

**Murabaha Financing Agreement**  
(For Corporate Clients-Local Purchases)

This Agreement for Financing on the basis of Murabaha is made on the \_\_\_\_\_ day of \_\_\_\_\_ (Month), 20.....

**BETWEEN**

\_\_\_\_\_  
(hereinafter referred to as the "Client" 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 COOPERATIVE 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**

**1.01** This Agreement sets out the terms and conditions upon and subject to which the Cooperative has agreed to purchase the Goods from time to time from any Supplier and upon which the Cooperative has agreed to sell the same to any Board-approved Client from time to time by way of Murabaha financing.

**1.02** 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 Cooperative and a third party representing the Cooperative/ Client as may provided in the Murabaha 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 Cooperative for the acquisition of Goods plus all costs, duties, taxes and charges incidental to and connected with acquisition of Goods;

**"Contract Price"** means aggregate of Cost Price and a Profit margin of a specified percentage calculated thereon payable by the Client to the Cooperative for Goods as stipulated in Murabaha Document 2 of the Murabaha agreement to be issued by the Cooperative from time to time;

**"Declaration"** means Declaration as set out in Murabaha Document 2;

**"Event of Default"** means any of the events or circumstances described in Clause 8 hereto;

**"Goods"** means the Goods as may be specified in the Purchase Requisition(s) to be issued by the Client from time to time;

**"Indebtedness"** means any obligation of the Client 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 Client 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 installments of the Contract Price or part thereof by the Client to the Cooperative as specified in Murabaha agreement hereto, 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, 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 Client to the Cooperative as per Murabaha Document 1;

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

**"Supplier"** means the supplier from whom the Cooperative acquires Title to the Goods;

**"Secured Assets"** means any item, property, valued document approved by the Cooperative and offered as security by the Client;

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

**"CBN"** means the Central Bank of Nigeria;

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

**"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.

**1.02** The recitals herein above and Murabaha Documents to this Agreement shall form an integral part of this Agreement.

## **2. SALE AND PURCHASE OF THE GOODS**

**2.01** The Cooperative agrees to sell the Goods to the Client to a maximum amount of the agreed contract price and the Client agrees to purchase the Goods from the Cooperative from time to time at such Price which is inclusive of 15% mark-up profit as bench-marked by the Board. Upon receipt by the Cooperative of the Client's Purchase Requisition advising the Cooperative to purchase the Goods and making payment therefore on his/her behalf, the Cooperative shall acquire the Goods either directly or

through an Agent. The Cooperative shall make the payment for such goods directly to the Supplier on submission of Purchase Advice by the client/agent.

**2.02** Upon receipt of Goods by the Cooperative, directly or through an Agent, from the Supplier, the Goods shall be at the risk and cost of the Cooperative until such time that these Goods are sold to the Client, to be evidenced by the acceptance /Goods Received note, duly signed and endorsed by the Client (Murabaha Document 4)

**2.03** After the purchase of Goods by the Cooperative, the Client shall offer to purchase the Goods from the Cooperative at the Contract Price in the manner provided in the Murabaha Doc 2 of the Declaration.

**2.04** The Client's purchase of Goods from the Cooperative shall be effected by the exchange of an offer and acceptance between the Client and the Cooperative as stipulated in the Declaration.

**2.05** That a maximum of Eight (8) months is provided for repayment on this financing using the installment payment window

**2.06** That a rebate of 5% shall be given for early payments not exceeding four (4) months of the entire life of the financing.

### **3. SECURITY**

**3.01** As security for the indebtedness of the Client under this Agreement, the Client shall:-

(a) Be obliged to secure his indebtedness with his number of shareholdings as appropriate for the prospective item(s), and as substantially attached hereto in Murabaha Document

(b) Execute such further deeds and documents 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 and the Murabaha financing;

(c) Create such other securities to secure the Client'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**

**4.01** All payments to be made by the Client under this Agreement shall be made in full, without any set off, roll over or counterclaim whatsoever, on the due date and when the due date is not a Business Day, the following Business Day and save as provided in this agreement, free and clear of any deductions or withholdings, to a current account of the Cooperative as may be notified from time to time, and the Client will only be released from its payment obligations hereunder by paying sums due into the aforementioned account. All other deductibles or regulatory or transactional costs (i:e VAT etc) shall be borne by the client outside the contract price.

### **5. REPRESENTATIONS AND WARRANTIES**

The Client warrants and represents to the Cooperative that:

- a.** The execution, delivery and performance of the Principal Documents by the Client will not
- (i)** contravene any existing law, regulations or authorization to which the Client is subject
  - (ii)** result in any breach of or default under any agreement or other instrument to which the Client is a party or is subject to, or
  - (iii)** contravene any provision of the constitutive documents of the Client or any resolutions adopted by the Board of Directors or members of the Client;
- a.** All requisite corporate and regulatory approvals required to be obtained by the Client in order to enter into the Principal Documents are in full force and effect and such approvals permit the Client, inter alia, to obtain financial facilities under this Agreement and perform its obligations hereunder and that the execution of the Principal Documents by the Client and the exercise of its rights and performance of its obligations hereunder, constitute private and commercial acts done for private and commercial purposes;
- b.** It 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 client.

## **6. UNDERTAKING**

The Client covenants to and undertakes with the Cooperative that so long as the Client 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 Client 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 Client's ability to perform its obligations under any of the Principal Documents;
- (c)** The Client shall not (and shall not agree to), except with the written consent of the Cooperative, create, incur, assume or suffer to exist any Lien whatsoever upon or with respect to the Secured Assets and any other assets and properties owned by the Client which may rank superior, pari-passu or inferior to the security created or to be created in favour of the Cooperative pursuant to the Principal Documents;

**(g)** It shall forthwith inform the Cooperative of:

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

- (i)** the financial condition of the Client;
- (ii)** business or operations of the Client; and

(iii) the Client'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;

(vi) any material notice or correspondence received or initiated by the Client relating to the License, consent or authorization necessary for the performance by the Client of its obligations under any of the Principal Documents

## **7. EVENTS OF DEFAULT**

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

(a) Any Indebtedness of the Client to the Cooperative in excess of what is due in a particular payment period amounting to 25% that is, 125% aggregate 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;

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

**7.02** 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 Client declare that entire amount by which the Client is indebted to the Cooperative shall forthwith become due and payable.

## **8. PENALTY**

**8.1.** Where any amount is required to be paid by the Client 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 Contract Price, the Client shall be made to pay 5% cost on contract price at every expected payment period. Please note that the cost of penalty shall not be cumulated to the next payment period except when fresh default occurs. Every period of default shall attract a 5% penalty which shall be channeled to a charitable organization.

## **9. INDEMNITIES**

The Client 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.

## **10. GENERAL**

**10.01** 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;

**10.02** 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 Constitution. Any competent courts shall have the non-exclusive jurisdiction to hear and determine any action, claim or proceedings arising out of or in connection with this Agreement.

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

**10.04** 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.

**10.05** 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.

**WITNESSES**

.....  
**(Secretary/ Legal Adviser)**  
For the Cooperative

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

.....  
**Client**

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

**ISLAMIC CRESCENT COOPERATIVE SOCIETY LIMITED**  
**PURCHASE REQUISITION ORDER (REFERENCE: MURABAHA FACILITY AGREEMENT)**

Ref.....

Date.....

Requested By.....

Identification of Item(s).....

Model/Year.....

Latest Date Required.....

Suggested Supplier (if any).....

Q u a n t i t y	D e s c r i p t i o n	E s t i m a t e d c o s t	
		U n i t	₹

Authorised Signatory.....

Date.....