

**T&Cs for Mortgage Loans Under State Support Programme for Providing Access to Affordable Housing to Families Displaced from Certain Regions of Artsakh<sup>1</sup>**

(Loans are granted using the resources of “Home for Youth” RCO CJSC and “National Mortgage Company” RCO CJSC)

**Information Bulletin**

<b>1.</b>	<b>Main T&amp;Cs</b>		
1.1	Place of loan execution	Bank branches/Head Office	
1.2	Client target group	Beneficiary of the State Support Program for Providing Access to Affordable Housing to Families Displaced from Certain Regions of Artsakh <sup>1</sup>	
1.3	Loan purpose	Purchase of residential real estate in Armenia with mortgage loan	
1.4	Currency	Armenian drams (AMD)	
1.5	Term	120 months	
1.6	Loan resources	“Home for Youth” RCO CJSC (from primary or secondary market)	“National Mortgage Company” RCO CJSC (from primary or secondary market)
1.7	Nominal annual interest rate	In case of purchasing residential real estate with mortgage loan in regional settlements of Armenia - <b>10%</b>	
		In case of purchasing residential real estate with mortgage loan in Yerevan	
		<ul style="list-style-type: none"> <li>• In case of a loan in the amount of up to AMD 8 mln inclusive, or in case of combining several certificates, provided that the loan does not exceed the total value of certificates - <b>8%</b></li> </ul>	
		<ul style="list-style-type: none"> <li>• In case of a loan ranging from AMD 8 mln to AMD 22.5 mln inclusive - <b>10%</b></li> </ul>	In case of a loan ranging from AMD 8 mln to AMD 35 mln inclusive - <b>10%</b>
1.8	Annual effective interest rate	8,5-11.5%	
1.9	Type of interest rate	Fixed	
1.10	Minimum loan amount	AMD 1,000,000	
1.11	Maximum loan amount	AMD 22,500,000	AMD 35,000,000
		Family members* can combine their certificates (maximum 3 certificates) to purchase a real estate, where the amount of support shall be determined in compliance with the combined value of certificates.	

\*For the purposes of this programme as members of family are treated: father, mother, spouse, spouse's parents, grandparents, sister, brother, children, sister's spouse and children, brother's spouse and children, grandchildren, as well as any person who has actually (permanently) resided with this family during the specified period.

Within the framework of the programme, family members defined under this clause can be members of the same or

<sup>1</sup> The status of a Programme Beneficiary is established under a certificate issued by the Unified Social Service of the Ministry of Labor and Social Affairs of the Republic of Armenia

different beneficiary families, but the same family member can be a member of only one beneficiary family.		
1.12	Maximum loan amount fully subsidized by the state	AMD 8,000,000 For acquisition of a residential real estate with a mortgage loan in Yerevan
		AMD 10,000,000 For acquisition of residential real estate in regional settlements with a mortgage loan
		AMD 12,000,000 For acquisition with a mortgage loan of residential real estate under this programme in rural communities established by the RA Government decision
1.13	Prepayment	The minimum amount of advance payment shall make up at least: <ul style="list-style-type: none"> <li>• 10% of estimated and acquisition price of residential real estate purchased from both primary and secondary markets if the assistance is provided in Yerevan</li> <li>• 2.5% - if the assistance is provided in regional settlements of Armenia</li> <li>• 1% – if the beneficiary has minimum 4 children of minority age or if all family members included in the certificate are aged 65 or older.</li> </ul>
1.14	Maximum loan/collateral value (calculated based on the market value of the collateral)	<ul style="list-style-type: none"> <li>• 90% - if the support is provided in Yerevan</li> <li>• 97.5% - if the support is provided in the regional settlements of the Republic of Armenia</li> <li>• 99% - if the beneficiary has minimum 4 children of minority age or if all family members included in the certificate are aged 65 or older.</li> </ul>
1.15	Manner of repayment	Annuity payments <sup>2</sup>
1.16	Manner of loan provision	One-time, non-cash
1.17	Early repayment of loan	Permissible, no fines or penalties are applied
1.18	Term of loan application review	7 business days
1.19	Maximum term of validity of the favourable decision on loan issuance	30 business days from the date of favourable decision on loan granting
1.20	Term of loan provision	The loan shall be provided to the borrower within 1 business day after signing the loan contracts and collateral certificate
<b>2.</b>	<b>Bank fees</b>	
2.1	One-time fee for loan provision	N/A
2.2	Monthly fee for loan servicing	N/A
2.3	Fines for failure by the borrower to fulfil loan commitments	<ul style="list-style-type: none"> <li>• For failure to repay interests when due, the Bank shall charge a penalty from the Borrower for each day of default equal to 0.13% of the amount past due.</li> <li>• In case of failure to repay the credit when due as prescribed by contract terms, the calculation of interests under the contract shall be suspended and effective from that day until the actual repayment of the arrears, interests shall be accrued on the overdue amount equal to the twofold of the settlement rate of the bank interest set by the Central Bank of RA.</li> <li>• In case of fulfilling overdue obligations, repayments shall be made in the following order: <ol style="list-style-type: none"> <li>1) Fines/penalties</li> <li>2) Interest amounts</li> <li>3) Principal</li> </ol> </li> </ul>

<sup>2</sup> In case monthly mortgage payments (the principal and interests) exceed the support limit, the variance between the monthly payments and the support amount specified in the mortgage payment schedule is paid by the beneficiary.

		The Bank is entitled to impose a forfeiture on the collateral or sell it out without applying to court**
		** In case of foreclosure of the mortgaged real property, where a secured claim is not satisfied in full on the account of the amount received from the sale, the difference should be charged from other assets of the borrower.
<b>3.</b>	<b>Security</b>	
3.1	Collateral	<p>Acquired real estate:  In case of primary market - right to purchase real estate, and in case of developers not cooperating with the Bank- additional real estate.  The Bank shall accept as collateral the real estate that meets the Bank's internal procedure requirements and is acceptable for the Bank. Moreover, the Bank shall consider acceptability of real estate only in case of mortgage loans exceeding AMD 8 mln in Yerevan and AMD 10 mln in regional settlements of the Republic of Armenia, respectively, and AMD 12 mln in selected rural communities of Armenia<sup>3</sup>.</p> <ul style="list-style-type: none"> <li>• If financed by "Home for Youth" RCO CJSC - with a completion status of 80% or more,</li> <li>• No limitations on estimated and acquisition price of real estate.</li> </ul>
3.2	Requirements to property	<ul style="list-style-type: none"> <li>• The property acquired after September 27, 2020 was not owned by any of the beneficiary family members and was not in their shared ownership, i.e. the real estate cannot be purchased from an individual who is a family member of the borrower/co-borrower, namely borrower/co-borrower's father, mother, husband/wife, spouse's parents, grandparents, brother, sister/sister's brother's husband/wife and child.</li> <li>• Ownership of the acquired residential real estate is registered in the name of all members of the beneficiary family having citizenship of the Republic of Armenia (except for children and co-borrowers, non- family members),</li> <li>• In case the right to property during the term of the mortgage loan is registered in the name of other persons (excluding family members) (regardless of the size of the share), provision of monetary support is fully terminated. The amount of state support paid as of that moment is not refundable to the state,</li> <li>• In case of alienation of residential real estate during the term of the mortgage loan, the amount of state support is refundable to the state in a mutually agreed way or in a judicial proceeding.</li> </ul>
<b>4.</b>	<b>Assessment and insurance of collateral</b>	
4.1	Assessment of collateral	Assessment of real estate should be carried out by an independent appraiser cooperating with the Bank.
4.2	Insurance <sup>4</sup>	<p>Insurance of mortgaged real estate (in the amount of the loan balance) and accident insurance of the borrower and co-borrowers (in the amount of the loan balance).  Moreover, the amount of support to be provided or already provided by the state is not included in the calculation of the loan balance.  Accident insurance of mortgaged real estate and borrowers and co-borrowers is carried out annually exclusively by companies cooperating with the Bank.</p>
<b>5.</b>	<b>Requirements to Borrower/ Co-borrower/Mortgagor</b>	
5.1	Mortgagor	Only the beneficiary and all members of his/her family with RA citizenship as indicated in the certificate (except for children and co-borrowers who are

<sup>3</sup> Except for cases where these loans are provided through combining several certificates and the amount of loan provided does not exceed the amount of combined certificates

<sup>4</sup> Applies only to mortgage loans exceeding AMD 8 mln for Yerevan, AMD 10 mln for regional settlements of Armenia and AMD 12 mln for rural communities of Armenia, except for cases when these loans are granted by combining several certificates and the loan amount to be issued does not exceed the amount of the combined certificates.

		<p>non-family members). In case of additional property collateral, there may be a third party.</p> <p>In case of loans refinanced by National Mortgage Company RCO CJSC, the persons indicated in the certificate must be members of the same family (for the purposes of National Mortgage Company RCO CJSC regulation, a family member is: father, mother, spouse, spouse's parents, grandparents, sister, brother, children, spouse and sister/brother's children.</p>
5.2	Borrower	A natural person programme beneficiary having submitted relevant certificate issued by the Unified Social Service of the RA Ministry of Labour and Social Affairs or a family member identified in the certificate.
5.1	Co-borrower	<ul style="list-style-type: none"> <li>As a co-borrower may act a resident natural person, citizen of Armenia having reached the age of 18 who is a family member of the Borrower for the purposes of this programme.</li> <li>As a co-borrower may act a natural person-resident, citizen of Armenia having reached the age of 18. Co-borrower(s) should be member(s) of the Borrower's family. For the purposes of NMC programme as family members are treated: father, mother, spouse, spouse's parents, grandparents, sister, brother, children, sister's/brother's spouse and children.</li> </ul>
<p>As an addition to clauses 5.1, 5.2 :</p> <ul style="list-style-type: none"> <li>In case of mortgage loans exceeding AMD 8 mln in Yerevan, AMD 10 mln in regional settlements of the Republic of Armenia and AMD 12 mln in selected rural communities<sup>3</sup> the Borrower/co-borrower can be a natural person aged 18 and over, whose fundamental interests are centred in the Republic of Armenia and whose age does not exceed 70 upon loan maturity.</li> </ul>		
5.2	Credit history requirements for Borrower/Co-borrower	<ul style="list-style-type: none"> <li>Guarantees at the time of loan approval must not be past due and/or classified as non-performing, i.e. the Client's liabilities should not be classified in the controlled or higher risk class.</li> <li>Guarantee(s) valid at the time of making the decision on granting a loan should not be overdue and should be classified in the standard risk class.</li> <li>In case of mortgage loans exceeding AMD 8 mln in Yerevan, AMD 10 mln in regional settlements of the Republic of Armenia<sup>5</sup> and AMD 12 mln in selected rural settlements, the total number of days outstanding on all loans (repaid and current) of the borrower during the past 12 months shall not exceed 30 calendar days, moreover only the maximum number of overdue days for all loans during a month is taken as a basis.</li> <li>If the borrower's outstanding liability per loan does not exceed AMD 1,000 /one thousand/, then the given loan is not considered overdue (the provision of the clause does not apply in the event of current arrears).</li> </ul>
5.3	Borrower/Co-borrower income	<p>Solvency analysis and primary income is mandatory only:</p> <ul style="list-style-type: none"> <li>In case of mortgage loans in Yerevan exceeding AMD 8 mln refinanced by "Home for Youth" RCO CJSC and "National Mortgage Company" RCO CJSC<sup>5</sup>,</li> <li>In case of mortgage loans in the regional settlements of Armenia exceeding AMD 10 mln refinanced by "Home for Youth" RCO CJSC and "National Mortgage Company" RCO CJSC<sup>5</sup>,</li> <li>In case of mortgage loans in selected rural communities of Armenia exceeding AMD 12 mln and refinanced by "Home for Youth" RCO CJSC and "National Mortgage Company" RCO CJSC</li> </ul>

<sup>5</sup> Except for cases where these loans are provided through combining several certificates and the amount of loan granted does not exceed the amount of combined certificates

5.4	Creditworthiness assessment	<p>The following requirements apply upon income analysis:</p> <ul style="list-style-type: none"> <li>• (PTI) Maximum ratio of monthly repayments and net income should not exceed 35%<sup>6</sup>,</li> <li>• (OTI) total debt payments and net income ratio should not exceed 45%.</li> </ul> <p>As a loan amount included in the calculation of monthly repayments on this loan is treated the variance derived from the amount of the loan agreement and the amount of support provided by the state.</p> <ul style="list-style-type: none"> <li>• The primary income in creditworthiness assessment is included in the amount of 100%, except for the income generated from entrepreneurial activities,</li> <li>• Secondary income (non-mandatory, if available) is included in the creditworthiness assessment in the amount of 60%.</li> </ul> <p>Other T&amp;Cs are defined by the procedure on granting mortgage loans under “Home for Youth” RCO CJSC State Support Programme on “Providing Access to Affordable Housing to Families Displaced from Certain Regions of Artsakh” and/or “National Mortgage Company” RCO CJSC procedure on “Refinancing of Mortgage Loans”</p>
<b>6. Additional terms</b>		
6.1	Basis for rejecting an application	<ul style="list-style-type: none"> <li>• Customer has failed to provide documents necessary for granting a loan</li> <li>• The beneficiary or the family (family member) as a beneficiary, has already availed of the program under a mortgage loan</li> <li>• The client fails to meet the minimum requirements/ conditions of the Bank</li> <li>• The inquiry to “ACRA” credit bureau has reported that as of the moment of loan granting the Customer has a classified loan or suretyship</li> <li>• As a result of creditworthiness assessment, it was found out that the Client fails to meet the requirements of the Bank</li> <li>• Information, which came into possession in the course of lending, arouses prejudice as to the information provided by the Client.</li> </ul>
6.2	Reasons for the terminating loan subsidies	<ul style="list-style-type: none"> <li>• In case of full repayment of mortgage loan the payment of monetary support is completely terminated. The amounts of the state support paid by that time are not refundable to the state.</li> <li>• In the event of beneficiary’s (borrower’s) death during the mortgage term the payment of monetary support is fully terminated provided that the beneficiary's heir is not a family member for the purposes of this program; the amounts of the state support paid by that time are not refundable to the state.</li> <li>• In case during the mortgage term, the monthly payments on mortgage loan (principal and the interest) by the beneficiary under monthly payments exceed the limits of the subsidy amount, the variance in monthly payments and the subsidy amount set by the schedule shall be paid by the borrower; where liabilities of more than 90 days past due are available provision of monetary assistance shall be fully terminated. The amounts of state support provided by that moment are not refundable to the state.</li> <li>• In case of registration of the title to residential property in the name of a third person (except for family member) during the terms of the mortgage (regardless of the share size) provision of monetary assistance shall be fully terminated and the amount of state support provided by that moment is not refundable to the state.</li> </ul>
6.3	Other terms	<ul style="list-style-type: none"> <li>• The beneficiary is entitled to avail from the programme regardless of the fact whether he/she is benefitting from other state support programme on housing (income tax refund programme, state-supported housing programme for families with children) (except for the programme approved by the RA Government Decree N 842-L dated June 9, 2022). The income tax paid in the</li> </ul>

<sup>6</sup> Applies only to loans refinanced by “Home for Youth” RCO CJSC

		<p>amount of interests for servicing the mortgage loan is subject to refund only in the amount paid by the beneficiary in a manner established by clause 5.4 of the Annex to the Decree of the Government of the Republic of Armenia N 1321-N dated October 5, 2017.</p> <ul style="list-style-type: none"> <li>• The Unified Social Service (Ministry of Labour and Social Affairs of the Republic of Armenia) transfers to the bank/card account of the beneficiary the amount of compensation for state registration of rights to property purchased under mortgage lending</li> <li>• Fees for state registration of the title to acquired property are reimbursed by the Unified Service of the Ministry of Labour and Social Affairs of the Republic of Armenia through a transfer made to the beneficiary's bank account after receiving the loan</li> <li>• The programme monitoring is carried out by the Ministry of Labour and Social Affairs of the Republic of Armenia on the basis of financial and non-financial indicators on programme implementation progress Administrative, statistical information about the number of beneficiaries involved in the programme and the amount of state support provided to them is published every six months by the RA Ministry of Labour and Social Affairs on its official website.</li> </ul> <ul style="list-style-type: none"> <li>• <b>The amount of state support:</b> <ul style="list-style-type: none"> <li>➢ For monthly mortgage principal payments in case of purchasing a residential real estate in Yerevan – AMD 8 mln in total, but not to exceed AMD 113, 000 per month, and for interest repayment – up to 8%, in total AMD 3,648, but not to exceed AMD 63,000 per month.</li> <li>➢ For monthly mortgage principal payments in case of purchasing a residential real estate on a mortgage loan in regional settlements – AMD 10 mln in total, but not to exceed AMD 153.000 per month, and for interest repayment – up to 10%, in total AMD 5.850 mln, but not to exceed AMD 98.000 per month.</li> <li>➢ For monthly mortgage principal payments in case of purchasing residential real estate with a mortgage loan in the settlements included in the list of selected rural communities of Armenia – up to AMD 12 mln in total, but not to exceed AMD 200,000 per month, and for interest repayment – up to 12%, in total AMD 8.660 mln but not to exceed AMD 140,000 per month.</li> </ul> </li> </ul> <p>The monthly limits of support (principal amount and interest) do not apply to the first month fees as provided for by the repayment schedule.</p> <p>In case of combining the certificates (maximum 3), the amount of assistance will be established in compliance with the combined value of certificates, i.e. can be doubled or tripled.</p> <ul style="list-style-type: none"> <li>• <b>If the loan concerned is not refinanced by “Home for Youth” RCO CJSC and “National Mortgage Company” RCO CJSC, the Bank is entitled to review the nominal interest rate of the mortgage loan, setting it at a rate established under the ABB Mortgage loan on the account of the Bank’s own resources.</b></li> </ul>
6.4	Other expenses of Customer	<ul style="list-style-type: none"> <li>• Costs associated with the assessment of collateral (AMD 15,000-25,000) as per tariffs of appraisal companies cooperating with the Bank,</li> <li>• Notary’s costs (AMD 15,000-25,000)</li> <li>• Uniform statement - AMD 10,000</li> <li>• Costs associated with property insurance - 0,15% of the balance of loan amount (as per tariffs of insurance companies cooperating with the Bank and clause 4.2 of these T&amp;Cs)</li> <li>• Costs associated with accident insurance - 0,15 % of the balance of loan amount (as per tariffs of cooperating insurance companies and clause 4.2 of these T&amp;Cs)</li> </ul>

### Additional information

Documents required for loan execution ([Annex 1](#))

#### **Note**

The interest amounts are calculated based on the nominal interest rate. The effective annual interest rate measures the real cost of loan after contractual obligations are performed in a proper manner within the specified time.

The effective annual interest rate is calculated based on the following formula:

$$A = \sum_{n=1}^N \frac{K_n}{(1 + i)^{\frac{D_n}{365}}}$$

*where:*

*i* – effective annual percentage rate (APR),

*A* - initial amount of loan to be granted,

*n* - number of the regular repayments on loan,

*N* - number of the last repayment on loan,

*K<sub>n</sub>*- amount of the *n*-th regular repayment on loan,

*D<sub>n</sub>*- time from the date of loan disbursement to the date of the *n*-th regular repayment on loan measured in terms of days

*i* - effective annual interest rate can be calculated providing that the rest of equation data are known from loan agreement or otherwise.

#### **Example of calculating the effective annual interest rate**

- Initial loan amount – AMD 8,000,000
- Loan term – 120 months
- Annual rate – 8%
- Manner of loan and interest repayment– by annuity.

**The amount of monthly repayments shall make AMD 97,062**

Given the amount, the term of loan, frequency of repayments and changes in prices of other miscellaneous services, the effective annual interest rate on loan may vary from the above example.

The Bank may unilaterally change the interest rate specified in the agreement upon 7 calendar days' prior notice to the Borrower for failure to use the loan for its purpose, as well as for failure to fulfil the obligations specified in the loan agreement.

#### **Important Note**

For non-fulfilment or improper fulfilment of obligations by the borrower, the creditor shall after 3 business days send these data to the credit bureau where the credit history is formed. Once a year you are entitled to get your credit history for free from the credit bureau.

**Important Note**

Bad credit history may serve as an impediment for your access to other credits in the future.

**Note**

Your property may be confiscated in the manner prescribed by law for failure to fulfil or improper fulfilment of obligations under loan agreement.

**Conditions, terms and tariffs for provision of excerpts, their copies and other information - as per tariffs for services applied in the Bank.**

**Important Note**

You may communicate with the financial organization in a form you prefer (by post or electronic means of communication). Obtaining information through electronic means of communication is most convenient. It is available in 24/7 mode, is free of the risk of loss of paper documents and ensures confidentiality.

**Financial Directory:** [www.fininfo.am](http://www.fininfo.am).

**Important Note**

“Your Financial Directory” is an electronic system, which facilitates searching, comparing and selecting the most Convenient option of services rendered to individuals.