

# Ijarah Financing Agreement

This Agreement for Financing on the basis of Ijarah is made on the \_\_\_\_\_ day of \_\_\_\_\_, 20.....

## BETWEEN

\_\_\_\_\_  
(hereinafter referred to as the "Member" which expression shall where the context so permits mean and include its successors in interest and permitted assigns) of the one part

## AND

### ISLAMIC CRESCENT CO-OPERATIVE SOCIETY LTD

(hereinafter referred to as the "Cooperative" which expression shall where the context so permits mean and include its successors in interest and assigns) of the other part.

**IT IS AGREED BY THE PARTIES** as follows:

#### 1. PURPOSE AND DEFINITIONS

**1.1** This Agreement sets out the terms and conditions upon and subject to which the Co-operative has agreed to procure the assets from time to time from any vendor and upon which the Co-operative has agreed to lease the same to any Board-approved Member from time to time by way of Ijarah financing.

**1.2** In this Agreement, unless the context otherwise requires:

**"Agent"** means the person appointed under the terms of the Agency Agreement;

**"Agency Agreement"** means the Agency Agreement between the Co-operative and a third party representing the Cooperative/ Member as may be provided in the Ijarah agreement;

**"Business Day"** means a day on which official activities are open for normal business in Nigeria;

**"Cost Price"** means the amount which may be incurred by and/or on behalf of the Co-operative for the acquisition of the Asset plus all expenses, duties, taxes and charges incidental to and connected with acquisition of the Asset;

**"Contract Price"** means aggregate of Cost Price and a Profit margin of a specified percentage calculated thereon payable by the Member to the Cooperative for the assets as stipulated in Ijarah offer letter to be issued by the Co-operative to the beneficiary;

**"Event of Default"** means any of the events or circumstances described in Clause 6 hereto;

**"Assets"** means the landed property or machines as may be specified in the Purchase Requisition(s) to be issued by the Member from time to time;

**"Indebtedness"** means any obligation of the Member for the payment of or any sum of money due or, payable under this Agreement;

**"License"** means any license, permission, authorization, registration, consent or approval granted to the Member for the purpose of or relating to the conduct of its business;

**"Payment Date"** or **"Payment Dates"** means the respective dates for the payment of the rents on the asset or part thereof by the Member to the Cooperative as specified in Ijarah Offer Letter, or, if such respective due date is not a Business Day, the next Business Day;

**"Profit" (Margin)** means any part of the Contract Price, which is not a part of the Cost Price;

**"Parties"** mean the parties to this Agreement;

**"Principal Documents"** means this Agreement, Offer Letter, the Agency Agreement if any; and any other documents as it concerns the creation of this agreement;

**"Purchase Requisition"** means a request from time to time by the Member to the Cooperative;

**"Security Documents"** and **"Security"** as defined in Clause 3;

**"Vendor"** means the Seller from whom the Cooperative acquires Title to the Asset;

**"Naira"** or **"₦."** means the lawful currency of Nigeria;

**"Title"** means such title or other interest in the Assets as the Cooperative receives from the Seller;

**"Taxes"** includes all present and future taxes (including central excise duty and sales tax), levies, imposts, duties, stamp duties, penalties, fees or charges of whatever nature together with delayed payment charges thereon and penalties in respect thereof and;

**"Value Date"** means the date on which the Cooperative as stated in the Purchase Requisition will disburse the Cost Price.

**1.3** The recitals herein above and Ijarah Offer Letter to this Agreement shall form an integral part of this Agreement.

## **2. RENT AND PURCHASE OF THE ASSETS**

**2.1** The Cooperative agrees to lease the assets to the Member to a maximum amount of the agreed rent and the Member agrees to rent the assets from the Cooperative from time to time at such rent between **15% and 30%** mark-up profit as bench-marked by the Board. Upon receipt by the Cooperative of the Member's Purchase Requisition advising the Cooperative to purchase the Assets and making payment therefore in Cooperative's name, the Cooperative shall acquire the Assets either directly or through an Agent. The Cooperative shall make the payment for such assets directly to the Seller on submission of Purchase Advice by the member/agent.

**2.2** Upon receipt of the Asset by the Cooperative, directly or through an Agent, from the Seller and lease to the member, the assets shall be at the risk and cost of the Cooperative until such time that this asset

are transferred to the member, to be evidenced by the transfer of ownership/ title documents, duly signed and endorsed by the member.

**2.3** After the purchase of assets by the Cooperative, the member shall offer to rent the assets from the Cooperative and continue paying rent on monthly basis until the Asset Cost Price is fully paid by the member.

**2.4** The member's purchase of assets from the Cooperative at the end of the lease period shall be effected by the exchange of an offer and acceptance between the Member and the Cooperative.

**2.5** That a maximum of 8 to 36 months is provided for lease period depending on the type of assets on this financing using the installment payment window

### **3. SECURITY**

**3.1** As security for the indebtedness of the member under this Agreement, the member shall:-

(a) Be obliged to secure his indebtedness with his number of shareholdings or the assets as appropriate for the prospective item(s);

(b) Execute such further deeds and documents on the assets as may from time to time be required by the Cooperative for the purpose of more fully securing and or perfecting the security created in favour of the Cooperative;

(c) Create such other securities to secure the member's obligations under the Principal Documents as the parties hereto, may by mutual consent agree from time to time.

(The above are hereinafter collectively referred to as the "**Security**").

### **4. PAYMENT OF CONTRACT PRICE**

a. Contract Price shall be paid in installment on monthly basis continuously until the cost price of the Asset is fully settled by the member as stated in the Offer Letter.

b. The Member shall inform the Cooperative within twenty (20) business days of an event or happening, which may have an adverse effect on the financial condition of the member.

### **5. UNDERTAKING**

The Member covenants to and undertakes with the Cooperative that so long as the Member is indebted to the Cooperative in terms of this Agreement:

(a) It shall inform the Cooperative of any Event of Default or any event, which with the giving of notice or lapse of time or both would constitute an Event of Default forthwith upon becoming aware thereof;

(b) Except as required in the normal operation of its business and/or activities, the Member shall not, without the written consent of the Cooperative, sell, transfer, lease or otherwise dispose of all or a sizeable part of its assets, or undertake or permit any merger, consolidation, dismantling or re

organization which would materially affect the Member's ability to perform its obligations under any of the Principal Documents;

(c) It shall forthwith inform the Cooperative of:

Any event or factor, any litigation or proceedings pending or threatened against the Member which could materially and adversely affect or be likely to materially and adversely affect:

(i) the financial condition of the Member;

(ii) business or operations of the Member; and

(iii) the Member's ability to meet its obligations when due under any of the Principal Documents;

(iv) Any actual or proposed termination, rescission, discharge (otherwise than by performance), amendment or waiver or indulgence under any material provision of any of the Principal Documents;

## **6. EVENTS OF DEFAULT**

**6.1** There shall be an Event of Default if in the opinion of the Cooperative

(a) Any Indebtedness of the Member to the Cooperative in excess of what is due in a particular payment period of two consecutive months in a payment period that is not paid when due or becomes due or capable of being declared due prior to its next aggregate maturity;

(b) Any action, supposed action and/or inaction of the Member in reference to clause 5 & 6 shall be deemed to have constituted a breach and a default.

**6.2** Notwithstanding anything contained herein, the Cooperative may without prejudice to any of its other rights, at any time after the happening of an Event of Default by notice to the Member declare that entire cost price of the Asset plus any outstanding rent by which the Member is indebted to the Cooperative shall forthwith become due and payable or withdraw the assets.

## **7. PENALTY**

**7.1.** Where any amount is required to be paid by the Member under the Principal Documents on a specified date and is not paid by that date, or an extension thereof, permitted by the Cooperative without any increase in the rent payable, the Member shall be made to pay 5% cost on rent payable at every expected payment period. Please note that the cost of penalty shall not be cumulated to the next payment of rent period except when fresh default occurs. Every period of default shall attract a 5% penalty which shall be channeled to a charitable organization.

## **8. INDEMNITIES**

The Member shall indemnify the Cooperative against any expense, which the Cooperative shall prove, as rightly incurred by it as a direct consequence of:

(a) The occurrence of any Event of Default,

(b) Any mis-representation and its consequences.

**9. GENERAL**

**9.1** This Agreement represents the entire agreement and understanding between the Parties in relation to the subject matter and no amendment or modification to this Agreement will be effective or binding unless it is in writing, signed by both Parties and refers to this Agreement;

**9.2** This Agreement shall be governed by and shall be construed in accordance with Cooperative By-law and in consonance with the Federal Republic of Nigeria Laws. Any competent courts, shari’ah court inclusive shall have the non-exclusive jurisdiction to hear and determine any action, claim or proceedings arising out of or in connection with this Agreement.

**9.3** Nothing contained herein shall prejudice or otherwise affect the rights and remedies that may otherwise be available under law to the parties.

**9.4** Any reconstruction, division, re-organization or change in the bye-laws of the Cooperative or its absorption in or amalgamation with any other person or the acquisition of all or part of its undertaking by any other person shall not in any way prejudice or affect its rights hereunder.

**9.5** The two parties agree that any notice or communication required or permitted by this agreement shall be deemed to have been given to the other party seven days after the same has been posted by registered mail or the next Business Day if given by any other electronic means, or the next Business Day as counted from the date of delivery if delivered by courier mail;

**IN WITNESS WHEREOF**, the Parties to this Agreement has caused this Agreement to be duly executed on the date and year first aforementioned.

**PARTIES**

**WITNESSES**

.....  
**(Secretary to the Board)**

.....  
**(Name & Signature) For the Cooperative**

.....  
**Member (Beneficiary)**

.....  
**(Name & Signature) For the Member**

**ISLAMIC CRESCENT COOPERATIVE SOCIETY LIMITED**  
**PURCHASE REQUISITION ORDER (REFERENCE: IJARAH FINANCING AGREEMENT)**

Ref.....

Date.....

Requested By .....

Identification of Item(s) .....

Model/Year .....

Latest Date Required .....

Suggested Seller (if any) .....

Quantity	Description	Estimated cost	
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		Unit	₹

Authorized Signatory.....

Date.....