

## HOUSING LOAN

# General Information on Housing Loan for EU Nationals and Croatian nationals working in EU

The conditions defined in this General Information are valid for loan contracted from 1 August until 31 August 2023.

## LOAN TERMS AND CONDITIONS

Maximum loan amount and the interest rate are determined in accordance with the credit risk assessment of the borrower for the bank and depend on the business relationship of the borrower with the Bank.

<b>Loan amount</b>	<b>from 10.000 up 500.000 EUR</b>	
<b>Repayment</b>	<b>from 3 to 20 years</b>	
<b>Interest rates</b>	<b>Fixed rate - a rate that will not change for the entire term of a loan</b>	
	<b>from 3 to 10 years</b>	<b>from 10 to 20 years</b>
	<b>3,75% - 3,95%</b> <b>(EKS<sup>1</sup> 4,00% - 4,21%)</b>	<b>4,25% - 4,45%</b> <b>(EKS<sup>2</sup> 4,40% - 4,61%)</b>

**Interest rates are shown on an annual basis.**

EIR - Effective interest rates are calculated on August 1, 2023:

<sup>1</sup>for the loan amount of EUR 50,000, repayment period of 120 months and stated interest rates, as well as the cost of real estate appraisal and property insurance policy premium according to the amounts stated in the representative calculations.

<sup>2</sup>for the loan amount of EUR 100,000, a repayment period of 240 months and the stated interest rates, as well as the cost of real estate appraisal and property insurance policy premium according to the amounts stated in the representative calculations.

The exact calculation of the EIR will be provided to the client in the ESIS form (European Standardized Information Form) which will be handed to you before signing the contract.

## LOAN PURPOSE

**Purpose:**

- Purchase of residential space (apartment, house, suite)
- Building, extension, reconstruction or completion and maintenance of residential space
- Purchase of building plots and municipal development
- Purchase/construction of the garage, storage or parking space, with the purchase of residential space
- Adaptation of residential space

## COLLATERALS

**The Bank accepts collateral that are situated in the Republic of Croatia.**

- Consent to wage garnishment and a promissory note, both solemnized.
- Mortgage and property insurance policy to the benefit of the Bank. Maximum loan amount can be up to 60% of the estimated value of the pledged property – apartment, respectively up to 50% of the estimated value if the pledged property

The Bank reserves the right, in its discretion, to request additional collaterals.

The Loan User must ensure part of his/her own financial funds for purchase down payment.

Down payment amount is minimum 40% (for apartments) i.e., 50% (for houses) of the purchase price/estimated value.

## LOAN COSTS

<b>Fee for processing loan request</b>	Without fee
<b>Insurance costs</b>	Property insurance policy – for loans insured with a lien on a property, it is necessary to insure the property by insuring property, at consumer's cost according to the price list of the insurance company.
<b>Estimated value of the property</b>	For loans insured with a lien on a property, it is necessary to estimate the value of the property at consumer's cost. The value of the property is determined via estimation by authorized assessors acceptable to the Bank.
<b>Other costs</b>	Costs related to confirmation/solemnization of the loan agreement and other notary fees and lien registry fees.

## ADDITIONAL SERVICES TO BE ARRANGED BY THE CONSUMER

- Property insurance policy.

## LOAN REPAYMENT

Loan Repayment can be arranged in monthly annuities and instalment.

The exact number and amount of monthly instalments or annuities depends on the contracted elements of the loan agreement such as interest rate and repayment period.

When submitting loan application, the client can also arrange the possibility of early repayment (in part or in full) with additional payments, without fees for early repayment and without additional costs (for example, notary fees). After arranging this benefit with additional payments (in the amount of at least 2 annuities), the principal is automatically reduced, without going to the Bank, and the information about the new principal and annuity amount are delivered via mail.

## EARLY LOAN REPAYMENT

The Client can, always, file a written request for early loan repayment, in part or in full, without paying fees for early loan repayment.

## CONSEQUENCES OF FAILURE TO COMPLY AND FAILURE TO EXECUTE COMMITMENTS FROM THE LOAN AGREEMENT

In case of late payments of matured commitments and/or execution of any commitments related to the Loan Agreement, the Bank has the right to:

- Use all insurance instruments to settle the whole debt and fulfil outstanding commitments of the consumer

General Information is provided for informational purposes only and is valid as of 1/8/2023

The Bank retains the right to change the above-mentioned conditions.

- Cancel the Loan Agreement whereby Bank's claim is matured in full and before the regular maturity date
- Request a forced settlement of loan principal together with matured interest rates, statutory interest rates, costs, and other claims pursuant to the Agreement and positive regulations

Client shall bear all costs incurred due to the described failure to fulfil his/her commitment within the predicted deadline, such as attorney, public notary, and administration fees, as well as costs of other bodies with regard to the forced payment (enforcement process) procedure.

## RIGHT TO WITHDRAW FROM THE LOAN AGREEMENT

**Loan User can withdraw from the Loan Agreement, without providing a specific reason, only if he/she notifies Erste Bank in writing within 14 days from the date of concluding the agreement.**

If the Loan User gains the right to withdraw from the Loan Agreement and Erste Bank has already paid him/her the funds, the Loan User shall, within 30 days from the date the Bank was notified on the withdrawal from the Loan Agreement, repay all funds to the Bank, increased for the contractual interest rate applied on the amount of disbursed funds from the day of disbursement of funds to the Loan User up to the repayment date.

## VALID CALCULATION

Loan amount in EUR	Repayment period	Type of interest rate	Interest rate (annually)	Effective interest rate <sup>2</sup>	Monthly annuity in EUR	Total amount paid by the client in EUR
50.000	10 years (120 annuity)	fixed	3,75%	4,00%	500,31	60.510,85
100.000	20 years (240 annuity)		4,25%	4,40%	619,23	149,391,22

<sup>1</sup>The effective interest rate, the annuity amount and the total amount paid by the client are calculated according to the above-mentioned conditions on 1/8/2023. The EIR costs includes costs of valuation of property in amount of 174.20 EUR and annually costs for property insurance policies in the amount of 30 EUR.

## PROCEDURE FOR APPROVAL OF HOUSING LOAN WITH MORTGAGE

**Official language in Croatia is Croatian. If the participants in the loan do not speak or understand the Croatian language, a court interpreter for the appropriate language must be present at the solemnization of the contract.**

### **1. Loan application and documentation collection**

You can apply for a loan at any branch of Erste Bank or through an online application on the website. In addition, it is necessary to submit documentation to determine creditworthiness and to prove the purpose of the loan.

### **2. Processing of loan applications and loan approval**

Based on the collected documentation, Erste banka starts processing the loan application. Your creditworthiness is calculated, as well as the creditworthiness of other participants if they will be in a credit relationship (guarantor, co-borrower) and the necessary insurance instruments are defined.

For loans secured by a mortgage, an assessment of the value of the real estate is required, on which the mortgage in favor of Erste Bank will be based.

At Erste Bank, you can arrange a real estate valuation. By paying the fee for the real estate valuation, which is performed by Erste nekretnine d.o.o., the valuation of your real estate will be carried out quickly and reliably.

After the evaluation of the property, Erste Bank assesses your loan application and makes a decision on loan approval

### **3. Conclusion of the loan agreement and insurance instruments**

On the agreed day, at Erste Bank, you will receive the loan agreement signed by Erste Bank and other documentation that must be signed by all participants in the loan: the loan beneficiary, the mortgagee (property owner) and any co-borrower, guarantor. The documentation is signed and confirmed/solemnized by a notary public. Solemnization is the process of confirming the contract with a notary who checks whether the contract complies with the prescribed form and explains to the participants in the loan the meaning and consequences of this legal transaction. The costs of formalization depend on the amount of the loan and borrower pays that cost.

You submit the solemnized loan agreement, together with the proposal for the registration of the mortgage, in favor of Erste Bank, to the competent Municipal Court, Land Registry Department (land registry) for the registration of the lien on the real estate through the notary public or the lawyer. An extract from the land register, in which the lien in favor of Erste banka is registered, and the copy of court decision allowing the registration of a mortgage in favor of Erste banka, must be submitted to the bank before the loan is disbursed. The time required to establish a lien on real estate depends on the individual competent Municipal Court, Land Registry Department (land register).

It is necessary to contract a property insurance policy for the real estate on which Erste Bank's lien is registered. The policy must be pledged or bonded in favor of Erste banka. Erste bank also accepts existing policies if they meet the conditions.

### **4. Loan disbursement**

Upon submission of documentation and joint verification of whether all other conditions for loan disbursement are met (insurance instruments, etc.), Erste banka will disburse the loan.



## **ADVISORY SERVICES**

The bank does not provide advisory services from Article 22 of the Act on Housing Consumer Lending.