



Premier Home Finance

Product information

alrayanbank.co.uk

Understanding your needs

Premier Home Finance from AlRayan Bank helps you buy or refinance your holiday home or investment property in a way that doesn't involve interest.

Unlike a conventional mortgage where the purchaser borrows money from a lender which is then repaid with interest, Premier Home Finance uses the Islamic finance principle of Commodity Murabaha (Tawarruq).

We have a dedicated team of experts available who will guide you through the stages of your Premier Home Finance enquiry.

Our team not only understands the property buying and refinancing processes but also understands the Sharia principles involved.

They will provide the necessary information and assistance for you to make an informed decision.

Why Choose Premier Home Finance

- Property finance in line with Sharia principles.
- You can buy or refinance your chosen property.
- You can make monthly payments that includes finance amount and profit, or if you prefer.
- You can choose a 'profit-only' option – paying the finance amount at the end of the term.
- You can make additional voluntary payments (admin fee applies).
- You will take legal ownership once the transaction is complete: with AlRayan Bank holding a charge as security until the finance amount is paid in full.

Eligible properties

- Freehold residential properties in England & Wales.
- Leasehold properties (minimum 80 years remaining + finance term).



How Premier Home Finance works

At AlRayan Bank, we use a Sharia-compliant structure called Commodity Murabaha (Tawarruq) to help you purchase your chosen property. This method has been fully approved by our independent Sharia Supervisory Committee (SSC).

To learn more about the SSC and the Islamic finance principles behind Commodity Murabaha, please visit www.alrayanbank.co.uk/islamic-finance.

How your payments will be structured:

- You will repay the Bank over your chosen term on a deferred payment in accordance with a pre-agreed commodity total sales price (cost + profit).
 - Each payment represents part of the agreed deferred price, which includes the property cost and the Bank's profit.
 - We also offer a profit-only option, where you pay only the profit during the term. The full finance amount will then be due at the end of the finance term.
- Every quarter a new Murabaha trade is executed, and the profit rate for that period is set in line with market conditions. This means the profit rate applied in future Murabaha transactions may go up or down depending on the market conditions.
 - You can make additional voluntary payments during the profit review month. At the Bank's discretion, these may help reduce your future monthly payments or shorten your overall finance term.



Getting Started with Your Premier Home Finance

Step 1: Request a Quotation

A quotation from AlRayan Bank will:

- Confirm your basic eligibility for Premier Home Finance.
- Give you an estimate of your monthly payments.
- Outline the key features of Premier Home Finance and the services we offer.

You can request a quotation by contacting our Premier team. Quotations are valid for 90 days.

Step 2: Make an Application

You can apply over the phone or by visiting our Premier office.

We'll ask you to provide original documents such as payslips and bank statements.

Once we receive everything, we'll carry out a credit check using Credit Reference Agencies.

If you're applying for our offshore facility, we'll need some additional information.

Step 3: Property Valuation

We'll arrange a valuation to make sure the property is suitable for the finance amount you've requested.

- Different types of surveys are available, depending on how detailed you want it to be.

(See our Premier Home Finance Tariff List for more information.)

- If you're applying for Buy to Let, the valuation will include a rental assessment.

The rental income will help determine how much finance we can offer.

Please note: Even if you pass the credit check, your application may still be declined if your documents don't support the details provided. In this case, the valuation fee may not be refunded.

Step 4: Underwriting

Once we have all your documents, our Underwriting team will carry out a full assessment of your application.

Step 5: Offer Pack

If your application and valuation are approved, we'll send you an offer pack.

A copy will also be sent to your solicitor.

- You must sign and return the offer within 90 days.
- The offer is valid for 4 months from the date it's issued.
- If completion doesn't happen within this time, you'll need to submit a new application.

Please read all documents carefully before signing.

Step 6: Conveyancing

Your solicitor will manage the legal process of transferring ownership.

They'll carry out property searches and request the title deeds.

Let your solicitor know your preferred completion date and stay in regular contact to ensure everything progresses smoothly.

Step 7: Completion

The property will be purchased on the agreed date.

Make sure you've transferred any deposit and fees to your solicitor in advance to avoid delays.

You'll also need to arrange buildings insurance before completion.

Step 8: Payment Confirmation

After completion, we'll send you a letter confirming your monthly payments.

Please note: Your first payment may be slightly different from the others, depending on the number of days between completion and your first payment date.

Buildings Insurance

Buildings insurance is a mandatory requirement of Premier Home Finance. It protects the property against damage from events such as fire, flooding, or structural issues.

The full details will be outlined in the 'Notice to Insure' letter, which we'll send to you and your solicitor along with your offer documents.

Here's what you need to do:

- The property must be covered by a standard "all risks" buildings insurance policy, for at least the minimum amount stated in the valuation report.
 - If the property is being rented out, you'll need a policy that's specifically designed for landlords.
 - AlRayan Bank must be listed as the first loss payee on the policy, using the following details:
- Your solicitor must provide us with a certified copy of the insurance policy before we can complete the transaction.

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Frequently Asked Questions

– Premier Home Finance

Q. Should I get independent advice before applying?

A. AlRayan Bank offers this product on an execution-only basis, which means we do not provide financial advice.

If you're unsure whether Premier Home Finance is right for you, we recommend speaking to an Independent Financial Adviser (IFA).

We'll provide all the information you need, but the decision to apply is entirely yours.

Q. Why are Sharia-compliant products linked to conventional benchmarks like the Bank of England Base Rate (BBR)?

A. Sharia allows the use of widely recognised benchmarks, as long as they are transparent and publicly available. We use benchmarks such as the BBR to help determine the profit rate for each Murabaha transaction, ensuring that pricing is fair, consistent, and free from uncertainty.

Linking to a benchmark does not affect the Sharia-compliant nature of the product, as the profit margin for each trade is fixed and agreed upon at the time the Murabaha trade is executed.

Q. If AlRayan Bank doesn't charge interest, why are percentage rates shown?

A. We display percentage rates so you can easily compare our products with those offered by conventional banks.

A percentage simply shows the proportion of profit charged – it does not mean interest is being applied.

Q. Can I make additional payments to reduce my Premier Home Finance balance?

A. Yes. You can make additional voluntary payments. At the Bank's discretion, these may help reduce your future monthly payments or shorten your overall finance term.

To be included in your upcoming finance review, payments must be made by the 20th day of the review month.

- Minimum payment: £2,000.
- Admin fee: £25.

Payments made earlier than the 20th will not be applied until the next scheduled Murabaha transaction.

For full details, please refer to the Premier Home Finance Tariff List.

Q. Why are two sets of solicitors involved?

A. The Law Society recommends that Islamic finance transactions involve two sets of solicitors:

- One to represent you.
- One to represent AlRayan Bank.

Q. Can I refinance with AlRayan Bank?

A. Yes. You can switch to AlRayan Bank from a conventional mortgage or another Islamic finance provider.

Q. Why does AlRayan Bank review the profit rate?

A. We review the profit rate to ensure your Premier Home Finance remains competitive and reflects market conditions.

When the benchmark rate changes, the profit for the next Murabaha transaction may increase or decrease accordingly.

We also consider any additional voluntary payments you've made when calculating your future instalment or the remaining finance term.

Q. Can I sell the property in the future?

A. Yes, you can sell the property at any time.

However, you'll need to repay:

- Any outstanding profit due for the current Murabaha transaction.
- The remaining deferred finance balance.

We'll release our legal charge once all amounts owed are settled.

Q. If I sell the property at a profit, do I share it with AlRayan Bank?

A. No. Any profit from the sale is yours alone. AlRayan Bank does not take a share.

Q. Can I sell the property if it's in negative equity?

A. Yes, but you'll still need to settle the full profit for the Murabaha transactions and any outstanding deferred finance balance.

Selling in negative equity means you may incur a financial loss.

Q. Will I have to pay Stamp Duty if I refinance my existing property?

A. No. Stamp Duty Land Tax (SDLT) is only payable on new property purchases, not on refinancing.

Q. Does AlRayan Bank manage gas and electrical certificates?

A. No. As the property owner, you are responsible for all maintenance, including gas and electrical safety certificates.





Privacy notice

We are committed to protecting your personal data in accordance with applicable data protection laws. For details on how we collect, use, and protect your information, and to learn about your rights, please refer to our Privacy Notice.

alrayanbank.co.uk/privacy-notice

If we don't get it right

AlRayan Bank will endeavour to ensure that you receive the highest standard of service and that you are treated with courtesy at all times. If you are unhappy with any aspect of our service, we would like to know why.

For a copy of our Customer Care leaflet dealing with our complaint handling procedures, please visit alrayanbank.co.uk/contact-us

Want to know more about any of our products or services?

Visit: alrayanbank.co.uk

YOUR HOME MAY BE AT RISK IF YOU DO NOT KEEP UP THE PAYMENTS ON YOUR HOME

Al Rayan Bank PLC trading as AlRayan Bank PLC is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority and the PRA.

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