

# Standard Terms and Conditions of Loan Agreement

## 1. Terms and definitions

**Base Rate** – the periodically changing part of the Interest Rate, which is determined according to the type of the Base Rate.

**Type of Base Rate** – either six (6) month EURIBOR, KPB or any other periodically changing type of interest agreed between the Parties.

**EURIBOR** (“European Interbank Offered Rate”) – the pan-European interbank interest rate by which the leading banks of the European interbank money market offer each other fixed-term deposits; six (6) month EURIBOR – correspondingly the interest rate offered to deposits with a 6-month term. EURIBOR is, *inter alia*, published on the page EURIBOR01 of the REUTERS information system or a page replacing it, according to the rules of the European interbank money market.

**Interest** – a fee payable by the Borrower to the Bank for the use of the Credit Amount.

**Interest Rate** – the amount of Interest per year established in the Agreement and calculated as a percentage of the outstanding Credit Amount which comprises the Base Rate and the Margin specified in the Agreement.

**Interest Rate Amendment Dates** – the days when the Base Rate is fixed according to the Agreement for the subsequent period between the Interest Rate Amendment Dates.

**KPB** – the base rate of Coop Pank AS established by the Bank. KPB is quoted and published by the Bank on its website [www.cooppank.ee](http://www.cooppank.ee) on each Banking Day taking into consideration the current level of the money market interests and the general economic environment in Estonia and worldwide.

**Total Credit Cost** – total amount of all the payments made by the Borrower for repayment of the Credit Amount and and settlement of the Interest and other costs or, in the case of the agreement with variable terms and conditions, the total amount of the payments calculated pursuant to the initial terms and conditions upon entry into the agreement.

**Initial Annual Percentage Rate of Charge** – Total Credit Cost to the Borrower expressed as an annual percentage of the Credit Amount taken into use or the upper credit limit, provided that the Agreement is in force within the agreed term and the Bank and the Borrower perform their obligations within the terms and on the conditions agreed upon in the Agreement. The Bank shall calculate the Annual Percentage Rate of Charge proceeding from the formula(s) approved by the Republic of Estonia

Minister of Finance. Initial Annual Percentage Rate of Charge shall be specified in the Agreement, as the Interest Rate may change pursuant to the procedure agreed upon in the Agreement. Upon calculation of the Annual Percentage Rate of Charge, the Credit Amount, Interest Rate, Final Credit Amount Repayment Date, due dates of payments, fee for entry into the Agreement have been taken into account and the calculation is made, provided that the entire credit is taken into use immediately and in full. In the case of the Agreement with variable Interest Rate, the calculation of the Total Credit Cost shall be based on the Interest Rate in force at the moment of entry into the Agreement and the amendment of the Agreement shall be based on the Interest Rate in force at the moment of the amendment.

**Term for Taking Credit Amount into Use** – the date until which the Borrower has the right to take the Credit Amount into its use.

**Final Credit Amount Repayment Date** – the day upon arrival of which the Borrower shall have repaid the Credit Amount to the Bank in full and performed all other monetary obligations arising from the Agreement.

**Agreement** – a loan agreement entered into between the Bank and the Borrower which consists of principal and additional terms and conditions agreed between the Bank and the Borrower and these Standard Terms and Conditions of Loan Agreement (hereinafter *Service Conditions*) and documents referred to therein, including the General Terms and Conditions of the Bank, Principles of Processing Customer Data and Price List of the Bank. Annexes to the Agreement include possible agreements on amendment or modification of the Agreement, and other documents referred to as Annexes to the Agreement.

**Agreement Fee** – a fee payable by the Borrower to the Bank for the analysis of the application submitted by the Borrower and for the preparation of the Agreement or amendment of the Agreement.

**Contractual Penalty** – a fine which the Borrower is required to pay the Bank upon failure to perform any contractual obligations.

**Payment Schedule** (repayment schedule) – an integral part of the Agreement which is prepared according to the terms and conditions of the Agreement and in which the number, amount and due dates of the Credit Amount and Interest payments due by the Borrower to the Bank are indicated.

**Margin** – the fixed part of the Interest Rate specified in the Agreement, which is added to the Base Rate.

**Banking Day** – any calendar day that is not a Saturday, Sunday, a national holiday or public holiday.

**Security** – immovable property or surety by a third person, which secures the proper performance of the obligations of the Borrower to the Bank arising from the Agreement.

**Late Interest** – a late payment interest which the Borrower is required to pay the Bank in case of any delay in the performance of the payment obligations arising from the Agreement (except for Interest payment). The Late Interest rate is determined in the Agreement and/or the Price List.

## 2. General provisions

2.1. The Standard Terms and Conditions of Loan Agreement constitute integral part of the Loan Agreement entered into between the Bank and the Borrower.

2.2. Any amendments and modifications to the Agreement shall enter into force as of signing thereof by the Parties, unless otherwise agreed by the Parties.

2.3. The Bank has the right to unilaterally amend the terms and conditions of the Agreement if laws and regulations regulating consumer credit or the relations arising from the Agreement change and the amendment of the Agreement is justified by bringing the Agreement into conformity with the new laws and regulations. The Bank shall notify the Borrower of such amendments in advance. If the Borrower does not agree to the new terms and conditions, the Borrower is entitled to cancel the Agreement.

2.4. The Bank has the right to unilaterally change the Price List of the Bank pursuant to the procedure provided for in the General Terms and Conditions of the Bank.

2.5. The Agreement shall be governed by Estonian law.

2.6. All notices between the Parties related to the Agreement shall be sent in a format which can be reproduced in writing. Daily notices and applications shall be sent by the Parties to the e-mail address specified in the Agreement or a later notice, or through Internet bank. Notices related to the violation of the Agreement shall be sent by a letter to the contact address specified in the Agreement or a later written notice.

2.7. Any written notices related to the cancellation of the Agreement shall be handed over by the Bank to the Borrower against signature or sent by registered mail to the contact address specified in the Agreement or a later written notice by the Borrower. A registered letter shall be deemed to have been received by the Borrower if five (5) calendar days have passed from the mailing of the letter.

## 3. Disbursement of credit amount

3.1. The Bank is entitled to refuse to disburse the Credit Amount or a part thereof to the Borrower and/or cancel the Agreement if it is discovered after entry into the Agreement but before disbursement of the Credit Amount that:

3.1.1. the Borrower and/or the owner of the Security and/or the third person who provided the Surety has submitted false information to the Bank on their solvency and/or value of the Security and/or other material circumstances with the aim of getting the loan, or;

3.1.2. the Borrower has not used the already disbursed part of the Credit Amount according to its intended purpose, or; 3.1.3. the preconditions for the disbursement of the Credit Amount or a part thereof have not been fulfilled and/or the Term for Taking the Credit Amount into use has expired, or;

3.1.4. the economic situation of the Borrower has deteriorated to the extent that the repayment of the Credit Amount may prove difficult in the opinion of the Bank, or;

3.1.5. the Borrower fails to duly perform one or more of the obligations to the Bank or third persons arising from the Agreement and/or agreement(s) entered into for securing the Agreement, and the Bank has notified the Borrower of the respective violations and set an additional term for elimination and/or termination of the violations and the Borrower has not terminated the violation of such obligations within the specified term, or;

3.1.6. the Borrower fails to perform in a timely manner the obligation to pay the Credit Amount and/or Interest and/or other payments arising from the Agreement or any other credit agreement entered into with the Bank, or;

3.1.7. the Borrower has failed to submit to the Bank by the required term an expert assessment and/or other documents that allow to determine the value of the Security or the information in the expert assessment or other documents submitted to the Bank is incorrect or the value of the Security has significantly decreased and the Borrower has failed to perform in a timely manner the obligation to establish an additional Security specified in cause 9.2 of the Service Conditions, or; 3.1.8. the mortgage or pledge established for securing the performance of the Agreement is not entered in the land register or register prescribed by law and the existence of such entry is a precondition for the disbursement of the Credit Amount or a part thereof arising from the Agreement.

## 4. Calculation and payment of interest

4.1. The Borrower shall pay Interest under the terms and conditions provided for in the Agreement in accordance with the amounts specified in the Payment Schedule.

4.2. Upon calculation of the Interest, the Bank shall proceed from a 360-day year and the actual number of days in a month. The Interest shall be calculated as of the day of transfer of the Credit Amount or a part thereof to the Account until the complete repayment of the Credit Amount.

4.3. If the Base Rate under the Agreement is the European Interbank Offered Rate (EURIBOR) which is managed by and the amount of which is determined and published by the European Money Markets Institute or another official institution, then upon entry into the Agreement the base rate calculated by the European Money Markets Institute on the Banking Day before the last Banking Day shall be taken as the basis. According to the Base Rate Amendment Dates provided in the Agreement, the Bank

shall determine the new Base Rate proceeding from the Base Rate published on the said dates and this shall apply until the next Base Rate Amendment Date.

4.4. If the Base Rate under the Agreement is the base rate of Coop Pank AS (KPB), then upon entry into the Agreement the base rate established on the website of the Bank on the previous Banking Day shall be taken as the basis. According to the Base Rate Amendment Dates provided in the Agreement, the Bank shall determine the new Base Rate proceeding from the Base Rate published on the website of the Bank on the said dates and this shall apply until the next Base Rate Amendment Date.

4.5. The Margin and the minimum Interest Rate shall be amended only upon entry into a mutual agreement between the Parties and the amendment shall become effective within two (2) Banking Days from entry into the amendment.

4.6. The Parties have agreed that the Bank is required to immediately notify the Borrower if based on the market situation a situation arises where the agreed Base Rate cannot be determined or the agreed Type of Base Rate does not reflect the price of the credit resource correctly. In the case of such situation, the Bank is entitled to take an alternative variable Type of Base Interest into use instead of the agreed Base Rate.

## 5. Preparation and issue of payment schedule

5.1. The Payment Schedule is prepared by the Bank based on the Agreement and the Service Conditions. The Payment Schedule shall be prepared by the Bank within one (1) Banking Day after the transfer of the Credit Amount or a part thereof to the Account and/or amendment of the terms and conditions of the Agreement and/or any amendment of the Interest Rate.

5.2. The Payment Schedule shall set out on which dates and in which amounts the Borrower is required to make the Credit

Amount repayments and the Interest payments. If the due date for the repayment of the Loan Amount and/or payment of Interest indicated in the Payment Schedule falls on a holiday, public holiday or national holiday, the due date shall be deemed to be the first Banking Day following the holiday.

5.3. The Payment Schedules shall be communicated to the Borrower through Internet bank. The Bank shall send the Payment Schedules to the Borrower through Internet Bank within one (1) Banking Day after preparation/amendment of the Payment Schedule. The Borrower undertakes to notify the Bank if the Borrower has not received the Payment Schedule within the specified period. Upon receipt of the notice, the Bank shall resend the Payment Schedule.

## 6. Agreement fee

6.1. Agreement Fee is a fee payable by the Borrower to the Bank for the analysis of the application submitted by the Borrower, organisation of the funds necessary for the disbursement of the Credit Amount and preparation of the Agreement or amendment of the Agreement.

6.2. If, upon disbursement of the Credit Amount or a part thereof, the Account of the Borrower does not hold sufficient funds for payment of the Agreement Fee, the Bank shall deduct the Agreement Fee or the missing amount from the Credit Amount to be disbursed or a part thereof. Upon amendment of the Agreement, the Bank shall debit the Account of the Borrower by the Agreement Fee on the due date specified in the agreement on amendment.

6.3. If the Bank does not allow the Borrower to use the Credit Amount due to the discovery of the circumstances specified in clause 3.1 by the Bank and/or the Borrower does not take the Credit Amount into its use in part or in full, it shall not preclude the right of the Bank to receive the Agreement Fee.

## 7. Calculation and payment of late interest

7.1. If the Account of the Borrower does not hold sufficient funds on the due date to make the payments due under the Agreement (except for Interest), the Bank has the right to commence the calculation of Late Interest as of the calendar day following the due date at the rate determined in the Agreement and/or the Price List. Calculation of the Late Interest shall end on the day when the outstanding amounts are paid in full. The Bank shall debit the Account of the Borrower by the calculated Late Interest.

## 8. Repayment of credit amount

8.1. The Borrower undertakes to repay the Credit Amount on the due date and in the amount specified in the Payment Schedule.

8.2. The Borrower is entitled to repay the Credit Amount or a part thereof before the Final Credit Amount Repayment Date by notifying the Bank thereof in writing at least three (3) months in advance. If the Borrower wishes to repay the Credit Amount or a part thereof with a shorter term for advance notice than three (3) months, the Borrower is required to pay compensation to the Bank for the expenses related to the early repayment of the Credit Amount or a part thereof to the extent provided for in the Price List.

8.4. The written application of the Borrower for early repayment of the Credit Amount or a part thereof shall include the explicit decision of the Borrower on the early repayment of the Credit Amount and the application shall also include the specific date and amount of the intended early repayment of the loan. The 3-month period of advance notice shall commence as of the date on which the Bank received the written application of the Borrower.

8.5. Upon receipt of the application for early repayment of the Credit Amount or a part thereof, the Bank shall prepare a new Payment Schedule which shall reflect the amount of the Credit Amount or a part thereof repaid by the Borrower before the prescribed term and the due date.

8.6. If the Borrower fails to repay the Credit Amount within fourteen (14) calendar days after the due date indicated in the application, the early repayment of the Credit Amount or a part thereof shall be deemed not to have taken place and the Bank shall prepare and send to the Borrower a new Payment Schedule without the obligation of early repayment of the Credit Amount or a part thereof.

8.7. The compensation related to the early repayment shall be paid and other payments related to the Agreement (e.g. Agreement Fee, Contractual Penalty, etc.) shall be made to the Bank on the day of repayment of the Credit Amount or a part thereof.

8.8. If, pursuant to the terms and conditions of the Agreement, the Type of Base Rate is KPB, then upon increase of the Base Rate the Borrower has the right to cancel the Agreement within one (1) month from the amendment of the Base Rate and to repay the entire Credit Amount before the prescribed term without paying the early repayment fee.

## 9. Security

9.1. The expected value of the Security is the market value specified in the expert assessment prepared in writing or in a

format which can be reproduced in writing by a real estate agency accepted by the Bank or in the assessment of the Bank. In the case of immovable under construction, the expected value is the market value after the completion of construction work (future market value) specified in the expert assessment or the assessment of the Bank. Upon amendment of the terms and conditions of the Agreement, the expected value is the market value of the immovable specified in the most recent expert assessment submitted to the Bank and/or in the assessment of the Bank.

9.2. In case the value of the Security decreases (e.g. an insured event has occurred in case of which no insurance indemnity is paid, or the market value of the Security has decreased or the Borrower or the owner of the Security has rented or leased out the asset constituting the Security without a prior approval of the Bank, or a claim for payment has been made to the asset constituting the Security, or other important circumstances occur), the Bank is entitled to demand that additional Security (Securities) be established by the Borrower. The Borrower is required to establish the additional Security (Securities) in favour of the Bank within one (1) month after receipt of a respective demand from the Bank.

## 10. Insurance

10.1. The Borrower shall insure the Security (Securities) on the terms and conditions provided for in the Agreement and the Service Conditions.

10.2. The Borrower and/or the owner of the Security shall notify the insurer of the fact that the Security is encumbered with a mortgage in favour of the Bank.

10.3. The insurance contract shall be entered into on the following terms and conditions:

10.3.1. the sum insured is the full restoration value of the construction works; 10.3.2. the insured risks include fire, water, vandalism and natural disaster;

10.3.3. the beneficiary is Coop Pank AS.

10.4. The Borrower is entitled to amend the terms and conditions of the insurance contract specified in clause 10.3 only with a prior written consent of the Bank, except for the case when the Borrower wishes to increase the sum insured or the number of insured risks.

10.5. Unless the Parties agree to restore the damaged or destroyed construction works on account of the insurance indemnity paid by the insurer, the Bank shall pay the Borrower from the insurance indemnity paid to the Bank the amount which remains after full settlement of the claims of the Bank arising from the Agreement.

10.6. The Borrower is required to submit a new insurance policy at the latest by the expiry of the effective insurance policy or ensure the submission of a new insurance policy to the Bank by the abovementioned time. Upon prior approval of the Bank, the Bank shall accept a written notice in a form other than an insurance policy sent by the insurer which reflects the essential information of the insurance contract.

## 11. Obligations of borrower

11.1. The Borrower is required to use the Credit Amount for the intended purpose specified in the Agreement or an agreement on amendment of the Agreement. Upon receipt of a respective written request from the Bank, the Borrower is required to present within five (5) Banking Days a documented summary concerning the use of the Credit Amount to the Bank.

11.2. The Borrower is required to allow the Bank, until complete performance of the payment obligations arising from the Agreement, to check the financial situation of the Borrower and examine the respective documentation and the assets in order to evaluate the truth of the information submitted by the Borrower, its solvency and the reality of performing the payment obligations under the Agreement.

11.3. The Borrower is required to have an Account with the Bank until the full payment of all the obligations of the Borrower to the Bank.

## 12. Cancellation of agreement

12.1. The Bank has the right to unilaterally cancel the Agreement and demand the payment of the outstanding Credit Amount, outstanding Interest, Agreement Fee, Late Interest and Contractual Penalty, and the performance of other claims under the Agreement by notifying the Borrower thereof in writing, if any one or several cases specified below occur:

12.1.1. the Borrower fails to make the payments under the Agreement in due time and is in partial or full delay with at least three (3) consecutive repayments and has not paid the outstanding amounts within two (2) weeks after the receipt of a corresponding request from the Bank, or;

12.1.2. in the opinion of the Bank the solvency of the Borrower and/or the Surety securing the performance of the Agreement has seriously deteriorated which makes the due performance of the Agreement doubtful, or;

12.1.3. in the opinion of the Bank the value of the Security has significantly decreased and the Parties have failed to reach an agreement on the establishment of an additional Security specified in clause 9.2 in favour of the Bank, or

12.1.4. the Borrower fails to duly perform the obligations arising from other agreements entered into with the Bank and/or any subsidiary (subsidiaries) belonging to the Bank Group, or;

12.1.5. the Borrower violates other terms and conditions of the Agreement and/or the Service Conditions.

12.2. In the cases specified in clause 12.1 (except for clause 12.1.1), the Borrower is required to make all the payments within twenty (20) calendar days after the receipt of a written notice from the Bank.

12.3. Upon cancellation of the Agreement, the Bank is entitled to demand until complete repayment of the Credit Amount from the Borrower compensation for any damage caused to the Bank due to any delay in the repayment of the Credit Amount. The calculation of the amount of damage by the Bank shall be based on the Interest Rate in force on the day of cancellation of the Agreement and the outstanding Credit Amount.