

General Information on Housing and Renovation Loan in EUR for Foreign Nationals Employed in Foreign Countries

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

Requirements:

Loan amount:	up to 250,000.00 EUR	
Repayment:	3 to 20 years	
Currency:	EUR with currency clause	
Interest rate:	variable for repayment deadlines up to 20 years – variable during the whole loan repayment period	4,915% linked to 12M EURIBOR
Risk of variable interest rate:	Variable interest rate consists of fixed and variable part, whereby fixed part implies the contracted number of percentage points that does not change for the whole loan repayment period, while the variable part represents market parameter, i.e. reference interest rate -12m EURIBOR for EUR. Contracting variable interest rate exposes the client to the risk of changes in interest rates, which can influence the exchange of cash flows in relation to a particular loan (their increase or reduction). For example, the increase of reference interest rate (e.g. EURIBOR) with the linked interest rate on a contracted loan can influence the increase of the monthly annuity, financial position of the consumer, as well as loan repayment capability and vice versa (its reduction will reduce the annuity amount). The probability of variation in the interest rate is higher if the contracted period is longer.	
Risk of exchange rate fluctuations:	Loans are granted with a currency clause linking payments to EUR and paid according to the middle rate of the Croatian National Bank (hereinafter: CNB) on the date of loan disbursement, i.e. on the day of the disbursement of each individual tranche. Regular monthly obligations are paid in HRK according to the EUR middle rate of the CNB on the day of transaction. Currency clause is a contractual clause in which contractual obligations of each party (principal, interest rate, and other obligations) shall be expressed as Kuna equivalent of foreign currency amount, using predefined exchange rate. By contracting a currency clause, contracting parties assume currency risk since this clause regulates their financial position by changing the Kuna equivalent value of the expected cash flow (loan annuities, interest yields etc.) according to changes in conversion rate for that currency for which the currency clause has been contracted. Consequently, and in situations when monthly commitments on the loan represent more significant expenses for consumers/clients, due to the increase of loan conversion rate, client obligations shall increase which can lead to difficulties in loan repayment and cause cancellation of the agreement and forced settlement of debt and which can in turn have unsolicited consequences for the client (permanent loss of income, real estate and other valuable property). It is important to understand that conversion rate changes cannot be predicted with certainty, so both contracting parties are required to assess their own interest and ability to fulfil their contractual obligations if such risk has been assumed.	

Appendix – Information leaflet – EURIBOR loans

This flyer is provided for informational purposes only and is **valid as of 01/11/2017**. The Bank retains the right to change the above mentioned conditions.
 Erste&Steiermärkische Bank d.d., PIN: HR23057039320;

HOUSING LOAN

Erste&Steiermärkische Bank d.d., Jadranski trg 3a, 51000 Rijeka; PIN: HR23057039320;
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 erstebank@erstebank.hr

Loan Repayment

- **can be arranged in monthly:**
 - annuities
 - instalments

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, at all times, file a written request for early loan repayment, in part or in full, without paying fees for early loan repayment.

Collaterals

Collaterals differ for housing loans without mortgage and for housing loans with mortgage. Normally, the Bank accepts collateral that are situated in the Republic of Croatia.

- Mortgage in minimum ratio of 1:1.67 or a lower ratio mortgage and a term cash deposit pledged to the Bank. Real-estate insurance policy to the benefit of the Bank.
- Consent to wage garnishment and a promissory note, both solemnized.

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

Fixed interest rate for term cash deposit pledged as security instrument is 0.05% per year.

The Loan User must ensure part of his/her own financial funds for purchase downpayment or for guarantee deposit.

Downpayment or a guarantee deposit amount to minimum 40% of the purchase price.

Loan costs:

Fee for processing loan request	- 1,200.00 HRK
Estimated value of the real estate	For loans insured with a lien on a real estate, it is necessary to estimate the value of the real estate at consumer's cost. The value of the real estate is determined via estimation by authorised assessors acceptable to the Bank.
Insurance costs	Real estate insurance policy — for loans insured with a lien on a real estate, it is necessary to insure the real estate by insuring property, at consumer's cost according to the price list of the insurance company.
Other costs	Costs related to confirmation/solemnisation of the loan agreement and other notary fees and lien registry fees.

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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
- 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.

Additional services to be arranged by the consumer:

- Property insurance policy

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	INTEREST RATE (ANNUALY)	EFFECTIVE INTEREST RATE***	MONTHLY ANNUITY IN EUR	TOTAL AMOUNT PAID BY THE CLIENT IN EUR
100,000.00	20 years (240 annuities)	4,915%= 12M EURIBOR* + 5,1 p.p.**	5,05%	655,27	157.264,66

*Twelve-month (12M) EURIBOR on 1/11/2017 is -0.185%. 12M EURIBOR is determined in accordance with the loan agreement once a year by taking the amount published on REUTERS website two days prior to the beginning of each interest rate period.

**p.p. - percentage point

***The effective interest rate, the annuity amount and the total amount paid by the client are calculated according to the above mentioned conditions with a fee of HRK 1,200.00 on 01/11/2017.

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