service Ratios	Maximum GDS: 39% Maximum TDS: 44%
Amortization	300 Months
Term	Up to 60 months (subject to current policy)
Stress Test Requirement	Customers will be qualified in accordance with OSFI requirements
Appraisal	Appraisal ordered from EQRAZ approved and AACI accredited appraisers list
Prepayment Options	Annual prepayments are permitted up to 20% of the original principal on each mortgage contract.
Early Payout	Greater of 3 Months profit or Profit Rate Differential ("PRD") <see note 1>
Property Type	<p>Primary owner-occupied residential property located in major urban centers with demonstrated ongoing resale demand. Maximum 4 units with 1 owner occupied.</p> <p><i>Allowable zoning:</i> Residential. <i>Ineligible properties:</i> Pre-construction residential, Zoned Commercial, Condo hotels, Agriculture Mix use etc.</p> <p><i>Minimum property size:</i> 700 Sq ft – single family dwellings 500 Sq ft - condominiums</p> <p>Property MUST be in one of the following areas: Greater Toronto Area, Ottawa and most major cities in ON, General Vancouver Area, Edmonton, Calgary, Saskatoon, Regina, and Winnipeg. Other Areas may be included on case-to-case basis.</p>
Other Considerations	<ol style="list-style-type: none"> 1. No Second Mortgages allowed 2. Maximum number of owned properties allowed: 2

Note 1: PRD is defined as the difference between A and B (i.e., **PRD = A - B**) where:

A = Remaining profit payable at the posted Murabaha profit rate at time of prepayment, and
B = Remaining profit payable at the customer's existing Murabaha profit rate

DISCLAIMER:

These are draft guidelines for internal use only, subject to change in accordance with EQRAZ Inc.'s risk management guidelines and policies. Ultimately, EQRAZ retains the right to approve or reject all applications at its own discretion.