

## hirdetmény

### ANNOUNCEMENT

#### of the terms and conditions relating to the management of housing subsidies and government-subsidized loans for new homes, and of advance loans

Applies to loan agreements concluded on or after 1 April 2005 on the basis of loan applications received pursuant to Government Decree No. 12/2001. (I. 31.) effective from 7 September 2004 and to deals with annual accounting dates (client-year) after 1 April 2005.

Effective from 01 January, 2006

#### 1. Loan conditions

**Annual rate of transactional interest** – for the current loan debt

**For loans provided to purchase or build a new home, and for advance loans the standard rate is**

**3.99 %,**

**Without government interest subsidy** (if entitlement to subsidy is lost or the subsidy is terminated) through a contract amendment, as per the effective Announcement of Kereskedelmi és Hitelbank relating to HUF-based commercial home loans.

#### **Property appraisal fee, costs of technical inspection**

**due:** to the firm performing the property appraisal/technical inspection, on the date specified by them

**amount:** as defined in the co-operation agreement concluded between the Bank and the appraiser / technical inspector

**Contract fee** – due on signing the contract and is based on the approved loan amount

– **for income-based financing**

**0.50 %**

– **for income-based financing from 01 January, 2006**

**1.00 %**

As of 1 February 2005, for loans applied for through Fészekrakó program\*, with the government's absolute guarantee, 50% of the contract fee is remitted.

– **for minimum wage financing**

**1.00 %**

**For direct subsidies, applied after 01 August, 2005,**

– **based on the approved amount**

**1.50 %**

– **not charged for advance loan**

**Handling fee** – calculated based on the client's debt at the beginning of the year, **its annual rate is 2.00%**, It may not exceed HUF 180,000 annually; and it is to be paid as part of the monthly repayment instalments.

**Annual rate of default interest** *applicable to all existing or newly made loan contracts, as of January 1, 2006*

– for any loan debt not paid by the due date, **in addition to the transactional interest** **2.00%,**

– for outstanding loan charges not paid by the due date **2.00 %.**

### Contract Amendment Fee

It shall be charged upon the amendment of every material contractual condition (such as modification of tenor or maturity, change of due date, changes related to collateral).<sup>1</sup>

- Rate:

**HUF 10,000**

In the event that the contract amendment entails the involvement of addition collateral, then a real estate appraisal fee shall also be charged.

\* The form of subsidy regulated by Government Decree No. 4/2005 (I.12.).

Administration fee<sup>2</sup>:

**HUF 3,000**

Administration fee<sup>3</sup>:

**HUF 4,000**

### Annual Percentage Rate (APR):

Home purchase loan for income-based financing:	<b>6.39%</b>	<b>(6.36%)</b>
Home purchase loan for minimum wage financing:	<b>6.46%</b>	
Home building loan for income-based financing:	<b>6.44%</b>	<b>(6.41%)</b>
Home building loan for minimum wage financing:	<b>6.51%</b>	

(Considering a loan of HUF 5 million and a tenor of 20 years according to Government Decree 41/1997. (III.5.). The APR index of government guaranteed loans applied for through the **Fészekrakó program** are indicated in brackets. The above rates include the administration fee of 2 certified title-deed copies retrieved from the TakarNet system (which is less than the fees charged by the Land Office for title-deed copies)

### The formula for calculating the Annual Percentage Rate (APR):

$$H = \sum_{k=1}^m \frac{A_k}{(1+i)^{t_k}}$$

where

H: the loan amount minus the costs associated with loan withdrawal,

A<sub>k</sub>: the amount of the k. repayment instalment,

m: the number of repayment instalments,

t<sub>k</sub>: the date of the k. repayment instalment expressed in years or broken years,

i: one-hundredth part of the loan amount.

- APR was defined taking into account current conditions and effective legal regulations, and is subject to change upon the change in these conditions,

<sup>1</sup> With the exception of extraordinary payments (prepayment) or the full repayment of the loan prior to maturity in which cases the Bank does not charge any extra fees.

<sup>2</sup> Payable after title-deeds retrieved from the TakarNet system before loan disbursement, for each property offered as collateral, in case the client fails to submit the required certified title-deed copies issued by the Land Office.

<sup>3</sup> Payable after land register maps retrieved from the TakarNet system before loan disbursement, for each property offered as collateral, in case the client fails to submit the required certified land register map copies issued by the Land Office.

- The APR index does not reflect the interest risk of the loan.

**Definition of the principal and interest portions of monthly repayment instalments** – the Bank defines the principal, interest and handling fee rates of monthly repayment instalments based on the annuity calculation method, using the following formula (+\*):

$$t = H \times (1 + p)^n \frac{p}{(1 + p)^n - 1} + kk$$

t = monthly instalment (HUF)

H = loan amount withdrawn (HUF)

p = annual interest rate/12

n = loan tenor (in months)

kk = monthly handling fee (HUF)

## 2. Minimum preconditions for application

- The subjects of the loan deal must be **adults of legal capacity**. At least one of the parties acquiring the property must be eligible for subsidy, or a foreign citizen (permit of Ministry of Interior)
- the subjects of the loan deal will be less than **65 years of age** at the time of loan maturity,
- permanent **residence** in Hungary,
- employees must have been employed **for an indefinite period** of at least **six months** without any interruption (as the total time of being employed by the current and the previous employer, and they must be employed for at least 3 months at their current workplace) or they must have an **employment contract for a definite period of at least two more years** from the date of submitting the application,
- **the self-employed and business owners** must have a business that has been running continuously for at least 1 year and has a completed business year,
- **the employer must have a traditional (land line) telephone subscription**,
- one of the co-debtors must own a **land line or mobile phone** registered in their name. If the debtor is a Hungarian citizen and has no such telephone, it suffices for him to specify a land line owned by a close relative or the mortgagor himself.

### Other conditions

- The opening of a retail current account with K&H Bank,
- The loan and mortgage agreements must be notarised in the form of a unilateral commitment.

## 3. Documents to be submitted with the loan application

- A completed and signed **loan application form**,
- **An income statement, or an employment statement, or 6 months' bank account statements** (the documents shall not be older than 30 days); see point 4 for suitable formats. **Identity Card**, a document certifying the personal ID number (e.g. the **Address Card**) and the **Tax Card**,
- For **land lines**, the last paid month's phone bill; for **subscription mobile phones**, the telephone contract signed at least 1 year earlier in the owner's name, the most recent phone bill sent to the owner and the slip confirming its payment. For **pay-as-you-go mobile phones**, a receipt older than 1 year and completed in the applicant's name, confirming the purchase of a mobile phone or a SIM-card.
- Any public utility bill for the previous month, and the slip confirming the payment thereof (not required if the applicant owns a land line telephone and presents the receipt confirming the payment

of such phone bill).

- **Bank account statements** for the last two months (provided that he has a retail bank account with a Hungarian financial institution)
- **The self-employed and business owners** must also present their self-employment license, or the deed of foundation certifying the ownership status, as well as the articles of association.

**If the subsidised person is not a Hungarian citizen:**

- **Residency permit**
- **Passport**

**Property-related documentation:**

- The data sheet of the property
- Application and statement
- The original copy (copies) of title deed duplicate(s), which should not be older than 30 days
- Floor plan with plotting scale (if the floor area of the property is larger than 120 sq. metres or it has more than one floor, a copy of the layout plan is required), unless it is already part of the planning documentation
- Home insurance policy / assignment certificate – at the time of loan disbursement/presentation of the occupation permit, at the latest
- The sale/purchase contract when **purchasing** a flat or residential property (it must be countersigned by a lawyer and state that part of the price will be paid from a bank loan)
- When **constructing, extending** (or **modernizing**) a home, the final and valid building permission, authorized planning documentation, the construction budget, invoices issued to the applicant's name and confirming the lawful origin of materials and services used for the construction, or a certificate of origin
- For **houses, (semi-)detached houses** and **terrace houses**, a site plan or a map section not older than 90 days (as issued by the Building and Construction Department of the appropriate Land Registry Office or the local government), unless it is already part of the planning documentation
- When involving a **building plot** as property collateral, an official site plan or copy of the map section not older than 90 days and showing both the layout and the plot number of the property
- For property in **undivided, joint ownership**, an agreement on shared use, countersigned by a lawyer, and the co-owners' waiver of their pre-emptive rights
- Other documents confirming factors that have an impact on the property's value (e.g. a rental/leasing contract)
- **If the subsidised person is not a Hungarian citizen:**
  - citizens of (only) member states must submit to the Public Administration Office one original copy of a **declaration**, in the form of either a private document representing conclusive evidence (a declaration made in the presence of two witnesses) or a notaries document, stating that the property is to be obtained as primary residence, **or**
  - the permit of the **Public Administration Office** for property acquisition if the property to be obtained is not for primary residence purposes.
- **In the case of individuals qualifying as foreign citizens under the Decree, a permit is required from the Ministry of Interior.**

#### 4. Income statement

##### 4.1 Forms of income statement:



Debtor(s) **must certify at least 30 % of his (their) stated income** used in the calculation of the loan amount **as regular income**, in the following forms: (the remaining part, the so-called 'source of other income', must be certified in a simplified form, as shown below)

- Forms of verifying the monthly regular income of a client **employed by a public institution, budgetary institution, public limited company or limited company**:
  - **No income statement or employer's certificate is needed if the client's salary has been paid to a retail bank account managed by K&H for at least 6 months.**
  - Otherwise: an income statement duly signed by the employer.
- For **individuals employed by a self-employed person**: an income statement and a declaration of no outstanding public duties, both issued by the Tax Authority.
- For **employees of other companies** (e.g. of limited partnerships): an employer's certificate, and also an income statement and a declaration of no outstanding public duties, issued by the Tax Authority.  
If the individual signing the employer's certificate is either the applicant himself or a relative of his (wife, child, parent, grandparent), or the owner of the employer is a close relative, the company's declaration of no outstanding public duties, as issued by the Tax Authority, is also required.
- **The self-employed and business owners**: an income statement and a declaration of no outstanding public duties, issued by the Tax Authority (both for the business and the individual).
- **For pensioners**: last month's pension slip and the pensioner's certificate, or last month's bank account statement.
- For the certification of income from **agricultural activities**: an income statement and a declaration of no outstanding public duties, issued by the Tax Authority.
- For applicants **with Hungarian citizenship who work and pay their taxes abroad**: the income earned abroad will be accepted based on the authenticated income statement issued by the local tax authority. The tax authority should also issue a certificate declaring that the applicant does not have any outstanding debts in public duties. (The documents must be submitted together with their authenticated translations.) **The applicant is obliged to involve in the deal a co-debtor who has a certified income earned in Hungary and equal to at least the current minimum wage.**
- **For subsidised individuals of non-Hungarian citizenship, an employer's certificate is required** to prove a legal work or employment relationship (the measures described in points 4.2. and 4.3. below do not apply to them).
- **Debtors qualifying as foreign citizens under the Decree** must submit an income statement authenticated by the relevant foreign tax authority with the authenticity also certified (over-authenticated) by the relevant foreign public notary; as well as its authenticated Hungarian translation (the measures described in points 4.2. and 4.3. below do not apply to them).

#### 4.2. *Certifying the source of other income:*

The amounts and sources of other income (they can amount up to 70 % of the total income) must be indicated on the loan application form.

Other income must be certified with the following documents:

- **The self-employed and business owners**: the balance sheet and P&L statement of the previous year.
- if the source of the income is **property leasing**: the leasing contract and the title deeds.
- for income coming **from other sources**: the contract or any other document certifying the source.

#### 4.3. *Regulations for simplified (so-called minimum wage) income statements:* (Loans applied for through the Fészekrakó program are no available.)

It is enough to certify the amount of the current minimum wage as regular income if the loan amount applied for by the client is less than HUF 15 million (the total of the loan amount and any debt owed by the client to K&H must not exceed HUF 30 million).

### Documents to be submitted:

#### 1. For income earned from employment:

- **Neither an employment statement, nor an income statement is required** if:
  - the client has a bank account history (with any bank operating in Hungary) of at least 6 months, and his wage/salary has been paid to that account for at least 6 months,
  - if the client's wage is paid into a non-K&H account, he must also submit his bank account statements for the last 6 months with his application.
- An **employer's certificate** must be submitted if the above conditions are not met, but
  - the client is a full-time (40 hours/week) employee,
  - the client's employer is not a limited partnership or a self-employed person.
- An **income statement** must be submitted if the above conditions are not met.
- **Applicants employed by a limited partnership or a self-employed person** must submit an employer's income statement, and also an **income statement and a declaration of no outstanding public duties, both documents issued by the Tax Authority.**

#### 2. For income coming from a business:

The documents to be submitted are the same as those specified under point 4.1.

**At its own discretion, the Bank is entitled to request the submission of any other documents in addition to those listed above, or stipulate any other conditions for the assessment of applications submitted for subsidized loans.**

## Repayment schedule for subsidized-interest home loans

**The annual transactional interest rate is 6.00 % and the annual handling fee is 2.00 %. However, their joint annual amount must not exceed HUF 180,000.**

Applies to loan agreements concluded on the basis of loan applications accepted under the conditions set forth in Government Decree No. 12/2001. (I. 31.), effective since 7 September 2004.

amount	60	72	84	96	120	144	180	240
<b>1 000 000</b>	21 003	18 243	16 279	14 811	12 772	11 109	10 109	8 834
<b>2 000 000</b>	42 006	36 486	32 557	29 623	25 544	22 857	20 217	17 669
<b>3 000 000</b>	63 008	54 729	48 836	44 434	38 316	34 286	30 326	26 503
<b>4 000 000</b>	84 011	72 972	65 114	59 246	51 088	45 714	40 434	35 337
<b>5 000 000</b>	105 014	91 214	81 393	74 057	63 860	57 143	50 543	44 172
<b>6 000 000</b>	126 017	109 457	97 671	88 869	76 632	68 571	60 651	53 006
<b>7 000 000</b>	147 020	127 700	113 950	103 680	89 404	80 000	70 760	61 840
<b>8 000 000</b>	168 022	145 943	130 228	118 491	102 176	91 428	80 869	70 674
<b>9 000 000</b>	188 995	164 156	146 477	133 273	114 918	102 827	90 947	79 479
<b>10 000 000</b>	208 328	180 729	161 086	146 414	126 021	112 585	99 386	86 643
<b>11 000 000</b>	227 661	197 302	175 694	159 556	137 123	122 344	107 824	93 807

<b>12 000 000</b>	246 994	213 875	190 303	172 697	148 225	132 102	116 263	100 972
<b>13 000 000</b>	266 326	230 448	204 911	185 839	159 327	141 861	124 701	108 136
<b>14 000 000</b>	285 659	247 020	219 520	198 980	170 429	151 619	133 140	115 300
<b>15 000 000</b>	304 992	263 593	234 128	212 121	181 531	161 378	141 579	122 465

The table lists the monthly repayment instalments the Debtor must pay on a selected subsidized-interest loan amount requested for a specified tenor, at the transactional interest and handling fee rates indicated above. The repayment instalments include one month's principal, interest and handling fee calculated in line with the method described in the Announcement.

Kereskedelmi és Hitelbank Rt.