

**Loans for residential real estate repairing/modernization under "Jerm Ojakh" ("Warm Hearth")
program By "National Mortgage Company" RCO CJSC**

1.	Terms & Conditions	
1.1	Purpose of loan	Repairing of residential real estate to improve energy efficiency
1.2	Currency	Armenian dram (AMD)
1.3	Nominal annual interest rate	11%
1.4	Annual effective interest rate *	11.78% - 15.90%
1.5	Maximum loan/collateral value	Pledging of the property is not applicable
1.6	Period	60-120 months
1.7	Manner of repayment of loan and interests	Monthly uniform or annuity payments
1.8	Grace period for the repayment of the principal (not mandatory)	Minimum 6 months Maximum 12 months
1.9	Minimum loan amount	AMD 300,000
1.10	Maximum loan amount	AMD 3,000,000
1.11	Manner of lending	One-time or phase, cash or cashless provision of loan
1.12	Early repayment of loan	Permissible, no fines or penalties are applicable
2.	Bank fees	
2.1	One-time fee for application review	AMD 5 000
2.2	One-time fee for loan maintenance	AMD 20 000
3.	Security	
3.1	Security	Warranty of a family member /father, mother, sister, brother, spouse/
4.	Requirements for Borrower/Guarantor/Co-borrower	
4.1	Borrower/Guarantor/Co-borrower	Resident-citizen of Armenia aged at least 18
4.2	Borrower/ Co-borrower revenues	Primary income (mandatory) – 100% Secondary income (not mandatory) - maximum 60%
4.3	Credit history requirements for Borrower/ Co-borrower	<ul style="list-style-type: none"> • By the time of loan approval there should not be any overdue current credit commitments and/or such credit commitments should be classified in standard risk class • Total number of days outstanding on all loans (repaid and current) during the past 12 months must not exceed 30 calendar days • Current sureties issued by borrower should be classified in the risk class higher than the standard risk class
4.4	Credit history requirements for Guarantor	<ul style="list-style-type: none"> • As of the date of loan approval there should not be any overdue current credit commitments and/or such credit commitments should not be classified in the risk class higher than standard, • Total number of days outstanding on all loans (repaid and current) during the past 12 months must not exceed 24 calendar days
4.5	Requirements for Guarantor revenues	Guarantor should have primary and secondary income justified by relevant documents (e.g. incoming transfers, notarized real estate lease agreement, vehicle lease agreement, dividends, etc.)
5.	Additional terms	
5.1	Basis for rejecting an application	<ul style="list-style-type: none"> • Customer has failed to provide requested documents • The inquiry to "ACRA" credit bureau has reported on a negative credit history of Customer

		<ul style="list-style-type: none"> • According to credit rating, the customer is not deemed to be creditworthy • Information, which came into possession in the course of lending, arouses prejudice with regard to the information provided by the Client
5.2	<i>Failure by Borrower to fulfill commitments</i>	<ul style="list-style-type: none"> • <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> • <i>For failure to repay credit line 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</i> <p><i>IN CASE OF NON-FULFILLMENT OR IMPROPER FULFILLMENT OF OBLIGATIONS BY THE BORROWER, THE CREDITOR SHALL WITHIN 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 FOR FREE FROM THE CREDIT BUREAU.</i></p> <p><i>NOTE: BAD CREDIT HISTORY MAY SERVE AS AN IMPEDIMENT TO THE BORROWER IN THE FUTURE FOR ACCESS TO OTHER CREDITS</i></p> <p><i>The Bank is entitled to impose a forfeiture on the collateral without applying to court</i></p>
5.3	Place of immovable property under repair	Armenia, except Kentron district of Yerevan
5.4	Prerequisite for the provision of loan	<p>At least 40% of loan funds shall be directed to the measures to improve the energy efficiency of residential real estate /apartment, residential building/ and the purchase of materials / accessories, for including up to 20% of loan amount can be used to purchase energy-saving household appliances.</p> <p>At least 80% of all implemented measures must be substantiated by documents confirming the payment (receipts, checks, etc.).</p> <p>100% of all energy efficiency measures must be substantiated by documents confirming the payment (receipts, checks, etc.).</p> <p>If the energy efficient measure is not substantiated by documents confirming the payment, such measure shall be considered as a non-energy efficient measure.</p> <p>If in addition to purchasing energy-efficient materials / accessories the borrower also does the repairing of the property, then it is also necessary to provide preliminary and final photos and/or video tapes summarizing the results of the repairing works.</p>
5.5	Energy efficiency measures and facilities	<ul style="list-style-type: none"> • thermal protection of exterior surfaces of a building • heating and cooling systems • solar photovoltage systems and solar water-heaters • energy-saving lighting
5.6	Energy efficiency home appliances ***	<ul style="list-style-type: none"> • electric water heaters • electric cooker • electric oven • ventilation • washing machine • refrigerator with built-in freezer <p>*** home appliance should be of A+ and higher class</p>

Additional information

Manner of calculating interests	The interest rate is charged on the reducing balance of loan	
Term of application review	3 business days	
Place of loan execution	Head Office and all branches of the Bank in Armenia	
Documents requested for loan execution		
<i>Provisional documents</i>	Documents requested from Customer	Documents requested from Guarantor/Co-borrower
Passport	✓	✓
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	✓	✓
Proof of secondary income (if any)	✓	✓
Income statement for husband / wife (if any)	✓	✓
Copy of employment record	✓	✓
Copy of labor contract	✓	✓
Copy of the certificate of title to property under repair	✓	-
Estimate of repairing works and photos of real property under repair	✓	-
Other documents as may be requested	✓	✓
In case of a self-employed person, the following documents should be submitted:		
<ul style="list-style-type: none"> • 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 at least the last 6 months 		

Important 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 1 000 000
- Loan period - 60 months
- Annual interest rate - 11%
- Grace period for the repayment of the principal - 6 months
- Manner of repayment of loan and interest – by annuity payments

Amount of monthly repayments shall make AMD 21,742.00

* 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.armbusinessbank.am/am/page/Crediting>.

Example of calculating the effective annual interest rate

In case of real estate repairing works

- Loan amount – AMD 3 000 000
- Loan period - 60 months
- Loan interest rate - 11%
- One-time fee for loan application review – AMD 5 000
- One-time fee for loan maintenance - AMD 20 000
- Repayment of loan amount and interests – by annuity schedule

The effective annual interest rate is 11,96%

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

Address: 48 Nalbandyan street, 0010, Yerevan, Armenia, tel: (+37410) 59-20-20, (+37460) 37-25-00, fax: +37410 59 20 64

Website: www.armbusinessbank.am; E-mail: 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 "Finance for All"