

**Full text
of
Act No 90/2016 Coll. on housing loans and amending certain laws, as amended by Act No
299/2016 Coll.**

The National Council of the Slovak Republic has adopted the Act as follows:

**Section I
General provisions**

**Article 1
Subject matter of the Act**

(1) This Act regulates:

- (a) the rights and obligations related to the provision of housing loans under housing loan agreements;
- (b) the terms and conditions under which a housing loan may be provided;
- (c) housing loan agreements;
- (d) the method to be applied for calculating the total cost of a housing loan to the borrower;¹
- (e) the terms and conditions for the conduct of business in the granting of housing loans and other consumer protection measures.

(2) For the purposes of this Act, 'housing loan' means a sum of money borrowed from a lender under a housing loan agreement, to be repaid at a later date agreed therein, in the form of a deferred payment, loan, credit or other similar financial assistance:

- (a) which is secured by a security interest established in any real property, including property under construction, or secured by a right related to such property;
- (b) which is earmarked for the acquisition of an ownership right to residential property, by acquiring or retaining an ownership right to land or to existing residential property or residential property under construction, irrespective of the subject of the security interest or other security right; or
- (c) which is earmarked for the repayment of a housing loan as referred to in paragraphs 3(a) and 3(b).

(3) The housing loan category also includes mortgage loans as defined in a separate regulation² and certain types of building loans and other loans as defined in a separate regulation³; this is without prejudice to the provisions of separate regulations⁴ concerning the provision of such loans.

(4) Housing loans shall not include:

- (a) consumer loans as defined in a separate regulation⁵;
- (b) loans provided for the use of any residential property in return for payment for its lifetime use where:

1. the loan is provided in a single payment, periodic payments or other forms loan disbursement in return for an amount derived from the future sale of residential property or a right relating to that property;
 2. the loan is not required to be repaid until one or more particular life events occur on the borrower's side, unless the borrower breaches any of their contractual obligations which allows the lender to terminate the loan agreement;
- (c) loans provided by employers to their employees⁶ from their own resources, free of interest or at an annual percentage rate of charge lower than those prevailing on the financial market, which are not offered to the public;
- (d) loans provided free of interest and any other fees, except those that recover costs directly related to the securing of the loan;
- (e) loans provided in the form of overdraft facilities which are to be repaid within a month;
- (f) loans provided subsequent to the settlement of a dispute in court or before another statutory authority;
- (g) loans with deferred payment, free of charge, of an existing debt, which are not classified as loans under paragraph 2(a);
- (h) loans provided to owners of residential and non-residential premises in apartment houses, represented by the owners' association or the administrator of such premises for the purposes specified in a separate regulation⁷;
- (i) loans provided under a separate regulation⁸.

(5) Housing loans as defined in this Act must not be provided in cash.

Article 2

Basic provisions

(1) For the purposes of this Act, the following definitions shall apply:

- (a) 'Lender' means either of the following:
1. a bank, a foreign bank or a branch of a foreign bank⁹ authorised by Národná banka Slovenska under a separate regulation¹⁰ to offer and provide housing loans as part of its banking business;
 2. a natural person who can satisfactorily demonstrate that they have enough own funds to provide housing loans in an amount of at least EUR 16,600,000, as well as additional resources for the provision of housing loans, or a legal person having a paid-up share capital of at least EUR 16,600,000 and duly authorised by Národná banka Slovenska under a separate regulation¹¹, which provides or offers to provide housing loans within the scope of its business activity; the availability of own funds is to be proved with a document certifying the origin of own funds in an amount of at least EUR 16,600,000 and a document certifying the origin of additional resources for the provision of housing loans.
- (b) 'Housing loan agreement' means an agreement whereby a lender undertakes to grant, to a borrower, a housing loan and the borrower undertakes to repay the funds received, together with the costs related to the provision of the loan.

- (c) 'Ancillary service' means a service offered to a borrower in conjunction with a housing loan agreement.
- (d) 'Group' means a group of lenders which are to be consolidated for the purposes of drawing up consolidated financial statements under a separate regulation¹².
- (e) 'Staff member' means:
 - 1. any natural person working for a lender or financial agent¹³ and being directly engaged in activities covered by this Act or having contacts with borrowers in the course of activities covered by this Act;
 - 2. any natural person working for a financial agent and having contacts with borrowers in the course of activities covered by this Act;
 - 3. any natural person directly managing or supervising the natural persons referred to in points 1 and 2 in accordance with a separate regulation¹⁴;
- (f) 'Total cost of the loan to the borrower' means the total cost of a housing loan to the borrower, including interest, monetary payments, taxes and fees that are payable by, and known to, the borrower in connection with the relevant housing loan agreement, excluding notarial fees; the total cost also includes fees for ancillary services relating to the housing loan agreement, in particular insurance premiums where the borrower is required to enter into a contract for the provision of such services in order to obtain a housing loan or to obtain it under the terms and conditions offered, as well as the cost of property appraisal where such appraisal is necessary to obtain a housing loan but excluding registration fees for the transfer of ownership of the real property. It excludes any charges payable by the borrower for non-compliance with the commitments laid down in the loan agreement.
- (g) 'Total amount payable by the borrower' means the total amount of the housing loan provided, plus the total cost of that loan to the borrower.
- (h) 'Annual percentage rate of charge' (APRC) means the total cost of a housing loan to the borrower, expressed as an annual percentage of the total amount of the loan, where applicable, including the costs referred to in Article 7 and equates, on an annual basis, to the present value of all future or existing commitments (drawdowns, repayments and charges) agreed between the lender and the borrower.
- (i) 'Borrowing rate' means the rate of interest charged for a housing loan, expressed as a fixed or variable rate in percentages, calculated from the amount of the housing loan on an annual basis.
- (j) 'Fixed borrowing rate' means either one interest rate agreed for a housing loan between the lender and the borrower in the relevant housing loan agreement for the entire duration of the housing loan agreement or more interest rates agreed for the housing loan between the lender and the borrower in the housing loan agreement for partial periods using exclusively the fixed percentage rate agreed when the loan agreement was concluded; if the housing loan agreement does not specify all the rates for the housing loan, the borrowing rate for the housing loan shall be considered fixed only for those partial periods for which the rates were set exclusively by using the fixed percentage rate agreed when the housing loan agreement was concluded.
- (k) 'Total amount of a housing loan' means the maximum amount or sum of all the financial means provided to the borrower under the relevant housing loan agreement.

- (l) ‘Debt servicing capacity assessment’ means the evaluation of the prospect for the debt obligation resulting from the housing loan agreement to be met by the borrower properly and in due time.
- (m) ‘Member State’ means a Member State of the European Union or a Member State of the European Free Trade Agreement.
- (n) ‘Home Member State’ means the Member State in which the lender or financial agent has their permanent residence or place of business (where the lender or financial agent is a natural person) or its registered office (where the lender or financial agent is a legal person).
- (o) ‘Host Member State’ means the Member State, other than the home Member State, in which the lender or financial agent has a branch or provides services.
- (p) ‘Contingent liability or guarantee’ means a loan agreement which acts as a guarantee for another separate but ancillary transaction, and where the loan principal secured with real property is only drawn down if an event or events specified in the agreement occurs.
- (q) ‘Shared equity loan agreement’ means a loan agreement where the principal repayable is based on a contractually set percentage of the value of the real property at the time of principal repayment or repayments.
- (r) ‘Tying practice’ means the offering or the selling of a housing loan agreement under Article 1(2) and (3) in a package with other distinct financial products or services where the loan agreement is not made available to the borrower separately.
- (s) ‘Bundling practice’ means the offering or the selling of a housing loan agreement under Article 1(2) and (3) in a package with other distinct financial products or services where the loan agreement is also made available to the borrower separately but not necessarily on the same terms or conditions as when offered bundled with the ancillary services.
- (t) ‘Foreign-currency housing loan’ means a housing loan denominated in a currency other than that in which the borrower receives the income or holds the assets from which the loan is to be repaid, or in a currency other than that of the Member State in which the borrower is resident.
- (u) ‘Calendar month’ means the calendar month counted from the first day of the calendar month following the month in which the housing loan was provided.

(2) In the case of a lender as defined in a separate regulation¹⁵, the total volume of housing loans provided by that lender over the last 12 calendar months must not exceed EUR 10,000, in any of the following 12 calendar months; this is without prejudice to the provisions of paragraph 1(b). The total volume of housing loans provided shall be calculated using only the loan amounts agreed in loan agreements, excluding fees.

Information and practices preliminary to the conclusion of a housing loan agreement

Article 3

Information to be included in advertising

(1) Advertising¹⁶, including any advertising and marketing communications concerning housing loan agreements, shall be fair, clear and not misleading.¹⁷

(2) Any advertising and marketing communications that may create false expectations for potential borrowers regarding the availability or the costs of housing loans shall be prohibited.

(3) Any advertising concerning housing loans or any offer of such loans, which indicates an interest rate or any figures relating to the total cost of a loan to the borrower, shall contain comprehensible, concise and clear information in the form of a representative example as stipulated by a separate regulation¹⁸.

Article 4

Tying and bundling practices

(1) Lenders may employ bundling practices; this is without prejudice to the provisions of separate regulations¹⁹. Tying practices, however, shall be prohibited for lenders.

(2) Lenders may require borrowers to have a relevant insurance policy relating to a housing loan agreement. In such cases, the lender shall also accept an insurance policy from a supplier other than its preferred supplier where such policy has a level of guarantee equivalent to the one the lender has proposed; this is without prejudice to the provisions of separate regulations¹⁹.

Article 5

General pre-contractual information

(1) The lender shall, before concluding or modifying a housing loan agreement, inform the borrower free of charge of the lending process and of the loan administration process aimed at monitoring the borrower's debt servicing capacity, and provide the borrower with information on the authorities supervising lenders providing housing loans and information on the activities of consumer associations.

(2) The lender shall:

- (a) adopt, apply and comply with internal regulations concerning the provision of housing loans, the administration of housing loans with the aim of monitoring the debt servicing capacity of borrowers, and the provision of information about the authorities supervising lenders offering housing loans and information about the activities of consumer associations;
- (b) adopt and use effective and transparent procedures for the provision of information, prior to the conclusion of a housing loan agreement, about the provision of housing loans and about loan administration aimed at monitoring the debt servicing capacity of borrowers;
- (c) ensure compliance with the provisions of paragraph 1 well in advance of the conclusion of a housing loan agreement with a borrower, no later than the date when the housing loan agreement is concluded;
- (d) publish on its website and business premises written information in the state language²⁰ in accordance with paragraph 1;
- (e) inform each borrower with whom it has a valid housing loan agreement of any change related to the lending process and to the loan administration process used to monitor the debt

servicing capacity of borrowers, in the manner described in point (d) no later than 60 days before the relevant change becomes effective.

(3) The lender shall, for supervisory purposes, demonstrate satisfactorily that the borrower has been informed and advised about the lending process and the loan administration process used to monitor the debt servicing capacity of borrowers, and about the information it has obtained on authorities supervising lenders offering housing loans and on the activities of consumer associations.

(4) The lender shall, where necessary, inform the borrower repeatedly about the lending process and the loan administration process used to monitor the debt servicing capacity of borrowers, and about the activities of consumer associations and authorities supervising lenders offering housing loans.

(5) The information the lender is required to disclose on its business premises or in other forms as specified in paragraph 2(d) must contain, inter alia, the lender's general terms and conditions, as amended, related to the provision of a housing loan where the housing loan agreement contains references thereto. Additional information shall be provided by the lender if requested by the borrower.

(6) The lender shall provide the borrower with general information on housing loans, either in paper form or electronically on durable media,²¹ through the European Standardised Information Sheet (hereinafter 'ESIS'), which is shown in Annex 1.

(7) General information on a housing loan as referred to in paragraph 6 shall comprise clear and comprehensible information about:

- (a) the business name, place of business and identification number of the lender or financial agent (legal person) or the first and last name, place of business or permanent residence and identification number, if assigned, of the lender or financial agent (natural person);
- (b) the purpose for which the housing loan may be used;
- (c) the form of security or insurance and, where applicable, the option that the required form of security or insurance may be located in another Member State;
- (d) the duration of the housing loan agreement;
- (e) the type of the borrowing rate agreed for the housing loan offered, including a brief description of the parameters of the fixed and variable rates, including their implications for the borrower;
- (f) the foreign currency or currencies used, including their possible implications for the borrower, in the case of a housing loan denominated in foreign currency;
- (g) the total amount of the housing loan offered, the total cost of the loan to the borrower, the total amount payable by the borrower, and the annual percentage rate of charge illustrated in a representative example;
- (h) the future costs not included in the total cost of the housing loan to the borrower, which are to be paid in connection with the relevant housing loan agreement;

- (i) the forms of housing loan repayment, the parameters of loan repayment to the lender, including the number of principal repayments and the frequency and amount of periodic loan repayments;
- (j) the terms and conditions stipulated for early housing loan repayment;
- (k) the need to have an appraisal carried out of the borrower's real property, the cost of that appraisal to the borrower, and information about the property appraiser;²²
- (l) the obligation to enter into an ancillary service agreement for a housing loan agreement under Article 4(2) where a condition for the borrower to obtain a housing loan is to enter into an ancillary service agreement, and information as to whether an ancillary service agreement can be concluded with a loan provider other than the lender;
- (m) the total amount of interest payable until a new interest rate is set for the housing loan; and
- (n) the outstanding amount of the loan principal:
 1. as at the date of interest rate resetting for the housing loan;
 2. as at the end of the period preceding the date of interest rate resetting for the housing loan.

(8) The lender shall provide the borrower with information as referred to in paragraphs 7(m) and 7(n) prior to the conclusion of a housing loan agreement, or prior to the conclusion of a housing loan agreement relating to a housing loan as defined in paragraphs 2(a) and 2(b) and paragraph 3 of Article 1, and with any other information requested by the borrower. In the case of a variable-rate loan, the information provided to the borrower by the lender under paragraphs 7(m) and 7(n) shall be for information purposes only.

(9) In the case of a housing loan agreement under which the borrower is to repay the loan in a fixed number of instalments within a fixed period of time and to discharge obligations arising from the housing loan agreement, the lender shall state comprehensibly and briefly in the information provided under paragraph 7 whether or not it guarantees compliance with the loan conditions and loan repayment in full in accordance with the housing loan agreement.

Article 6

General provisions concerning information disclosure prior to the conclusion of a housing loan agreement

(1) The lender shall provide the borrower, free of charge and in due time, with all the information referred to in Article 5, including clear and comprehensible explanations, in order that the borrower could assess whether the housing loan and ancillary service offered satisfy their needs and correspond to their financial situation. The information so provided shall contain adequate explanations for the basic parameters of the loan product and ancillary service offered, as well as the possible implications for the borrower, including the consequences of non-compliance with the housing loan and ancillary service agreements, and shall be provided prior to the conclusion of the relevant housing loan agreement under Article 5.

(2) The lender shall inform the borrower as to whether an ancillary service provided in connection with a housing loan agreement may be terminated separately and whether its termination may have implications for the borrower.

Article 7
Annual percentage rate of charge

(1) The annual percentage rate of charge (APRC) shall be calculated in accordance with the mathematical formula set out in Annex 2. Where applicable, the additional assumptions set out in Annex 2 may also be used in the calculation of the APRC.

(2) In calculating the APRC, the total cost of the housing loan to the borrower shall be used. The costs of opening and maintaining a specific account for payment transactions, of using a means of payment for both transactions and drawdowns on that account and of other costs relating to payment transactions shall be included in the total cost of the housing loan to the borrower whenever the opening or maintaining of an account is obligatory in order to obtain a housing loan or to obtain it on the terms and conditions marketed.

(3) The calculation of the APRC shall be based on the assumption that the housing loan agreement is to remain valid for the period agreed and that both the lender and the borrower will fulfil their obligations under the terms and by the dates specified in the loan agreement.

(4) In the case of a housing loan agreement containing clauses allowing variations in the borrowing rate and, where applicable, in the charges contained in the APRC but unquantifiable at the time of calculation, the APRC shall be calculated on the assumption that the borrowing rate and other charges will remain fixed in relation to the values set at the conclusion of the loan agreement, until the date when the agreement expires.

(5) In the case of a housing loan agreement concluded as a mortgage loan agreement under which the borrower is entitled to a state interest subsidy for young people under a separate regulation²³, where the payment of a state interest subsidy is terminated within the initial rate fixation period, the lender shall provide the borrower with information about the APRC calculated for the period during which a state interest subsidy is payable to the borrower, as well as for the period during which no state interest subsidy is to be paid.

(6) In the case of a housing loan agreement for which a fixed borrowing rate is agreed for an initial period of at least five years, at the end of which a new borrowing rate is fixed for a further material period, the calculation of an additional illustrative APRC disclosed in the ESIS shall cover only the initial rate fixation period and shall be based on the assumption that, at the end of the borrowing rate fixation period, the loan principal outstanding shall be repaid and the contractual relationship between the lender and the borrower shall continue.

(7) In the case of a housing loan agreement for which a variable interest rate is agreed, the lender shall promptly inform the borrower of the possible impact of interest rate resetting on the amount of loan repayments and on the APRC, either in writing or through the ESIS, as soon as such impact comes to its knowledge.

(8) The lender shall provide the information referred to in paragraph 7 to the borrower in the form of an additional annual percentage rate of charge, calculated with respect to the risks associated with a significant rise in the borrowing rate.

(9) In the case of a housing loan agreement for which a variable borrowing rate is agreed without restrictions, the lender shall warn the borrower well in advance of any change in the total cost of the housing loan to the borrower; this shall not apply to housing loan agreements as referred to in paragraph 6.

Article 8

Assessment of the borrower's debt servicing capacity

(1) Before concluding a housing loan agreement or modifying an existing housing loan agreement by increasing the total amount of the loan to a significant extent, the lender shall assess the borrower's debt servicing capacity, with due professional care.

(2) A borrower's debt servicing capacity shall be assessed with respect to their capacity to meet the obligations arising from the housing loan agreement and with respect to all the necessary and relevant factors that may affect the borrower's debt servicing capacity throughout the duration of the housing loan agreement. When assessing a borrower's debt servicing capacity, the lender shall take into consideration the period for which the loan is provided, the amount of the loan provided, the borrower's income and expenses, the purpose of the loan, and other financial and economic circumstances that may affect the borrower's capacity to meet the obligations arising from the housing loan agreement.

(3) When assessing a borrower's debt servicing capacity, the lender shall observe and regularly revise its limit set for the indicator of the borrower's debt servicing capacity.

(4) The limit for the indicator of a borrower's debt servicing capacity shall be calculated on the basis of the following factors:

- (a) the borrower's income;
- (b) the cost of ensuring the necessary conditions for the borrower to satisfy their basic necessities;
- (c) the amount of the regular loan repayment instalments;
- (d) the borrower's financial obligations reducing their disposable income.

(5) The lender shall set a limit for the indicator of debt servicing capacity in order to ensure that the items used in calculating that limit under paragraphs 4(b) to 4(d) should not exceed the item specified in paragraph 4(a).

(6) In the case of a housing loan with a borrowing rate not fixed for the entire duration of the maturity period, the lender shall, when calculating the limit for the indicator of the borrower's debt servicing capacity, take into account the impact of a possible increase in the borrowing rate for the housing loan.

(7) The lender may provide a housing loan to a borrower only if the borrower satisfies the limit set for the debt servicing capacity indicator as defined in paragraph 3.

(8) The condition set out in paragraph 7 shall not apply to housing loans used to repay of one or more existing housing loans or consumer loans under a separate regulation⁵ (hereinafter referred to as 'refinancing loans') or to existing housing loans the amount of which is increased (hereinafter 'increased loans'), where the amount of the loan provided does not exceed substantially the sum of the outstanding amounts of refinancing loans or increased loans.

(9) When setting a limit for the indicator of a borrower's debt servicing capacity under paragraph 3, the lender must not take into account the following factors:

- (a) the securing of the claims arising from the housing loan agreement;
- (b) the expected increase in the borrower's income;
- (c) the insurance policy covering the housing loan in full or in part.

(10) When assessing the items listed in paragraph 4 which are used in the calculation of a limit for a borrower's debt servicing capacity indicator, the lender shall use sufficient, adequate and up-to-date information about the borrower's income, expenses paid to cover their basic necessities and those of persons towards whom the borrower has a maintenance obligation,^{23a} financial commitments and other information on the borrower's financial and economic situation. Information about the borrower's income as referred to in the previous sentence shall be duly documented and verified on the basis of the borrower's internal sources or trustworthy external sources that are independent of the borrower. The expenses paid to cover the basic necessities of the borrower and of persons towards whom the borrower has a maintenance obligation^{23a} are to be assessed with respect to the minimum subsistence amount as defined in a separate regulation^{23b} and the borrower's income.

(11) When assessing a borrower's income, the lender shall take due account of the expected drop in the borrower's income after retirement,²⁴ especially if the borrower retires before the loan is repaid.

(12) The lender shall set, observe and regularly review limits for the period of housing loan repayment.

(13) The lender may provide a housing loan to a borrower only if the repayment period of that loan is consistent with the limit set by the lender under paragraph 12.

(14) The condition set out in paragraph 13 shall not apply to housing loans provided as refinancing loans where the amount of the loan provided does not exceed substantially the sum of the outstanding amounts of refinancing loans and where the maturity period of the loan provided is no longer than the average residual maturity period of the individual refinancing loans, while this average value is calculated as a weighted average of the residual maturity periods of the refinancing loans and which are weighted by the outstanding principal of the individual refinancing loans.

(15) Where housing loans are provided through financial agents, the lender shall separately monitor the provision of such loans through financial agents under a separate law¹³, with the focus being on assessing whether housing loans provided in this way carry a higher risk of default than housing loans provided directly by the lender. Where a higher risk of default is

identified in housing loans provided through financial agents under a separate law¹³ than in housing loans provided by the lender, the lender shall promptly take the necessary measures to reduce that risk.

(16) In a decree²⁶ issued in agreement with the Ministry of Finance of the Slovak Republic (hereinafter ‘the Ministry of Finance’), Národná banka Slovenska may stipulate details about:

- (a) the method of calculating the indicator of a borrower’s debt servicing capacity, the method of determining a borrower’s expenses and their minimum amount, the method of setting a limit for the indicator of a borrower’s debt servicing capacity and the level of that limit, the method of taking due account of a possible rise in the borrowing rate and the extent of that rise, and the definition of a significant increase in the total amount of a housing loan and of a substantial excess of the sum of the outstanding amounts of existing housing loans;
- (b) the requirements for the submission of documents certifying a borrower’s income and for the verification of data on such income;
- (c) the limit set for the loan repayment period and the level of that limit;
- (d) the manner and conditions of housing loan repayment;
- (e) the limit set for the share of loans provided through financial agents under a separate regulation¹³ in the total volume of housing loans and the level of that limit;
- (f) the limit set for the indicator of loan security, the level of that limit and the conditions for the appraisal of residential property pledged as security for a housing loan.

(17) Before deciding to increase the total amount of a housing loan to a significant extent, the lender shall re-assess the borrower’s debt servicing capacity on the basis of updated information as stipulated in paragraph 2; this shall not apply where the increase in the housing loan was envisaged and taken into account in the original debt servicing capacity assessment.

(18) In order to ensure that a housing loan is provided with due professional care, the lender shall employ, document and maintain procedures and information for assessing the borrower’s debt servicing capacity and shall proceed in accordance with those procedures and information when providing a housing loan.

(19) The lender must not assess a borrower’s capacity to repay a housing loan solely on the basis of whether the value of the residential property pledged as security exceeds the amount of the housing loan or on the assumption that its value will rise still further, unless the purpose of the housing loan is to finance the construction or renovation of any residential property.

(20) For the purpose of providing housing loans and assessing the debt servicing capacity of borrowers, the lender shall send data on housing loans to at least one electronic data register²⁷ (hereinafter referred to as ‘register’).

(21) The operator of a register shall, under a separate regulation²⁸, provide data from the register to lenders, banks, foreign banks and branches of foreign banks²⁹ in the scope stipulated in a separate regulation²⁹ for the purposes specified in paragraph 23, with or without the borrower’s consent under the terms and conditions stipulated by the operator. The operator may, under an

authorisation granted by the borrower, obtain data in accordance with to the previous sentence from other registers, too.

(22) The lender shall observe the rights, obligations and procedures related to the register in accordance with a separate regulation²⁸.

(23) For the purpose of assessing a borrower's debt servicing capacity, the lender shall, with due professional care, obtain and purposefully use data about that borrower in compliance with the conditions set out in paragraph 30.

(24) After concluding a housing loan agreement with a borrower, the lender shall, with or without the borrower's consent, send data to the relevant register in the scope specified in a separate regulation³⁰ on each borrower with whom it has concluded, modified or terminated a housing loan agreement, for the purposes specified in paragraphs 1, 2 and 17, within one month of the conclusion, modification or termination of the loan agreement under the terms and conditions stipulated by the operator of that register. Responsibility for the correctness, completeness and timeliness of the data sent to the register shall be borne by the lender that has sent the data to the register. This is without prejudice to the relevant provisions of a separate regulation³¹.

(25) After concluding a housing loan agreement with a borrower, the lender must not terminate or modify that agreement to the detriment of the borrower on the grounds of an incorrect assessment of the borrower's debt servicing capacity under paragraphs 1 to 3 and 17 to 19 and of a shortage of information from the borrower under Article 11; this shall not apply where the borrower has provided incorrect information or withheld any information required under Article 11.

(26) On the basis of a final decision of a court or another statutory authority on a case of non-compliance with the obligations referred to in Article 15, the lender shall provide a housing loan to the borrower without interest and fees.

(27) The lender shall inform the borrower of its intention to consult the register or database referred to in Article 12 or a similar database in another Member State, and shall provide a housing loan to the borrower only if the borrower is able to meet the obligations arising from the housing loan agreement.

(28) If the lender rejects a housing loan application on the basis of data obtained from the register or database referred to in Article 12(1) or from a similar database in another Member State, the lender shall inform the borrower without delay about the data so obtained and provide the name of the database consulted.

(29) If the lender rejects a housing loan application, it shall inform the borrower of this fact without undue delay. The lender may also inform the borrower that it has decided to reject the loan application on the basis of automatically processed data, information obtained from the relevant database and details about the database it has consulted in connection with the assessment of the borrower's debt servicing capacity.

(30) The exercise of professional care means that:

- (a) the lender provides the borrower with the necessary information prior to the conclusion of a housing loan agreement under Articles 5 and 6;
- (b) the lender assesses the borrower's capacity to repay a housing loan with respect to the information obtained about the borrower or, where the lender is a lender as defined in a separate regulation⁹, a bank, a foreign bank or a branch of a foreign bank,²⁹ it assesses the borrower's debt servicing capacity with respect to the data obtained from one or more registers that are supplied with data by lenders, the number of which corresponds to at least two-thirds of lenders as defined in a separate regulation²⁸ and are included in the list of lenders under a separate regulation³², banks, foreign banks or branches of foreign banks, at the time when the borrower's debt servicing capacity is assessed.

(31) The lender shall draw up and regularly update internal regulations for the stipulation of conditions for the gradual repayment of housing loans. The conditions so stipulated shall apply to the setting of the amount of instalments payable by the borrower where:

- (a) a new housing loan is provided;
- (b) the borrowing rate is changed at contractual resetting times in response to financial market developments where the borrowing rate is not fixed for the entire loan maturity period.

(32) Unless paragraphs 33 and 35 provide otherwise, the gradual repayment of a housing loan under paragraph 31 shall be subject to the following conditions:

- (a) the loan is to be repaid in regular instalments at least once a month;
- (b) after each instalment, the outstanding principal of the loan must not exceed the outstanding principal of a housing loan with regular constant instalments.

(33) The condition referred to in paragraph 32(b) shall not apply where:

- (a) interest or principal repayment is postponed or reduced temporarily owing to unexpected financial difficulties on the borrower's side, occurring during the loan repayment period;
- (b) the loan repayment period does not exceed six months;
- (c) the borrowing rate is changed at contractual resetting times in response to financial market developments, where the borrowing rate is not fixed for the entire loan maturity period;
- (d) the borrower becomes the parent or adoptive parent of a child while all the conditions set out in Article 13(16) are met;
- (e) the monthly instalments of a mortgage loan for young people as defined in a separate regulation²⁵ are reduced;
- (f) the repayment of a housing loan provided for the construction of residential property is postponed, for a period not longer than 18 months from the first drawdown.

(34) In the case of a housing loan with a borrowing rate not fixed for the entire maturity period, which may be changed at contractual resetting times in response to financial market developments, the condition set out in paragraph 32(b) shall be applied under the assumption that a constant borrowing rate is set for the entire loan maturity period.

(35) The conditions set out in paragraph 32 shall not apply to housing loans provided under a separate regulation³, namely building loans as defined in a separate regulation^{32a}, where the sum of the regular monthly interest or principal repayment and the funds deposited in the home-saver's account, in at least an amount that would enable repayment of the difference between the amount needed for entitlement to a building loan and the amount held in the home-saver's account at the time when the housing loan is provided in the prescribed manner, with respect to the borrowing rate and the maturity period.

(36) Where a housing loan is fully or partially secured under a separate regulation^{32b} throughout the maturity period, the conditions set out in paragraph 32 shall apply to only that part of the loan that exceeds the value of assets pledged as security adjusted according to a separate regulation^{32c}.

Article 9

Assessment of housing loans secured with real property

(1) For the purpose of providing housing loans secured by a security interest in real property, the lender shall set, observe and regularly review a limit for the indicator of loan security.

(2) The indicator of loan security is the ratio of the amount of a housing loan to the value of the real property pledged as security for that loan.

(3) For the purposes of paragraph 1, the lender shall ensure that a prudent assessment of the value of the pledged real property is carried out in accordance with a separate regulation²².

Article 10

Remuneration of the lender's staff

(1) The lender shall apply the principles of remuneration properly, honestly, justly, transparently and professionally, taking due account of the rights and interests of borrowers. The lender shall also apply the principles of remuneration to persons referred to in a separate regulation³³.

(2) The lender shall ensure remuneration for its staff in a manner that does not hinder the performance of obligations concerning the rights and interests of borrowers.

(3) The lender's principles for staff remuneration must be consistent with its risk management system, business strategy and long-term objectives, and must include measures for the prevention of conflicts of interest.

(4) The principles of staff remuneration under this Act shall not apply to lenders that are banks.³⁴

(5) Financial agents and financial advisers shall adhere to the principles of staff remuneration under this Act or under a separate regulation³⁵.

Article 11
Verification of information on borrowers

- (1) The lender shall obtain information for the purposes of Article 8(1):
- (a) from internal or trustworthy external sources;
 - (b) from the borrower;
 - (c) from the financial agent.

(2) For the purpose of assessing a borrower's debt servicing capacity, the lender shall ensure that the information on the borrower's income is duly documented or verified on the basis of an internal or trustworthy external source that is independent of the borrower.

(3) The borrower shall, if requested by the lender, provide complete, accurate, comprehensible and independently verifiable information to the lender so that it could assess the borrower's capacity to repay a housing loan and the related costs, in good time before the conclusion of the loan agreement; this is without prejudice to the lender's obligation to obtain information about the borrower from the relevant database.

(4) If a borrower fails to meet the requirement set out in paragraph 3, the lender shall instruct the borrower to eliminate or remedy the shortcomings revealed within a reasonable time frame.

(5) The lender shall warn the borrower that, if they provide information on the basis of which their debt servicing capacity cannot be assessed or if they refuse to provide the information or certificate the lender needs for assessing their debt servicing capacity, a housing loan must not be provided.

(1) The provisions of paragraphs 1 to 5 are without prejudice to the provisions of a separate regulation³¹.

Article 12
Access to databases

(1) The person in charge of processing data about borrowers in a register or database under a separate regulation³⁶ for the purpose of assessing their debt servicing capacity³⁷ and for the purposes of monitoring compliance by borrowers with the loan obligations throughout the duration of housing loan agreements and allowing access to data on borrowers for third parties, shall grant lenders from other Member States access to data on borrowers under the same non-discriminatory conditions that are offered to lenders established in the Slovak Republic. The person in question shall disclose the terms and conditions under which lenders will have remote access to data on borrowers.

(2) The terms and conditions referred to in paragraph 1 shall apply to all registers, irrespective of their operators.

(1) The provisions of paragraphs 1 and 2 are without prejudice to the provisions of a separate regulation³¹.

Information and rights related to housing loan agreements

Article 13

Housing loan agreements

(1) Lenders shall provide housing loans under the general terms and conditions they have attached to lending for housing purposes, which must be in writing and must contain at least the following information:

- (a) the due form of a housing loan agreement;
- (b) the procedure to be followed in submitting a housing loan application;
- (c) the terms and conditions for the provision of a housing loan, including a specification of the type, scope and manner of securing the claims arising from the housing loan agreement, and a specification of the borrower's expenses related to the loan and the related loan agreement;
- (d) the procedure to be following by the lender when the borrower falls into in arrears with the repayment of a housing loan or of the related interest and fees;
- (e) the terms and conditions for the establishment of a security interest in real property for securing a housing loan;
- (f) information about the borrower's rights as specified in Article 18(6), (7) and (9).

(2) A housing loan agreement shall be concluded in writing, otherwise it shall be considered invalid. Each contracting party shall receive at least one copy of the agreement, either in paper form or in the form of a record on a durable medium provided that the access to the record is equivalent to that for the paper form.

(3) The lender shall exercise due professional care and prove that it has informed the borrower of the general terms and conditions governing lending for housing purposes.

(4) Apart from general information as required under the Civil Code³⁸, a housing loan agreement must contain the following data:

- (a) the type of the housing loan agreed;
- (b) the business name, registered office and identification number of the lender (legal person) or the first name, last name, place of business or address of permanent residence, and identification number of the lender (natural person); if the housing loan is offered or the housing loan agreement is concluded through a financial agent, the housing loan agreement must also contain data about the financial agent in the same scope as for a lender, depending on whether the financial agent is a legal or natural person;
- (c) the address of the lender to which borrowers may send their claims or complaints;
- (d) the first name, last name, date of birth, birth registration number and address of permanent residence of the borrower;
- (e) the duration of the housing loan agreement and the final deadline for loan repayment;

- (f) the total amount and currency of the housing loan provided, and the terms and conditions under which it can be drawn down;
- (g) information as to whether the housing loan is provided in foreign currency in accordance with Article 16;
- (h) information as to whether the housing loan agreement can be modified;
- (i) the precise designation of the residential property for which a housing loan is provided; this condition shall also be considered met if the residential property is designated in a supplement to the housing loan agreement, no later than before the loan is provided in full or in part;
- (j) the borrowing rate for the housing loan agreed, the terms and conditions governing its application, the index or reference rate to which the borrowing rate is tied and the time periods in which the borrowing rate may be changed, the conditions for and manner of changing the borrowing rate; where different borrowing rates apply in different circumstances, such information shall be provided on all the applicable rates;
- (k) the fee charged under separate regulations³⁹;
- (l) the annual percentage rate of charge and the total amount payable by the borrower, calculated on the basis of data valid as at the date when the housing loan agreement is concluded; all assumptions used to calculate the annual percentage rate of charge are to be stated;
- (m) the amount, number and dates of principal, interest and fee payments, the order in which the individual outstanding amounts of the housing loan with different borrowing rates are to be repaid, and the procedure to be followed in accounting for the individual amounts repaid;
- (n) the borrower's right to request a statement of account in the form of an amortisation table as referred to in paragraph 8 where the loan principal is amortised on the basis of the relevant housing loan agreement for a definite period, free of charge and at any time throughout the duration of the housing loan agreement;
- (o) a comprehensive overview containing the deadlines and conditions for interest and (regular and irregular) fee payments where interest and fees are payable without principal amortisation;
- (p) the fees payable for the maintenance of one or more accounts used for recording payment transactions and drawdowns, where applicable, together with the fees payable for the use of payment instruments in payment transactions or drawdowns and other fees payable under the housing loan agreement, and the conditions under which such fees may be changed;
- (q) the interest rate charged for loan repayment arrears on the borrower's side, the manner of adjusting this rate, and charges for non-compliance with the housing loan agreement;
- (r) a warning concerning the possible consequences of a default in housing loan repayment;
- (s) a detailed specification of the type, manner and range of security arranged for the lender's claims arising from the housing loan agreement or insurance;
- (t) the price of the real property in which a security interest will be established;
- (u) the amount of fees paid by the borrower for notarial services, where these fees are known to the lender;

- (v) the right to early loan repayment, the procedure to be followed in repaying the housing loan before maturity, and the method of determining the amount of the fee payable for early loan repayment under Article 18;
- (w) changes in the circumstances on the borrower's side on the basis of which the lender may require early loan repayment;
- (x) the dissolution of a liability arising from the housing loan agreement;
- (y) information about an out-of-court settlement of disputes arising from the housing loan agreement;
- (z) the right to reflection prior to the conclusion of a housing loan agreement and to withdrawal from a housing loan agreement concluded under Article 14(2) and (3);
- (aa) the manner of terminating by notice a housing loan agreement;
- (ab) the name and address of the competent supervisory authority⁴⁰ referred to in Article 23;
- (ac) the name of an agreement containing the word 'housing loan' in the appropriate grammatical form.

(5) A housing loan agreement may contain any other element agreed between the lender and the borrower, but such additional element must not increase the loan amount substantially or disproportionately.

(6) The essential elements of a housing loan agreement may be changed only in a supplement to that agreement or in a new agreement; this shall not apply to cases where the borrowing rate is changed on expiry of the initial rate fixation period. For the purposes specified in the previous sentence, the essential elements of a housing loan agreement are the elements listed in points (a), (e), (f), (i), (j), (l), (m), (o), (q) and (v) of paragraph 4.

(7) Where a housing loan agreement concluded for a definite period contains an agreement on principal amortisation, the lender shall provide the borrower with a statement of account in the form of an amortisation table, free of charge and at any time during the term of the housing loan agreement.

(8) An amortisation table as referred to in paragraph 7 shall contain the instalments paid or payable and the deadlines and conditions for their payment, including the details of each instalment and of the principal amortised, the interest calculated on the basis of the borrowing rate charged for the housing loan, and the additional costs; if the borrowing rate is not fixed or if the additional costs may change under the housing loan agreement, the amortisation table shall state comprehensibly and briefly that the data contained therein will be valid only until a new borrowing rate is set for the housing loan or the additional costs are changed in accordance with the housing loan agreement.

(9) Borrowers must not renounce any of the rights arising from this Act.

(10) Lenders must not offer borrowers any proposal for a housing loan agreement whose obvious purpose is to circumvent the provisions of this Act; such action also covers the practice of drawing down funds or concluding a housing loan agreement within the framework of a loan agreement the nature or purpose of which enables the parties to circumvent the provisions of this

Act. If a lender takes advantage of a borrower's mistake, lack of experience or credulity and stipulates contractual conditions designed to circumvent the provisions pertaining to housing loans, the housing loan agreement shall be considered invalid; this shall not apply where the lender proves that it has no intention to circumvent this Act and its actions are in accordance with good morals.

(11) Lenders must not offer borrowers the choice of governing law for housing loan agreements whose aim is to renounce a borrower from their rights arising from this Act; this is without prejudice to the provisions of a separate regulation⁴¹.

(12) Lenders must not charge borrowers any interest, fees or other costs that are not stipulated by this Act, nor by the relevant housing loan agreement.

(13) Lenders must not require borrowers to pay fees, cost compensation or other charges for the management, registration and maintenance of housing loan accounts or for the cancellation of such accounts, the opening and maintaining of which is a condition for the provision of a housing loan or for the provision of a housing loan under the terms and conditions offered.

(10) Lenders shall, in a notification as referred to in Article 18(6), inform borrowers of the conditions for early loan repayment in full or in part. Where these conditions are fulfilled, no payment may be required from the borrower for interest, fees or other costs.

(15) The lender shall inform the borrower whenever a housing loan instalment is not paid in due time, in writing or in a text message sent via the Short Message Service (SMS), no later than 15 days of the due date of that instalment. The fee charged for such notification must not exceed the actually incurred and verifiably documented costs of delivery of a notification sent in the event of a delay in loan repayment by the borrower.

(16) Where the borrower is a person who, on the day of application for a housing loan, was at least 18 years old but no older than 35, the housing loan agreement must also contain a commitment by the lender to allow a postponement of principal repayments or a reduction of up to 50% in the amount of monthly instalments for 36 months, if the borrower becomes a parent or adoptive parent of a child and sends a written request to the lender within six months of the birth or adoption of the child; the child's birth certificate shall be attached to that request. In a housing loan agreement, the lender may also define other circumstances and reasons for the postponement of principal repayments or for a reduction in the amount of monthly instalments in line with the previous sentence.

(17) The postponement of principal repayments or the reduction in the amount of monthly instalments under paragraph 16, as selected by the person referred to in paragraph 16, shall commence on the effective date of the change in the housing loan agreement, concerning the postponement of principal repayments or the reduction in the amount of monthly instalments.

(18) Lenders must not require borrowers to provide security for the discharge of their housing loan liability in an amount disproportionately larger than the amount of the borrower's

liability arising from a housing loan agreement at the time when an agreement on securing the borrower's liability is concluded.

Article 14

Reflection period before the conclusion of a housing loan agreement and the right to withdraw from such agreement

(1) The lender shall give the borrower a reflection period of 14 calendar days to decide whether to enter into a housing loan agreement or to exercise the right of withdrawal from such agreement without stating the reasons.

(2) If the borrower uses a reflection period before the conclusion of a housing loan agreement, they shall lose the right to withdraw from that agreement after its conclusion. An offer of a housing loan agreement shall be binding for the lender and the borrower may accept the offer at any time within 14 calendar days.

(3) If the borrower withdraws from the housing loan agreement they have signed with the lender within 14 calendar days of the date of its conclusion or of the date when that agreement and the related documents were delivered to the borrower, provided that the delivery date follows the date of conclusion of the loan agreement, the provisions of separate regulations⁴² concerning the right of withdrawal from a loan agreement shall not apply. If the loan agreement does not contain the contractual conditions specified in Article 13, the period for exercising the right of withdrawal shall start to lapse the moment these contractual conditions are delivered to the borrower.

(4) A notification of withdrawal by the borrower from the housing loan agreement shall be sent to the lender in writing. The time limit for withdrawal from the loan agreement shall be deemed to be met if the notification of withdrawal is delivered to the post office in line with the procedure set out in the loan agreement under Article 13(4)(z), no later than the last day of the period defined in paragraph 3.

(5) If the borrower exercises the right referred to in paragraph 3, they shall pay the lender principal and interest thereon from the date of the first drawdown of the loan to the date of principal repayment in full, no later than 30 calendar days of the delivery to the lender of a notification of withdrawal from the housing loan agreement. Interest shall be calculated on the basis of the borrowing rate agreed for the housing loan. If the borrower exercises the right mentioned in paragraph 1, the lender shall have no claim to compensation from the borrower, other than compensation for the non-repayable costs the lender has paid to the relevant public authority in connection with the housing loan.

(6) Where, on the basis of an agreement between the lender and a third person, the lender or the third person provides an ancillary service in connection with a housing loan agreement, the ancillary service agreement shall also expire with the borrower's withdrawal from the housing loan agreement under paragraph 3. The lender shall promptly inform the third person of when the borrower withdrew from the housing loan agreement.

Article 15
Consequences of a breach of obligations

- (1) A housing loan provided shall be treated as a loan free of interest and fees where:
- (a) the housing loan agreement has not been made in writing as required by Article 13(2);
 - (b) the housing loan agreement does not contain the elements referred to in Article 13(4)(a) to (l), (s) and (ab);
 - (c) the housing loan agreement contains an incorrect annual percentage rate of charge to the detriment of the borrower.

(2) Where the lender fails to exercise due professional care as required by Article 8(1), it must not require the borrower to repay a housing loan in full in a single payment. In the case of a serious breach of the obligations referred to in Article 8(1), the loan shall be treated as a loan free of interest and fees. A serious breach of obligations under Article 8(1) occurs, for example, if the lender assesses the borrower's debt servicing capacity without having any data on their income, expenses and marital status or without taking into account data from the relevant database or register.

(3) If the person designated in the housing loan agreement as lender provides a housing loan illegally, without authorisation as required by separate regulations⁴³, the housing loan agreement concluded shall be deemed to be invalid. If the borrower incurs an obligation to repay the amount borrowed, the person designated in the invalid loan agreement as lender shall enable the borrower to repay only the amount actually borrowed, in instalments and within a period not shorter than the period in which the borrower should repay amount borrowed in the absence of a sound reason for considering the housing loan agreement invalid, unless agreed otherwise; this is without prejudice to the borrower's right to repay the amount borrowed in a single payment.

Article 16
Housing loans in foreign currency

(1) Where a housing loan agreement relates to a foreign currency loan, the borrower shall be entitled to have the loan agreement converted into an alternative currency free of charge, at any time during the validity of the loan agreement, or the lender shall make arrangements to limit the exchange-rate risk to which the borrower is exposed under the housing loan agreement. The details mentioned in the previous sentence shall be set out in the loan agreement.

(2) For the purposes of this Act, 'alternative currency' as referred to in paragraph 1 means any of the following:

- (a) the currency in which the borrower primarily receives income or holds assets from which the loan is to be repaid, as indicated at the time when the most recent debt servicing capacity assessment in relation to the housing loan agreement was made; or
- (b) the currency of the Member State in which the borrower either was resident at the time the housing loan agreement was concluded or is currently resident.

(3) Where a housing loan agreement is to be converted into an alternative currency, the conversion shall be carried out at the market exchange rate applicable on the day of application for conversion, unless otherwise specified in the loan agreement.

(4) For the purposes of this Act, 'exchange rate' means the exchange rate used as a basis for currency conversion and is specified for the relevant currencies by the European Central Bank or by Národná banka Slovenska.⁴⁴

(5) Where a borrower has a loan agreement relating to a housing loan in foreign currency, the lender shall warn the borrower on a regular basis in writing or in a record on a durable medium to which the borrower has access, at least where the total amount of the housing loan that is payable by the borrower but remains unpaid, or the amount of regular instalments, varies by more than 20% from what it would be if the exchange rate between the currency of the loan agreement and the currency of the Member State applicable at the time of conclusion of the loan agreement were applied.

(6) The warning referred to in paragraph 5 shall inform the borrower of the following:

- (a) a rise in the total amount payable by borrower;
- (b) the right to convert to an alternative currency and the conditions for doing so; and
- (c) the mechanism applicable for limiting the exchange rate risk to which the borrower is exposed.

(7) The arrangements applicable under paragraphs 1 to 5 and 8 shall be disclosed to borrowers in the ESIS and in loan agreements.

(8) Where there is no provision in the loan agreement to limit the exchange rate risk to which the borrower is exposed to a fluctuation in the exchange rate of less than 20%, the ESIS shall include an illustrative example of the impact of a 20% fluctuation in the exchange rate.

Article 17

Variable-rate housing loans

Where a housing loan agreement relates to a variable-rate loan, the following shall be ensured:

- (a) the indexes and reference rates used to calculate the borrowing rate must be clear, accessible, objective and verifiable by the parties to the loan agreement and the competent supervisory authority referred to in Article 23; and
- (b) the historical records of indexes used to calculate the borrowing rates must be maintained either by the provider of these indexes or by the lender for ten years after their expiry.

Article 18

Early repayment of housing loans

(1) The borrower shall have the right to early repayment of a housing loan in full or in part, at any time during the term of the housing loan agreement. In such cases, the borrower shall

pay interest only for the period from the provision of the loan to its repayment, plus the actual costs directly linked to the application for early repayment, unless paragraph 6 provides otherwise; the actual costs directly linked to the application for early repayment must not exceed 1% of the loan amount repaid before maturity, excluding the costs referred to in paragraphs 2, 6 or 9.

(2) The lender must not require the borrower to pay any fee, sanction or cost compensation where the loan amount repaid before maturity does not exceed 20% of the loan principal one month prior to the anniversary of the conclusion of the loan agreement.

(3) Where the early repayment of a housing loan falls within the borrowing rate fixation period as referred to in paragraph 6, the lender shall be entitled to compensation from the borrower for the costs incurred in connection with the early repayment of the loan in full or in part, provided that such compensation is justified and is not higher than the financial loss incurred by the lender. The lender must not impose any penalty or other sanction on the borrower in connection with the early repayment of a housing loan.

(4) Where a borrower seeks to discharge their obligations under a housing loan agreement prior to the expiry of that agreement, the lender shall provide the borrower without delay and free of charge, on paper or on another durable medium²¹ to which the borrower has access, with the information necessary to consider that option.

(5) The information referred to in paragraph 4 shall at least quantify the implications for the borrower of discharging their obligations prior to the expiry of the housing loan agreement and clearly set out the assumptions used, which must be reasonable and justifiable.

(6) The lender must not require the borrower to pay interest, fees or other costs in connection with the early repayment of a housing loan in full or in part where such early repayment takes place after the expiry of the interest rate fixation period or after a change in the variable interest rate; the lender shall inform the borrower free of charge of the following:

- (a) the expiry date of the period of interest rate fixation for the housing loan, no later than two months before that date, unless paragraph 7 stipulates otherwise;
- (b) the date of any change in the borrowing rate for the housing loan, the borrowing rate for the next fixed rate period, the basic interest rate valid as at the date of its publication under Article 19(4) and the gross margin for the next fixed rate period, no later than two months before the change is made and applied.

(7) Where the lender requires that an application for early loan repayment in full or in part be submitted before the borrowing rate fixation period expires or before the borrowing rate is changed, the borrower shall submit an application for early housing loan repayment no later than one month before the fixed rate period expires or in connection with a change in the variable interest rate.

(8) The lender shall provide the borrower with the necessary information for early loan repayment, immediately upon receipt of an application under paragraph 6. The lender must not require any fee from the borrower in connection with the early repayment of a housing loan.

(9) In the case of a housing loan with a variable interest rate that was not changed during the previous calendar year, the borrower shall be entitled to repay such loan before maturity in full or in part once a year, while the lender must not charge the borrower any interest, fees or other costs in connection with the early repayment of that loan.

(10) The provisions of paragraphs 6 to 9 shall not apply to housing loans with a borrowing rate fixed for the entire maturity period of the loan.

Article 19

Information concerning changes in the borrowing rate

(1) The lender shall inform the borrower of any change in the borrowing rate, on paper or on another durable medium to which the borrower has access, no later than two months before the change takes effect, unless paragraph 3 provides otherwise.

(2) The information concerning a change in the borrowing rate shall at least state the following:

- (a) the amount of the loan repayment instalments payable after the new borrowing rate takes effect;
- (b) particulars about changes in the number or frequency of instalments;
- (c) the reasons behind the change in the borrowing rate charged for a housing loan.

(3) Where a change in the borrowing rate for a housing loan is correlated with a change in the reference rate, the lender shall inform the borrower periodically of the new borrowing rate, mainly via account statements.

(4) Information about the basic interest rate on housing loans, the new reference rate and changes in these rates shall be made publically available on the lender's website and business premises, and shall be communicated to the borrower together with the amount of new periodic instalments.

(5) Where changes in the borrowing rate are determined by way of auction on the capital markets and it is therefore impossible for the lender to inform the borrower of any change before the change takes effect, the lender shall, in good time before the auction, inform the borrower on paper or on another durable medium of the upcoming procedure and provide an indication of how the borrowing rate could be affected.

(6) If the lender fails to meet its obligations under paragraph 1, it shall not be entitled to change the borrowing rate for a housing loan if the change would be detrimental to the borrower.

(7) The provisions of paragraphs 1 to 6 shall not apply to housing loans with a borrowing rate fixed for the entire maturity period of the loan.

Article 20

Loan repayment arrears and foreclosure

(1) If the borrower fails to meet their obligations towards the lender properly and in due time, the lender shall notify the borrower of this fact in accordance with Article 13(15).

(2) If, despite having been warned in writing, the borrower is in arrears with debt repayment or with the discharge of another obligation towards the lender for more than 90 calendar days, the lender may, after warning the borrower well in advance, notify the other lenders via the register under Article 8(20), with or without the borrower's consent, of the fact that the borrower has violated their obligations agreed in a housing loan agreement. Such notification may contain only the borrower's first name, last name, place of permanent residence, and the obligation violated by the borrower.

(3) As soon as a borrower has paid off their past due debt, including interest and fees, the lender shall inform the other lenders that the borrower concerned has met their obligations in the manner stipulated in Article 8(20).

(4) If, despite having been warned in writing, the borrower fails to meet their obligations towards the lender properly and in due time, the lender may, with or without the borrower's consent, provide information about that borrower to other entities for the purposes specified in a separate regulation⁴⁵. The information so provided shall contain the borrower's first name, last name, address of permanent residence, address of temporary residence, if any, birth registration number, if assigned, date of birth, citizenship, and the type and number of their identity document, contact telephone number, fax number and electronic mail address, if any, and information and documents concerning the obligations that have not been met by the borrower.

(5) The persons and authorities referred to in paragraphs 2 to 4 may use the information, data and reports received from the lender only for the purposes or proceedings for which the said information, data and reports were provided.

(6) If, despite having been warned in writing, the borrower is continuously in arrears with the repayment of its debt in full or in part to the lender for more than 90 calendar days, the lender may assign its claim corresponding to the borrower's financial liability of part thereof to a bank, a foreign bank or a branch of a foreign bank⁹ under a written agreement or to another lender under a separate regulation^{45a}, with or without the borrower's consent. The lender may also assign this claim to another person in compliance with the regulations governing resolution in the financial market^{45b}, bankruptcy proceedings^{45c} or, where the claim is transferred from a bank, foreign bank or foreign bank branch⁹ or from a financial institution under a separate regulation^{45d}, to another bank, foreign bank or foreign bank branch⁹ or to a financial institution under a separate regulation^{45d}, with the consent of Národná banka Slovenska under a separate regulation^{45e}. The lender must not exercise this right where the borrower has repaid their past-due financial liability in full, including interest and fees, prior to the assignment of the claim. Where the claim referred to in the first sentence is to be transferred or assigned to a person closely related^{45f} to the borrower, the lender may transfer or assign this claim and the related rights at the borrower's written request.

(7) When assigning a claim, the lender shall also hand over to the bank, foreign bank, foreign bank branch⁹ or lender under a separate regulation^{45a} the documentation concerning the liability relationship underlying the claim assigned.

(8) The provisions of paragraphs 4, 6 and 7 shall not apply where the parties to a housing loan agreement have expressly agreed that return or transfer to the lender of the security or proceeds from the sale of the security is sufficient to repay the housing loan.

**Obligations of financial agents and financial advisers,
and other obligations of lenders**

Article 21

Obligations of financial agents intermediating housing loans

(1) Lenders may use financial agents to intermediate housing loans in accordance with a separate regulation¹³.

(2) Lenders shall be entitled use the entities mentioned in paragraph 1 only if these entities are listed in the register of financial agents, financial advisers, financial intermediaries from other Member States in the insurance or reinsurance sector and tied investment agents⁴⁶ authorised to perform such activities.

(3) The persons referred to in paragraph 1 shall proceed in accordance with this Act and a separate regulation⁴⁷.

(4) The activities of financial agents shall be governed by the provisions of Article 5, Article 8(27), Article 11, Article 13(10) and (11), and Article 16(5) and (6); this shall not apply where the obligations laid down in these provisions are performed directly by the lender.

(5) Where a housing loan agreement is concluded under Article 1(2) and (3), the financial agent shall, in good time before carrying out any loan intermediation activity, provide the borrower with at least the following information:

- (a) the fee and other costs, where applicable, payable by the borrower to the financial agent for its services or, where this is not possible, the method for calculating that fee and other costs;
- (b) the amount of monetary or non-monetary payment the lender or a third party is to pay to the financial agent for services related to the housing loan agreement; where the amount due is not known at the time of disclosure, the financial agent shall inform the borrower that the actual amount will be disclosed at a later stage in the ESIS;
- (c) the right to request information about the commission the financial agent receives under paragraph 6.

(6) The financial agent shall, upon written request, provide the borrower with information on the variation in levels of the commission (in percentages) it receives for financial intermediation from one or more lenders.

(7) The financial agent shall inform the lender of the actual amount payable by the borrower or third party for loan intermediation, in order to enable the lender to calculate the annual percentage rate of charge for housing loans.

(8) For the purposes of debt servicing capacity assessment, the financial agent shall provide the lender with all the information it has obtained from the borrower.

(9) Financial agents must not provide their services in relation to housing loan agreements offered by lenders as defined in a separate regulation⁴⁸ to borrowers in a Member State where lenders as defined in a separate regulation⁴⁷ are not authorised to perform activities under a separate regulation¹¹.

(10) Financial agents must not perform all or part of the activities related to the intermediation of housing loans in Member States where financial agents are not allowed to perform loan intermediation activities.

(11) Paragraphs 9 and 10 shall not apply to lenders that are banks, foreign banks or branches of foreign banks.⁹

Article 22

Obligations of financial advisers

(1) Financial advisory services relating to housing loans may be provided by financial advisers under a separate regulation⁴⁹.

(2) Financial advisers shall be entities listed in the register of financial advisers under a separate regulation⁴⁶.

(3) The persons referred to in paragraph 1 shall proceed in accordance with this Act and a separate regulation⁴⁷.

(4) The activities of financial advisers shall be governed by the provisions of Article 5, Article 8(27), Article 11, Article 13(10) and (11), and Article 16(5) and (6), as appropriate.

(5) A financial adviser shall inform the borrower that they provide or may provide financial advisory services relating to housing loans. A financial adviser may provide financial advisory services in relation to a housing loan on the basis of a written agreement.

(6) Before providing financial advisory services or before concluding a contract for the provision of financial advisory services relating to housing loans, a financial adviser shall provide the borrower with following additional pre-contractual information:

- (a) the amount of the fee, if any, payable by the borrower for financial advisory services provided in relation to a housing loan;
- (b) the method used to calculate the fee payable for financial advisory services if the amount of the fee is not known at the time of disclosure.

(7) When providing financial advisory services under this Act, a financial adviser shall:

- (a) obtain up-to-date information about the borrower's personal and financial situation, goals and preferences; such information shall be obtained with respect to the risks the borrower may incur during the term of the housing loan agreement proposed;
- (b) consider a sufficiently large number of loan agreements in their product range and recommend one or more suitable loan agreements for the borrower's needs, financial situation and personal circumstances, and act in the best interest of the borrower by:
 - 1. getting acquainted with the borrower's needs and circumstances;
 - 2. recommending a suitable housing loan agreement to the borrower in accordance with points (a), (b) and (c);

(8) The information referred to in paragraph 6 and the housing loan agreement recommended under paragraph 7 shall be provided to the borrower on paper or on another durable medium to which the borrower has access.

(9) When providing financial advisory services relating to housing loans, a financial adviser shall:

- (a) consider a sufficiently large number of housing loan agreements from those offered in the market; and
- (b) inform the borrower of the risks arising from a housing loan agreement with respect to their financial situation.

Article 23

Supervision

Supervision of compliance by lenders with the obligations laid down in this Act shall be exercised by Národná banka Slovenska under a separate regulation⁴⁰.

Article 24

Remedial measures and sanctions

(1) If Národná banka Slovenska finds shortcomings in the activities of a lender consisting in non-compliance with, or circumvention of, the provisions of this Act, the legally binding acts of the European Union governing the provision of housing loans, or other generally binding legal regulations pertaining to the provision of housing loans, or obligations arising from the decisions of Národná banka Slovenska concerning the lender, Národná banka Slovenska may, according to the gravity, range, duration, nature and consequences of the shortcomings revealed, impose the following measures:

- (a) an order requiring the lender to adopt measures for the elimination or remedy of the shortcomings revealed within a prescribed time limit and requiring the lender to inform Národná banka Slovenska of the fulfilment of this requirement;
- (b) an order requiring the lender to pay:
 - 1. a fine of up to EUR 3,000 or, in the case of a repeated or serious deficiency, a fine of up to EUR 10,000, where the lender is a natural person;
 - 2. a fine of up to EUR 70,000 or, in the case of a repeated or serious deficiency, a fine of up to EUR 300,000, where the lender is a legal person;

- (c) an order requiring the lender to submit separate statements, reports and other disclosures;
- (d) an order requiring the lender to restrict or suspend the provision of housing loans;
- (e) an order to revoke the lender's authorisation.

(2) Národná banka Slovenska may impose a fine upon a lender's general proxy, a member of its statutory body or supervisory board, or the head of its internal control unit for any breach of the obligations arising under this Act or other generally binding legal regulations⁵⁰, for any breach of the conditions or obligations imposed by a decision issued by Národná banka Slovenska, which fine may, depending on the gravity, nature and duration of the infringement, go up to twenty times the average monthly income of the lender for the previous year. The head of an organisational unit may receive a fine of up to 50% of the amount corresponding to twenty times the average monthly income of the lender for the previous year. If the relevant person has earned income from the lender only for part of the previous year, the monthly average shall be calculated for that part of the year only. Where a person has ceased to be creditworthy as a result of being validly fined, the lender shall promptly recall that person from their position.

(3) Corrective measures for shortcomings, fines or other sanctions as specified in paragraph 1 may be imposed individually or concurrently and repeatedly. Fines or other sanctions as defined in paragraphs 1 to 2 may be imposed within three years from the identification of the shortcomings, but no later than ten years after their occurrence. The time limits mentioned in the previous sentence shall be interrupted when an event giving rise to such interruption under a separate regulation⁵¹ occurs, and a new limitation period will begin to lapse from the time of interruption. Shortcomings recorded in an on-site inspection protocol shall be considered identified from the date of completion of the on-site inspection under a separate regulation⁵².

(4) Národná banka Slovenska may discuss a shortcoming revealed in the activities of a lender directly with the lender concerned, outside the proceedings conducted to impose remedial measures, fines or other sanctions under paragraphs 1 and 2. The lender shall, if requested, co-operate with Národná banka Slovenska to this end.

(5) A fine as referred to in paragraphs 1(b) and 2 shall be payable within 30 calendar days from the effective date of the decision imposing the fine. Such fines shall represent income for the state budget.

(6) Where any of the sanctions listed in paragraphs 1 and 2 is imposed on a lender providing housing loans in the territory of another Member State, Národná banka Slovenska shall inform the competent supervisory authority of that Member State.

Article 25

Dispute resolution mechanisms

(1) Prior to the conclusion of a housing loan agreement or when such agreement is modified, where justified, the lender shall inform the borrower of the procedure to be followed in submitting a complaint, the place where such complaint can be submitted, the possibilities for an out-of-court settlement of disputes arising from housing loan agreements, and of the existence of separate regulations⁵³ governing the out-of-court settlement of disputes.

(2) The lender shall draw up and comply with internal regulations for the registration of complaints and remedial measures for the out-of-court settlement of disputes with borrowers. The lender shall establish appropriate and effective complaints and redress procedures for the out-of-court settlement of disputes with borrowers, and keep a record of each complaint and dispute settled out of court, and of the measures taken.

Article 26

Handling of complaints

(1) Lenders shall disclose their complaints handling rules at all their business premises used as points of contact with customers.

(2) Lenders shall accept any complains concerning the provision of housing loans. The form and manner of accepting complaints shall be stipulated in an internal regulation drawn up by the lender in accordance with Article 25(2).

(3) Lenders shall decide whether or not a complaint is justified, without undue delay. The result of a complaints procedure shall be communicated to the borrower in the way stipulated in an internal regulation, without undue delay.

(4) The handling of a complaint must not last longer than 30 calendar days or three months in complicated situations. The lender shall inform the borrower concerned of this fact within 30 days.

(5) The costs incurred in connection with the handling of a complaint shall be borne by the lender. The costs related to the preparation of a complaint and its annexes shall be borne by the borrower.

(6) The lender and the borrower concerned shall cooperate during the complaints handling procedure.

Common, transitional and final provisions

Article 27

(1) The Ministry of Finance shall inform the European Commission of the adoption of this Act as soon as it becomes effective.

(2) The Ministry of Finance shall inform the European Commission of the regulation of lending for housing purposes under this Act.

Article 28

Transitional provisions

(1) The provisions of this Act shall apply to housing loan applications submitted after 20 March 2016.

(2) The provisions of this Act shall not apply to housing loan agreements concluded before 21 March 2016, unless paragraphs 3 to 5 provide otherwise.

(3) The provisions of Article 13(16) and (17) shall apply to housing loan agreements extended to include the lender's commitment referred to in Article 13(16) after 20 March 2016.

(4) The provisions of this Act shall govern legal relationships established under this Act after 20 March 2016; the establishment of legal relationships and the legal consequences of acts carried out before 21 March 2016 shall be assessed under the regulations in force until 20 March 2016.

(5) The provisions of Article 18(1) and (2) shall apply to the early repayment of housing loans in full or in part only after 20 March 2016.

(6) Financial agents duly authorised to intermediate housing loans until 20 March 2016 but not yet authorised to intermediate such loans under the terms and conditions laid down in this Act may continue intermediating housing loans until 21 March 2017.

(7) Financial agents subject to the provisions of paragraph 6 may intermediate housing loans only in their home Member State; this shall not apply to financial agents complying with the requirements of the law of the host Member State.

(8) The lender or financial agent authorised to perform activities related to lending for housing purposes until 21 March 2014 shall, by no later than 21 March 2017, meet the fit and proper requirements stipulated by separate regulations⁵⁴.

§ 28a

Transitional provisions for amendments in force as of 1 January 2017

With effect from 1 January 2017, the provisions of this Act shall also apply to legal relationships established before 1 January 2017 and governed by this Act. However, the establishment of such legal relationships and the claims arising therefrom before 1 January 2017 shall be assessed under the regulations in force until 31 December 2016, while the time limits not expiring before 1 January 2017 shall be subject to the provisions of this Act with effect from 1 January 2017 and to the provisions of a separate regulation⁴⁰.

Article 29

Final provisions

(1) Any relationship arising from this Act shall be subject to the provisions of the Civil Code pertaining to consumer credit agreements.⁵⁵

(2) The amount of the maximum permissible fee that may be required from a borrower of a housing loan, detailed instructions on how that fee is to be determined and criteria for its determination, as well as the maximum permissible penalty for arrears with the discharge of an obligation by the borrower, shall be stipulated by an implementing regulation issued under the Civil Code.⁵⁶

Article 30

This Act transposes the legally binding acts of the European Union listed in Annex 3.

Section VII

This Act shall enter into force on 21 March 2016, except for points 2 and 3, 14 to 18, and 22 and 23 of Section IV, which shall enter into force on 1 July 2016.

Act No 299/2016 Coll., Section III, entered into force on 1 January 2017.

Peter Pellegrini
Robert Fico

Endnotes:

- 1) Article 2(a) of Act No 129/2010 Coll. on consumer credits and on other credits and loans for consumers (and amending certain laws), as amended by Act No 394/2011 Coll.
- 2) Article 68 of Act No 483/2001 Coll. on banks (and amending certain laws), as amended.
- 3) Article 7(6) of Act No 310/1992 Coll. on home savings, as amended by Act No 90/2016 Coll.
- 4) Act No 310/1992 Coll., as amended.
Articles 67 to 88 of Act No 483/2001 Coll., as amended.
- 5) Article 1(2) of Act No 129/2010 Coll., as amended.
- 6) Article 11 of the Labour Code, as amended.
- 7) For example, Article 7b(6) of Act No 182/1993 Coll. on the ownership of apartments and non-residential premises, as amended.
- 8) Act No 150/2013 Coll. on the State Housing Development Fund, as amended by Act No 276/2015 Coll.
- 9) Article 2(1), (7) and (8) of Act No 483/2001 Coll., as amended.
- 10) Article 7(1) of Act No 483/2001 Coll., as amended by Act No 747/2004 Coll.
- 11) Article 20(1) of Act No 129/2010 Coll., as amended.
- 12) Article 22 of Act No 431/2002 Coll. on accounting, as amended.
- 13) Article 6 of Act No 186/2009 Coll. on financial intermediation and financial advisory services (and amending certain laws), as amended by Act No 129/2010 Coll.
- 14) Article 9 of the Labour Code, as amended by Act No 257/2011 Coll.
- 15) Article 20(1)(b) of Act No 129/2010 Coll., as amended by Act No 35/2015 Coll.
- 16) Article 2 of Act No 147/2001 Coll. on advertising (and amending certain laws), as amended.
- 17) Article 45 of the Commercial Code, as amended.
Articles 7 and 8 of Act No 250/2007 Coll. on consumer protection (and amending Act No 372/1990 Coll. on non-indictable offences, as amended), as amended.
- 18) Article 3 of Act No 129/2010 Coll.
- 19) Articles 4 and 8 of Act No 136/2001 Coll. on the protection of competition (and amending Act No 347/1990 Coll. on the organisation of ministries and other central state administration authorities of the Slovak Republic, as amended), as amended.
Article 4(3) of Act No 250/2007 Coll., as amended by Act No 397/2008 Coll.
- 20) Article 1(1) of Act No 270/1995 Coll. on the state language of the Slovak Republic.
- 21) Article 2(m) of Act No 129/2010 Coll.
- 22) For example, Act No 382/2004 Coll. on experts, interpreters and translators (and amending certain laws), as amended.
- 23) Article 84(1) of Act No 483/2001 Coll., as amended.
- 23a) Articles 62 to 81 of Act No 36/2005 Coll. on family (and amending certain laws), as amended.
- 23b) Act No 601/2003 Coll. on the subsistence minimum (and amending certain laws), as amended.
- 24) Article 4 of Act No 461/2003 Coll. on social insurance, as amended.
- 25) Article 85a(2) of Act No 483/2001 Coll., as amended.
- 26) Article 1(1) of Act No 1/1993 Coll. on the Collection of Laws of the Slovak Republic, as amended.
- 27) Article 7 of Act No 129/2010 Coll., as amended.
- 28) Article 20(1)(a) of Act No 129/2010 Coll., as amended by Act No 35/2015 Coll.

- 29) Article 7(8)(b) to (p) of Act No 129/2010 Coll., as amended by Act No 35/2015 Coll.
- 30) Article 7(8) of Act No 129/2010 Coll., as amended by Act No 35/2015 Coll.
- 31) Act No 122/2013 Coll. on the protection of personal data (and amending certain laws), as amended by Act No 84/2014 Coll.
- 32) Article 8a of Act No 129/2010 Coll., as amended by Act No 35/2015 Coll.
- 32a) Article 12(2)(a) of Act No 310/1992 Coll., as amended by Act No 242/1999 Coll.
- 32b) Articles 197 and 198 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013), as amended.
- 32c) Articles 223 to 227 of Regulation (EU) No 575/2013, as amended.
- 33) Article 23a(1) of Act No 483/2001 Coll., as amended by Act No 213/2014 Coll.
- 34) Article 2(1) of Act No 483/2001 Coll., as amended by Act No 213/2014 Coll.
- 35) Article 32 of Act No 186/2009 Coll., as amended by Act No 129/2010 Coll.
- 36) Article 7(5) of Act No 129/2010 Coll., as amended by Act No 39/2015 Coll.
- 37) For example, Article 92a of Act No 483/2001 Coll., as amended.
- 38) Articles 43a to 54 of the Civil Code, as amended.
- 39) Article 53(6) of the Civil Code, as amended.
Articles 1 and 1a of Regulation No 87/1995 Coll. of the Slovak Government implementing certain provisions of the Civil Code, as amended.
- 40) Act No 747/2004 Coll. on financial market supervision (and amending certain laws), as amended.
- 41) Article 9(3) of Act No 97/1963 Coll. on international private and procedural law, as amended by Act No 589/2003 Coll.
- 42) Article 5 of Act No 266/2005 Coll. on the protection of consumers in respect of the distance marketing of financial services (and amending certain laws), as amended by Act No 186/2009 Coll.
Article 7 of Act No 102/2014 Coll. on the protection of consumers in respect of the sale of goods or provision of services on the basis of a distance or off-premises contract (and amending certain laws).
- 43) Article 7(1) of Act No 483/2001 Coll., as amended by Act No 747/2004 Coll.
Article 20(1) of Act No 129/2010 Coll., as amended.
- 44) Article 28(2) of Act No 566/1992 Coll. on Národná banka Slovenska, as amended by Act No 659/2007 Coll.
Article 12.1 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank (OJ C 83, 30.3.2010).
- 45) For example, Act No 527/2002 Coll. on voluntary auctions (and amending Act No 323/1992 Coll. on notaries and notarial activities – the Notarial Code – as amended), as amended; and Act No 382/2004 Coll., as amended.
- 45a) Article 20a(1) of Act No 129/2010 Coll., as amended.
- 45b) Act No 371/2014 Coll. on resolution in the financial market (and amending certain laws), as amended.
- 45c) Act No 7/2005 Coll. on bankruptcy and restructuring (and amending certain laws), as amended.
- 45d) Article 20a(16) of Act No 129/2010 Coll., as amended by Act No 35/2015 Coll.
- 45e) For example, Act No 483/2001 Coll., as amended.
- 45f) Articles 116 and 117 of the Civil Code.
- 46) Article 14 of Act No 186/2009 Coll., as amended by Act No 132/2013 Coll.

- 47) Act No 186/2009 Coll., as amended.
- 48) Article 2(b) and (c) of Act No 129/2010 Coll., as amended.
- 49) Article 10 of Act No 186/2009 Coll., as amended by Act No 129/2010 Coll.
- 50) For example, Articles 38 and 39 of Act No 202/1995 Coll. – the Foreign Exchange Act (and amending Act No 372/1990 Coll. on non-indictable offences, as amended), as amended; Act No 747/2004 Coll., as amended; and Act No 297/2008 Coll. on the prevention of money laundering and terrorist financing (and amending certain laws), as amended.
- 51) Article 19(4) of Act No 747/2004 Coll., as amended.
- 52) Article 10(5) of Act No 747/2004 Coll.
- 53) For example, the Civil Procedure Code; Act No 244/2002 Coll. on arbitration proceedings, as amended; Act No 420/2004 Coll. on mediation (and amending certain laws), as amended; Articles 90 to 95 of Act No 492/2009 Coll. on payment services (and amending certain laws), as amended; and Act No 335/2014 Coll. on consumer arbitration (and amending certain laws).
- 54) For example, Article 7(14), Article 7a(3) and (4), and Article 27b(1) to (3) of Act No 483/2001 Coll., as amended; Act No 186/2009 Coll., as amended; and Act No 129/2010 Coll., as amended.
- 55) Articles 52 to 54 of the Civil Code, as amended.
- 56) Articles 53(6) and 53b(1) of the Civil Code, as amended.
- 57) Article 4 of Act No 266/2005 Coll. on the protection of consumers in respect of the distance marketing of financial services (and amending certain laws), as amended.
- 58) Article 4(1)(c) of Act No 266/2005 Coll., as amended.

EUROPEAN STANDARDISED INFORMATION SHEET

PART A

Instructions for the lender or, where relevant, financial agent on how to complete the European Standardised Information Sheet (ESIS) are provided in Part B. Indications between square brackets shall be replaced with the corresponding information.

Wherever the words ‘where applicable’ are indicated, the lender shall provide the information required if it is relevant to the housing loan agreement. Where the information is not relevant, the lender shall delete the information in question or the entire section (for example, in cases where the section is not applicable). Where the entire section is deleted, the numbering of the ESIS sections shall be adjusted accordingly.

The information below shall be provided in a single document. The font used shall be clearly readable. Bold font, shading or larger font sizes shall be used for the information elements to be highlighted. All applicable risk warnings shall be highlighted.

THIS DOCUMENT WAS PRODUCED FOR: ON:	[NAME OF BORROWER] [DATE]
This document was produced on the basis of the information that you have provided so far and on the current financial market conditions.	
The information below remains valid until: *) apart from the interest rate and other costs. After that date, it may change in line with the market conditions.	[validity date]
*) This applies where the final borrowing rate and other costs may differ from the interest rate and costs given in this sheet.	
This document does not constitute an obligation for [name of lender] to grant you a loan.	
1. Identity and contact data of the lender	
Lender:	[name]
Address:	[address for service]
Telephone number:	
E-mail address:*	
Fax number:*	

Web address:*	
Contact person/point:*	
* optional data	
(Where applicable [information as to whether advisory services are being provided]): [(We recommend, having assessed your needs and circumstances, that you take out this housing loan. / We are not recommending a particular housing loan for you. However, based on your answers to some questions, we are giving you information about this loan so that you can make your own choice.)]	
2. Identity and contact data of the financial agent	
Financial agent:	[first name, last name / business name]
Address:	[permanent residence / address for service]
Telephone number:	
E-mail address:*	
Fax number:*	
Web address:*	
Contact person/point:*	
* optional data	
(Where applicable [information as to whether advisory services are being provided]): [(We recommend, having assessed your needs and circumstances, that you take out this housing loan. / We are not recommending a particular housing loan for you. However, based on your answers to some questions, we are giving you information about this loan so that you can make your own choice.)]	
[Remuneration]	
3. Main features of the housing loan	
Type of the loan to be granted:	
Total amount and currency of the loan:	
(Where applicable) This loan is not in [national	[national currency of the borrower]

currency of the borrower].	
<p>(Where applicable) The value of your loan in [national currency of the borrower] may change.</p> <p>(Where applicable) For example, if the value of [national currency of the borrower] fell by 20% relative to [loan currency], the value of your loan would increase to [insert amount in national currency of the borrower]. However, it could be more than this if the value of [national currency of the borrower] fell by more than 20%.</p> <p>(Where applicable) The maximum value of your loan will be [insert amount in national currency of the borrower].</p> <p>(Where applicable) You will receive a warning if the loan amount reaches [insert amount in national currency of the borrower].</p> <p>(Where applicable) You will have the opportunity to [insert right to renegotiate a foreign currency loan or right to convert your loan into [relevant currency] and conditions].</p>	
Duration of the housing loan:	
Type of applicable interest rate:	[Fixed or variable interest rate]
Total amount to be reimbursed:	
This means that you will pay back [amount] for every [unit of the currency] borrowed.	
(Where applicable) This/Part of this loan is an interest-only loan. You will still owe [insert amount of loan on an interest-only basis] at the end of the loan term.	[loan/part of the loan] [amount of interest-only loan]
(Where applicable) Value of the property assumed for this information sheet:	[amount]
(Where applicable) Maximum available loan amount relative to the value of the property [insert ratio] or minimum value of the property required to borrow the illustrated amount [insert amount].	[ratio] [amount]
(Where applicable) Security:	

4. Interest rate and other costs	
The annual percentage rate of charge (APRC) is the total cost of the loan expressed as an annual percentage. The APRC is provided to help you to compare different offers.	
The APRC applicable to your loan is:	[annual percentage rate of charge]
The APRC comprises: <i>Interest rate</i>	[value in per cent or, where applicable, indication of a reference rate and percentage value of the lender's spread]
[Other components of the APRC]	
<i>Costs to be paid on a one-off basis:</i>	[amount]
(Where applicable) You will have to pay a fee to register your housing loan.	[insert amount of fee where known or basis for its calculation]
<i>Costs to be paid on a regular basis:</i>	Costs included in the instalments Costs not included in the instalments
(Where applicable) This APRC is calculated using assumptions regarding the interest rate.	
(Where applicable) As [part of] your housing loan is a variable interest rate loan, the actual APRC may be different from this APRC if the interest rate for your loan changes.	For example, if the interest rate rose to [scenario as described in Part B], the APRC could increase to [insert illustrative APRC corresponding to the scenario].
(Where applicable) Please note that this APRC is calculated on the basis of the assumption that the interest rate remains at the level fixed for the initial period throughout the duration of the housing loan agreement.	
(Where applicable) The following costs are not known to the lender and are therefore not included in the APRC:	[costs]
(Where applicable) You will have to pay a fee to register your housing loan.	
Please make sure that you are aware of all other taxes and costs associated with your loan.	
5. Frequency and number of payments	
Repayment frequency:	[frequency]
Number of payments:	[number]
6. Amount of each instalment	
Amount and currency of an instalment:	[amount] [currency]
Your income may change. Please consider whether you will still be able to afford your [frequency] repayment	[frequency]

instalments if your income falls.	
(Where applicable) Since [this/part of this] is an interest-only loan, you will have to make separate arrangements to repay the amount [insert amount of loan on an interest-only basis] you will owe at the end of the maturity period. Remember to add any extra payments you will have to make to the instalment amount shown here.	
(Where applicable) The interest rate on [part of] this loan may change. This means the amount of your instalments could increase or decrease.	For example, if the interest rate rose to [scenario as described in Part B], your payments could increase to [insert instalment amount corresponding to the scenario].
<p>Where applicable) The value of the amount you have to pay in [national currency of the borrower] each [frequency of instalment] may change.</p> <p>(Where applicable) Your payments may increase to [insert maximum amount in national currency of the borrower] each [insert period].</p> <p>(Where applicable) For example, if the value of [national currency of the borrower] fell by 20% relative to [loan currency] you would have to pay an extra [insert amount in national currency of the borrower] each [insert period]. Your payments could increase by more than this.</p>	
(Where applicable) The exchange rate used for converting your repayments in [loan currency] to [national currency of the borrower] will be the rate published by [name of institution publishing the exchange rate] on [date] or will be calculated on [date] using [insert name of benchmark or method of calculation].	
(Where applicable) [Details on tied savings products, deferred-interest housing loans]	
<p>7. (Where applicable) Illustrative repayment table</p> <p>This table shows the amount to be paid every [frequency].</p> <p>The instalments (column [relevant no.]) are the sum of interest to be paid (column [relevant no.]), where applicable, principal repayments (column [relevant no.]) and, where applicable, other costs (column [relevant no.]). (Where applicable) The costs in the other costs column</p>	

relate to [list of costs]. Outstanding principal (column [relevant no.]) is the amount of the loan that remains to be reimbursed after each instalment. [Table]	
8. Additional obligations	
The borrower must comply with the following obligations in order to benefit from the lending conditions described in this document.	[Obligations]
Where applicable) Please note that the lending conditions described in this document (including the interest rate) may change if these obligations are not complied with.	
(Where applicable) Please note the possible consequences of terminating at a later stage any of the ancillary services relating to the housing loan.	[Consequences]
9. Early loan repayment	
You have the possibility to repay this loan before maturity, either fully or partially.	
(Where applicable) Conditions for full or partial loan repayment:	[Conditions]
(Where applicable) Charge for early loan repayment (exit charge):	[insert amount or, where not possible, the method of calculation]
(Where applicable) Should you decide to repay this housing loan before maturity, please contact us to ascertain the exact level of the exit charge at that moment.	
10. Flexible features	
(Where applicable) [Information on portability / subrogation] You have the possibility to transfer this housing loan to another [lender][or] [property].	
(Where applicable) You do not have the possibility to transfer this housing loan to another [lender] [or] [property].	
(Where applicable) Additional features (for example, overpayments / underpayments, payment holidays, borrow back)	[insert explanation of additional features listed in Part B and, optionally, of any other features offered by the lender as part of the housing loan agreement not referred to in previous sections].
11. Other rights of the borrower	
(Where applicable) You have [length of reflection period] after [point in time when the reflection period begins] to reflect before	

committing yourself to taking out this loan.	
(Where applicable) Once you have received the housing loan agreement from the lender, you must not accept it before the end of the reflection period.	[length of reflection period]
(Where applicable) For a period of [length of withdrawal period] after [point in time when the withdrawal period begins] you may exercise your right to cancel the agreement. [Conditions]	[insert procedure]
<p>(Where applicable) You may lose your right to cancel the housing loan agreement if, during that period, you buy or sell any real property related to this loan agreement.</p> <p>(Where applicable) Should you decide to exercise your right of withdrawal [from the housing loan agreement], please verify whether you will remain bound by your other obligations relating to the loan [including the ancillary services relating to the loan] [referred to in Section 8].</p>	
12. Complaints	
If you have a complaint, please contact:	[insert internal contact point and source of information on procedure]
(Where applicable) Maximum time for handling a complaint:	[period of time]
<p>(Where applicable) [If we do not resolve the complaint to your satisfaction internally,] you can also contact:</p> <p>(Where applicable) You can also contact FIN-NET for details of the equivalent body in your own country.</p>	[insert name of external body for out-of-court complaints and redress]
13. Non-compliance with the commitments linked to the housing loan: consequences for the borrower	
Types of non-compliance:	[types of non-compliance]
Financial and/or legal consequences:	
Should you encounter difficulties in making your [frequency] payments, please contact us straight away to explore possible solutions.	
(Where applicable) As a last resort, your property may be repossessed if you do not keep up with payments.	
14. Additional information (where applicable)	
(Where applicable) [Indication of the law applicable to the housing loan agreement].	
Information and contractual terms will be	

<p>supplied in:</p> <p>With your consent, we intend to communicate with you during the duration of the loan agreement in:</p> <p>(Where the lender intends to use a language different from the language of the ESIS)</p>	<p>[language]</p> <p>[language/s]</p>
<p>[Insert statement on right to be provided with or offered, as applicable, a draft housing loan agreement]</p>	
<p>15. Supervisor</p>	
<p>This lender is supervised by:</p>	<p>[name(s), and web address(es) of supervisory authority/ies]</p>
<p>(Where applicable) This financial agent is supervised by:</p>	<p>[name and web address of supervisory authority]</p>

PART B

Instructions for completing the ESIS

In completing the Standard European Information Sheet (ESIS), at least the following instructions shall be followed:

Section ‘Introductory text’

1. The validity date shall be properly highlighted. For the purpose of this section, the ‘validity date’ means the length of time the information contained in the ESIS (e.g. the borrowing rate) will remain unchanged and will apply should the lender decide to grant the loan within this period of time. Where the determination of the applicable borrowing rate and other costs depends on the results of the selling of underlying bonds, the final borrowing rate and other costs may be different from those stated in the ESIS. In those circumstances only, it shall be stipulated that the validity date does not apply to the borrowing rate and other costs by adding the words: ‘apart from the interest rate and other costs.’

Section ‘1. Lender’

1. Name, telephone number, and geographical address (registered office) of the lender shall refer to the contact information that the borrower may use for future correspondence.
2. Information such as e-mail address, fax number, web address and contact person/point is optional.
3. In line with a separate regulation⁵⁷, where the transaction is being offered at a distance, the lender shall indicate, where applicable, the name and geographical address (registered office) of its representative in the Member State in which the borrower is resident. Indication of the telephone number, e-mail address and web address of the representative of the loan provider is optional.
4. Where Section 2 is not applicable, the lender shall inform the borrower whether advisory services are being provided and on what basis, using the wording from Part A.

(Where applicable) Section ‘2. Financial agent’

Where the product information is being provided to the borrower by a financial agent, that intermediary shall state the following information:

1. Name, telephone number and geographical address (registered office) of the financial agent shall refer to the contact information that the borrower may use for future correspondence.
2. Information such as e-mail address, fax number, web address and contact person/point is optional.
3. The financial agent shall inform the borrower whether advisory services are being provided and on what basis, using the wording from Part A.

4. An explanation of how the financial agent is being remunerated. Where it is receiving commission from a lender, the amount and, where different from the name in Section 1, the name of the lender shall be provided.

Section '3. Main features of the loan'

1. This section shall clearly explain the main characteristics of the housing loan, including the value and currency and the potential risks associated with the borrowing rate, including the ones referred to in point 8, and amortisation structure.
2. Where the loan currency is different from the national currency of the borrower, the lender shall indicate that the borrower will receive a regular warning at least when the exchange rate fluctuates by more than 20% or, where applicable, that the borrower has a right to convert the loan agreement into an alternative currency or to renegotiate the loan conditions, and shall provide information on any other arrangements that are available to the borrower to limit their exposure to exchange rate risk. Where the loan agreement contains a provision limiting the exchange rate risk, the lender shall indicate the maximum amount the borrower may have to pay back. Where the loan agreement contains no provision to limit the exchange rate risk to which the borrower is exposed to a fluctuation in the exchange rate of less than 20%, the lender shall indicate an illustration of the effect of a 20% fall in the value of the borrower's national currency relative to the loan currency on the value of the loan.
3. The duration of the loan shall be expressed in years or months, whichever is the most relevant. Where the duration of the loan may vary during the lifetime of the loan agreement, the lender shall explain when and under which conditions this may occur. Where the loan is open-ended, for example, for a secured credit card, the lender shall clearly state that fact.
4. The type of loan shall be clearly indicated (e.g. mortgage loan, housing loan, secured credit card). The description of the type of loan shall clearly indicate how the principal and interest shall be reimbursed during the life of the loan (i.e. the amortisation structure), specifying clearly whether the loan agreement is on principal repayment or interest-only basis, or a mixture of the two.
5. Where all or part of the loan is an interest-only loan, a statement clearly indicating that fact shall be inserted prominently at the end of this section, using the wording from Part A.
6. This section shall explain whether the borrowing rate is fixed or variable and, where applicable, the periods during which it will remain fixed; the frequency of subsequent revisions and the existence of limits to the borrowing rate variability, such as caps or floors.

The formula used to revise the borrowing rate and its different components (e.g. reference rate, interest rate spread) shall be explained. The lender shall indicate, e.g. by means of a web address, where further information on the indices or rates used in the formula can be found, e.g. Euribor or central bank reference rate.
7. If different borrowing rates apply in different circumstances, information shall be provided on all applicable rates.
8. The 'total amount to be reimbursed' corresponds to the total amount payable by the borrower. It shall be shown as the sum of the loan amount and the total cost of the loan to the

borrower. Where the borrowing rate is not fixed for the entire duration of the housing loan agreement, it shall be highlighted that this amount is illustrative and may vary in particular in connection with the variation in the borrowing rate.

9. Where the housing loan will be secured by a security interest in real property or other comparable security or right related to that real property, the lender shall draw the borrower's attention to this fact. Where applicable, the lender shall indicate the assumed value of the real property or other security used for the purpose of preparing this information sheet.
10. The lender shall indicate, where applicable, either:
 - (a) the 'maximum available loan amount relative to the value of the property', indicating the loan-to-value ratio. This ratio is to be accompanied by an example in absolute terms of the maximum amount that can be borrowed for a given property value; or
 - (b) the 'minimum value of the property required by the lender to lend the illustrated amount'.
11. Where the loan is a multi-part loan (e.g. concurrently part fixed rate, part variable rate), this shall be reflected in the indication of the type of loan and the required information shall be given for each part of the loan.

Section '4. Interest rate' and other costs

1. The reference to 'interest rate' corresponds to the borrowing rate or rates.
2. The borrowing rate shall be expressed as a percentage value. Where the borrowing rate is variable and based on a reference rate, the lender may indicate the borrowing rate by stating a reference rate and a percentage value of its spread. The lender shall, however, indicate the value of the reference rate valid on the day when the ESIS is issued.

Where the borrowing rate is variable, the information shall include:

- (a) the assumptions used to calculate the annual percentage rate of charge (APRC);
- (b) where relevant, the applicable caps and floors; and
- (c) a warning that the variability in the borrowing rate may affect the actual level of the APRC.

In order to attract the borrower's attention, the font size used for the warning shall be bigger and shall figure prominently in the main body of the ESIS. The warning shall be accompanied by an illustrative example of the APRC. Where there is a cap on the borrowing rate, the example shall assume that the borrowing rate rises at the earliest possible opportunity to the highest level foreseen in the housing loan agreement. Where there is no cap, the example shall illustrate the APRC at the highest borrowing rate in at least the last 20 years, or where the underlying data for the calculation of the borrowing rate are available for a period of less than 20 years, the longest period for which such data are available, based on the highest value of any external reference rate used in calculating the borrowing rate where applicable or the highest value of a benchmark rate specified by a competent authority or EBA where the lender does not use an external reference rate. Such requirement shall not apply to housing loan agreements where the borrowing rate is fixed for a material initial period of several years and may then be fixed for a further period following negotiation

between the lender and the borrower. For housing loan agreements where the borrowing rate is fixed for a material initial period of several years and may then be fixed for a further period following negotiation between the lender and the borrower, the information shall include a warning that the APRC is calculated on the basis of the borrowing rate for the initial period. The warning shall be accompanied by an additional, illustrative APRC calculated in accordance with Article 7(6). Where the loan is a multi-part loan (e.g. concurrently part fixed rate, part variable rate), the information shall be given for each part of the loan.

3. In the section on ‘other components of the APRC’, all the other costs contained in the APRC shall be listed, including one-off costs such as administration fees, and regular costs, such as annual loan administration fees. The lender shall list each of the costs by category (costs to be paid on a one-off basis, costs to be paid regularly and included in the instalments, costs to be paid regularly but not included in the instalments), indicating their amount, to whom they are to be paid and when. This does not have to include costs incurred for breaches of contractual obligations. Where the amount is not known, the lender shall provide an indication of the amount if possible, or if not possible, how the amount will be calculated and specify that the amount provided is indicative only. Where certain costs are not included in the APRC because they are unknown to the lender, this shall be highlighted.

Where the borrower has informed the lender of one or more components of their preferred housing loan, such as the duration of the loan agreement and the total amount of the loan, the lender shall, where possible, use those components; if a housing loan agreement provides different ways of drawdown with different fees or borrowing rates and the lender uses the assumptions set out in Part II of Annex 2, it shall indicate that other drawdown mechanisms for the loan agreement of this type may result in a higher APRC.

Where the conditions for drawdown are used for calculating the APRC, the lender shall highlight the charges associated with other drawdown mechanisms that are not necessarily the ones used in calculating the APRC.

4. Where a fee is payable for the registration of a security interest in real property or other comparable security, that is to be disclosed in this section with the amount of the fee, where known, or where this is not possible, with the basis for determining the amount of the fee. Where the fees are known and included in the APRC, the existence and amount of the fee shall be listed under ‘Costs to be paid on a one-off basis’. Where the fees are not known to the lender and therefore not included in the APRC, the existence of the fee shall be clearly mentioned in the list of costs which are not known to the lender. In either case, the standardised wording from Part A shall be used under the appropriate heading.

Section ‘5. Frequency and number of payments’

1. Where payments are to be made on a regular basis, the frequency of payments shall be indicated (e.g. monthly). Where the frequency of payments will be irregular, this shall be clearly explained to the borrower.
2. The number of payments indicated shall cover the whole duration of the housing loan.

Section ‘6. Amount of each instalment’

1. The loan currency and the currency of instalments shall be clearly indicated.
2. Where the amount of instalments may change during the life of a housing loan, the lender shall specify the period during which that initial instalment amount will remain unchanged and when and how frequently afterwards it will change.
3. Where all or part of the housing loan is an interest-only loan, a statement clearly indicating that fact shall be inserted prominently at the end of this section using the wording from Part A.

If there is a requirement for the borrower to take out a tied savings product as a condition for being granted an interest-only loan secured by a security interest or other comparable security, the amount and frequency of any payments for this product shall be provided.

4. Where the borrowing rate is variable, the information shall include a statement indicating that fact, using the wording from Part A and an illustration of a maximum instalment amount. Where there is a cap, the illustration shall show the amount of the instalments if the borrowing rate rises to the level of the cap. Where there is no cap, the worst case scenario shall illustrate the level of instalments at the highest borrowing rate in the last 20 years, or where the underlying data for the calculation of the borrowing rate are available for a period of less than 20 years, the longest period for which such data are available, based on the highest value of any external reference rate used in calculating the borrowing rate where applicable, or the highest value of a benchmark rate specified by a competent authority or EBA where the lender does not use an external reference rate. The requirement to provide an illustrative example shall not apply to housing loan agreements where the borrowing rate is fixed for a material initial period of several years and may then be fixed for a further period following negotiation between the lender and the borrower. Where the loan is a multi-part loan (e.g. concurrently part fixed rate, part variable rate), the information shall be given for each part of the loan, and in total.
5. (Where applicable) Where the loan currency is different from the borrower’s national currency or where the loan is indexed to a currency which is different from the borrower’s national currency, the lender shall include a numerical example clearly showing how changes to the relevant exchange rate may affect the amount of the instalments, using the wording from Part A. That example shall be based on a 20% reduction in the value of the borrower’s national currency together with a prominent statement that the instalments could increase by more than the amount assumed in that example. Where there is a cap which limits that increase to less than 20%, the maximum value of the instalments paid in the borrower’s currency shall be given instead and the statement on the possibility of further increases omitted.
6. Where the housing loan is fully or partly a variable rate loan and point 3 applies, the illustration in point 5 shall be given on the basis of the instalment amount referred to in point 1.
7. Where the currency used for the payment of instalments is different from the loan currency or where the amount of each instalment expressed in the borrower’s national currency

depends on the corresponding amount in a different currency, this section shall indicate the date at which the applicable exchange rate is to be calculated and either the exchange rate or the basis on which it will be calculated and the frequency of their adjustment. Where applicable such indication shall include the name of the institution publishing the exchange rate.

8. Where the housing loan in question is a deferred-interest loan under which interest due is not fully repaid by the instalments and is added to the total outstanding amount of the loan, there shall be an explanation of: how and when deferred interest is added to the loan as a cash amount; and what the implications are for the borrower in terms of their remaining debt.

Section ‘7. Illustrative repayment table’

1. This section shall be included where the loan is a deferred interest loan under which the interest due is not fully repaid by the instalments and is added to the total outstanding amount of the loan or where the borrowing rate is fixed for the duration of the loan agreement. Member States may provide that the illustrative amortisation table is compulsory in other cases.

Where the borrower has a right to receive a revised amortisation table, this shall be indicated along with the conditions under which the borrower has that right.

2. Where the borrowing rate for a housing loan may vary during the lifetime of the loan, the lender shall indicate the period during which that initial borrowing rate will remain unchanged.
3. The table to be included in this section shall contain the following columns: ‘repayment schedule’ (e.g. month 1, month 2, month 3), ‘amount of the instalment’, ‘interest to be paid per instalment’, ‘other costs included in the instalment’ (where relevant), ‘principal repaid per instalment’ and ‘outstanding principal after each instalment’.
4. For the first repayment year, the information shall be given for each instalment and a subtotal shall be indicated for each of the columns at the end of that first year. An overall total row shall be added at the end of the table and shall provide the total amounts for each column. The total cost of the loan paid by the borrower (i.e. the overall sum of the ‘amount of the instalment’ column) shall be clearly highlighted and presented as such.
5. Where the borrowing rate is subject to revision and the amount of the instalment after each revision is unknown, the lender may indicate in the amortisation table the same instalment amount for the whole loan duration. In such a case, the lender shall draw that fact to the attention of the borrower by visually differentiating the amounts which are known from the hypothetical ones (e.g. using a different font, borders or shading). In addition, a clearly legible text shall explain for which periods the amounts represented in the table may vary and why.

Section ‘8. Additional obligations’

1. The lender shall refer in this section to obligations such as the obligation to insure the real property, to purchase life insurance, to have a salary paid into an account with the lender or to buy any other product or service. For each obligation, the lender shall specify towards whom and by when the obligation is to be fulfilled.
2. The lender shall specify the duration of the obligation, e.g. until the end of the loan agreement. The lender shall specify for each obligation any costs to be paid by the borrower, which are not included in the annual percentage rate of charge.
3. The lender shall state whether it is compulsory for the borrower to use any ancillary services to obtain the housing loan on the stated terms, and if so whether the borrower is obliged to purchase them from the lender’s preferred supplier or whether they may be purchased from a provider of the borrower’s choice. Where such possibility is conditional on the ancillary services meeting certain minimum characteristics, such characteristics shall be described in this section.

Where the loan agreement is bundled with other products, the lender shall state the key features of those other products and clearly state whether the borrower has a right to terminate the loan agreement or the bundled products separately, the conditions for and implications of doing so, and, where applicable, of the possible consequences of terminating the ancillary services required in connection with the loan agreement.

Section ‘9. Early loan repayment’

1. The lender shall indicate under what conditions the borrower can repay their housing loan early, either fully or partially.
2. In the section on exit charges, the lender shall draw the borrower’s attention to any exit charge or other costs payable in connection with the early repayment of a housing loan in order to compensate the lender and, where possible, indicate their amount. In cases where the amount of compensation would depend on different factors, such as the amount repaid or the prevailing interest rate at the moment of the early repayment, the lender shall indicate how the compensation will be calculated and provide the maximum amount that the charge might be, or where this is not possible, an illustrative example in order to demonstrate to the borrower the level of compensation under different possible scenarios.

Section ‘10. Flexible features’

1. Where applicable, the lender shall explain the possibility of, and conditions for, transferring the housing loan to another lender or real property.
2. (Where appropriate) Additional features: Where the product contains any of the features listed in point 5, this section must list these features and provide a brief explanation of:
 - (a) the circumstances in which the borrower can use that feature;
 - (b) any conditions attached to the feature in question;

(c) the fact that, where the feature is part of the loan secured by a security interest or other comparable security, the borrower loses any statutory or other protections usually associated with that feature; and the firm providing the feature (if not the lender).

3. If the feature is included in any additional loan, then this section must explain the following to the borrower:

(a) the total amount of the loan (including the loan secured by a security interest or other comparable security);

(b) whether the additional loan is secured or not;

(c) the relevant borrowing rates and whether the loan is regulated or not.

Such additional loan amount shall either be included in the original debt servicing capacity assessment or, if it is not, this section shall make clear that the availability of the additional amount is dependent on a further assessment of the borrower's debt servicing capacity.

4. If the feature involves a savings vehicle, the relevant interest rate must be explained.

5. The possible additional features are:

(a) 'overpayments/underpayments' [paying more or less than the instalment ordinarily required by the amortisation structure];

(b) 'payment holidays' [periods when the borrower is not required to make payments];

(c) 'borrow back' [ability for the borrower to borrow again funds already drawn down and repaid];

(d) 'additional borrowing available without further approval';

(e) 'additional secured or unsecured borrowing' [in accordance with point 3 above];

f) 'credit card';

(g) 'linked current account';

(h) 'linked savings account'.

6. The lender may include any other features offered by the lender as part of the loan agreement not mentioned in the previous sections.

Section '11. Other rights of the borrower'

1. The lender shall clarify the right(s) of e.g. withdrawal or reflection and, where applicable, other rights such as portability (including subrogation) that exist, specify the conditions to which this/these right(s) is subject, the procedure that the borrower will have to follow in order to exercise this/these right(s), inter alia, the address to which the notification of withdrawal from the agreement shall be sent, and the corresponding fees (where applicable).

2. Where a reflection period or right of withdrawal for the borrower applies, this shall be clearly stated.

3. In line with a separate regulation⁵⁷, where the transaction is being offered at a distance, the borrower shall be informed of the existence or absence of a right of withdrawal.

Section ‘12. Complaints’

1. This section shall indicate the internal contact point [name of the relevant department] and a means of contacting them to complain [geographical address (registered office)] or [telephone number] or [contact person], [contact details] and a link to the complaints procedure on the relevant page of a website or similar information source.
2. It shall indicate the name of the relevant external body for out-of-court complaints and redress and, where using the internal complaint procedure is a precondition for access to that body, indicate that fact using the wording from Part A.
3. In the case of credit agreements with a borrower who is resident in another Member State, the lender shall refer to the existence of FIN-NET (http://ec.europa.eu/internal_market/fin-net/).

Section ‘13. Non-compliance with the commitments linked to the loan: consequences for the borrower’

1. Where non-observance of any of the borrower’s obligations linked to the housing loan may have financial or legal consequences for the borrower, the lender shall describe in this section the different main cases (e.g. late payments/ default, failure to respect the obligations set out in Section 8 ‘Additional obligations’) and indicate where further information could be obtained.
2. For each of those cases, the lender shall specify, in clear and easily comprehensible terms, the sanctions or consequences to which they may give rise. Reference to serious consequences shall be highlighted.
3. Where the real property used to secure the loan may be returned or transferred to the lender, if the borrower does not comply with their obligations, this section shall include a statement indicating that fact, using the wording from Part A.

Section ‘14. Additional information’

1. In the case of distance marketing, this section will include any clause stipulating the law applicable to the housing loan agreement or the competent court.
2. Where the lender intends to communicate with the borrower during the life of the loan agreement in a language different from the language of the ESIS, that fact shall be included and the language of communication named. This is without prejudice to the relevant provisions of a separate regulation⁵⁸.
3. The lender or financial agent shall state the borrower’s right to be provided with or offered, as applicable, a copy of the draft loan agreement at least once an offer binding on the lender has been made.

Section '15. Supervisor'

1. The relevant authority or authorities responsible for the supervision of the pre-contractual stage of lending shall be indicated.

CALCULATION OF THE ANNUAL PERCENTAGE RATE OF CHARGE

I. Basic equation expressing the equivalence of drawdowns on the one hand and repayments and charges on the other.

The basic equation, which establishes the annual percentage rate of charge (APRC), equates, on an annual basis, the total present value of drawdowns on the one hand and the total present value of repayments and payments of charges on the other hand, i.e.:

$$\left| \sum_{k=1}^m C_k (1 + X)^{-t_k} = \sum_{l=1}^{m'} D_l (1 + X)^{-s_l} \right.$$

where:

- X is the APRC;
- m is the number of the last drawdown;
- k is the number of a drawdown, thus $1 \leq k \leq m$;
- C_k is the amount of drawdown k ;
- t_k is the interval, expressed in years and fractions of a year, between the date of the first drawdown and the date of each subsequent drawdown, thus $t_1 = 0$;
- m' is the number of the last repayment or payment of charges;
- l is the number of a repayment or payment of charges;
- D_l is the amount of a repayment or payment of charges;
- s_l is the interval, expressed in years and fractions of a year, between the date of the first drawdown and the date of each repayment or payment of charges.

Remarks:

- (a) The amounts paid by both parties at different times shall not necessarily be equal and shall not necessarily be paid at equal intervals.
- (b) The starting date shall be that of the first drawdown.
- (c) Intervals between dates used in the calculations shall be expressed in years or in fractions of a year.
 1. A year is presumed to have 365 days (or 366 days for leap years), 52 weeks or 12 equal months.
 2. An equal month is presumed to have 30.41666 days (i.e. 365/12) regardless of whether or not it is a leap year.

Where intervals between dates used in the calculations cannot be expressed as a whole number of weeks, months or years, the intervals shall be expressed as a whole number of one of those periods in combination with a number of days. Where days are used:

- (i) every day shall be counted, including weekends and holidays;
 - (ii) equal periods and then days shall be counted backwards to the date of the initial drawdown;
 - (iii) the length of the period of days shall be obtained excluding the first day and including the last day and shall be expressed in years by dividing this period by the number of days (365 or 366 days) of the complete year counted backwards from the last day to the same day of the previous year.
- (d) The result of the calculation shall be expressed with an accuracy of at least one decimal place. If the figure at the following decimal place is greater than or equal to 5, the figure at the preceding decimal place shall be increased by one.
- (e) The equation can be rewritten using a single sum and the concept of flows (A_k), which will be positive or negative, in other words either paid or received during periods 1 to n, expressed in years, i.e.:

$$S = \sum_{k=1}^n A_k(1 + X)^{-t_k}$$

S being the present balance of flows. If the aim is to maintain the equivalence of flows, this value will be zero.

II. Additional assumptions for the calculation of the APRC

- (a) If a housing loan agreement gives the borrower freedom of drawdown, the total amount of the loan shall be deemed to be drawn down immediately and in full.
- (b) If a housing loan agreement provides different ways of drawdown with different fees or borrowing rates, the total amount of the loan shall be deemed to be drawn down at the highest charge and borrowing rate applied to the most common drawdown mechanism for this type of loan agreement.
- (c) If a housing loan agreement gives the borrower freedom of drawdown in general but imposes, amongst the different ways of drawdown, a limitation with regard to the loan amount and the period of time, the amount of the loan shall be deemed to be drawn down on the earliest date provided for in the loan agreement and in accordance with those drawdown limits.
- (d) If different borrowing rates and fees are offered for a limited period or amount, the highest borrowing rate and fees shall be deemed to be the borrowing rate and fees for the whole duration of the loan agreement.
- (e) For housing loan agreements for which a fixed borrowing rate is agreed in relation to the initial period, at the end of which a new borrowing rate is set and subsequently periodically adjusted according to an agreed indicator or internal reference rate, the calculation of the APRC shall be based on the assumption that, at the end of the borrowing rate fixation period, the borrowing rate is the same as at the time of calculation of the APRC, based on the value

of the agreed indicator or internal reference rate at that time, but is not less than the fixed borrowing rate.

- f) If the ceiling applicable to a housing loan has not yet been agreed, that ceiling is assumed to be EUR 170,000. In the case of housing loan agreements – other than contingent liabilities or guarantees – the purpose of which is not to acquire or retain a right in real property or land, overdrafts, deferred debit cards or credit cards, this ceiling is assumed to be EUR 1,500.
- (g) In the case of housing loan agreements other than overdrafts, bridging loans, shared equity credit agreements, contingent liabilities or guarantees and open-ended loan agreements as referred to in the assumptions set out in points (i), (j), (k), (l) and (m):
 - 1. if the date or amount of a principal repayment to be made by the borrower cannot be ascertained, it shall be assumed that the repayment is made at the earliest date provided for in the loan agreement and is for the lowest amount for which the loan agreement provides;
 - 2. if the interval between the date of initial drawdown and the date of the first payment to be made by the borrower cannot be ascertained, it shall be assumed to be the shortest interval.
- (h) Where the date or amount of a payment to be made by the borrower cannot be ascertained on the basis of the housing loan agreement or the assumptions set out in points (g), (i), (j), (k), (l) and (m), it shall be assumed that the payment is made in accordance with the dates and conditions required by the lender and, when these are unknown:
 - 1. interest charges are paid together with the repayments of principal;
 - 2. non-interest charges expressed as a single sum are paid at the date of the conclusion of the loan agreement;
 - 3. non-interest charges expressed as several payments are paid at regular intervals, commencing with the date of the first repayment of principal, and if the amount of such payments is not known they shall be assumed to be equal amounts;
 - 4. the final payment clears the balance of principal, interest and other charges, if any.
- (i) In the case of an overdraft facility, the total amount of credit shall be deemed to be drawn down in full and for the whole duration of the credit agreement. If the duration of the overdraft facility is not known, the APRC shall be calculated on the assumption that the duration of the credit is three months.
- (j) In the case of a bridging loan, the total amount of the loan shall be deemed to be drawn down in full and for the whole duration of the loan agreement. If the duration of the loan agreement is not known, the APRC shall be calculated on the assumption that the duration of the loan is 12 months.
- (k) In the case of an open-ended housing loan agreement, other than an overdraft facility or bridging loan, it shall be assumed that:
 - 1. for loan agreements the purpose of which is to acquire or retain rights in real property, the loan is provided for a period of 20 years starting from the date of the initial drawdown, and that the final payment made by the borrower clears the balance of principal, interest and other charges, if any; in the case of loan agreements the purpose

of which is not to acquire or retain rights in real property or which are drawn down by deferred debit cards or credit cards, this period shall be of one year;

2. the principal is repaid by the borrower in equal monthly payments, commencing one month after the date of the initial drawdown. However, in cases where the principal must be repaid in full, in a single payment, within each payment period, successive drawdowns and repayments of the entire principal by the borrower shall be assumed to occur over the period of one year. Interest and other charges shall be applied in accordance with those drawdowns and repayments of principal and as provided for in the loan agreement.

For the purposes of this point, an open-ended housing loan agreement is a loan agreement without fixed duration and includes loans which must be repaid in full within or after a certain period but, once repaid, become available to be drawn down again.

- (l) In the case of contingent liabilities or guarantees, the total amount of the housing loan shall be deemed to be drawn down in full as a single amount at the earlier of:
 1. the latest drawdown date permitted under the loan agreement being the potential source of the contingent liability or guarantee; or
 2. in the case of a rolling loan agreement at the end of the initial period prior to the rollover of the loan agreement.
- (m) In the case of shared equity loan agreements:
 1. the payments by borrowers shall be deemed to occur at the latest date or dates permitted under the housing loan agreement;
 2. percentage increases in value of the real property which secures the shared equity housing loan agreement, and the rate of any inflation index referred to in the agreement, shall be assumed to be a percentage equal to the higher of the current central bank target inflation rate or the level of inflation in the Member State where the real property is located at the time of conclusion of the loan agreement or 0% if those percentages are negative.

**SCHEDULE OF LEGALLY BINDING ACTS OF THE EUROPEAN UNION
ENACTED IN SLOVAK LAW BY THIS ACT**

1. Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010 (OJ, L 60, 28.2.2014).

* * *