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### Information bulletin of Mortgage Loans for Acquiring Real Estate

1.	Main conditions			
1.1	Program	Own resources	National mortgage company	Affordable housing for young families
1.2	<b>Purpose of the loan</b>	<i>Acquisition of real estate under construction or existing</i>	<i>Acquisition of residential real estate under construction or existing</i>	<i>Acquisition of existing residential real estate (with 80% and higher percentage of construction completion) for the purpose of permanent residency<sup>1</sup></i>
1.3	<b>Loan currency</b>	AMD	USD	AMD
1.4	<b>Minimum loan amount</b>	5,000,000	10,000	5,000,000
1.5	<b>Maximum loan amount</b>	125,000,000	250,000	Up to 60,000,000 In case of acquisition of property from the secondary market – up to 22,500,000 In case of acquisition of property from the secondary market – up to 27,750,000
1.6	<b>Rocket Line<sup>2</sup></b>	Up to 10% of the mortgage loan, not more than AMD 10 000 000		

<sup>1</sup> The loan is also provided to the beneficiaries of the state assistance program for ensuring housing accessibility for families displaced from certain regions of the Republic of Artsakh.

<sup>2</sup> The sum of unsecured loans of the borrower at "IDBank" CJSC cannot exceed AMD 10 000 000.

<b>1.7</b>	<b>Credit line<sup>2</sup></b>	Up to 5% of the mortgage loan, not more than AMD 5 000 000				
<b>1.8</b>	<b>Minimum loan term</b>	120 months				
<b>1.9</b>	<b>Maximum loan term</b>	240 months	240 months	120 months	121 - 180 months	
<b>1.10</b>	<b>Nominal annual interest rate</b>	<b>Fixed interest rate:</b> For the first 36 months		<b>Fixed interest rate:</b> For the whole period		
		12.75%-14.55% /according to Table 1/	9.75%-11.55% /according to Table 1/	11.25%-12.55% /according to Table 2/	In case of acquisition of property from the secondary market:	
		<b>Floating interest rate:</b> from 37 <sup>th</sup> up to 240 months			7.4%	8.4%
		IBRR <sup>3</sup> + [3.45%-5.25%]	IBRR <sup>3</sup> + [5.85%-7.65%]	In case of acquisition of property from the primary market and in case of state assistance program for ensuring housing accessibility for families displaced from certain regions of the Republic of Artsakh  7.5%		
<b>1.11</b>	<b>Effective annual interest rate<sup>4</sup></b>	13.53% - 15.98%	10.21% - 12.85%	11.86% - 13.70%	8.25% - 9.10%	9.25% - 10.1%

<sup>3</sup> The reference rate of "IDBank" CJSC (IBRR) and its methodology of calculation can be found at the following link: [IBRR](#). For the loans provided under these terms the IBRR can change twice a year, in May and November, moreover, the change enters into force 30 calendar days after its publication. The floating interest rate in terms of each loan can increase or reduce by two percentage point in case of USD, and four percentage points in case of AMD.

<sup>4</sup> **LOAN INTEREST AMOUNTS ARE CALCULATED BASED ON THE NOMINAL INTEREST RATE. LOAN INTEREST AMOUNT IS CALCULATED TOWARDS THE ACTUAL LOAN BALANCE, AND THE EFFECTIVE ANNUAL INTEREST RATE INDICATES HOW MUCH THE LOAN WOULD COST THE CLIENT GIVEN ALL THE INTEREST AND OTHER PAYMENTS ARE MADE IN DEFINED TERMS AND AMOUNTS.**

The effective annual interest rate of mortgage loans provided within the scope of IDHome package can be changed depending on the terms of cooperation between the Bank and the developer.

<b>1.12</b>	<b>Minimum prepayment<sup>5</sup></b>	Starting from 0% prepayment	<p><b>30%</b> (of the least value between the acquisition value and the estimated market value of the property) in case of pledging the acquired property/right of pledge</p>	<p>In case of acquisition of property from the secondary market – 30%,          In case of acquisition of property from the primary market – 20%          Of the value of the real estate property being acquired in Yerevan and RA regions.</p>
			<p><b>10%</b> (of the least value between the acquisition value and the estimated market value of the property) in case of pledging the acquired property/right of pledge and other residential real estate property (second pledge),          The prepayment must be insured in the amount of the difference between the defined minimum prepayment amount and prepayment made unless another real estate property is pledged.</p>	<p>In case of acquisition of property from the secondary market – <b>10%</b>, and in case of acquisition of property from the primary market – <b>7.5%</b> (of the value of the real estate property being acquired in Yerevan and RA regions), in case if:          - another residential real estate property is being pledged besides pledging the residential house or apartment being acquired, or          - guarantee provided by a legal entity occupying from 1<sup>st</sup> to 300<sup>th</sup> place among the list of RA large taxpayers as of the date of submission of the loan application is being provided besides pledging the residential house or apartment being acquired          - in addition to the pledge of the residential house or apartment being acquired the client also insures the prepayment in the amount of the difference between the defined minimum prepayment amount and prepayment made.</p>
<b>1.13.</b>	<b>Security (pledge)*</b>	Real estate property being acquired/right of pledge, if the loan/collateral ratio amounts to up to 90%	Real estate property being acquired in case of a prepayment in the amount of 30% and more	<p><b>Real estate property acquired:</b>          In case of prepayment in the amount of 30% and more in case of acquisition from the secondary market          In case of prepayment in the amount of 20% and more in case of acquisition from the primary market</p>
		<p>In case if the loan/collateral ration exceeds 90%:</p> <p>1. Real estate property being acquired/right of pledge          Other real estate property depending on the client's creditworthiness</p>	<p>In case of making a prepayment in the amount of 10%-29.9% <b>real estate property being acquired/right of pledge and</b>  <b>and</b>  <b>- other residential real</b></p>	<p>In case of 10%-29% prepayment for acquisition of property from the secondary market, and 10%-19% prepayment for acquisition of property from the primary market – <b>real estate property being acquired and</b>  <b>- other residential real estate property, or</b>  <b>- guarantee</b> provided by a legal entity occupying from 1<sup>st</sup> to 300<sup>th</sup> place among the list of RA large taxpayers  <b>- insurance of prepayment</b> in the amount of the</p>

<sup>5</sup> The minimum prepayment under the state assistance program for ensuring housing accessibility for families displaced from certain regions of the Republic of Artsakh amounts to 5% of the value of the real estate acquired in RA regions, and 10 % of the value of the real estate acquired in Yerevan.

			<b>estate property or insurance of prepayment</b> in the amount of the difference between the defined minimum prepayment amount and prepayment made	difference between the defined minimum prepayment amount and prepayment made
<b>1.14</b>	In the case of loans refinanced by the NMC: * the maximum cost of real estate acquisition and the estimated market value is AMD 55 million * If maximum total debt to income ratio (OTI) of the borrower and co-borrower exceeds 45% and/or the loan amount exceeds AMD 35 million, the maximum amount of real estate acquisition value and estimated market value is AMD 90 million.			
<b>1.15</b>	<b>Maximum loan/collateral ratio*</b>	<b>90% (can increase up to 100%, if the OTI coefficient does not exceed 45%)</b>	<b>70%,</b>  or  up to <b>90%</b> , if along with the real estate property being acquired/right of pledge another residential real estate property is being pledged or the client implements insurance of the prepayment in the amount of the difference between the defined minimum prepayment amount and prepayment made	<b>70%</b> if a real estate property being acquired from the secondary market is being pledged <b>80%</b> if a real estate property being acquired from the primary market is being pledged  <b>10%</b> - in case if along with the residential house or apartment being acquired another residential real estate property is being pledged, or - in case if along with the pledge of residential house or apartment being acquired the client submits the guarantee provided by a legal entity occupying from 1st to 300 <sup>th</sup> place among the list of RA large taxpayers as of the date of submission of the loan application or - in case if along with the pledge of residential house or apartment being acquired the client implements insurance of the prepayment in the amount of the difference between the defined minimum prepayment amount and prepayment made
<b>1.16</b>	<b>Loan disbursement method</b>	One-time non-cash through current account		
<b>1.17</b>	<b>Method of loan and interest repayment</b>	<b>Annuity repayment method</b> – Equal monthly repayments of the sum of loan principal and interest amount* <b>Differentiated repayment method</b> equal monthly repayments of loan principal, repayments of interest amount on a monthly basis  * in case of change of the annual nominal interest rate during the loan period, the method of repayment of the loan and interest amounts can be changed		
<b>1.18</b>	<b>Loan application review fee</b>	NE		
<b>1.19</b>	<b>Loan disbursement one-off fee</b>	NE		

1.20	<b>Bank account opening</b>	Opened in the loan currency according to the tariffs applied in the Bank. If the loan currency is other than AMD, an account in AMD shall also be opened.	
1.21	<b>Fees for pledge registration</b>	<p>Implemented by the employee:</p> <p>Pledge assessment fee*</p> <p>Fee for unified reference on restrictions on the subject of pledge</p> <p>Notarization fee for the real estate that is the subject of collateral</p> <p>Fee for registration of the Bank's right arising from the pledge agreement in the competent state body</p> <p>* In case of acquisition of residential real estate property from the primary market, the pledge assessment fee may be covered by the Bank.</p>	
1.22	<b>Commission for encashment of loan amount and prepayment</b>	NE	
1.23	<b>Pledger</b>	<ul style="list-style-type: none"> <li>• In case of real estate property being acquired – the borrower and/or coborrower,</li> <li>• In case of other real estate property (other pledge) – any other physical or legal entity</li> </ul>	In case of real estate property being acquired and other real estate property – borrower/coborrower
1.24	<b>Relations between the borrower/coborrower and seller of the real estate property</b>	The real estate property cannot be acquired from the physical entity who is the family member of the borrower/coborrower, particularly borrower/coborrower's father, mother, spouse, spouse's parent, grandmother, grandfather, sister, brother, child, spouse and child of the sister, brother.	
1.25	<b>Payment Holiday Program activation</b>	<p>The Payment Holiday program is only valid in case of lending with the own resource of the Bank and allows the client to use the following services:</p> <ul style="list-style-type: none"> <li>✓ postpone (skip) the next payment stipulated by the loan repayment schedule once a year, but no more than three times during the term of the loan and/or</li> <li>✓ extend the loan term up to six 6 months</li> </ul> <p>The Payment Holiday Program fee amounts to 0.1% of the remaining principal amount of the loan, at least AMD 30,000. The Program can be activated both at the time of the loan disbursement and during the term of the loan.</p> <p><b>The restrictions on the use of the Program include the following:</b></p> <ul style="list-style-type: none"> <li>• The possibility of postponing the next payment can be used by borrowers, whose loan has been serviced by the Bank for at least six months, and in case of extension of the loan term - for at least 12 months.</li> <li>• Borrowers who have concluded the master loan agreement with the Bank can use the possibility of extending the loan term: the extension period shall not exceed the term of the specified agreement.</li> <li>• The program cannot be used in the last month of the loan term stipulated by the loan agreement;</li> <li>• In case of postponement of the next payment, the deferred amount (loan amount + interest + other payments), as well as in case of extension of the loan term, the loan balance and accrued interest and other payments are distributed over the remaining loan term.</li> <li>• The loan term can be extended only once during the entire term of the loan.</li> <li>• When activating the program during the term of the loan, borrowers can use the program at least two months after receiving the Bank's offer to join the program, in case of compliance with the requirements specified in this clause.</li> </ul>	

		<p><b>The requirements for the credit history of the borrowers using the Program are as follows:</b></p> <ul style="list-style-type: none"> <li>at the time of applying for the program, the borrower must not have outstanding liabilities as well as loan obligations that differ from the standard classification (loan, credit line, overdraft, issued guarantee, etc.), and</li> <li>during the 12 months preceding the day of submitting the application for the use of the program, the total number of overdue repayment days for outstanding loan obligations should not exceed 30 days and 15 subsequent overdue days.</li> </ul>			
<b>2.</b>	<b>Requirements to borrower/coborrower</b>				
<b>2.1</b>	<b>Status of the borrower/coborrower</b>	Physical entity <sup>6</sup>	RA citizen physical entity	RA citizen physical entity or non-RA citizen physical entity whose spouse is a RA citizen, a beneficiary of the state assistance program for ensuring housing accessibility for families displaced from certain regions of the Republic of Artsakh.	
<b>2.2</b>	<b>Age restriction</b>	<b>Borrower</b> – physical entity over 21 years old whose age must not exceed 65 years by the loan maturity,		1) spouse(s) over 21 years old whose aggregate ages does not exceed 70 years, or 2) a single parent whose age is between 18–35 at the time of loan disbursement	
		<b>Coborrower</b> – a physical entity over 21 years old whose age must not exceed 65 years at the moment of loan disbursement (the age restriction requirement shall not be applied if based on the information submitted in the application form the financial state of the borrower (other coborrowers) is enough to repay the loan without the given coborrower (coborrowers).		The borrower's spouse can become a <b>coborrower</b> , and any member of their families (family members are: the spouse, the borrower's and his/her spouse's parents, sisters and brothers) whose age should not exceed 63 years at the moment of loan disbursement.	
<b>2.3</b>	<b>General principle of borrower's/coborrower's creditworthiness assessment</b>	-	-	Maximum ratio of repayments and net incomes must not exceed 35%	
		Maximum total debt to income ratio (OTI) must not exceed:			
		<b>Up to 60%*</b>	<b>Up to 60%</b>	<b>45%</b>	
<b>2.4</b>	<b>Incomes of the borrower/coborrower</b>	1) Composition of primary incomes – according to <a href="#">Appendix 1</a>			
		2) Composition of secondary incomes – according to <a href="#">Appendix 1</a>			
<b>2.5</b>	<b>Requirements to the</b>	Absence of credit history or			

<sup>6</sup> In case of lending entities who are not RA citizens and/or whose income or center of vital interests is outside the RA territory, the maximum loan/collateral ratio is defined at 80%.

	<b>borrower's/coborrower's credit history</b>	Absence of overdue liabilities towards the financial-banking system as of the date of acceptance of the loan application (in terms of loans, credit lines, overdrafts, provided guarantee etc.), and
		Less than 30 total overdue days in terms of loan principal amount and/or interest repayments in terms of loans (credit line, overdraft, guarantee etc.) received within the 12 months preceding the loan application submission date.
		The client must not be included in the list of unwanted clients of the Bank <sup>7</sup> .
<b><i>In case of the Affordable Housing for Young Families program the given requirement to the credit history also applies to the borrower's spouse</i></b>		
<b>2.6</b>	<b>FINES, PENALTIES</b>	Penalty for overdue principal amount – 0.1% daily
		Penalty for overdue interest amount – 0.1% daily
		In case of early loan repayment: - 0.6% of early repaid amount for the 1 <sup>st</sup> year of the loan agreement, - 0.4% of early repaid amount for the 2 <sup>nd</sup> year of the loan agreement, - 0.2% of early repaid amount for the 3 <sup>rd</sup> year of the loan agreement, - No early repayment penalty is charged after the 3 <sup>rd</sup> year of the loan agreement.  No early repayment penalty is charged for the amount which does not exceed the aggregate sum of principal amount repayments provided by the repayment schedule for the 12 months following the early repayment.
		<i>In case of non-targeted use of the loan the Bank is entitled to demand:</i> 1) early repayment of the whole loan amount, 2) penalty in the amount of 25% of the misused loan amount, 3) revision of loan interest rate according to the competent body if the Bank.
<b>2.7</b>	<b>Insurance</b>	Performed by the Bank Presented in <a href="#">Appendix 2</a>
<b>2.8</b>	<b>Requirements to the subject of pledge</b>	Presented in <a href="#">Appendix 3</a>
<b>2.9</b>	<b>Place of acceptance of the application and documents</b>	All branches of the Bank

<sup>7</sup> The legal relations regarding the classification of the bank as an unwanted customer are regulated by the procedure "On defining the criteria of classification of a client as unwanted and management of relations with them" - [https://idbank.am/information/helpfull-information/Classification\\_procedure\\_eng.pdf](https://idbank.am/information/helpfull-information/Classification_procedure_eng.pdf)

<b>2.10</b>	<b>Loan decision making and notification of the client</b>	Up to 3 business days after submission of a complete package of documents required by the Bank
<b>2.11</b>	<b>Loan disbursement term</b>	Maximum 3 business days after submission of complete package of documents and registration of the right of pledge after the decision has been made
<b>2.12</b>	<b>Validity of the loan decision</b>	30 business days
<b>2.13</b>	<b>Other requirements (applied only within the scope of the Affordable Housing for Young Families program)<sup>8</sup></b>	1. the sum of the total monthly net income of the spouses and possible coborrowers must not exceed AMD 800,000
		2. Primary income is important both for the borrower and the coborrower.
		3. spouses must not be owners of other residential real estate property (residential house or apartment) unless the share of territory per each person registered in the given apartment/residential house is less than 18 sq./m.
		4. the real estate property must be acquired for the purpose of permanent residence
		5. The acquisition price, in case of acquisition from the secondary market, should be less than AMD 25 million, while the estimated market price should not exceed AMD 26 million, and in the case of acquisition from the primary market (directly from the developer) the acquisition price should be less than AMD 30 million, while the estimated market price should not exceed AMD 31 million.
<b>2.14</b>	<b>Chief credit agreement</b>	The Bank concludes a chief loan agreement with the client for a term of up to 240 months and in the amount of up to 100% of the market price of the real estate property except for loans provided within the scope of “Affordable Housing for Young Families” program
<b>1.</b>	<b>Refinancing terms</b>	
	Refinancing of mortgage loan for acquisition re renovation of real estate property is implemented according to paragraphs 1 and 2 of Own resources of these terms with the exception of the following terms:	
	<b>Loan application revision fee</b>	NE
	<b>One-time loan disbursement fee</b>	NE
	<b>Pledge related costs</b>	<p><b>The pledge related costs incurred by the Bank for loans amounting to AMD 15,000,000 and more are as follows:</b></p> <ul style="list-style-type: none"> <li>- collateral appraisal fee (no appraisal is required if the given property is already pledged in the Bank and has been appraised within 12 months preceding the submission of the loan application, or 6 months preceding the submission of the loan application in case if the property is pledged in other banks/credit organizations, by appraisal companies cooperating with the Bank),</li> <li>- Fee for the unified reference provided by the state cadaster committee under the RA Government*,</li> <li>- Notarization fee for the real estate that is the subject of collateral</li> <li>- Fee for registration of the Bank’s right arising from the pledge agreement in the competent state body*</li> </ul>

<sup>8</sup> The requirements set out in this clause, except for clause 2, do not apply to beneficiaries of the state assistance program for ensuring housing accessibility for families displaced from certain regions of the Republic of Artsakh.

		<p>*in case if the fees for the unified reference provided by the state cadaster committee under the RA Government and for registration of the Bank's right arising from the pledge agreement in the competent state body are made through the ARPIS program applied in the Bank, no reference fee shall be charged.</p> <p>In case if the costs are incurred by the Bank the borrower shall reimburse to the Bank the costs incurred by the latter mentioned in this provision in case if the borrower completely repays the loan ahead of time within 24 months following the transfer.</p>
2.	List of documents to be submitted by the client	according to <a href="#">Appendix 4</a>

**Note:**

**In addition to the commission fees mentioned in these terms, the borrower shall also bear the following expenses (in case of 1 collateral)\*:**

- Property appraisal fee in the amount of up to AMD 25,000. The list and tariffs of appraisal companies cooperating with the Bank are presented at the following link: [List of appraisal companies](#)
  - Unified reference – up to AMD 10,300
  - Inquiry of information – AMD 1,300
  - Notarization fee – up to AMD 20,000
  - Registration of right of pledge – up to AMD 26,400
  - Registration of ownership right – up to AMD 46,100
  - Insurance of the property being pledged – in the amount of 0,16% of the loan balance
  - Borrower's insurance - in the amount of 0,16% of the loan balance
- The list and tariffs of insurance companies cooperating with the Bank are presented at the following link: [List of insurance companies](#)

Irrespective of the rates of the Bank stated in these terms, the fees for services rendered by third parties can be changed by the third parties.

**Attention:**

**In order to receive a loan the borrower/coborrower must provide the Bank with his/her e-mail address, otherwise the loan shall be rejected.**

**Table 1**

Source of financing	Own resources				Guideline for internal use
	AMD		USD		
Loan currency					
Loan/collateral – loan term	120-180	181-240	120-180	181-240	
70.1%-90%	13.25%	14%	10.25%	11%	
0-70%	13%	13.5%	10%	10.5%	
* also in case of an additional pledge					

<p>Cases of interest rate changes:</p> <ul style="list-style-type: none"> <li>• In case the loan was initially provided at a floating interest rate, the nominal annual interest rate of the loan is reduced by 1%</li> <li>• In case of joining the IDsalary and IDsalary+ salary packages (in the amount of at least 80% of total income of the borrower and/or coborrower(s)) the annual nominal interest rate of the loan decreases by 0.25%.</li> <li>• In case if the prepayment insurance is performed by the Bank the annual nominal interest rate of the Bank increases by 0.55%.</li> <li>• The interest rates increase by 0,25% in case of acquisition of the real estate property from the secondary market as well as based on the terms of cooperation between the Bank and the developer.</li> </ul>	
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**Table 2**

Source of financing	National mortgage company		Guideline for internal use
<b>Loan/collateral – loan term</b>	<b>120-180</b>	<b>181-240</b>	
<b>70.1% - 90%</b>	11.75%	12%	
<b>0% - 70%*</b> <b>* also in case of an additional pledge</b>	11.5%	11.75%	
<p>Cases of interest rate changes:</p> <ul style="list-style-type: none"> <li>• In case of acquiring real estate from energy-efficient building nominal annual interest rate of the loan is reduced by 0.5%.</li> <li>• In case of joining the IDsalary and IDsalary+ salary packages (in the amount of at least 80% of total income of the borrower and/or coborrower(s)) the annual nominal interest rate of the loan decreases by 0.25%.</li> <li>• In case if the prepayment insurance is performed by the Bank the annual nominal interest rate of the Bank increases by 0.55%.</li> <li>• In case if the borrower’s and coborrower’s maximum ratio of total debt obligations to net income ratio (OTI) exceeds 45% and/or the loan amount exceeds AMD 35 mln, the interest rate of the loan increases by 1,5%.</li> </ul>			

<b><i>Income composition and maximum weights to participate in the OTI ratio</i></b>			
<b>1.</b>	<b><i>Primary income</i></b>		
<b>1.1</b>	Salary/income received for the main work hours, based on the professional skills and abilities of the borrower/coborrower		100%
<b>1.2</b>	Income (profit) received as a result of own business activities, and grounded by appropriate documents* * the business must be registered in the corresponding state body and operate for at least 12 consecutive months	<b><i>In case of lending with the own resource of the Bank</i></b>	100%
		<b><i>In case of lending within the scopes of the National Mortgage Company program</i></b>	
	Income (profit) received as a result of own business activities** and grounded by tax reports, except for the following cases:  1. If it operates for less than a year, 2. The turnover (revenue) during the last year was zero for 2 month or longer, 3. There are accounts receivable in terms of taxes, 4. Full information required for business analysis was not submitted. <b>**tutoring by physical entities who are not private entrepreneurs is also considered as own business activity</b>	<b><i>In case of lending within the scopes of the Affordable Housing for Young Families program</i></b>	60%
<b>1.3</b>	Military pension as well as monthly payments for compensation received from the FUND FOR COMPENSATION OF DAMAGE TO THE LIFE OR HEALTH OF MILITARY PERSONNEL	<b><i>In case of lending within the scopes of the Affordable Housing for Young Families program</i></b>	100%
<b><i>Secondary income</i></b>			
<b>2.1</b>	Income received from rental which is grounded by documents. Moreover, the real estate property must have been rented for at least 270 days within the 12	<b><i>In case of lending within the scopes of the National Mortgage Company program</i></b>	Up to 100%

	months preceding the loan application acceptance date, which is grounded by documents.		
	Income received from rental of real estate property which has been received at least 12 months prior to the loan application acceptance date, in accordance with the rental agreement concluded in the order defined by law.	<b><i>In case of lending within the scopes of the Affordable Housing for Young Families program</i></b>	60%
	Income received from rental which has been received during at least 3 months preceding the loan application acceptance date, which is grounded by rental agreement(s) concluded in the order defined by law*.  *if the fee defined by the rental agreement differs from the actual rental fee, the rental fee estimated by the independent appraisal company shall be counted.	<b><i>Only in case of lending within the scopes of the own resource of the Bank</i></b>	100%
2.2	Income from investments into state treasury bonds, CBA securities, other securities, received during at least one year prior to the date of loan application.		60%
2.3	Income received for paid works or rendered services over at least one year grounded by corresponding agreements	<b><i>In case of lending with the own resource of the Bank</i></b>	Up to 100%
		<b><i>In case of lending within the scopes of the National Mortgage Company program</i></b>	50%
		<b><i>In case of lending within the scopes of the Affordable Housing for Young Families program *</i></b>	60%
	<b><i>* the mentioned types of income shall be considered if the latter have also been submitted to the tax authority.</i></b>		
2.4	Transfers received over a year preceding the date of loan application given that they have been received for at least 6 times (in this case transfers made over the past 12 months on a monthly basis or once every two months shall be considered as periodic).	<b><i>In case of lending with the own resource of the Bank</i></b>	50%
		<b><i>In case of lending within the scopes of the Affordable Housing for Young Families program</i></b>	60%
	Transfers received for at least eight months over a year preceding the date of loan application if these transfers have been received from family members (family members are the father, mother, spouse's parents, grandfather, grandmother, sister, brother, children, spouse and children of sister/brother)	<b><i>In case of lending within the scopes of the National Mortgage Company program</i></b>	60%
2.5	Pension for long term service (employees of the Police of the Government of RA, RA Ministry of Defense, penitentiaries and other appropriate institutions, pedagogues, judges, etc.), pension for the death of breadwinner, etc. (except for retirement pension)	<b><i>In case of lending with the own resource of the Bank</i></b>	100%
		<b><i>In case of lending within the scopes of the National Mortgage Company program and</i></b>	Up to 100%
2.6	Other income acceptable for the Bank's competent body <b><i>(the mentioned income is not being considered in case of lending within the scopes of the Affordable Housing for Young Families program if they have not been registered with the tax authority)</i></b>		Up to 100%

### 1. Insurance of borrower/coborrower

#### Insurance of borrower/coborrower

Insurance is provided against loss of life as a result of accident and loss of permanent ability to work in the amount of the loan balance:

1. Each year on an annual basis,
2. For the last year of the loan for the period left before the loan repayment,
3. In proportion to the income of the borrower/coborrower participating in the loan repayment.

### 2. Insurance of the subject of pledge

#### Insurance of the acquired real estate<sup>9</sup>

Insurance is performed in the amount of the loan balance:

- 1) each year on an annual basis,
- 2) for the last year of the loan for the period left before the loan repayment

*\* Insurance is performed upon existence of ownership certificate confirming 100% completeness of the real estate property being acquired. In case if a second property is being pledged:*

1. *If the property being acquired has 100% completeness and at the same time:*
  - 1) *The market value of the property being acquired is greater than the loan balance, the property being acquired will be insured in the amount of the loan balance.*
  - 2) *The value of the property being acquired is less than the loan balance, the property being acquired will be insured in the amount of the market price and the 2<sup>nd</sup> property – in the amount of the difference between the loan balance and market price of the property being acquired.*
2. *Before the availability of the ownership certificate of the property being acquired with 100% completeness, the 2<sup>nd</sup> property shall be insured. Particularly:*
  - 3) *If the market value of the 2<sup>nd</sup> property is greater than the loan balance, only the 2<sup>nd</sup> property will be insured in the amount of the loan balance. After 100% completeness of the property being acquired the latter will be insured in the amount of the difference before the end of insurance term of the 2<sup>nd</sup> property after which the property being acquired will be insured on an annual basis.*
  - 4) *if the market value of the 2<sup>nd</sup> property is less than the loan balance, only the 2<sup>nd</sup> property will be insured in the amount of the market value. After 100% completeness of the property being acquired the latter will be insured in the amount of the difference before the end of insurance term of the 2<sup>nd</sup> property after which the property being acquired will be insured on an annual basis.*

<sup>9</sup> In case of lending with the own resource of the Bank real estate insurance covers only earthquake damage.

<b>Minimal cases covered by the insurance agreement</b>	<ol style="list-style-type: none"> <li>1. Earthquake insurance <ol style="list-style-type: none"> <li>1) Minimal case covered by the insurance agreement - earthquake</li> </ol> </li> <li>2. Property insurance <ol style="list-style-type: none"> <li>1) fire or explosion,</li> <li>2) hail, flood or heavy rain,</li> <li>3) storm or strong wind,</li> <li>4) Heating, water supply or drainage system failure,</li> <li>5) malicious acts committed by third parties</li> </ol> </li> </ol>
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<b>Requirements to the subject of pledge</b>		
1	<b>Subject of pledge</b>	Real estate property being acquired, right to acquire the real estate property, other residential/public real estate property
2	<b>Location of the subject of pledge</b>	RA territory
3	<b>Appraisal of the subject of pledge</b>	The subject of pledge must be appraised by one of the specialized organizations cooperating with the Bank
4	<b>Insurance of the subject of pledge</b>	<u>according to appendix 2</u>
5	<b>Other requirements</b>	<p>The subject of pledge must:</p> <ol style="list-style-type: none"> <li>1) not be located on the territory of another building, dormitory</li> <li>2) not be located on the territory of overriding public interest,</li> <li>3) not have a common yard area with another owner if it's a residential house or it should not include a land area which is mutually owned by another owner or the residential house is overburdened with land rental or free use.</li> </ol>

## **Mortgage loans preapproval guide**

1. A client can apply to the Bank for mortgage loan preapproval.
2. The client shall submit all the documents necessary for provision of mortgage loans except for documents related to the real estate property being acquired (certificate of ownership, document on right of acquisition of the real estate property under construction, collateral appraisal act etc.), fills in the required application form and provides a consent to perform ACRA inquiry.
3. The client manager studies the submitted documents, calculated the possible loan amount to be provided to the client or the price of the real estate property being acquired, which the client would be able to acquire according to the submitted information.
4. If the client is satisfied with the offered variant, the client manager prepares a loan approval request according to the requirements of the “Procedure of providing mortgage loans to physical entities”, except for the documents related to the collateral, and sends it to the CRMD.
5. In case of a positive decision on the loan, the loan can be provided (double decision is made) if the client submits all the documents on the real estate property to be acquired which have not been submitted before within 30 business days, if the loan amount approved for the client is not going to change. In case if the loan amount is going to differ from the approved amount the Client manager sends the client’s package for double approval.

## **GENERAL PROVISIONS**

1. Prior to conclusion of a loan agreement the Bank shall provide the client with the individual sheet of essential conditions of the loan which contains the individual conditions of the loan to be provided to the client.
2. The Bank is obliged to provide the client with the mortgage loan offer 7 days prior to the agreement signing date and provide the client with the opportunity to think over before making a final decision.
3. The borrower has the right to completely or partially perform his/her contractual obligations ahead of time, paying a penalty if provided.
4. In case of early repayment, the payments, generating the Bank’s income, included in the total cost of crediting the borrower, shall be proportionally reduced.
5. The client is entitled to fulfil (repay) his/her contractual obligations ahead of time irrespective of the fact of such right being prescribed by the loan agreement or not.
6. The real estate mortgage agreement must be notarized. The property ownership right, mortgage right and other property rights are subject to state registration.
7. Loan interest amounts shall be calculated based on the effective interest rate. Loan interest amount shall be calculated against actual loan balance.
8. The effective annual interest rate indicates the cost of the loan for the client given all the interest amounts and fees are repaid in the defined terms and amounts.

9. The order of effective annual interest rate calculation is presented at the following link: [Guideline on effective annual interest rate calculation](#).
10. In case of foreign currency loans the effective interest rate calculation is based on the exchange rate published on the official website of the RA Central Bank at the moment of provision of loan. The effective interest rate can change depending on the change of the exchange rate published on the official website of the RA Central Bank.
11. In case of foreign currency loans the interest amounts calculated towards the principal loan amount can also be paid in the loan currency upon the client's request.
12. In case of foreign currency loans the changes of foreign currency exchange rates can impact the loan repayments.
13. In case of failure to perform interest and loan repayments on time the pledged property and/or monetary funds can be confiscated in an order prescribed by law, and the Bank shall send the information on the client to the credit bureau within a maximum of three business days, where the client's credit history is being shaped. The client has the right to receive his/her credit history free of charge once a year from the credit bureau.
14. A bad credit history can prevent a client from receiving loans in the future.
15. The borrower may be deprived of his/her property rights if he/she does not fulfill or improperly fulfills his obligations under the loan agreement.
16. In case if the collateral is not sufficient to fulfil a client's obligations at the expense of the collateral in the event of failure to fulfil obligations by the clients, the obligations can be repaid at the expense of other property of the client.
17. While performing overdue obligations, the repayments shall be implemented in the following order: cost of confiscation, including litigation expenses (if applicable), interest penalty, penalty for principal loan amount, interest, service fee and commissions /if applicable/ and principal loan amount. The Lender is entitled to unilaterally change the order of repayments mentioned in this provision at any time.
18. Disputes arising between the parties can be settled in a court proceeding or by the Financial system mediator (in the order prescribed by the RA law on "Financial system mediator"), located at 0010, Yerevan, 15 M. Khorenatsi St, "Elite Plaza" business center, 7th floor, e-mail – info@fsm.am, telephone – (+37460) 701111, fax –(+37410) 582421. Moreover, if the property claim does not exceed 250 000 (two hundred fifty thousand) AMD or equivalent in foreign currency, the decisions of the Financial System Mediator cannot be challenged by the Bank.
19. For the purpose of proper study of the client as defined by RA law on "Combating money laundering and terrorism financing", the Bank may require additional documents or information based on "Know Your Client" principle.
20. According to the agreement with the USA based on the Foreign Account Tax Compliance Act (FATCA) the Bank may collect additional information for the purpose of identification of the fact of the client being a US taxpayer.
21. The Client has the right to communicate with the Bank through a preferred means of communication: e-mail or regular post. The electronic means of communication is the most comfortable. It is available 24/7 and is free of the risk of losing information in paper as well as ensures confidentiality.

22. The conditions of providing statements, their copies, references during the validity of the loan agreement can be found at the following link: [Tariffs](#).
23. The list of branches and ATMs of the Bank, information on their locations and working hours can be found at the following link: [Branches and ATMs](#).
24. Remote servicing by the Bank is provided through the IDBanking.am online system. The order and tariffs on rendering remote services are presented in [“Public terms on rendering remote banking services”](#).

**ATTENTION! THE BANK IS CONTROLLED BY THE RA CENTRAL BANK**