

Mortgage loans issued within the framework of “Accessible housing for young family”  
state target program of “Housing for youth” RCO CJSC

1. Loan Terms		
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>• 7.5% Subsidized by RA government</li> <li>• In case of purchasing immovable property in an administrative district of Yerevan - 2%</li> <li>• In case of purchasing immovable property in RA marzes - 4%</li> <li>• Subsidizing the annual interest rate exclusively in case of purchase of real estate from secondary market</li> </ul>
1.4	Annual effective interest rate *	3,7-10,2%
1.4		<ul style="list-style-type: none"> <li>• In case of immovable property purchased from secondary market – in the amount of minimum 30% of the value of purchased real estate, or</li> <li>• In case of pledging immovable property purchased from secondary market and additional real estate or insuring advance payment difference in the amount of 30 percent of the value of real estate and in the amount of 10 or more percent paid by the borrower – minimum 10% of the value of purchased real estate;</li> <li>• In case of immovable property purchased from primary market – minimum 20% of the value of purchased real estate, or</li> <li>• In case of pledging immovable property purchased from primary market and additional real estate or insuring advance payment difference in the amount of 20 percent of the value of real estate and in the amount of 7.5% percent or more paid by the borrower – minimum 7.5% of the value of purchased real estate;</li> </ul>
1.5	Maximum loan/collateral value	<ul style="list-style-type: none"> <li>• When pledging immovable property purchased from secondary market – 70%</li> <li>• When pledging immovable property purchased from secondary market and additional immovable property – 70% of the total value and 90% of the minimum purchase price and estimated value of purchased real property;</li> <li>• When pledging immovable property purchased from the primary market – 80%</li> <li>• When pledging immovable property purchased from the secondary market and additional immovable property - 80% of the total value and 92.5% of the minimum purchase price and estimated value of purchased real property;</li> </ul>
1.6	Period	120 - 180 months
1.7	Manner of repayment of loan and interests	By annuity method or uniform monthly repayment of loan amount and monthly repayment of accrued interests
1.8	Minimum loan amount	N/A
1.9	Maximum loan amount	<ul style="list-style-type: none"> <li>• In case of purchasing immovable property from</li> </ul>

		<p>secondary market – maximum 22,500,000 (twenty-two million five hundred thousand) drams;</p> <ul style="list-style-type: none"> <li>In case of purchasing immovable property from primary market – maximum 27,750,000 (twenty-seven million seven hundred fifty thousand) drams;</li> </ul>
1.10	Maximum amount of cost of acquisition of real estate	<ul style="list-style-type: none"> <li>Maximum amount for the secondary market - 25,000,000 (twenty-five million) drams;</li> <li>Maximum amount for the primary market – 30,000,000 (thirty million) drams;</li> </ul>
1.11	Maximum amount of estimated market value of real estate	<ul style="list-style-type: none"> <li>In case of purchasing from secondary market – 26,000,000 (twenty-six million) drams;</li> <li>In case of purchasing from primary market – 31,000,000 (thirty-one million) drams;</li> </ul>
1.12	Manner of lending	One-time, cashless
1.13	Early repayment of loan	Permissible, no fines or penalties are applied
<b>2.</b>	<b>Bank commissions</b>	
2.1	One-time fee for application review	AMD 5000
2.2	One-time fee for loan maintenance	<p>For loans up to 12 000 000 drams - AMD 20 000</p> <p>For loans from 12 000 001 to 20 000 000 drams - AMD 30 000</p> <p>For loans from 20 000 001 drams and over - AMD 40 000</p>
<b>3.</b>	<b>Requirements for borrower</b>	
3.1	Borrower	Resident natural person citizen of Armenia at least 18 years of age.
3.2	Credit history requirements	<ul style="list-style-type: none"> <li>By the time of taking a decision on granting a loan, the borrower and the spouse shall not have any overdue and/or classified as non-performing loan commitments</li> <li>Total number of days outstanding on all loans (repaid and current) of the borrower and the spouse during the past 12 months shall not exceed 30 calendar days</li> </ul>
<b>4.</b>	<b>Additional terms</b>	
4.1	Basis for rejecting an application	<ul style="list-style-type: none"> <li><b>Customer does not meet the below listed criteria of the Bank:</b> <ul style="list-style-type: none"> <li><i>Trustworthiness</i></li> <li><i>Solvency</i></li> <li><i>Creditworthiness</i></li> </ul> </li> <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, arises concerns as to the information provided by the Client</li> </ul>
4.2	<i>Failure by borrower to fulfill his/her liabilities</i>	<ul style="list-style-type: none"> <li><i>For failure to repay interests when due, the Bank shall charge a penalty from Borrower for each day of default equal to 0.13% of the amount past-due;</i></li> <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> <li><i>In case of fulfilling overdue obligations, the repayments are made in the following order:</i> <ol style="list-style-type: none"> <li><i>Fines/penalties</i></li> <li><i>Interest amounts</i></li> <li><i>Principal</i></li> </ol> </li> </ul>

		<p><b><i>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 THE CREDIT HISTORY IS FORMED. ONCE A YEAR THE BORROWER IS ENTITLED TO GET HIS/HER CREDIT HISTORY FOR FREE FROM THE CREDIT BUREAU.</i></b></p> <p>NOTE: BAD CREDIT HISTORY MAY SERVE AS AN IMPEDIMENT FOR THE BORROWER TO GET ACCESS TO OTHER CREDITS IN THE FUTURE</p> <p><i>The Bank is entitled to impose a forfeiture on the collateral or sell it out without applying to court</i></p> <p><i>Where a forfeiture is imposed on mortgaged immovable property, and the claim is not satisfied in full on the account of the amount received from property sale the difference should be charged from Borrower's other assets</i></p>
4.3	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	
<b>Other expenses of Customer</b>	<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 cooperating 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 the purchase of apartment– AMD 72,000-73,000); for bordering and highland settlements other rates are applicable</i></li> <li>✓ <i>Uniform statement - AMD 10, 000</i></li> <li>✓ <i>Costs associated with immovable property insurance - 0,15% of the residual amount of loan (as per tariffs of insurance companies cooperating with the Bank)</i></li> <li>✓ <i>Life insurance on the balance of loan amount - 0,15% (as per tariffs of insurance companies, which cooperate with the Bank)</i></li> <li>✓ <i>Upon insurance of prepayment - in the amount of the residual amount of prepaid amount (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>		
<b>Provisional documents</b>	Documents requested from Customer	Documents requested from Guarantor/ Co-borrower
Passport	✓	✓
Social card or Social Services Number, 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 curatorship/guardianship of the Borrower	✓	-
Passports/birth certificates of persons residing with and/or under	✓	-

curatorship /guardianship of the Borrower		
Official statement on the number of persons residing with and/or under curatorship of the Client	✓	-
Income statement issued by the principal employer	✓	✓
Information on employment (current position, record of service in the given 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-record book”)	✓	✓
Copy of labor contract	✓	✓
Detailed information on all credit transactions made during 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)	✓	-
Information (from state register, depositary, registrar) on the share in chartered capital of legal entities	✓	-
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 of the seller of real estate	✓	-
Appraisal report for pledged 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 statement)	✓	-
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 shall 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.

**WARNING**

**YOUR PROPERTY MAY BE CONFISCATED IN THE ORDER PRESCRIBED BY LAW FOR FAILURE TO FULFILL OR IMPROPER FULFILLMENT OF OBLIGATIONS UNDER LOAN AGREEMENT.**

**NOTE**

**THE BORROWER HAS THE RIGHT TO COMMUNICATE WITH THE FINANCIAL ORGANIZATION IN A FORM HE/SHE PREFERS (BY POST OR ELECTRONIC MEANS OF COMMUNICATION). OBTAINING INFORMATION THROUGH ELECTRONIC MEANS OF COMMUNICATION IS MOST CONVINIENT. IT IS AVAILABLE IN 24/7 MODE, IS FREE OF THE RISK OF LOSS OF PAPER DOCUMENTS AND ENSURES CONFIDENTIALITY.**

**7 DAYS PRIOR TO SIGNING THE LOAN AGREEMENT THE CONSUMER SHALL BE PROVIDED WITH SUCH AGREEMENT AND TIME FOR CONSIDERATION.**

“YOUR FINANCIAL DIRECTORY” IS AN ELECTRONIC SYSTEM WHICH FACILITATES SEARCHING, COMPARING AND SELECTING THE MOST CONVENIENT OPTION OF SERVICES RENDERED TO INDIVIDUALS

THE INTEREST AMOUNTS 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. THE PROCEDURE FOR CALCULATING THE ANNUAL EFFECTIVE PERCENTAGE RATE CAN BE FOUND [HERE](#).

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.

#### NOTE

*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 - 5.5% (7.5%, of which 2% are subsidized upon purchase of a real estate in Yerevan administrative district)
- Manner of repayment of loan and interest – by annuity payments

Amount of monthly repayments shall make AMD 108,526

\* The interest amounts on loan are calculated based on the nominal interest rate. And 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 repayments 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 days

i - effective annual interest rate can be calculated provided 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 available on <http://www.armbusinessbank.am/am/page/Crediting>.

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

In case of loans issued for the acquisition of real property

- Loan amount – AMD 17 500 000
- Loan period - 240 months
- Loan interest rate - 5,5 %

- One-time fee for loan application review – AMD 5000
- One-time fee for loan servicing – AMD 30 000
- 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 5,8 %**

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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Website: [www.armbusinessbank.am](http://www.armbusinessbank.am); E-mail: [info@armbusinessbank.am](mailto:info@armbusinessbank.am)

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"**