

**Mortgage Loans under Regulation on "Refinancing of Mortgage Loans"  
by RCO CJSC "National Mortgage Company"**

1. Terms & Conditions		
1.1	Revenues of the borrower	Primary income (mandatory) – 100% Secondary income (not mandatory) - maximum 60%
1.2	Currency	Armenian dram (AMD)
1.3	Nominal annual interest rate	<ul style="list-style-type: none"> <li>• 120-180 months - Development of real estate - 9.9%</li> <li>• 181-240 months - Development of real estate - 10.5%</li> <li>• Renovation of real estate - 10.9%</li> <li>• 120-180 months - Acquisition of real estate - 9.9%</li> <li>• 181-240 months - Acquisition of real estate - 10.5%</li> </ul>
1.4	Annual effective interest rate *	10.6-19.1%
1.5	Prepayment	When pledging a target real estate - minimum 30% of the value of purchased property, In case of target and additional real estate pledge, as well as outstanding advance payment insurance - minimum 10% of the value of target property
1.6	Maximum loan/collateral value	<ul style="list-style-type: none"> <li>• When pledging a target real estate – 70%</li> <li>• When pledging a target and additional real estate – maximum 70% of total amount of appraised value of target and additional real estate, but not to exceed 90% of the value of target property</li> </ul>
1.7	Period	Improvement of real estate – 120 - 240 months Renovation of real estate – 60 - 120 months Acquisition of real estate – 120 - 240 months
1.8	Manner of repayment of loan and interests	Uniform monthly repayments or annuity repayments
1.9	Minimum loan amount	AMD 1 000 000
1.10	Maximum loan amount	<p><b>Improvement of real estate</b> - maximum AMD 35 000 000, but not to exceed</p> <ul style="list-style-type: none"> <li>• 80% of the amount of the estimate of improvement works, and</li> <li>• 70% of the total amount of appraised value of property under construction and additional real estate,</li> </ul> <p><b>Renovation of real estate</b> – maximum 60% of the value of real estate, but not to exceed AMD 20 000 000</p> <p><b>Acquisition of existing real estate</b> in case of residential real estate - 70% of the total amount of the appraised market value of purchased real estate, but not to exceed AMD 35 000 000:</p> <ul style="list-style-type: none"> <li>- in case of pledging the acquired and additional real property – maximum 70% of the total amount of appraised market value of acquired and additional real property. Loan amount may not exceed 90% of the minimum of appraised market value and the acquisition value of residential real estate;</li> <li>- acquisition of residential real estate under construction (unaccomplished) - maximum 70% of the price of real estate under construction as defined under purchase agreement made with the developer;</li> </ul> <p><b>Acquisition of real estate under construction /unaccomplished/</b> - maximum</p>

		<p>AMD 35 000 000, but not to exceed</p> <p>- in case of pledging real estate under construction (unaccomplished) and additional real estate - maximum 70% of the total appraised market appraised market value of real estate under construction (unaccomplished) and additional real estate. Loan amount may not exceed 90% of the minimum of appraised market value and the acquisition value of the real estate under construction (unaccomplished real estate), as well as the difference between the price specified under purchase contract signed with the developer and the advance payment made to the developer;</p>
1.11	Other terms of lending	<p><b>Loan amount:</b> AMD 35,000,001 – AMD 60,000,000 mln</p> <p><b>Loan interest:</b> Annual nominal rate -12% Annual effective rate - 12.76% - 14.50% In case of the terms specified in this clause, the OTI ratio is set at 50%</p>
1.12	Manner of lending	One-time, by stages, cashless
1.13	Early repayment of loan	Permissible, no fines or penalties are applied
<b>2.</b>	<b>Bank fees</b>	
2.1	One-time fee for application review	AMD 5 000
2.2	One-time fee for loan maintenance	<p>For loans up to AMD 12 000 000 - AMD 20 000</p> <p>For loans from AMD 12 000 001 to 20 000 000 - AMD 30 000</p> <p>For loans from AMD 20 000 001 and over - AMD 40 000</p>
<b>3.</b>	<b>Requirements for borrower</b>	
3.1	Borrower	Resident natural person citizen of Armenia aged at least 18
3.2	Credit history requirements	<ul style="list-style-type: none"> <li>• By the time of loan approval there should not be any overdue loan commitments,</li> <li>• Guarantees valid at the time of the decision to grant a loan should be classified in the standard risk class</li> <li>• Total number of days outstanding on all loans (repaid and current) during the past 12 months must not exceed 30 calendar days</li> </ul>
<b>4.</b>	<b>Assessment and insurance of the collateral</b>	
4.1	Assessment of collateral value	Assessment should be carried out by an independent evaluating company that cooperates with the Bank
4.2	Insurance	<ul style="list-style-type: none"> <li>• Insurance of real estate collateral – mandatory</li> <li>• Accident insurance - mandatory</li> </ul> <p>Insurance must be carried out on a yearly basis by companies, which cooperate with the Bank. The insurance amount of real estate collateral and the amount of accident insurance is calculated on the balance of the loan amount</p>
<b>5.</b>	<b>Additional terms</b>	
5.1	Basis for rejecting an application	<ul style="list-style-type: none"> <li>• Customer has failed to provide requested documents</li> <li>• The inquiry to the Credit Register of the CBA and /or "ACRA" credit bureau has reported on a negative credit history of Customer</li> <li>• According to credit rating, the customer is not deemed to be creditworthy</li> <li>• Information, which came into possession in the course of lending, arouses prejudice with regard to the information provided by the Client</li> </ul>
5.2	<i>Failure by borrower to fulfill his/her</i>	<ul style="list-style-type: none"> <li>• <i>For failure to repay interests when due, the Bank shall charge a</i></li> </ul>

	<i>liabilities</i>	<p><i>penalty from Borrower for each day of default equal to 0.13% of the amount past-due;</i></p> <ul style="list-style-type: none"> <li><i>For failure to repay the loan 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 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</i></li> </ul> <p><i>In the event of non-fulfillment or improper fulfillment of credit commitments, information on indebtedness shall be filed to credit register and "ACRA" credit bureau.</i></p> <p><b><i>NOTE: BAD CREDIT HISTORY MAY SERVE AS AN IMPEDIMENT TO THE BORROWER IN THE FUTURE FOR ACCESS TO OTHER CREDITS</i></b></p> <p><i>The Bank is entitled to impose a forfeiture on the collateral or sell it out without applying to court</i></p>
5.3	Other terms	<ul style="list-style-type: none"> <li>If there are special arrangements within the framework of cooperation agreement with the organization, other conditions and tariffs for lending may be established</li> </ul>

### Additional information

<b>Manner of calculating interest amounts</b>	The interest rate is charged on the reducing balance of loan	
<i>Other expenses of Customer</i>	<ul style="list-style-type: none"> <li>✓ <i>Costs associated with the assessment of collateral (AMD 15,000-25,000) as per tariffs of appraising companies, which cooperate with the Bank</i></li> <li>✓ <i>Notary's costs (AMD 15,000-25,000)</i></li> <li>✓ <i>Costs associated with cadastral registration – state registration of right (in case of a flat acquisition – AMD 72,000-73,000; in other cases - AMD 27,000-28,000)</i></li> <li>✓ <i>Uniform statement - AMD 10, 000</i></li> <li>✓ <i>On frontier and highland settlements other rates are applicable</i></li> <li>✓ <i>Costs associated with property insurance against fire and other hazards - 0,15% of the balance of loan amount (as per tariffs of insurance companies, which cooperate with the Bank)</i></li> <li>✓ <i>Costs associated with accident insurance - 0,15 % of the balance of loan amount (as per tariffs of insurance companies, which cooperate with the Bank)</i></li> <li>✓ <i>In case of advance payment insurance – equal to the residual amount of advance payment (as per tariffs of companies, which cooperate with the Bank)</i></li> </ul>	
<b>Term of application review</b>	Up to 20 business days	
<b>Place of loan execution</b>	Head Office and all branches of the Bank	
<b>Documents requested for loan execution</b>		
<i>Provisional documents</i>	Documents requested from customer	Documents requested from guarantor/ co-borrower
Identity document (passport or ID card)	✓	✓
Social card or social service registration mark, if not any, a statement from the relevant authority	✓	✓
Proof of marital status of the Borrower /marriage certificate, marriage contract, divorce certificate, etc./ (if any)	✓	✓
Passports/birth certificates of persons residing with and/or under tutelage of the Borrower	✓	-
Official statement on the number of persons residing with and/or under	✓	-

tutelage of the Borrower		
Income statement issued by the principal employer	✓	✓
Information on employment (current position, record of service in that organization) and details of former employment (employer, position held in each organization)	✓	✓
Proof of secondary income	✓	✓
Income statement for husband / wife (if married)	✓	✓
Copy of employment record (“work book”)	✓	✓
Copy of labor contract	✓	✓
Detailed information on all credit transactions made over the last three years, including credit and collateral agreements	✓	✓
Data on all existing accounts (any type) and their movement (average monthly balance, average monthly proceeds and expenses)	✓	-
In case of term and demand deposit accounts with the banks - a statement on their movement and balance for the last 6 months	✓	-
Certificate and other documents confirming the origin of the acquired real estate and property rights, and other rights to it	✓	-
Passport, social card and marriage certificate for seller of real estate	✓	-
Appraisal report for underlying property carried out by an independent appraiser	✓	-
<b><i>Documents requested following a favorable decision to issue a loan</i></b>		
Statement from the State Cadastre Committee that real estate is not pledged or is not under any other kind of arrest (Uniform reference)	✓	-
Certificate of lien registration	✓	-
Certificate of property rights registration	✓	-
Other documents as may be requested	✓	✓

**In case of a self-employed person, the following documents should be submitted:**

- Copy of TIN
- Copy of state registration certificate for private entrepreneur or legal entity
- In case of a legal entity - copy of the charter
- Financial reports (monthly, quarterly, annual) provided to tax authorities during the last 1 year and approved by the relevant tax authorities
- Records of revenues and expenditures for the last 6 months

**Attention**

***The interest amounts are calculated based on the nominal interest rate. The nominal interest rate on loans measures the annual rate of interest for loan and is calculated against loan balance on a yearly basis.***

***Example of calculating interest amount***

- Initial loan amount – AMD 10 000 000
- Loan period - 120 months
- Annual interest rate - 10.9%
- Manner of repayment of loan and interest – by annuity payments

**Amount of monthly repayments shall make AMD 137,184.60**

**\* The interest amounts on loan are calculated based on the nominal interest rate. The effective annual interest rate on loans measures the real cost of credit after the interests are paid and other payments are made within the specified time and amounts.**

### Formula for Effective Annual Interest Rate Calculation

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 disbursed,

n - number of the regular repayment on loan,

N - number of the last repayment on loan,

Kn- amount of the n-th regular repayment on loan,

Dn- 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.

To calculate the actual annual interest rate please use Effective Annual Interest Rate Calculator, with reference <http://www.ambusinessbank.am/am/page/Crediting>.

### Example of calculating the effective annual interest rate

In case of loans issued for real property acquisition

- Loan amount – AMD 25 000 000
- Loan period - 240 months
- Loan interest rate - 9,9%
- One-time fee for loan application review – AMD 5000
- One-time fee for loan servicing – AMD 40 000
- Costs associated with the assessment of collateral - AMD 25 000
- Notary's costs – AMD 25 000
- Costs associated with cadastral registration - AMD 72 000
- Uniform statement - AMD 10 000
- Costs associated with property insurance against fire and other hazards - 0,15% of the balance of loan amount
- Costs associated with accident insurance - 0,15% of the balance of loan amount
- Repayment of loan amount and interests – by annuity

**The effective annual interest rate is 10,6%**

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

#### **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".

**"Financial Assistant System" of [www.fininfo.am](http://www.fininfo.am) "Finance for All"**