INFORMATION BULLETIN
Terms and conditions of Rural Berri loans

Valid as of August 10, 2019, based on FINCA UCO CJSC Management Board resolution 73/2019, 09.08.2019

MAIN TERMS AND CONDITIONS	
Currency	AMD
Loan amount	75,001 – 1,500,000
Loan maturity	6–12 months
Annual interest rate[1]	0% – 9% (0% for the first 6 months, starting from the 7th month the interest rate increases by 1.5% for each moth)
Annual percentage rate[1]	8.0% – 16.9%
Service fee [monthly][2]	0%
Disbursement fee [one off] [2]	3.5%
Disbursement method	Non-cash (is transferred to FINCA partner organization)
Loan purpose	Acquirement of agricultural products and/or services from FINCA partner organizations[4]

CUSTOMER REQUIREMENTS

- Sole entrepreneurs and individuals registered in RA and engaged in agriculture.
- Age: 21+; the sum of the client's age at the time of applying and the expected loan period should not exceed 70 years.
- Residence and at least 3 months of continuous agricultural activity within FINCA's service area.
- Compliance with FINCA's social and environmental requirements.
- Borrowers should act on their behalf and for their benefit; taking a loan on behalf of a third person is prohibited.

REQUIREMENTS FOR LOAN SECURITY

Guarantee of spouse[4].

LOAN REPAYMENT

The loan is repaid in equal monthly repayments consisting of the principal, interest and service fee. Up to 10 months of grace period[5] is available. In this case, at least two principal repayments must be made during the loan period.

The borrower can repay the loan earlier than stipulated by the payment schedule without incurring penalties. Upon early repayment, together with the reduction of the principal, the borrower's total credit expenses (interest, other fees) are reduced proportionally, except for the cases when the payer submits a different written order. Penalties and other fees incurred as a result of failure to properly fulfill obligations stipulated by the RA legislation and the loan contract, as well as the fees defined by the Article 15 of the RA Law on Consumer Credit are not reduced. Upon full early repayment of the loan, the borrower pays the service fees and other charges, interest and principal amounts calculated as of the payment date.

Payments for future months can be made in advance by submitting a written order. Repayments for each upcoming month are made in the following order: 1) service fees and other charges, 2) interest, 3) principal.

WARNINGS AND PENALTIES

- **In case the borrower breaches the contractual obligations, FINCA may change the interest rate of the loan following the order provided by the contract and the terms constituting an integral part of the contract.**
- In case of failure to fulfill the contractual obligations according to the payment schedule, the borrower is obligated to pay a **PENALTY** for each overdue day in the amount of: 1) **0.13%** of the overdue principal, 2) **0.13%** of the overdue interest.
- If the borrower fails to repay the principal on time, application of the contractual interest rate towards the overdue amount is terminated and a **24% annual interest rate** is applied from the day of breaching the schedule till the loan repayment date. If the amount paid is not sufficient to cover all overdue obligations, the creditor's expenses incurred in efforts to receive the due payments from the borrower are paid first, followed by the service fees, penalties, interest and principal. This order may change per the creditor's decision based on the borrower's written request.
- **In case of failing to fulfill your loan obligations, this information is sent to the credit bureau where your credit history is formed. Bad credit history can prevent you from receiving a new loan in the future.**
- **In case of not fulfilling your loan obligations on time, your property may be confiscated in accordance with the law.**

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OTHER TERMS AND CONDITIONS

Disbursement in tranches	Not applicable
Parallel loans	Up to 5 parallel Rural Berri loans

LOAN APPLICATION AND DISBURSEMENT

Required documents (to be submitted in person)	**Individuals** • ID cards of the borrower and the guarantors or their passports and social security cards • **If the borrower is a sole entrepreneur**, a Certificate of State Registration is also required Other documents upon request	
Factors on which the loan decision depends	**Positive factors** • Sufficient level of creditworthiness • Good credit history • Loan security	**Negative factors** • Insufficient level of creditworthiness • Bad credit history • Non-compliance with the set customer requirements • Other credit risks
Decision making and provision timing	• Making a decision with respect to the loan application: up to 3 business days. • Providing the applicant a written or verbal notification on the decision: up to 2 business days. • Disbursing the loan: up to 7 business days after the submission of the application.	
Other details	The borrower can apply for the loan in all FINCA branches. **Before signing the contract you will receive an individual sheet which will show your individual loan terms.**	

NOTES

1. **The loan interest is calculated with respect to the outstanding amount, based on the annual interest rate. Whereas, the annual percentage rate shows the cost of the loan if the interest and all other required fees are duly paid according to the repayment schedule. The annual percentage rate calculation is described below.**
2. Calculated with respect to the principal.
3. The list of affiliated organizations with FINCA within the Rural Berri loan is available here and in FINCA branches.
4. If it is impossible to have a spouse as a guarantor, the guarantee of another family member or (in exceptional cases) an external (when the guarantor is not a family member) guarantor is allowed.
5. **Grace period** — a period, during which no principal repayments are made.

ANNUAL PERCENTAGE RATE

The annual percentage rate calculation is based on the following formula:

$$A = \sum_{n=1}^{N} \frac{K_n}{(1+i)^{\frac{D_n}{365}}}$$

where

A – the initial loan amount

n – the sequence number of the installment for loan repayment

N – the sequence number of the last installment for loan repayment

K_n – the amount of the n^{th} installment for loan repayment

D_n – the number of days between the loan disbursement date and the date of the n^{th} installment for loan repayment

i – the annual percentage rate

Sample calculation

Loan amount	AMD 1,000,000
Loan maturity	9 months
Annual interest rate	4.5%
Service fee	0%
Disbursement fee	3.5%
Loan repayment	3 months of equal monthly repayments 6 months of grace period
Disbursement day	03 February 2020
First repayment date	03 March 2020
Annual percentage rate	**10.3%**

GENERAL TERMS AND INFORMATION REGARDING ALL LOAN TYPES

- **In the cases and according to the order provided by the contract and the terms constituting an integral part of the contract, FINCA has a right to unilaterally change the interest rate of the loan by up to +5 percentage points but not more than twice the bank reference rate set by the Central Bank of Armenia. The borrower should be notified about the change 7 business days prior to its entry into force.**

- Loan statements provided on the spot; other information is provided within 10 business days upon request. Provision of statements and other information is free of charge.

- You can communicate with FINCA by using the channel of your preference: either postal services or electronic communication. It is more convenient to obtain information electronically as it is free of the risk of losing information on paper.

- **To compare the loan types offered to individuals and to choose the most suitable option, you can visit the electronic platform *Your Financial Directory* at** www.fininfo.am.

- When pledging property as collateral for a loan, a need to use third party services arises. The prices of those services and the respective service providers are presented below:

Services	State agencies and cooperating organizations providing the services	Service fees
Ratification of the pledge agreement	Notary Offices of the RA	AMD 3,000 – 20,000
Registration of pledge rights with respect to real estate	Cadastre Committee of the RA	AMD 3,000 – 30,000
Provision of a unified certificate on the real estate unit	Cadastre Committee of the RA	AMD 500 – 10 000
Registration of pledge rights with respect to agricultural machinery	The Ministry of Justice of the RA	AMD 2,000
Registration of pledge rights with respect to vehicles	Records and Examinations Divisions of the Road Police Service of the RA Police	AMD 2,000
Provision of a certificate on limitations with respect to vehicle alienation	Records and Examinations Divisions of the Road Police Service of the RA Police	AMD 3,000
Bank transfer (transfer of service fees)	RA banks	AMD 300 per transfer
Independent appraisal of real estate pledged as collateral	Cost Consult LLC Oliver Group LLC A.G. Borsa LLC VM-RP LLC Gardi LLC Finlaw LLC	Depending on the type and size of the property, minimum AMD 5,000

NOTE: FINCA UCO IS REGULATED BY THE CENTRAL BANK OF ARMENIA.