

Residential property mortgage loan

If you are an Armenian National or Resident

Planning to buy a residential property from primary or secondary markets

and

- ▶ Have an account with HSBC Bank Armenia and at least 6 months employment with a company maintaining satisfactory banking relationship with HSBC Bank Armenia, and your minimum net monthly salary is AMD200,000;

or

- ▶ Have an account with HSBC Bank Armenia and at least 6 months employment with a company maintaining accounts with other banks in RA and 3 months record of salary being transferred to your account with HSBC Bank Armenia, and your minimum net monthly salary is AMD200,000;

or

- ▶ Have an account with any local bank with at least 12 months employment history and salary being transferred to

your account for 12 months, and your minimum net monthly salary is AMD300,000;

Apply now for a residential property mortgage loan

Loan currency and size

- ▶ Loan currency is AMD.
- ▶ Up to 15 times of your net monthly salary
- ▶ Up to 20 million

Note: Loan amount can not exceed 70% of the property value if located in Yerevan or 30%, if located elsewhere in Armenia.

Term

- ▶ From 12 up to 120 months*

Interest rate (floating)

For the 1st -9th years:

- ▶ Floating Interest rate calculated at NMC (National Mortgage Company) refinancing rate** plus HSBC Bank Armenia Interest Rate Margin of 7.5% p.a.

* Customer's age plus the loan term should not exceed 65 years. Customer's minimum age is 21.

** The rate are subject to change by the National Mortgage Company after each three years.

For the 10th year:

- ▶ Floating Interest rate calculated at HSBC Bank Armenia AMD Base Rate plus Interest Rate Margin of 7.5% p.a.

Interest will be calculated on a daily basis on the loan outstanding balance.

The loan payments to net income ratio may not be higher than 35%.

Overall loan payments to net income ratio may not be higher than 45%.

Loan account annual service fee

- ▶ AMD 30,000

The loan principal amount is subject to equal monthly repayments. The accrued interest will be billed monthly and is subject to payment in AMD, along with the monthly principal amount repayment.

Residential property renovation / improvement loan

If you are an Armenian National or Resident Planning to renovate your house

and

- ▶ Have an account with HSBC Bank Armenia and at least 6 months employment record in a company maintaining accounts with HSBC Bank Armenia, and your minimum net monthly salary is AMD200,000;

or

- ▶ Have an account with HSBC Bank Armenia with at least 6 months employment record in a company maintaining accounts with other banks in RA and 3 months record of salary being transferred to your account with HSBC Bank Armenia, and your minimum net monthly salary is AMD200,000;

or

- ▶ Have an account with any local bank with at least 12 months employment history and salary being transferred to your account for 12 months, and your minimum net monthly salary is AMD300,000;

Apply now for a residential property renovation / improvement loan

Loan currency and size

- ▶ Loan currency is AMD
- ▶ Up to 15 times of your net monthly salary
- ▶ From 1 million up to 20 million

Note: Loan amount can not exceed 70% of the property value if located in Yerevan or 30%, if located elsewhere in Armenia

Term

- ▶ From 6 up to 108 months*

Interest rate (floating)

Floating Interest rate calculated at NMC refinancing rate** plus HSBC Bank Armenia Interest Rate Margin of 7.5% p.a. Interest will be calculated on a daily basis on the loan outstanding balance.

The loan payments to net income ratio may not be higher than 35%.

Overall loan payments to net income ratio may not be higher than 45%.

Loan account annual service fee

- ▶ AMD 30,000

* Customer's age plus the loan term should not exceed 65 years. Customer's minimum age is 21.

** The rate are subject to change by the National Mortgage Company after each three years.

The loan principal amount is subject to equal monthly repayments. The accrued interest will be billed monthly and is subject to payment in AMD, along with the monthly principal amount repayment.

Terms and conditions

Security and Insurance

- ▶ The property is pledged to the Bank until the full repayment of the loan
- ▶ If the loan is provided for purchase of property from primary market and it is in construction stage (i.e. no Ownership Certificate is available for the property) the borrower will be asked to secure the loan by pledging both the property the loan is for and any other residential property. Only privately owned property will be considered. The applicant must contribute a reasonable share of equity pledged. Pledge is subject to change to the one being bought from primary market once the final Ownership Certificate is issued. Proofs of a new property acquisition should be provided to the Bank at the earliest (max term - 12 months)
- ▶ Borrower must provide both pledged Property Insurance and Life Insurance* policies opting from suggested list of insurers. Should the borrower fail to arrange the insurance, the Bank will arrange an insurance at the borrower's cost **

- ▶ Beneficiary rights of the insurance policy must be entitled to the Bank until the full repayment of the loan
- ▶ Sum insured has to be equal to the market value of the property
- ▶ The Bank reserves the right to demand premature loan repayment, if pledge insurance conditions specified in the pledge agreement were not complied with
- ▶ For renovation loans, pledge over the residential property loan is applied. The applicant must contribute a reasonable share of equity to be pledged.

Important notes

- ▶ **Depending on risk assessment results loan application might be approved at a higher interest rate**
- ▶ **The Bank reserves the right to sell the pledged property, without recourse to the court and use the sales proceeds for repaying the loan outstanding amount, if customer refuses or regularly delays the loan repayment**
- ▶ **The property can be confiscated if the borrower does not pay the**

* Currently Life Insurance regulation is under review, hence till the latter in force Personal Accident Insurance Policy is to be accepted (NMC requirements).

** Property insurance – 0.17% - 0.2%

Accident insurance – 0.3% of the loan amount

interest and loan amounts in time.

- ▶ **If the borrower does not pay the interest and loan amounts in time, information about credit history will be submitted to the credit register.**
- ▶ **Loan drawdown will be done after submission of pledge and insurance agreement/ policy**
- ▶ The loan drawdown will be made through transfer
- ▶ Valuation and pledge costs are born by the customer*
- ▶ For renovation loans, a report from an independent authorized valuator in evidence to renovation done should be provided after 6 months from the date of the loan draw down.
- ▶ Interest amount will be calculated on a daily basis by using the following formula:

$I = R * L / 360$, where

I = one day interest amount

R = current interest rate

L = outstanding amount of loan

Default interest rate and penalties

- ▶ **In case of loan and/or interest default the Bank will apply 15% plus the loan nominal interest rate per**

annum penalty interest rate on the defaulted sum

- ▶ **The Bank will apply AMD 10,000 one-off penalty for any case of loan and/or interest overdue exceeding 3 working days**
- ▶ **For each loan principal repayment made out of the set repayment schedule during the first half of the loan term, the Bank will apply a penalty calculated at 0.1% of the amount overpaid, multiplied by the number of months remaining till the end of loan term, but not less than AMD 5,000**

Required documents

- ▶ Valid passport
- ▶ Social Security Card
- ▶ A letter from the employer undertaking to process the applicant's remuneration through HSBC Bank Armenia
- ▶ Real estate ownership certificate (original is kept with the Bank until the full repayment of the loan)
- ▶ If the applicant is not HSBC Bank Armenia customer, the applicant's bank statements proving salary transfers for the last 12 months

* Property valuation - AMD 18,000 - AMD 35,000

- ▶ Copy of the property Ownership Certificate, copy of basis of property ownership, owners/co-owners passport copies
- ▶ Valuation Certificate of the property securing the loan. Valuation is to be conducted by an independent valuator authorized by the Bank
- ▶ Copies of real estate acquisition documents (e.g. inheritance certificate, sale and purchase agreement, decision, resolution, etc)
- ▶ Copies of identification documents of the co-owners of the seller (e.g. inheritance certificate, sale and purchase agreement, death certificate, power of attorney, etc)
- ▶ Copies of identification documents of the Buyer (passport, marriage certificate, divorce certificate, powers of attorney, etc)
- ▶ Certificate issued by the passport agency evidencing that no other persons are registered in the mentioned address (original)
- ▶ A combined certificate issued by the respective department of the State Committee of the Real Estate Cadastre on any restrictions in respect of the house (original). Provided the fact that the mentioned document expires in 15

days it is suggested that this document is provided after all the other documents are ready

- ▶ Real estate pledge certificate issued by the respective subdivision of the State Committee of the Real Estate Cadastre (pledge and loan agreements are prepared by the bank).

The timeline for decision making for provision of loans

- ▶ The maximum period for decision on loan application – 7 working days (this does not include the time needed for collection of necessary documents)
- ▶ The maximum period for informing the applicant about the decision – 3 working days
- ▶ The maximum period for loan provision – 30 working days (this does not include the time needed for collection of necessary documents)
- ▶ The bank makes the decision on provision of loans at its discretion taking into consideration the conformity of the loan application to the announced requirements of the given loan type as well as evaluating such essential factors as the creditworthiness of the applicant, availability of overdue payments and other factors.