

# Pre-contract information on the provision of housing loans



## A mortgage loan for everyone from Tatra banka

We all have our own ideas about our home. With mortgage loans from Tatra banka, you can make your dream home a reality. Are you buying an apartment, a house or land, planning to renovate it or build a house or an apartment in a new development? Do you have an unfavorable mortgage loan from another bank or several expensive loans on top of that, which you want to combine into a single loan? Or do you simply need money for whatever it is you want to buy?

With mortgage loans from Tatra banka, we have a solution for everyone.

Just choose one of our products and our experienced housing specialists will tailor it to your requirements.

### • **Mortgage Loan<sup>TB</sup>**

- is a housing loan secured by a property
- is suitable for those who want to use a mortgage loan to buy, build, renovate, or refurbish a property, but it can also be used to repay other loans provided for this purpose and secured by a property and get extra funds
- the loan amount is limited by the value of the pledged property determined by the bank in accordance with law, the demonstrated ability to repay the loan and the total debt to income ratio
- the loan repayment term is from 4 to 30 years

For a **Mortgage Loan<sup>TB</sup>** taken out from January 1st, 2018, you may get a tax bonus of up to EUR 400.

#### **What are the conditions to qualify for a tax bonus?**

- the tax bonus applies to 50% of the annual interest paid on one loan of up to EUR 50,000 per domestic property, with a maximum bonus amount of EUR 400
- the bonus can be claimed for a period of 5 years

#### **What requirements must be fulfilled to qualify for a tax bonus?**

- **age limit** – up to 35 years of age (also applies to the spouse)
- **income** – your average gross monthly income for the preceding calendar year must not exceed the statutory limit
  - the tax bonus can be claimed when purchasing an apartment, a house, or a part thereof, when building, completing, modifying, or maintaining a property, or for a combination of these purposes
  - the loan repayment term is from 5 to 30 years

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**Our tip: The tax bonus is claimed with the competent tax office as part of your tax return, for the first time in the 2019 tax return. You can pick up the certificate for the tax office in person at any Tatra banka branch.**

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- **Mortgage Loan<sup>TB</sup> with a state bonus for young people**

- is a housing loan secured by a property and designed for clients entitled to the state bonus for young people



**Our tip: With a Mortgage Loan<sup>TB</sup> with a state bonus for the young:**

- the first extra installment or an early loan repayment in the first 5 years from loan disbursement is free of charge.

**Please note:** Effective from January 1st, 2018, it is not possible to offer new **Mortgage Loans<sup>TB</sup>** with a state bonus for young people. Existing **Mortgage Loans<sup>TB</sup>** with a state bonus for young people remain unchanged.

- **Home Equity Loan<sup>TB</sup>**

- is suitable if you own a property and need money for any purpose. It is up to you what you spend the money on. Perhaps a kitchen or bathroom refurbishment, a car, a holiday, or anything else.
- with **Home Equity Loan<sup>TB</sup>** you simply do not document the purpose



**Our tip: Home Equity Loan<sup>TB</sup> can also be used to repay any loan(s) you may have with unfavorable conditions, or if you want to combine several loans into one and pay less.**

- the amount of the loan is limited by the value of the pledged property determined by the bank, the demonstrated ability to repay the loan and the total debt to income ratio
- the loan repayment term is from 1 to 20 years

## How to choose the right mortgage loan?

Our mortgage specialists available at our branches or on the phone via **DIALOG Live \*1100** will be happy to assist you in choosing the most suitable mortgage loan for you. They will explain the advantages of each product and the conditions to be fulfilled and advise you of the applicable fees. They will also guide you through the process of arranging a mortgage loan and explain what steps and/or documents are needed for approval, signing of contracts and disbursement of a loan.

## Basic mortgage information

### Setting the interest rate

For a mortgage loan, you can choose one of the possible fixed-rate periods, which are 1, 2, 3, 5 or 7 years, or the entire loan repayment term. During that period, your agreed interest rate is guaranteed to remain unchanged. It is up to you to choose the most convenient option for you. You can opt for a shorter fixed-rate period, with the new rate valid for a shorter period, or choose a longer fixed-rate period to make sure the interest rate does not change.

After the end of the fixed-rate period, the bank will set a new interest rate for the chosen fixed-rate period and can also offer you new fixed-rate periods and the relevant interest rates should you wish to shorten or extend your fixed-rate period. If the original fixed-rate period is convenient for you, there is no need to do anything. However, if you decide to change your fixed-rate period, just apply at a branch.

### **Pledging a property**

You can pledge any domestic property acceptable by the bank. This includes the property that you are buying or refurbishing. You can also use the building land as security and, during construction, pledge the structure under construction. The pledged property does not have to be owned by you. The value of the property is determined by the bank, which is bound by its own expert valuation.

### **Property insurance**

The property used as loan security must be insured. The insurer must be notified that the insured property is pledged in favor of the bank and if an insured event occurs at any time during the loan repayment term, the insurer will pay the insurance claim to the bank, with further indemnification arrangements agreed in the loan terms and conditions. You can choose the insurer at your discretion.

#### **Insurance benefits:**

- **protection against damage** caused by natural forces and natural disasters
- **financial assistance** in eliminating the consequences of an insured event
- **compensation** for the actual damage
- **automatic** insurance of liability for the building and land

In addition to the required property insurance, we also offer you the option to take out comprehensive insurance, which will extend your insurance coverage to the possessions in your home.

#### **Benefits of contents insurance:**

- protection against damage caused not only by natural forces and natural disasters, but also by theft and robbery, including interior vandalism and water leakage from water supply facilities
- financial assistance in eliminating the consequences of an insured event
- automatic insurance of liability of household members



**Our tip: We will arrange your property insurance with UNIQA directly with your mortgage loan at a branch.**

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### **Verification of the ability to repay a loan**

The bank assesses the client's ability to repay a loan in accordance with the statutory requirements and internal regulations prior to providing the loan. The bank verifies in particular the amount, regularity and stability of income, and the liabilities and living costs of all parties to the loan. The limit of the total debt to income ratio must also be observed.

To assess the client's ability to repay a loan, the bank uses information from statutory registers and available databases in accordance with the law and also those which the client consents to the use of in the application when negotiating the transaction. Based on the verification results, the decision if, in what amount and under what terms and conditions the loan will be provided is made.

During the existence of a loan, the repayment of loan liabilities is monitored on each installment date and this information is sent to the statutory registers and the registers agreed in the application when negotiating the transaction.

When requesting the release of one of the borrowers, the ability to repay the loan of the remaining borrowers is reassessed. The indicator of the ability to repay is regularly reviewed based on credit history to ensure a reasonable product risk level.

### **Loan disbursement**

The bank provides a loan after the approved conditions agreed in the agreement with the client have been met. The most common form of disbursement is immediate disbursement after submitting the application for registration of a lien filed with the land registry. The advantage is promptness because you do not have to wait for the lien to be registered.

A mortgage loan can be disbursed in a single payment or in gradual payments. Gradual payments are available during construction, or for a planned construction, when no other property is available. The second and each subsequent tranche is subject to a fee agreed in the loan agreement in accordance with the currently applicable service charges. You can also secure a loan by the financed property and receive individual tranches as the value of your construction appreciates.

The advantage for you is that you can draw the loan gradually within the agreed period, without the bank setting the exact amount of each disbursement. You decide the time and amount of the disbursements to be drawn according to your needs and the appreciation of your property.



**Our tip: In the case of construction, you can use the funds from the beginning. You will receive the first portion of the loan against the value of the building land pledged for the loan.**

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### **Loan insurance**

Do you want to make sure that you can repay your loan if something goes wrong? Loan insurance will help you with repayment if something unexpected occurs (death, total disability, loss of employment). The duration of insurance is always equal to the loan term, under the terms and conditions agreed in the agreement. By taking out this insurance, you make sure that you will be able to repay your loan without difficulty throughout the loan term. Thus, with loan insurance, you protect not only yourself, but also your family.

#### **How exactly does loan insurance work?**

- **upon the death of the insured** – the insurer pays the bank the total outstanding loan amount on your behalf
- **for disability** – the insurer will pay monthly loan installments into your account and you will have funds available to pay your installments
- **upon loss of employment** – the insurer will pay monthly loan installments into your account and you will have funds available to pay your installments



**Our tip: You can arrange your loan insurance with UNIQA directly with your mortgage loan.**

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### **How to get a mortgage loan?**

#### **1. Initial meeting – consultation**

Schedule a date for your meeting via **DIALOG Live \*1100** or visit any of the Tatra banka branches listed on our website [www.tatrabanka.sk](http://www.tatrabanka.sk).


You need to have a basic idea about the property you want to finance, how you plan to secure the loan, and your income and regular expenses

**During the consultation, our mortgage specialist will:**

- provide you with basic information on the lending terms and conditions at Tatra banka
- calculate the loan offer with the maximum loan and installment amount according to your requirements
- with your consent, verify your ability to repay the requested loan amount (verifying Social Insurance Agency data) and your credit history (verifying data in external registers)
- explain what documents are required to file a loan application
- advise you on choosing an expert who will prepare an expert opinion or recommend a valuation of your apartment by Tatra banka

The loan offer from the bank is binding and is valid for 30 calendar days – if all data provided by you is confirmed.

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 **Our tip: You can also use our mortgage calculator at [www.tatrabanka.sk](http://www.tatrabanka.sk) to calculate an indicative installment.**

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## **2. Mortgage application**

A mortgage specialist will draw up your loan application after you have submitted all the required documents. The data provided in it is deemed binding by the bank. Any false data provided in a loan application or documents you fail to submit may be a reason for the bank to reject your application.

**The following is submitted with the application:**

- proof of identity and proof of current address of the applicant(s)
- evidence of income of the applicant(s) (only in the case of business income or income from abroad)
- proof of loan purpose (in the event of special-purpose loans – e.g., a purchase agreement, building permit or an itemized budget)
- documents regarding the pledged property (namely the expert opinion)

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 **Our tip: Take advantage of having your apartment valued by Tatra banka at a reduced price and save time.**

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## **3. Agreement approval and signature**

Based on the submitted documents, verification of your ability to repay the loan and your compliance with the total debt to income limit, as well as confirmation of the property's value by an internal expert, the bank will decide whether to approve your loan. Our mortgage specialist will notify you of the approval process outcome. After loan approval, we will draft the contracts (loan agreement, pledge agreement, property insurance forms). The bank guarantees the conditions set out in the loan agreement for 30 days and this period also includes the statutory 14-day cooling off period. If you do not sign the agreement by this deadline, the offer becomes invalid. The period may only be extended by mutual agreement with the bank.

**Contracts can be signed:**

- **at a Tatra banka branch** – free of charge,
- **before a notary** – for a fee,
- **at a registry office** – for a fee.

When signing the contracts, our mortgage specialist will explain what documents and steps are necessary before the loan can be disbursed.

#### **4. Disbursement**

In order to draw the loan, you need to take 4 final steps:

##### **1. visit the land registry**

You will file the pledge agreements together with the application for registration with the land registry, which confirms the receipt thereof.

You will pay the administrative fee for the application for registration in the land register. You will be advised of the exact fee amount by the mortgage specialist or at the land registry.


If the bank has approved accelerated disbursement, you just need to request the land registry to provide you with:

- the application for registration specifying the date of its filing with the land registry.

If the bank approves standard disbursement based on approved registration, you will have to wait for the land register proceedings to be closed. In such an event, you submit to the bank:

- the lien registration approval decision.

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 **Our tip: If, in the case of standard disbursement, you do not want to wait for the registration approval for 30 days, you can request an accelerated procedure at the land registry (subject to a higher administrative fee) and you can have the decision within 15 days.**

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##### **2. arrange property insurance**

You will visit the insurer with which you want to arrange the insurance or with which the property you are pledging is already insured. You will hand the insurance forms to be confirmed over to the insurer.

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 **Our tip: If you choose property insurance with UNIQA, all the insurance arrangements will be made by our mortgage specialist.**

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##### **3. meet the disbursement terms and conditions set out in the loan agreement**

##### **4. file a disbursement request with our mortgage specialist**

After submitting all the documents and meeting the terms and conditions stipulated in the loan agreement, we will credit the loan funds to the account specified by you. If you draw the loan gradually, we will credit the requested portion of the loan corresponding to the documented property appreciation.

##### **5. submitting documents after drawing down the loan**

After you have drawn down and used your **Mortgage Loan<sup>TB</sup>** or **Mortgage Loan<sup>TB</sup>** with a state bonus for young people for a planned purpose, you need to submit the bank documents proving the use of the funds. The list of the documents and their specific submission deadlines can be found directly in the loan agreement.

## Loan repayment

After the loan or a part thereof has been provided, the repayment phase begins. In the case of a loan drawn down in a lump sum, you start to pay installments consisting of interest and principal repayment on the agreed date specified in the loan agreement. If you draw down the loan gradually, you only repay interest on the amount of the loan that has actually been drawn down. You will only start paying regular installments once the total loan amount has been disbursed. You will be notified of their amount in writing, depending on the actual disbursed amount of the loan and the period of gradual disbursement.

The exact amounts of the principal and interest installments you have paid and have yet to pay, including the repayment terms, are included in an amortization table, which you can request from the bank free of charge at any time during the agreement term.



**Our tip: To monitor the repayment of your loan, use internet banking or the Tatra banka app, which let you keep your loan under control.**

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## How do you set your installments correctly?

When choosing a loan, it is important to set not only the amount of the loan, but also the term, so that the monthly installments you will pay correspond to your financial situation. A short loan term means higher installments, which means that you will repay the loan sooner and it will be a bit cheaper, but it should not be at the cost of an excessive burden on your family budget. On the other hand, if you distribute the repayment over a longer term, you will pay lower monthly installments, but end up paying more. Therefore, it is advisable to consider the pros and cons and choose the optimal solution tailored to your family budget and financial situation.

When setting the right installment amount, it is advisable to follow the rule that its amount should not exceed more than 40% of net household income. Particularly with mortgages, you must keep in mind that you will pay this amount over a long period. Therefore, take into account unpredictable events that may occur in the future. Whether it is temporary incapacity to work, loss of employment or other situations in your life. It is necessary to have a financial reserve of at least 3 to 4 monthly loan installments or 1 monthly income that will help you to at least temporarily overcome a./// loss of income or unexpected expenses.

## What is the most convenient repayment method?

You can choose to repay the loan from a current account held with Tatra banka or another bank. If you choose repayment from a current account with Tatra banka, the bank will deduct your installment every month on a selected date. Choose an installment date for your **Mortgage Loan<sup>TB</sup>** or **Home Equity Loan<sup>TB</sup>** that is convenient for you, ideally immediately after your payday.

The advantage of repayment from a current account held with Tatra banka is that the deduction of the installments is monitored and arranged by the bank, which will also attempt to deduct the amount repeatedly. For the installment to be deducted, you need to ensure that you have sufficient funds in your account. Otherwise, the installment will not be deducted when due. When making installments from a current account with another bank, it is advisable to set up a regular standing order. In this way you make sure that you send the installments in a sufficient amount and on time. We recommend that you make the standing order due at least 2 working days before the chosen installment date.

The correct number of the current account with Tatra banka into which the loan is to be repaid, including the chosen installment date, is always specified in the loan agreement. If you need to check anything regarding loan repayment, including the exact installment amount or the correct payment date, please contact **DIALOG Live \*1100** or the nearest Tatra banka branch.

In addition to standard loan repayment in accordance with the terms and conditions agreed in the agreement, you have the option of early repayment of the loan or a part thereof. In the event of early repayment, under the law you must pay the actual costs directly related to the early repayment application and the costs incurred by the bank in connection with early repayment.

Exceptions include the early repayment of a loan or a part thereof at the time of a change in the fixed-rate period, if you apply by the deadline specified in the notice of new loan terms and conditions. In addition, you can make an extra installment of up to 20% of the loan once a year, one month before the mortgage anniversary date, free of charge, i.e., without the obligation to pay the above costs. Your extra installment is also free of charge if it is your first extra installment for a **Mortgage Loan<sup>TB</sup>** with a state bonus for young people.

### **What to do you if you are temporarily unable to repay the loan?**

If you have any problems with loan repayment, we recommend that you contact the bank on the phone number of the **DIALOG Live \*1100** service or the nearest Tatra banka branch as soon as possible. Timely reporting of the problem and a willingness to address the situation are prerequisites for finding a solution suitable for both parties. We understand that many unpredictable events may occur in your life that can cause temporary fluctuations in your income or expenses, as a result of which the repayment of your loan may be jeopardized. So contact us in advance. Depending on the specific problem with repayment, we will try to find a solution together, in mutual agreement.

### **There may be more options for a solution:**

- reducing the monthly installment by extending the loan term
- deferring installments for up to 6 months
- combining several smaller loans into one larger loan, which allows you to spread the repayment over a longer period and thus reduce the total installment amount
- adding another person to your loan, who is willing to repay or continue to repay the loan together with you (parents, relatives, or friends)
- selling the property, whereby the new owner can apply for a loan from which your obligation will be paid

### **What happens if you have not paid an installment on time?**

If you are late with your loan installment, it must be paid as soon as possible. We will notify you that your installment is late by a free text message, which will include a telephone contact you can call to resolve the situation. If you still fail to pay the installment, we will request the payment by phone and then by sending you a dunning letter.

During the period of the delay, the bank is entitled to statutory late payment interest and costs related to recovering the amount due. In the event of a gradual drawdown, defaulting on the loan may result in the bank not allowing you to continue to draw the loan. It is therefore appropriate to ensure sufficient funds in the account to pay the loan installment and comply with the loan repayment date you have chosen. In this way you will avoid unnecessary costs and complications.

### **What happens if you fail to repay the loan for a prolonged period?**

If you do not respond to our text messages, phone calls or repeated dunning letters for a prolonged period and you are late with repayment for more than 3 months, under the loan agreement the bank has the right to declare extraordinary maturity of the loan and demand immediate repayment of the entire receivable to the bank, including the total outstanding loan principal, unpaid interest, late payment interest and any fees or costs under the loan agreement.

The bank also has the right to declare extraordinary loan maturity in the cases agreed in the loan agreement. These are situations that could adversely affect the repayment of the loan, such as a significant deterioration of the financial circumstances of the borrower that may jeopardize the repayment of the loan, filing for bankruptcy or enforcement proceedings, which may jeopardize the settlement of the bank's claims. They may also include



cases that jeopardize the security over the loan receivables, for example when the registration of lien in the land register has been terminated or suspended, lien is exercised over the pledged property or its value is significantly reduced due to impairment. The bank may also demand loan repayment if you use the loan for a purpose other than that agreed or if you have provided the bank with false or incorrect data or documents, or you have not fulfilled or have breached the conditions agreed in the agreement, all of which can jeopardize the repayment of the loan or the security over the loan receivables.

The bank considers the declaration of extraordinary loan maturity as the last resort and is obliged to notify you of the declaration at least 15 days in advance. If the declaration of extraordinary loan maturity does occur, it does not automatically mean the property will be put to auction. The bank usually allows you to agree on repayment of the loan receivables in installments through an agreement on repayment of the due debt.

If the above solution still does not solve the problem on your part, the bank will exercise the lien by selling the property at an auction pursuant to the Act on Voluntary Auctions or an auction pursuant to the Enforcement Procedure Code.

If the lien is exercised, the bank will incur costs (for example, the cost of the voluntary auction, enforcement proceedings, notarial fees, administrative fees, postal charges, etc.), the amount of which will increase the bank's loan receivables, which you are obliged to pay. Therefore, it is important to consider the possibility of resolving this situation individually, in agreement with the bank, for example by selling the property yourself. An advantage for you may be the sale of the property to a person chosen by you and a faster and cheaper solution of the problem.

### **What happens in the event of death?**

In the event of the death of the borrower, we recommend that relatives submit the death certificate at any of our branches and at the same time inquire about the options of repaying the loan. Any changes related to the repayment account or other loan changes related to the client's death are free of charge.

### **Changing the conditions**

Do you want to change the amount of your installment or the pledged property? Would you like to sell the property or do you want to repay the loan or part of it early?

You can ask the bank to change the contractual conditions at any time. Just file a change request at a Tatra banka branch. If the bank agrees with the change, it will confirm its consent and prepare the documents for changing the agreement terms and conditions. Depending on the type of change, the bank may charge the agreed fees or costs associated with the change.

### **Reducing the installment amount**

You can ask for installment reduction by filing a change request. If, considering the maximum possible loan term and your age, it is possible to reduce the installment amount, the bank will allow it by extending the loan term.

### **Increasing the installment amount**

The bank will allow you to increase the monthly installments and shorten the loan term based on your change request, provided that you prove your ability to pay the higher installments.

### **Extra installments**

Extra installments are loan installments in excess of the agreed monthly installments, while loan repayment continues.

You can make an extra installment based on a change request. In the filed request, you will also choose one of the following options – reducing the installment amount or shortening the loan term while maintaining the original installment amount.

If you request an extra installment at the time of a change in the fixed-rate period, this repayment is free of charge. You just have to submit your change request by the deadline specified by the bank in the notice of new loan terms and conditions.

An extra installment is also free of charge if it does not exceed 20% of the loan and is paid one month before the mortgage anniversary date. Also, your first extra installment of a **Mortgage Loan<sup>TB</sup>** with a state bonus for young people is free of charge. In other cases, the bank has the right to charge the costs associated with submission of the extra installment request and the actual costs of implementing the request incurred by the bank.

### **Early repayment**

In the case of early repayment, the loan is fully repaid before its maturity date. Early repayment of the entire loan is possible based on your change request. If the loan is repaid early at the time of a change in the fixed-rate period, this repayment is free of charge. You just have to submit your request by the deadline specified by the bank in the notice of new loan terms and conditions. In other cases, the bank has the right to charge the costs associated with submission of the early repayment request and the actual costs of loan repayment incurred by the bank. The total costs may not exceed 1% of the loan amount subject to early repayment. You are also obliged to pay the interest for the period from granting to repayment of the loan.

### **Early repayment > Sale of property**

You can also use early loan repayment if you sell the property and your buyer wants to take out a new loan to repay your obligation. The new owner must demonstrate to the bank the ability to repay the loan and meet the standard conditions for granting a loan.

### **Change of pledged property**

You can replace the property used as security when you received the loan. However, you must ask the bank to approve such a change. Just submit an up-to-date expert opinion. After registering the lien over the new property in the land register, we will release the encumbrance on the original property. This is convenient if you want to sell or replace the original property with a different property, or if you used a property owned by your family or friends as security when receiving the loan.

**Other changes** – for example, a change in the installment date, repayment account, insurer, etc.

### **Information on the supervisory authority**

Supervision of the bank with respect to housing loans is exercised by the National Bank of Slovakia, Imricha Karasa 1, 813 25 Bratislava, [www.nbs.sk](http://www.nbs.sk).

### **Information on consumer protection associations**

There are legal entities established or set up for the protection of consumers, in which every consumer has the right to associate and protect and promote the interests of consumers through them.


For the purpose of consumer protection, an association may file lawsuits in court on its own behalf or represent a consumer before state authorities or in court or resolve any disputes and complaints.

Every consumer also has the right to turn to an alternative dispute resolution entity under the Act on Alternative Dispute Resolution for Consumer Disputes in order to protect their consumer rights. In the event of a cross-border dispute, consumers have the right to contact the European Consumer Center, which will provide them with contact information for an association that will help resolve the dispute.

### **Need to find out more?**

We will be happy to advise you and find the most suitable solution to your housing needs.

### **Where to find us**

- Visit us in person at any Tatra banka branch. The list of branches is available at [www.tatrabanka.sk](http://www.tatrabanka.sk).
- Call **DIALOG**  *We* \*1100
- For more information and contact details please visit [www.tatrabanka.sk](http://www.tatrabanka.sk).