

Model Syndication Mudarabah Agreement

THIS AGREEMENT

is entered into this _____ day of _____ 200 _____.

BETWEEN

[Name of Institution] a company duly organised under the laws of Pakistan having its registered office at [address] (hereinafter referred to as the **Mudarib**).

AND

[name of the investing person/company/body], _____, having its place of business at / resident of _____ (hereinafter referred to as **Rab Al-Maal**).

WHEREAS, the Mudarib is a financing institution offering financial services, including but not limited to the investment of funds in short and medium-term transactions in accordance with the Islamic Shariah;

WHEREAS, the Mudarib is currently entering into a Murabaha Financing Agreement with [name and address of Client] (hereinafter referred to as the Client) to finance the acquisition of materials (hereinafter referred to as the Goods)

WHEREAS, the Rab Al-Maal desires to invest, among other investors, an amount of [currency and amount] for the financing of the said Goods in accordance with the terms and conditions of the Murabaha Financing Agreement dated _____ between Mudarib and Client.

THEREFORE, the parties hereto agreed upon the following:

1. The Rab Al-Maal hereby agrees to entrust to the Mudarib an amount of (currency and amount) to be invested together with the other investors' funds for the purpose of acquisition of the Goods specified in the Murabaha Financing Agreement. Such amount shall be remitted to the Mudarib upon written request sent by the Mudarib to the Rab-al-Maal. The said remittance shall be made at least four (4) working days before the effective date of Murabaha financing.
2. The Mudarib undertakes to invest the amount entrusted to it by the Rab Al-Maal together with the funds of the other investors in the acquisition of the Goods in accordance with the terms and conditions of the Murabaha Financing Agreement. All the Murabaha Financing documents will be made out in the name of the Mudarib, and will be held by him on behalf of the Rab Al-Maal and the other investors.
3. The Rab Al- Maal has independently studied and is satisfied with the Murabaha financing. The liability of the Rab Al-Maal is, however, limited to the funds entrusted to the Mudarib in accordance with this Agreement.
4. The Mudarib undertakes to maintain the funds entrusted to it separate from its own assets and away from the claims of its creditors.

DISCLAIMER: This sample contract is provided for example purposes only. It should not be duplicated without consideration of a particular situation. One should always seek the expert legal opinion of, at minimum, a qualified Islamic finance scholar and a registered legal counsel for the relevant jurisdiction. Laws vary by jurisdiction and certain provisions in this sample contract may not be enforceable. This sample contract is for illustrative purposes only and its user indemnifies the sender for any wrongdoing.

5. The profit generated from Murabaha Financing Agreement shall be distributed on a pro-rata basis to the investors including the Rab Al-Maal as follows:

- (i) [] % of the profit on a pro-rata basis to the Rab Al-Maal;
- (ii) [] % of the profit to the Mudarib.

The profit distribution formula given above may be amended by the mutual written agreement of both parties.

6. The Mudarib shall pay to the Rab Al-Maal its part in the profit received with respect to the investments made in accordance with the Murabaha Financing Agreement not later than the following business day as of the date of any payment received whether on principal, profit or any other account whatsoever.

7. The Mudarib's obligations to make payments to the Rab Al-Maal under this Agreement in respect of the Rab Al-Maal's investment is conditional upon the Mudarib receiving the corresponding payments from the Client in accordance with the Murabaha Financing Agreement dated

8. It is understood and acknowledged by the Mudarib that any collateral or security held in the Mudarib's name is for the benefit of the Mudarib, the Rab Al-Maal and the other investors on a pro-rata basis.

9. As provided by the Islamic Sharia, the Mudarib is liable for any loss of the capital invested under this Agreement only if it is proven that the Mudarib has breached the conditions of this Agreement or proven to be negligent in keeping or managing the said capital.

10. In case of default of the client, the Mudarib shall inform the Rab Al –Maal and the other investors and take necessary action on their behalf as it deems fit to protect their interest.

11. This Agreement shall be governed by the law of Islamic Republic of Pakistan. Any court of competent jurisdiction located at [] shall have the jurisdiction to adjudicate upon all disputes and differences in connection with this Agreement.

12. This Agreement shall become effective on [] and shall continue to be valid up to [].

Mudarib
(Duly authorized signatory)

Rab-Al-Maal
(Duly authorized signatory)

Witnessed

1. Name: _____

Signature: _____

1. Name: _____

Signature: _____

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EXHIBIT A	PROJECT INFORMATION FORM
EXHIBIT B	CASH FLOW AND REVENUE PROJECTION FOR PROJECT AND MANAGEMENT SERVICES
EXHIBIT C	SCHEDULE OF EXPENSES
EXHIBIT D	CLIENT INFORMATION FORM
EXHIBIT E	DRAW DOWN DATES
EXHIBIT F	AUTHORISED SIGNATORIES

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