STANDARD LOAN AGREEMENT TERMS AND CONDITIONS (applicable as of 21.03.2016)

1 GENERAL PROVISIONS
1.1 The standard loan agreement terms and conditions shall form an inseparable part of the loan agreement concluded between the bank and the borrower.
1.2 The bank shall have the right to amend the loan agreement and/or the standard loan agreement terms and conditions unilaterally if the legislation regulating consumer credit or other relations arising from the loan agreement and/or the standard loan agreement terms and conditions change and amendment of the loan agreement and/or the standard loan agreement terms and conditions arises from harmonisation thereof with legal standards, whereas the bank shall notify the borrower in advance of the respective changes.
1.3 The bank shall have the right to unilaterally change the bank’s price list pursuant to the procedure established in the general conditions of the bank.
1.4 Total cost of credit for the consumer shall be all the costs, including interest, agreement fees, taxes and other fees, which the consumer is obligated to pay in connection with the loan agreement and which are or must be known to the bank. Initial annual percentage rate expresses the annual costs burden (incl. interest, agreement fee) of the borrower arising from the use of the loan limit and it is expressed as an annual percentage rate of the loan limit. The bank shall calculate the initial annual percentage rate on the basis of the formula(s) approved by the Minister of Finance of the Republic of Estonia. The agreement shall specify the initial annual percentage rate as the interest rate may change in accordance with the procedure agreed upon in the agreement. The calculation of the initial annual percentage rate is based on the terms and conditions of the loan agreement valid at the time the loan agreement or its amendment is entered into (incl. the interest rate valid at the time). Upon calculating the total cost of credit and initial annual percentage rate it is presumed that the loan limit is taken into use without delay and in full by the borrower, the loan agreement remains in effect until the final repayment date of the loan amount agreed upon in the loan agreement and the parties shall duly fulfil the obligations arising from the loan agreement and the standard loan agreement terms and conditions. Upon calculating the total cost of credit and initial annual percentage rate, the costs of establishing the collateral for the benefit of the bank (incl. notary fee and state fee) as well as the insurance costs of the property encumbered with collateral shall not be taken into account.
1.5 The expected value of the object encumbered with collateral shall be the market value of the immovable specified in the bank’s assessment or a written expert assessment prepared by the real estate agency accepted by the bank. The expected value of the immovable under construction shall be the market value of the immovable indicated in the aforementioned documents after the completion of construction works (future market value). Upon amendment of the terms and conditions of the loan agreement, the expected value shall be the market value of the immovable that is specified in the aforementioned documents, which have been most recently submitted to the bank.

2 DISBURSEMENT OF LOAN AMOUNT
2.1 The bank shall disburse the loan amount or a part thereof in accordance with the loan agreement.
2.2 If the borrower has provided the bank with false material information or the circumstances forming the basis for granting the loan limit have changed (incl. the borrower’s financial condition has worsened, upon occurrence of the encumbrances of the object encumbered with collateral which were not known to the bank), the bank shall have the right to refuse disbursement of the loan amount or a part thereof on the basis of the loan agreement.

3 CALCULATION AND PAYMENT OF INTEREST
3.1 The borrower shall pay interest under terms and conditions provided for in the loan agreement in accordance with the amounts specified in the schedule.
3.2 On calculating interest, the bank shall proceed from the actual number of days in a calendar month and a 360-day year. The borrower shall pay the bank the interest on the outstanding loan amount on the basis of the interest rate under the loan agreement. The bank shall start calculating the interest as of the date of granting the borrower use of the loan amount or a part thereof. The interest shall be calculated until the repayment of the entire loan amount. The loan agreement shall specify annual interest rate.
3.3 If the base interest rate under the loan agreement is the European Interbank Offered Rate (hereinafter EURIBOR), which is managed by and which amount shall be determined and published by the European Money Markets Institute or some other official organisation, then on the dates of changing base interest rate the bank shall fix a new base interest rate based on the EURIBOR of the corresponding months published on the relevant page of the aforementioned organisation on the date of changing interest rate. If EURIBOR has not been published on the date of changing the base interest rate, the EURIBOR of the corresponding months, which has been published most recently, shall be applied. The borrower can also see EURIBOR rates on the bank’s website (www.swedbank.ee).
3.4 If the base interest rate of the loan agreement is connected to the interest rate of the euro, the interest rate of the euro shall be the average weighted interest rate of the inter-bank closing prices of the euro interest rate swaps corresponding to the periods lasting until the end of the fixation period of the repayments of the loan amount under the schedule. The closing prices of the interest rate swaps of the euro are published on Thomson Reuters’ website "EURIBOR6MD=", "EURIBOR1Y=", "EURAB6E2Y=", "EURAB6E3Y=", "EURAB6E4Y=", "EURAB6E5Y=", "EURAB6E6Y=", "EURAB6E7Y=", "EURAB6E8Y=", "EURAB6E9Y=", "EURAB6E10Y=", "EURAB6E11Y=", "EURAB6E12Y=", "EURAB6E13Y=", "EURAB6E14Y=", "EURAB6E15Y=", or, if the addresses of the sites change, on corresponding websites published by Thomson Reuters.

3.5 If the base interest rate according to the loan agreement is the Swedbank mortgage base interest rate, the bank shall fix the new base interest rate on the days of changing the base interest rate proceeding from the Swedbank mortgage base interest rate for the respective months published on the homepage of the bank on the day of the change. The bank determines the Swedbank mortgage base interest rate and this rate is found by adding the respective period’s EURIBOR to the Estonian economic environment risk rate. The risk rate of the Estonian economic environment is the difference between the seven-year bond interest rate corresponding to the credit rating given to the Republic of Estonia by the international rating agency chosen by the bank and the seven-year Euro interest swap rate, whereas the above mentioned rates are compared at the five points of time chosen by the bank during the two year period prior to fixing the rates and their arithmetic mean is found.

4 REPAYMENT OF LOAN AMOUNT

4.1 The borrower shall repay the loan amount under the terms and conditions provided for in the loan agreement in accordance with the amounts specified in the schedule.

4.2 The borrower shall have the right to repay the loan amount or a part thereof prematurely pursuant to the terms and conditions and procedure stipulated in clauses 4.3–4.7 of the standard loan agreement terms and conditions.

4.3 If the borrower wishes to repay the loan amount or a part thereof to the bank prematurely, the borrower must pay the bank the premature repayment fee in the amount which is equal to the interest payment amount of three months calculated on the basis of the interest rate valid under the loan agreement on the repayment date of the repayable loan amount or a part thereof. If the borrower informs the bank of its wish to repay the loan amount or a part thereof 3 (three) months in advance and repays the loan amount or a part thereof after 3 (months) within 10 (ten) banking days, the borrower shall not be obliged to pay the premature repayment fee. The bank starts calculating the three-month period as of the date when it received the respective written application of the borrower. If the base rate effective under the loan agreement is pegged to the interest rate of the euro, the provisions of clauses 4.4 and 4.4.1 of the standard loan agreement terms and conditions shall be applied upon repayment of the loan amount or a part thereof before the prescribed time.

4.4 If the applicable base rate of the loan agreement is connected to the interest rate of the euro, the borrower shall pay upon repayment of the loan amount or a portion thereof before the prescribed time early repayment fee pursuant to the rate calculated on the amount subject to early repayment on the basis of difference between the interest rate of the euro specified in the loan agreement and the corresponding applicable interest rate of the euro of the period remaining until the end of the fixation period on the day when the bank receives the borrower’s request for early repayment. The bank shall calculate the early repayment fee on the amount subject to early repayment on the basis of the actual number of days in a calendar month, divided by a 360-day year, for the time remaining between the day of receipt of the request for early repayment by the bank and the final date of the fixation period. The borrower shall pay the early repayment fee along with the amount subject to early repayment within 10 (ten) banking days as of the receipt of the request for early repayment by the bank.

4.4.1 If the applicable interest rate of the euro corresponding to the period remaining until the end of the fixation period on the date the borrower’s application for premature repayment of the loan is received by the bank is equal to or higher than the interest rate of the euro specified in the loan agreement and the borrower wishes to return the loan amount upon the receipt of the aforementioned application by the bank, the borrower shall pay the bank the premature repayment fee the in the amount which is equal to the interest payment amount of three months calculated on the basis of the interest rate valid under the loan agreement on the repayment date of the payable loan amount or a part thereof. The bank shall not charge the early repayment fee specified in the previous sentence if the borrower returns the loan amount or a part thereof within 10 (ten) banking days after 3 (three) months are over as of the receipt of the aforementioned request by the bank.

4.5 If the borrower has not repaid the loan amount or a part thereof within the terms specified in clauses 4.3, 4.4 and 4.4.1 of the standard loan agreement terms and conditions, it shall be deemed that the borrower has waived the early repayment request.

4.6 The borrower shall pay the fee for early repayment to the bank on the day of early repayment of the loan amount or a part thereof.
4.7. If the base interest rate according to the loan agreement is the Swedbank mortgage base interest rate and the borrower does not agree with the new increased base interest rate, the borrower has the right to repay the loan amount within two months from the day the base interest rate is changed without paying the early repayment fee.

5 SCHEDULE OF LOAN AMOUNT REPAYMENTS AND INTEREST PAYMENTS

5.1 The schedule to be sent to the borrower by the bank is of an informative meaning.
5.2 The bank shall prepare the schedule within 2 (two) banking days as of disbursement of the loan amount or a part thereof to the borrower and/or as of any amendment of the interest rate.
5.3 The bank shall deliver the schedule to the borrower (if there is more than one borrower, to borrower 1) within 7 (seven) banking days to the postal or e-mail address stated in the loan agreement or in any later written notice or through Swedbank Internet Bank. The borrower shall notify the bank of not having received the schedule within the above term. Upon receipt of the corresponding notice, the bank shall send the schedule to the borrower once again.
5.4 During the validity of the loan agreement the bank shall make the schedule available to the borrower free of charge. The borrower can view the schedule in the Swedbank Internet Bank, but at the request of the borrower, the bank shall deliver the schedule to the borrower by post or e-mail pursuant to the procedure specified in clause 5.3 of the standard loan agreement terms and conditions.
5.5 If the payments specified in the schedule do not coincide with the payments calculated by the borrower on the basis of the loan agreement terms and conditions, he or she shall notify the bank thereof immediately upon receipt of the schedule.

6 PAYMENT OF AGREEMENT FEE

6.1 Agreement fee is the fee paid by the borrower to the bank for the analysis of loan application, organising funds, formalising the loan agreement or the amendments to the loan agreement.
6.2 If, upon disbursement of the loan amount or the first part thereof to the borrower, the current account specified in the loan agreement holds no sufficient amount for payment of the agreement fee, the bank shall deduct the missing amount from the loan amount to be disbursed. If, upon amendment of the loan agreement terms and conditions, the borrower is obliged to pay the agreement fee, the bank shall debit the current account specified in the loan agreement with the agreement fee.
6.3 The bank is entitled to receive the agreement fee also in case if the borrower does not take the loan amount into his or her use or the bank does not disburse the loan amount due to the fact that the borrower has provided the bank with significant false information in the loan application or any other documents submitted to the bank (incl. in notices and certificates).

7 CALCULATION AND PAYMENT OF DEFAULT INTEREST

7.1 If, as of the payment term of the payments (except the interest) subject to be made in accordance with the loan agreement, the current account specified in the loan agreement holds no funds in the amount payable, the bank is entitled to start calculating default interest on the outstanding amount from the day following the above-specified date on the basis of the rate set out in the bank’s price list. Calculation of the default interest shall end on the day when the outstanding amounts are paid in full. The bank shall proceed from the requirements set by law upon establishing the default interest rate.

8 INSURANCE

8.1 The borrower shall insure the object encumbered with the collateral under the terms and conditions specified in the loan agreement and the standard loan agreement terms and conditions.
8.2 The borrower shall notify the insurer of the fact that the object forming an object of the insurance agreement has been encumbered with the collateral.
8.3 The borrower shall conclude an insurance agreement under the following terms and conditions:
- the sum insured shall be equal to the full reinstatement value of the building(s);
- the insured risks shall include fire, water, vandalism and natural disasters;
- the beneficiary shall be the bank;

The terms and conditions of the insurance agreement listed above may be amended only upon the prior written consent of the bank (except the increase of the insurance amount and/or adding of insured risks).
8.4 If the parties fail to agree on reinstatement of the damaged or destroyed building(s) on the account of the disbursed insurance indemnity, the bank shall pay the borrower from the indemnity paid to the bank the amount which was left over after full settlement of all the claims of the bank arising from the loan agreement.
8.5 The borrower shall submit a copy of each insurance policy to the bank by the end of valid insurance period at the latest or shall ensure the submission of insurance policy to the bank within the aforementioned period. The insurance
policy can be replaced by a written notice sent to the bank by the insurer in the format agreed on previously with the bank, which indicates the significant terms and conditions of the insurance agreement.

8.6 The borrower shall preserve the effectiveness of the insurance agreement under the foregoing terms and conditions (incl. pay the insurance premiums in due course) until the borrower has fully paid all the liabilities to the bank.

9 OBLIGATIONS OF BORROWER

9.1 The borrower shall use the loan amount for the specific purpose specified in the principal loan agreement terms and conditions if such a purpose has been fixed.

9.2 If the collateral is a mortgage on a legal share of an immovable, the owner of the aforementioned legal share of the immovable shall, in addition to the agreement on establishment of mortgage in favour of the bank, conclude a notarised agreement on the procedure for use of the immovable subject to entry in the land register with the co-owners of the immovable on the terms and conditions specified by the bank.

9.3 If the bank has information about any possible violation by the borrower of the obligations related to the borrower's financial standing, the collateral and/or the purpose of use of the loan amount specified in the loan agreement and/or the standard loan agreement terms and conditions and due to that the due performance of the loan agreement and/or the standard loan agreement terms and conditions is endangered, the bank shall be entitled to obtain additional documents verifying the obligations by the borrower. The borrower undertakes to submit the respective documents to the bank within 10 (ten) banking days as of the receipt of the relevant request from the bank.

9.3.1 The bank shall have the right to receive additional data and documents about the object encumbered with collateral, also upon the occurrence of insured event with regard to the object encumbered with collateral. The borrower shall be obligated to submit the respective documents to the bank within 10 (ten) banking days as of the receipt of the relevant request from the bank.

9.4 The borrower shall notify the bank within 5 (five) banking days if:

9.4.1 the personal data, place of residence and/or other contact data of the borrower change;

9.4.2 there occurred an insured event with the object encumbered with the collateral. The definition of an insured event and procedure to be followed upon occurrence thereof is specified in the insurance agreement;

9.4.3 there appeared any rights of third parties with regard to the object encumbered with the collateral, the object encumbered with the collateral was seized or a claim for payment was made with regard thereto;

9.4.4 there occur any events which jeopardise proper performance of the loan agreement by the borrower.

9.5 The borrower shall be obligated to have a current account in the bank until the borrower has fully paid all the liabilities to the bank. All regular income of the borrower, which served as the basis for determining the loan limit (incl. monthly salary) shall accrue to the borrower’s current account in the bank until the borrower has fully paid all the liabilities to the bank. During the period when the borrower's place of work is outside of the Republic of Estonia and his or her aforesaid regular income accrues to a foreign credit institution, the borrower shall hold in his or her current account in the bank funds to a minimum amount that is equal to the sum of payments to be made under the loan agreement to the bank within two (2) months.

9.6 The borrower shall agree with the bank in writing in advance on assumption of a loan and/or any other financial obligation from a third party in advance if the obligation or the total amount of the obligations to be assumed forms more than 10 (ten) percent of the loan limit or the loan amount at the disposal of the borrower (provided that the entire loan limit is used). Loan obligations shall mean such obligations which arise as a result of taking a loan, leasing or security transactions (incl. surety, excl. the surety of the state student loan).

10 CANCELLATION OF LOAN AGREEMENT

10.1 The bank shall be entitled to cancel the loan agreement and demand from the borrower discharge of the outstanding loan amount, unpaid interest, agreement fee, default interest, penalties and other claims arising from the loan agreement and standard loan agreement terms and conditions within 20 (twenty) banking days as of the receipt of a corresponding notice from the bank if:

10.1.1 the borrower has provided the bank with false material information in the loan application or other documents presented to the bank (incl. notices, certificates);

10.1.2 the borrower does not duly perform the payment obligations arising from the loan agreement (incl. 3 (three) consecutive payments of the loan amount and/or interest payment are in full or in part overdue and the borrower fails to settle the debt even 2 (two) weeks after receiving the respective claim from the bank) or does not pay default interest;

10.1.3 the borrower fails to perform duly any or all of the obligations referred to in clauses 8, 9.1, 9.4.2, 9.4.3, 9.5, 9.6 of the standard loan agreement terms and conditions and clause 4.8 of the loan agreement and in the special conditions of the loan agreement;
10.1.4 the market value of the object encumbered with the collateral decreases in such a way that the value of the object encumbered with the collateral is not sufficient enough for satisfying the bank's claims arising from the loan agreement (incl. the object encumbered with the collateral is leased violating the terms and conditions established in the loan agreement or an insurance event which does not allow for payment of insurance indemnity occurs) or a claim for payment is made with regard to the object encumbered with the collateral or the invalidity of the collateral appears and the bank and the borrower fail to come to an agreement on establishment of an additional collateral within 20 (twenty) banking days;

10.1.5 there occur any events which jeopardise due performance of the loan agreement by the borrower;

10.1.6 the borrower fails to fulfil duly the financial obligations arising from other agreements concluded with the bank and/or a subsidiary/subsidiaries belonging to the consolidation group of the bank.

11 OTHER TERMS AND CONDITIONS

11.1 The loan agreement and the standard loan agreement terms and conditions shall be governed by the laws of the Republic of Estonia.

11.2 Any amendments and modifications made to the loan agreement shall enter into force as of signing by the parties, unless the parties have agreed otherwise or there are any circumstances specified in clause 1.2 of the standard loan agreement terms and conditions.

11.3 All notices related to the loan agreement and the standard loan agreement terms and conditions shall be forwarded to the other party to the postal or e-mail address specified in the loan agreement or in a later written notice or through Swedbank Internet Bank or through another electronic means accepted by the bank.