

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

1. Main 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"> • Construction and purchase of real estate - 12% • Renovation of real estate -12%
1.4	Annual effective interest rate ¹	12.9%-20.6%
1.5	Maximum value of purchased residential immovable property	In case of loans for purchase, the maximum amount of real estate purchase price and its estimated market value shall be AMD 55 mln
1.6	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
1.7	Maximum loan/collateral value	<ul style="list-style-type: none"> • When pledging a target real estate – 70% • When pledging a target and additional real estate – maximum 70% of total amount of assessed value of target and additional real estate, but not to exceed 90% of the value of target property
1.8	Period	Construction and purchase of real estate – 120 - 240 months Renovation of real estate – 60 - 120 months
1.9	Manner of repayment of loan and interests	Uniform monthly repayments or annuity repayments
1.10	Minimum loan amount	AMD 1, 000, 000
1.11	Maximum loan amount	<p>Construction of real estate - maximum AMD 35 000 000, but not to exceed</p> <ul style="list-style-type: none"> • 80% of the estimates of construction works, and • 70% of the total amount of assessed value of property under construction and additional real estate, <p>Renovation of real estate – maximum 60% of the value of real estate, but not to exceed AMD 20 000 000</p> <p>Purchase of existing real estate 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: - in case of pledging the acquired and additional real property – maximum 70% of the total amount of appraised market value of</p>

¹ Advance payment insurance is provided when the loan to collateral ratio (LTV) exceeds 70%. In this case, the advance payment insurance is carried out in the amount of the variance in excess amount.

		<p>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;</p> <ul style="list-style-type: none"> - purchase 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; <p>Purchase of real estate under construction /unaccomplished/ - maximum AMD 35 000 000, but not to exceed</p> <ul style="list-style-type: none"> - in case of pledging real estate under construction (unfinished) 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>In case of construction companies not cooperating with the Bank /mortgaging of additional collateral upon the request of the Bank if needed/</p> <ul style="list-style-type: none"> - Purchase of a residential real estate under construction (unfinished) – maximum 70% of the price under right-to-purchase contract concluded with the construction company
1.12	Other terms of lending	<p>Loan amount: AMD 35,000,001 – AMD 60,000,000 mln</p> <p>Loan interest: Annual nominal rate -13%</p> <p>In case of the terms specified in this clause, the OTI ratio is set at 50%</p> <p>Maximum amount of acquired property and its estimated market value is AMD 90,000,000</p>
1.13	Manner of lending	One-time, by stages, cashless
1.14	Early repayment of loan	Permissible, no fines or penalties are applied
2.	Bank fees	
2.1	One-time fee for application review	N/A
2.2	One-time fee for loan maintenance	0.5%, but not to exceed AMD 100 000
3.	Requirements for borrower	
3.1	Borrower/Co-Borrower	<ul style="list-style-type: none"> • Citizen of Armenia aged at least 18 whose main source of income is in the Republic of Armenia. <p>The co-borrower shall be the member of the borrower’s family. As a member of the same family are considered mother, father spouses, parents of spouses, grandparents, sister and brother, children, sister’s/brother’s spouse and children</p>

3.2	Credit history requirements	<ul style="list-style-type: none"> • By the time of loan approval there should not be any overdue/ non-performing loan commitments, • Guarantees valid at the time of the decision to grant a loan should be classified in the standard risk class • Guarantees at the time of loan approval must not be past due and/or classified as non-performing • Total number of days outstanding on all loans (repaid and current) during the past 12 months must not exceed 30 calendar days • If the borrower's outstanding liability for one loan does not exceed AMD 1,000 /one thousand/, then the given loan is not considered overdue.
3.3	Mortgagor	<ul style="list-style-type: none"> • In case of purchased immovable property - the borrower and/or co-borrower, in case of other immovable property /additional collateral/ - any natural or legal person
4.	Assessment and insurance of the collateral	
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"> • Insurance of real estate collateral – mandatory • Accident insurance - mandatory <p>Insurance shall be provided on annual basis exclusively by companies, which cooperate with the Bank. The insurance amount of real estate collateral and the amount of accident insurance is calculated against the balance of the loan amount</p>
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 the "ACRA" credit bureau has reported on a negative credit history of the Client • According to credit rating, the customer is deemed to be not creditworthy • Information, which came into possession in the course of lending, arouses concerns as to the information provided by the Client
5.2	<i>Failure by borrower to fulfill his/her liabilities</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>In case of fulfilling overdue obligations, the repayments are made in the following order:</i> <ol style="list-style-type: none"> 1) <i>Fines/penalties</i> 2) <i>Interest amounts</i> 3) <i>Principal</i> • <i>In case of 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>

		<p><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 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 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>	
5.3	<i>Other expenses of Customer</i>	<ul style="list-style-type: none"> ✓ <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> ✓ <i>Notary's costs (AMD 15,000-25,000)</i> ✓ <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> ✓ <i>Uniform statement - AMD 10, 000</i> ✓ <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> ✓ <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> ✓ <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> 	
5.4	Term of loan application review	Up to 7 business days	
5.5	Place of loan execution	At the Head Office and all branches of the Bank	
5.6	Other terms	If there are special arrangements within the framework of cooperation agreement with the organization, other conditions and tariffs for lending may be established	
Documents required for loan execution			
	<i>List of documents</i>	Documents requested from customer	Documents requested from guarantor/ co-borrower
	Identity document (passport or ID card)	✓	✓

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 of the Borrower	✓	-
Income statement issued by the principal employer	✓	✓
Information on employment (current position, record of service in the given organization) and details on former employment (employer, position held in each organization)	✓	✓
Proof of secondary income	✓	✓
Copy of labor contract	✓	✓
Certificate and other documents confirming the origin of the purchased real estate and property rights, and other rights to it	✓	-
Copies of passport, social card and marriage certificate from the seller of real estate	✓	
Appraisal report for the property carried out by an independent appraiser	✓	-
Other Documents as requested by the Bank	✓	✓
<i>Documents requested after a favorable decision on granting a loan</i>		
Statement from the State Cadastre Committee that real estate is not pledged or is not under any other kind of arrest	✓	-
Certificate of lien registration	✓	-
Certificate of property rights registration	✓	-
Other documents as may be requested	✓	✓

In case of a self-employed person:

- Copy of TIN
- Copy of state registration certificate from 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

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 - 12%
- Manner of repayment of loan and interest – by annuity payments

Amount of monthly repayments shall make AMD 143,471

* 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 timeframe 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 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 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, with reference <http://www.armbusinessbank.am/am/page/Crediting>.

Example of calculating the effective annual interest rate

In case of loans issued for real property purchase:

- Loan amount – AMD 25 000 000
- Loan period - 240 months
- Loan interest rate - 12 %
- One-time fee for loan servicing – AMD 100 000
- Costs associated with the appraisal of collateral - AMD 25 000
- Notary fees - 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 12,9 %

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.

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 fulfill the obligations specified in the loan agreement.

Note

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

Note

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

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 communication is most convenient. It is available in 24/7 mode, is free of the risk of loss of paper-based documents and ensures confidentiality.

Financial Directory: www.fininfo.am.

Note

“Your financial directory” is an electronic system which facilitates searching, comparing and selecting the most convenient option of services rendered to individuals.

Following a favorable decision on the application for a consumer loan, prior to conclusion of a consumer loan agreement, "ARMBUSINESSBANK" CJSC shall provide an INDIVIDUAL SHEET subject to the Central Bank of Armenia Regulation 8/05 on “Rules of Business Conduct for Financial Institutions”.

Bank details:

"ARMBUSINESSBANK" Closed Joint Stock Company

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fax: +37410 59 20 64

Website: www.armbusinessbank.am; e-mail: info@armbusinessbank.am

Certificate of registration N 0176, issued on 10.12.1991, bank license N 40, issued on 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".