

## DSK Mortgage.

### Eligibility

- The applicant will be living and working outside of Bulgaria
- The applicant will be a minimum age of 21 years and will not be over 65 years of age when the final maturity date of the loan repayment falls due.
- The applicant will have a minimum annual income of €30,000 (£22,000)

### Loan Amount

#### ***For Loan applicants providing a full credit report***

- Own funds participation 20% minimum of the total price
- Maximum admissible loan amount – up to 80% of the valuation of the property under consideration by the bank
- Repayment term – minimum 5 years up to a maximum of 25 years
- Applicants can apply for a second loan through a second application on a different property; however, the bank requires a minimum credit history of 3 months with them before they allow such an application

#### ***For loan applicants not providing a credit report***

- Own funds participation 30% minimum of the total price
- Maximum admissible loan amount – up to 70% of the valuation of the property under consideration by the bank
- Repayment term – minimum 3 years up to a maximum of 20 years
- Applicants can apply for a second loan through a second application on a different property; however, the bank requires a minimum credit history of 6 months with them before they allow such an application

The minimum loan amount is 5,000 euros. There is no maximum loan amount.

### Interest Rate

- 7% on the euro

### Bank Accounts

- The applicant will open a current account with DSK bank
- The account will be a euros account
- The account will be opened with a minimum amount of 300 euros
- The account holder will administer the account themselves or through a proxy, usually a lawyer, through a power of attorney
- The applicant will ensure that there is sufficient funds in the account to meet at least three monthly mortgage repayments, at any one time

### Lawyers

- The applicant will appoint a lawyer in Bulgaria
- The lawyers will represent the client in all matters before the relevant authorities (e.g. the lending bank, the notary, the tax authorities etc), will be legally empowered to receive and send correspondence on their behalf
- The lawyer will be instructed to organize all the appropriate insurances for the client
- In addition, the lawyer will have the following responsibilities:
  - Sign the mortgage agreement with the bank on behalf of the client
  - Sign the documents establishment of the collateral
  - Sign all the documents related to the loan disbursement
  - Open the client account in the bank

### **Proof of income**

- Bank statements (dating back six months prior to the date of application) from the account on which the income is received, certified by the respective bank
- Service bank reference (only in cases where a proper credit history document is not supplied). This is different in the case of employees and for people who are self-employed, as explained below
- For employees
  - Document from the employer for taxes paid by the client for the previous year
  - Last six months pay-slips, certified by the employer or a certificate from the employer for the salary paid for the last 6 months
  - Document from the employer, certifying the employment as of the date of the loan application. This document and the certificate of paid salary may be prepared as one single document
- For self employed people
  - Tax return for the previous 2 years, certified by the respective income authority

### **Requirements for sufficiency of income**

- If the applicant provides a proper credit report, the bank will ensure that the total amount of the monthly instalments on the loan requested shall not exceed 50% of the net monthly individual or family income of the loan applicant
- If the applicant fails to provide a proper credit report, the bank will ensure that the total amount of the monthly instalments on the loan requested shall not exceed 35% of the net monthly individual or family income of the loan applicant
- Minimum credit scores for approval of application
  - Minimum 450 points – in case of Equifax credit report
  - In the case of a married couple applies for a loan, at least one of them should meet the credit score
  - No requirement for a minimum credit score from other credit agencies

The documents for analyzing the income sufficiency (credit reports etc) will have to be supplied in original.

### **Repayment Terms**

- The loan shall be repaid in equal monthly repayments over the repayment term
- The monthly instalments shall be made up of both interest and principal
- The due date of the monthly instalments shall be determined by the bank

### **Bank charges and fees**

- Application fee for lump sum disbursements: €100 for processing of the loan application and valuation of the property. This fee is non-refundable. The applicant owes it when the application is made and the bank receives all of the required documents.
- Application fee for stage based disbursements: €130 if the applicant decides that the disbursement of the approved loan will be made according to the payment plan negotiated with the developer rather than one lump sum
- A management fee of 1% of the total loan amount will be charged when the loan is disbursed.
- 0.60euros per month as a fee for the maintenance and operation of the current account in the bank

- For early repayments (partial or full), a 5% charge will be levied non the amount of pre-term repaid amount for the first three years; and 3% charge will be levied on the amount of the pre-term repaid amount for the whole period after the third year
- Other fees due for services performed concerning the loan will apply as per the schedule set in the DSK bank tariff of fees and commissions

#### **Grace Period (Payment Holiday)**

- A grace period (payment holiday) can be negotiated with the bank for the repayment of the principal amount
- The maximum grace period (payment holiday) that can be negotiated is 12 months
- During this period payment of interest on the principal amount will be obligatory

#### **Own funds participation**

- 20 or 30% as described in the loan amount section
- The client would have to invest 'own funds' prior to making a loan application to the bank. The bank will require documentation to that effect
- The own funds shall have to be paid to the developer before the completion of the roof level stage

#### **Paperwork**

- Applications can only be made either when the building reached roof level or a maximum of three months prior to reaching roof level. Applications will not be accepted before this period
- Paperwork mainly consists of
  - A housing loan application, which lists the details of the applicant and the intended property for purchase
  - A declaration of civil and marital status
  - A declaration listing existing property owned, employment details, calculation of disposable income
  - Copy of identity document of the loan applicant
  - Declaration of citizenship and marital status

#### **Time scales of the application process**

- The client fills out a house loan application and declaration for civil and marital status, signs them and sends them first via email (scanned copies) and after that as hard copies by post
- The client has to send credit history documents (not more than one month old from Equifax and not more than three months old from Experian) and additional documents to prove income
- The broker is obliged to submit documents regarding the property intended for purchase (e.g. signed preliminary agreement of purchase, deadlines of payment of instalments as agreed with the developer, a certificate of 'no encumbrances' on the property, a notary deed showing ownership of the property in the name of the applicant)
- After receiving the documents, the bank analyses all the information and takes a preliminary decision for disbursement or refusal of the loan. This decision is communicated to the broker (us) who then communicates it to the client
- The bank will then instruct the appraiser to determine the market value of the property
- Based on all documents above the bank will take another five working days in order to issue final approval of the loan application and the loan amount
- The decision is conveyed to the broker who then informs the client. Once the decision has been made, the loan amount will automatically be transferred to the developer in the bank account of his nomination

### **Insurances**

- Obligatory Property Insurance of the property in favour of DSK Bank, kept during the loan repayment period
- Obligatory Life Insurance of debtor in favour of DSK Bank, kept valid during the loan repayment period.

### **The property**

- The property intended for purchase can be a house, villa, apartment as long as it complies with any of the following:
  - Completely constructed with permission to use
  - At rough construction stage i.e. with certified roof level

### **Valuation**

- The market value of the property will be determined by the bank's appraiser
- The loan amount disbursed will be based on this valuation

### **Collateral and ownership**

- Once the development has reached certified roof level, the developer will have to transfer ownership of the property intended for purchase to the loan applicant
- Once the ownership has been transferred to the applicant, the property will be registered with the bank as intended collateral for the loan
- The property registered for collateral will have to be insured according to Bulgarian legislation and the requirements of the bank
- The applicant should conclude a life insurance for the period of the mortgage
- The property intended as collateral shall have no encumbrances
- All expense related to the registration of the collateral and its insurance will have to be paid by the applicant

### **The mortgage broker**

- The mortgage broker will be responsible for all aspects of the application process
- Once the appropriate property has been identified and the client has paid over the minimum 20% of the value of the property, the mortgage broker will explain all the key features of the mortgage product to the client
- Once the client is fully conversant with the product, the mortgage broker will assist the client with filling out all the forms and declarations related to the mortgage application. All paperwork will be completed in accordance to the guidelines issued by the bank
- The mortgage broker will obtain the credit files of the applicant.
- The mortgage broker will obtain all supporting documents from the client as appropriate (copy of passport, proof of income/ employments, proof of own funds participation etc)

### **Bulgaria-Ltd fees**

- Upfront application fee: €150 + 20%VAT (£125 inc VAT) payable when making the mortgage application
- Mortgage completion fee: €200 + 20%VAT (£168 inc VAT) payable when the mortgage offer is complete