

## **ABB-MORTGAGE “ACQUISITION FROM DEVELOPER” INFORMATION BULLETIN**

**Mortgage loans for acquisition of apartments in buildings constructed by developers  
“Hrach and Ruben” LLC and “Living Residence” LLC that cooperate with the Bank  
(at the expense of own resources)**

<b>1. Main terms &amp; conditions of the loan</b>		
1.1	Loan purpose	Mortgage loan granted by “ARMBUSINESSBANK” CJSC for acquisition of apartments in buildings constructed by developers identified in para. 4.2 (at the expense of own resources)
1.2	Currency	AMD
1.3	Minimum loan amount	5,000,000
1.4	Maximum loan amount (per borrower)	150,000,000
1.5	Nominal annual interest rate (fixed (adjustable)) <sup>1</sup>	13.9%
1.6	Annual effective interest rate	14.9-15.5%
1.7	Type of loan interest rate	Fixed adjustable interest rate
1.8	Minimum prepayment	<ul style="list-style-type: none"> <li>• 10% of purchased immovable property</li> <li>• No prepayment is required in case of pledging additional immovable property (when pledging additional property the market value of the two properties shall make up at least 150% of minimum loan amount) <sup>2</sup></li> </ul>
1.9	Maximum loan/collateral value (calculated based on the market value of the collateral)	<ul style="list-style-type: none"> <li>• In case of pledging purchased immovable property (title) - 90%</li> <li>• In case of pledging purchased and additional immovable property an amount equal to 100% shall be provided for acquisition of immovable property, provided that the loan amount does not exceed 85% <sup>2</sup> of the total market value of purchased and additional immovable properties</li> </ul>
1.10	Loan Term	18-240 months
1.11	Repayment of loan and interests	At customer’s option <ul style="list-style-type: none"> <li>• Annuity payments</li> <li>• Monthly uniform repayment of principal amount and monthly payment of accrued interests</li> </ul>
1.12	Manner of lending	<ul style="list-style-type: none"> <li>• One-time</li> <li>• Cashless</li> </ul>
1.13	Early repayment of loan	Permitted, no fines or penalties are applicable
<b>2. Bank fees</b>		
2.1	One-time fee for application review	N/A

<sup>1</sup> The fixed (adjustable) interest rate can be revised starting from the 37<sup>th</sup> month. As a basis for calculation serves the procedure for setting and changing the settlement rate of ARMBUSINESSBANK.

<sup>2</sup> As a market value of acquired property is treated the price indicated in the certificate issued by the Developer.

2.2	One-time fee for loan servicing (charged upon provision)	0.5 %, not to exceed AMD 100.000
2.3	Monthly fee for loan servicing	0%
2.4	Opening/maintenance of bank accounts, provision of statements, copies thereof, references and other data	As per Bank tariffs
<b>3.</b>	<b>Requirements to Borrower/Co-borrower</b>	
3.1	Borrower / Co-borrower	<ul style="list-style-type: none"> <li>• RA resident natural person aged at least 21 years, whose vital interests are centred in Armenia and whose age must not exceed 70 years upon loan maturity</li> <li>• The number of co-borrowers may not exceed 3 persons</li> </ul>
* In case the client reaches the age of 70 during the loan servicing period, the application shall not be subject to rejection provided that 70% of the principal amount of the loan is repaid.		
3.2	Revenues of the Borrower/ Co-borrower <sup>3</sup>	<ul style="list-style-type: none"> <li>• Primary income (mandatory/documented) – considered in the amount of 100% *</li> <li>• Secondary income (not mandatory/documented) – income supported by documents, considered in the amount of maximum 60% **</li> <li>• Declared income (not mandatory/documented) - considered in the amount of maximum 60%, which may not exceed the twofold** amount of initial income (such income must be credible for the Bank, otherwise the Bank has the right not to consider them)</li> </ul>
3.3	General principle of creditworthiness assessment	Maximum value of total debt payments and net income (OTI ratio) should not exceed 55%
3.4	Credit history requirements for Borrower/Co-borrower	<ul style="list-style-type: none"> <li>• At the time of loan approval there should not be any overdue current credit commitments (loans, guarantees) or those classified as non-performing</li> <li>• If the amount of borrower’s outstanding obligations per loan does not exceed AMD 1,000 /one thousand/, then this loan shall not be deemed overdue</li> <li>• Total number of days outstanding on all loans (repaid and current) 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> </ul>
<b>4.</b>	<b>Terms and requirements to the collateral</b>	
4.1	Collateral	<ul style="list-style-type: none"> <li>• Purchased real property (right to buy real property)</li> </ul> In case of loans without prepayment, also the collateral of additional real property
4.2	Location of the collateral	<ul style="list-style-type: none"> <li>• “Hrach and Ruben LLC, Avan, st. Ajaryan 37/1, Yerevan, RA</li> <li>• “Living Residence” LLC, st. Tevosyan 1/3, Yerevan, RA</li> </ul>
4.3	Assessment of collateral	In case of purchasing real property (title to real estate) the appraisal of real estate is not required, the statement on selling price provided by the Developer shall be taken as a basis; (within fifteen calendar days after receiving the ownership certificate on pledged property the customer shall submit a report on appraisal of pledged property issued by the company cooperating with the Bank)
<b>5.</b>	<b>Insurance requirements</b>	
5.1	<b>Insurance</b>	<ul style="list-style-type: none"> <li>• Accident insurance - mandatory</li> <li>• Insurance of real estate collateral - shall be effected within one month after receipt of ownership certificate for pledged property and assessment report</li> </ul> Payment of insurance premiums for real estate collateral and accidents must be carried out on an annual basis exclusively by companies cooperating with the Bank. Insurance amounts are calculated on the balance of loan amount.
<b>6.</b>	<b>Additional terms</b>	
6.1	Rejecting an application	<ul style="list-style-type: none"> <li>• <i>The customer fails to meet the below listed criteria of the Bank:</i> <ul style="list-style-type: none"> <li>- <b>Trustworthiness</b></li> <li>- <b>Solvency</b></li> </ul> </li> </ul>

<sup>3</sup> The co-borrower may stand as having “zero” income; in this case, no solvency calculation for the co-borrower is carried out and the co-borrower shall meet the Bank requirements only in terms of credit history

		- <b>Creditworthiness</b>
6.2	<b>Failure to fulfill liabilities by the Borrower</b>	<ul style="list-style-type: none"> <li>• <i>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,</i></li> <li>• <i>In case of fulfilling overdue obligations, the repayments are made in the following order:</i> <ol style="list-style-type: none"> <li>1) <i>Fines/penalties</i></li> <li>2) <i>Interest amounts</i></li> <li>3) <i>Principal</i></li> </ol> </li> <li>• <i>For 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 rate set by the Central Bank of RA.</i></li> </ul> <p><b>IN CASE OF NON-FULFILLMENT OR IMPROPER FULFILLMENT OF OBLIGATIONS BY THE BORROWER, THE CREDITOR SHALL AFTER 7 BUSINESS DAYS SEND THESE DATA TO THE CREDIT BUREAU WHERE CREDIT HISTORY IS FORMED. ONCE A YEAR THE BORROWER IS ENTITLED TO GET ITS CREDIT HISTORY FREE FROM THE CREDIT BUREAU.</b></p> <p><b>NOTE: BAD CREDIT HISTORY MAY SERVE AS AN IMPEDIMENT TO THE BORROWER IN THE FUTURE TO ACCESS OTHER CREDITS</b></p> <p><i>The Bank is entitled to impose a forfeiture on the collateral without applying to court.</i></p> <p><i>In case recovery proceedings against mortgaged immovable property are not satisfied in full on the account of amount received from property sale - the difference should be charged from borrower's other assets</i></p>
6.3	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>✓ Costs associated with cadastral registration - state registration of right (in case of apartment acquisition – AMD 72,000-73,000; in other cases - AMD 27,000-28,000)</li> <li>✓ Uniform statement - AMD 10, 000</li> <li>✓ Costs associated with property insurance against fire and other hazards - 0,15% of the balance of loan amount (as per tariffs of insurance companies cooperating with the Bank)</li> <li>✓ Costs associated with accident insurance - 0,15 % of the balance of loan amount (as per tariffs of insurance companies, which cooperate with the Bank)</li> </ul>
6.4	Term of loan application review	Up to 2 business days
6.5	Place of loan execution	All branches of the Bank (except for Araratyan and Arshakuni branches)
6.6	These T&Cs apply to applications accepted after 27.03.2023	
<b>7.</b>	<b>Classification of primary and secondary income of the borrower/co-borrower</b>	
<p>* As a primary income is accepted:</p> <ul style="list-style-type: none"> <li>- Income supported by a statement of employment - salary and equivalent payments (based on the joint decree of the RA Minister of Finance, Minister of Labor and Social Affairs and the Chairman of the State Revenue Committee of Armenia on determining the list of salary and other equivalent payments),</li> <li>- Documented dividends</li> <li>- Business income supported by tax reporting</li> <li>- Income justified by documents - income from rent under lease agreement approved by public notary and registered by State Committee of Real Estate Cadaster; in addition the lease agreement must be concluded no later than three months before the date the loan application has been submitted (except in cases of renewal of lease agreement) and must be concluded for at least 1 year</li> <li>- Pensions and regular state benefits, verified by a certificate from the authorized body.</li> </ul> <p>** As a secondary income is accepted:</p> <ul style="list-style-type: none"> <li>- Interests receivable under deposit agreement with the Bank, moreover, the deposit agreement must be concluded no later than</li> </ul>		

three months before submission of loan application and must be concluded for at least 1 year; other similar revenues, which are included in the calculation of solvency in the amount of 60%.

- Declared income - Other income declared by customer (for example, money transfers received regularly over the past 12 months, premiums for overtime work, income from paid services, dividends and other similar income) which are included in the calculation of solvency in the amount of 60% maximum and should not exceed the fourfold amount of primary income.

#### 8. List of Documents required for mortgage lending

<i>List of Documents</i>	<b>Documents requested from Customer</b>	<b>Documents requested from Co-borrower(s)</b>
Identity document /passport or ID card/	✓	✓
Social card or Social Services Number, if not available, a statement from the relevant authority (not required in case an ID card is presented) or copy thereof	✓	✓
Copies of passports and Social Cards or Social Services Number of a husband/wife /if not available, a statement from the relevant authority/	✓	✓
Copy of marriage certificate /if available/	✓	✓
Employment and income certificates specifying current position, record of service in the given organization, as well as actual earnings during the last 12 months	✓	✓
Proof of secondary income /if available/	✓	✓
Proof of declared income /if available/	✓	✓
A statement from the Developer on the value of property		
Report on property appraisal carried out by an independent appraiser (if additional property is available)	✓	-
<b>List of documents requested after favorable decision to grant a loan</b>		
Purchase/sales and collateral /mortgage/ agreement		✓
Certificate of purchase/ property title registration		✓
Certificate of lien registration		✓
Other documents as may be requested		✓

#### Important note

**In case of loans in foreign currency, changes in exchange rates of foreign currency may affect the repayment of the loan. The interest amounts on loans are calculated based on the nominal interest rate. The nominal interest rate shows the amount of annual interest on the loan, which is charged on the loan balance on annual basis.**

#### **Bank details:**

“ARMBUSINESSBANK” Closed Joint Stock Company

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Certificate of registration N 0176, issued 10.12.1991, bank license N 40, issued 10.12.1991

List of services, which the Bank may render, is stipulated in accordance with Chapter 4 of RA Law "On Banks and Banking Activity".