

# GENERAL TERMS AND CONDITIONS FOR PROVIDING STUDENT LOANS UNDER EXCHANGE PROGRAMS OF USIT COLOURS BULGARIA EOOD

## I. GENERAL PROVISIONS

1. These General Terms and Conditions apply to all types of student loans under exchange programs of Usit Colours Bulgaria EOOD, which DSK Bank AD (Lender) provides to individuals and represent an integral part of the individual loan agreement.

## II. LOAN UTILISATION

2. The loan shall be utilized through a current account of the Borrower, opened with DSK Bank.

2.1. The loan shall be utilized one-off (a lump-sum) or in portions (in stages) after the date of establishing the collateral stipulated in the Agreement.

2.2. The Borrower shall have to drawdown the entire amount or the amount allocated to first stage of the loan within 30 days after the date of the loan agreement. Upon expiration of this term, the commitment of the Lender to provide the loan shall end.

2.3. The loan may be utilized in portions within an agreed utilization period, which may not be longer than the grace period for the principal. The final amount of the loan is equal to the amount utilized until the end of the utilization period. If the loan is not utilized by the end of the utilization period due to the Borrower's fault, the Lender shall no longer be obliged to provide funds under the loan.

2.4. Loans for financing participation in exchange programs of Usit Colours Bulgaria EOOD may be utilised upon presentation of a certificate by the intermediary company for the amount due to secure a job offer and the program fee.

2.4.1. The loan shall be granted non-cash as follows:

a) to pay the program fee - the BGN equivalent of the amount as determined by the fixed USD/BGN exchange rate of the BNB for the day shall be transferred to the account of the intermediary company on the basis of a payment order submitted in advance by the Borrower;

b) the balance of the loan shall be transferred to the current account of the Borrower, opened with DSK Bank, with an issued DSK ISIC, DSK-ISIC-UNI, VISA, DSK Start, DSK Teen or DSK Max bank card.

2.5. The utilization period in case of a student loan under exchange programs of Usit Colors Bulgaria EOOD, utilized in stages, shall not be longer than 12 months.

3. Where the loan is utilized in stages, upon utilization of amounts from the first stage, the actually utilized portion of the loan shall be transformed as a debt. The monthly installments for principal and interest shall be determined on the basis of the actually utilized amount until the final agreed repayment deadline of the loan. Upon utilization of amounts from subsequent stages, the individual repayment plan shall be updated, and on the first maturity date following the utilization date a new monthly installment shall be determined in view of the remaining months until the repayment deadline of the loan. The updated repayment plan shall be provided to the Borrower and the Co-debtor upon his/her appearance in an office of the Lender..

4. If the Borrower or the Co-debtor, from whose account the loan has to be repaid, has failed to fulfill its obligation to repay the monthly installments, the Lender shall allow amounts from the next stage to be utilized upon complete repayment of the outstanding installments.

## III. INTEREST LOAN EXPENSES

5.1. The loan shall bear interest at a variable interest rate, subject to the value of the reference interest rate stipulated in the agreement or determined in the cases and according to the procedure under item 5.2.3. The reference interest rate is an interest rate benchmark or index and/or indicator officially published on the BNB website, or a combination of such indices and/or indicators, and in case it is determined under item 5.2.3, it shall also include an equalizing surcharge/discount. In case the value of the

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Co-debtor's signature: .....

respective reference interest rate is negative, it shall be considered 0%.

5.2.1. The variable interest rate, subject to the reference interest rate, shall be changed by the Lender twice a year, on 15 January and on 15 July. The change shall be made according to the value of the interest rate benchmark or index and/or indicator used by the Lender announced two business days before 15 January and 15 July.

5.2.2. In case the interest rate benchmark or index and/or indicator used by the Lender to determine the reference interest rate has no value at 12 o'clock Bulgarian time on the day, which is two business days before 15 January or 15 July, the Lender shall use the last published value until a new one is published.

5.2.3.1. In case the interest rate benchmark or index and/or indicator used by the Lender to determine the reference interest rate changes significantly or is no longer issued, the Lender shall set a new reference interest rate using:

a) another appropriate interest rate benchmark; or  
b) an index and/or indicator officially published on the BNB website, or a combination of such indices and/or indicators representing the statistical information relevant to the banking system on the local market.

5.2.3.2. A given interest rate benchmark under item 5.2.3.1., para. "A" is considered suitable if it has the following characteristics:

a) it refers to the currency of the interest rate benchmark being replaced. By exception, it may refer to another currency when the two currencies can be considered interchangeable (e.g. BGN and EUR as there is a Currency Board).  
b) it has the same maturity as the interest rate benchmark being replaced,  
c) it meets the criteria for an official interest rate benchmark in Annex No. 1 to Regulation 2016/1011 of the European Parliament and of the Council.

5.2.3.3. The indices and/or indicators under item 5.2.3.1., para. "B" should be at least consistent with the currency of the interest rate benchmark or index and/or indicator

being replaced, and may be based on a combination of currencies where those currencies can be considered interchangeable.

5.2.3.4. The new reference interest rate takes into account the client segment for which it is used and reflects the specifics of the local financial market.

5.2.3.5. The reference interest rate is replaced within 3 months after the used benchmark or index and/or indicator has changed significantly or is no longer issued. Until replacing the reference interest rate, it shall remain fixed at the value determined at the last change of the interest rate benchmark or index and/or indicator used.

5.2.3.6. The new reference interest rate, along with the elements under item 5.2.3.1, shall include an equalizing surcharge or discount, so that the final interest payable to or due by the client can remain unchanged at the replacement date.

5.3.1. The Lender shall announce on its website and in its commercial offices the values of the reference interest rate and its components.

5.3.2. When determining a new reference interest rate under item 5.2.3. The Lender shall notify the Borrower and the Co-Debtor of the changes, as well as of the new interest rate benchmark or index and/or indicator, which will be used to determine the reference interest rate, with a notice at a prominent place in its offices and on its website.

5.3.3. In case of changes in the values of the reference interest rate on the dates referred to under item 5.2.1, the Lender shall determine a new amount of the monthly installments for interest and/or principal and shall provide the Borrower and the Co-debtor with an updated repayment plan upon his/her appearance in an office of the Lender. The information under the previous sentence shall be sent to the Borrower once a year in one of the following ways: to the last correspondence address indicated by the Borrower, by e-mail indicated by the Borrower, through the DSK

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Direct internet banking. The Borrower shall specify in the loan agreement his/her preferred method of receiving information. The new monthly installment shall be determined on the first maturity date following the date of the changing the reference interest rate.

5.4. If between the date of the loan agreement and the utilization/ first drawdown of funds from the loan the value of the reference interest rate changes within the terms and conditions, and in line with the procedure under items 5.2.1 and 5.2.3., an up-dated variable interest rate shall be applied based on the new value of the reference interest rate.

6.5. Where the loan is secured by a pledged account/ deposit, the interest rate on the loan shall always be at least 2% higher than the interest on the account/ deposit /interest margin /, and:

a) in case of more than one cash security, the interest on the loan shall be determined on the basis of the account/ deposit with the highest interest rate, regardless of the portion of the loan secured by it.

b) the interest margin shall also apply where the account/ deposit and the loan are in different currencies and where the interest on the account/ deposit changes as a result of an agreement between the account/ deposit holder and the Lender.

c) the requirement for a minimum interest margin shall not apply when the Lender changes the interest rate on the loan and/or the account/deposit.

5.6. If, under the loan agreement a preferential interest rate (interest rate preference/discount) is granted on the loan, in case of default on any of the conditions under which the preferential interest rate on the loan is granted (detailed in an Appendix to the agreement) the right to apply the respective preferential interest/discount shall no longer be valid entirely or partly, in effect from the first maturity date following the date of default. The Lender shall determine a new amount of the monthly installment for interest and/or principal and shall provide the Borrower and

the Co-debtor with an updated repayment plan upon his/her appearance in an office of the Lender.

5.6.1. The Lender shall determine a new amount of the monthly interest and/or principal installments and shall provide the Borrower and the Co-debtor with an updated repayment plan upon his/her appearance in an office of the Lender, also in case of changing the applicable interest rate as a result of any other default on behalf of the Borrower/Co-debtor on the terms and obligations stipulated in the Agreement.

5.7. The monthly repayment installments in case of changes in the interest rate, including the cases under items 5.6 and 5.6.1, shall be determined on a maturity date of the loan, considering the remaining months until the repayment deadline under the loan agreement.

5.8. Interest shall be accrued on the utilized and outstanding portion of the loan and shall be paid monthly.

5.9. When accruing interest, the month is counted as 30 (thirty) days, and the year as 360 (three hundred and sixty) days.

5.10. The interest rate per day shall be calculated by dividing the agreed interest rate under the respective loan into 360 days.

5.11. The accrued interest on the utilized portion of the loan during the grace period shall be capitalized to the balance of the loan on the business day following the maturity date of the last month of the agreed grace period.

6. The Borrower and the Co-Debtor shall owe to the Lender fees and commissions, according to the Tariff for interests, fees and commissions, which DSK Bank applies for services provided to the client. When the Borrower and the Co-debtor fail to pay the due amounts, the debt amount shall increase.

7.1. The annual percentage rate of charge (APRC) expresses the total costs as an annual percentage of the total amount of loan granted. The APRC amount shall be specified in the repayment plan, an integral part of the loan agreement and shall include:

- a) interest
- b) fees that the client owes to the Lender,

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Co-debtor's signature: .....

according to an Appendix - extract from the Tariff of the Bank

c) a fee for opening a current account, through which the granted loan shall be serviced, and a monthly maintenance fee, only if the current account is opened on the day of registering the loan application with the Lender, and it is not included in a payment package of the Lender, used by the account holder, as a condition for preferential interest on the loan;

d) fees for additional services, which shall be used as a condition for preferential interest to be granted on the loan;

e) fee for using a payment package, which shall be used as a condition to be granted preferential interest on the loan.

7.2. The APRC does not include the following costs and fees, which shall be covered by the Borrower and the Debtor:

a) the expenses and fees payable for failure to fulfill obligations under the loan agreement;

b) the notary fees related to the establishment of the collateral;

7.3. The APRC upon concluding the agreement shall be calculated on the condition that the loan is utilized immediately and completely.

7.4. The Borrower and the Co-debtor shall pay a renegotiation fee, according to the Tariff for interests, fees and commissions of DSK Bank, effective as of the date of the respective action.

7.5. The total amount due by the Borrower and the Co-debtor, specified in the repayment plan, shall include the loan principal and the expenses under item 7.1.

#### IV. REPAYMENT

8.1. The interest and principal installments due monthly shall be collected automatically on the maturity date by the Lender from the balance on the current account of the Borrower or the Co-debtor, opened with DSK Bank as stipulated in the loan agreement. Fees, expenses and other amounts due under the agreement and these General Terms and Conditions may also be collected from the agreed repayment account. In case of delay,

the installments shall be collected upon each receipt of amounts on the current account until its repayment.

8.2. The due monthly installments shall be repaid in the currency of the loan. If the currency of the loan is different from the currency of the current account, the amount of the monthly installment shall be converted at the rate of the Lender for non-cash transactions on the repayment date.

8.3. When the due date under item 8.1 falls a non-business day, the due monthly installments shall be collected automatically by the Lender on the first business day after it.

8.4. During the grace period, the Borrower shall not have to pay principal and interest. The principal and/or interest may be repaid in the grace period, first the interest accrued as of the respective date shall be repaid, and the balance shall be applied to reduce the principal.

9.1. The Borrower or the Co-debtor shall have the right at any time to prepay part or all of the remaining loan, also during the grace period, and the Lender shall have no right to refuse to accept the prepaid amount.

9.2. Amounts above the due monthly installments shall be repaid by an order in writing on behalf of the Borrower or the Co-debtor according to the form of the Lender.

9.3. Upon repayment of an amount exceeding the amount of the monthly installment under the repayment plan, the Borrower and the Co-debtor shall not be released from paying each subsequent monthly installment, in the amount and within the term under the repayment plan. The overpaid amounts shall be applied to reduce the balance and the term of the loan at the expense of the last installments under the repayment plan without changing the amount of the monthly repayment installment.

9.4. In case of one-off repayment of at least two monthly repayment installments in excess of the due monthly installment, upon a request in writing, the interest accrued in the grace period or the interest and principal accrued after the end of the grace period shall be recalculated, while keeping the loan repayment deadline. The parties to the

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Agreement shall be provided with an individual repayment plan, which shall be updated on the first maturity date following the date of the request in writing or of an additional agreement, considering the remaining months until the loan repayment deadline. A copy of the updated repayment plan shall be provided to the Borrower and the Co-debtor upon his/her appearance in an office of the Lender.

10.1. The Borrower and/or the Co-Debtor shall not own prepayment compensation to the Lender.

10.2. Prepayment shall reduce the total cost of the loan, and this reduction relates to the interest and costs on the prepaid amount for the remainder of the loan term.

## **OBLIGATIONS OF THE PARTIES**

11. The Borrower undertakes:

- a) to use a current account with DSK Bank
- b) to provide on its current account at the latest on the due date an amount at least equal to the due repayment installment (principal, interest, as well as fees and commissions, if payable);
- c) to repay the loan under the terms of the Agreement;
- d) to guarantee the receivable of the Lender under the Agreement with the collateral provided under it, not to repledge the collateral provided to the Lender without the Lender's explicit consent;
- e) to provide access to and assist the Lender in relation to the provision, utilization and repayment of the loan, and in relation to the collateral under the loan;
- f) to provide the Lender with any requested information and documents relating to the utilization and repayment of the loan, as well as with the information needed to assess the Borrower's creditworthiness during the term of the loan, in accordance with Art. 61 of the the Credit Institutions Act. In case of failure to submit this information or in case of presenting incorrect information, the Lender shall have the right to accelerate the loan;
- g) to notify the Lender in case of changing his/her place of work, place of residence, any of his/her addresses specified in the loan agreement or upon retirement;

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Co-debtor's signature: .....

(h) in the case of target loans, to utilize the authorized loan only for the purpose and under the conditions provided for in the Agreement;

11.1. The co-debtor shall repay in due time all the amounts due (principal, interest, fees, commissions, expenses, etc.) in compliance with the terms of the Loan Agreement and these General Terms and Conditions, and shall as well fulfill the obligations under item 11, para. "c", "d", "e", "f" and "g", being liable to the Lender in case of default.

11.2. TheCo-debtor shall fulfill the obligations under item. 11, para."a" and "b" in case the loan is repaid from a current account opened in his name.

12. The Lender undertakes:

1. To provide the authorized loan under the agreed terms and conditions.
2. To provide in its offices, upon request and free of charge to the Borrower and/or the Co-debtor information on the status of the loan, during the term of the loan agreement, in the form of an account statement on the payments made and a repayment plan for the future payments;
3. To provide information on the movements on the current account servicing the loan - the information shall be provided only to the account holder.

## **VI. COLLATERAL**

13. The loans shall be secured by collateral, determined by the Lender by type, value and sufficiency.

14.1. The relevant collateral agreements shall be concluded in the form required by law.

14.2. The state, notary and other fees for the establishment, renewal and cancellation of the collateral shall be covered by the Borrower.

15. At the discretion of the Lender, the collateral may be released at the request of the Borrower and the Co-debtor, if the assessment of the remaining collateral is sufficient to cover the balance of the loan, according to the internal rules of the Lender.

## **VII. VII. LIABILITY AND SANCTIONS**

16.1. In case of delayed payment of the

monthly installment from the day following the due date specified in the Agreement, the portion of the installment representing the principal shall bear interest at the agreed interest rate, increased by a penalty surcharge in the amount of 10 (ten) percentage points. If the Borrower and/or the Co-debtor repays the due monthly installment by the seventh day after the due date, the penalty surcharge shall not apply.

16.2. In case of delayed payments of the principal and/or interest for longer than 90 days, the entire outstanding balance of the principal shall be accelerated. The consequence under the previous sentence shall occur automatically, and if required by law - upon notification to the Borrower and the Co-debtor, sent to the last correspondence addresses they have indicated.

16.3. From the loan due date - at final maturity (loan repayment deadline) or earlier, the entire outstanding balance of the principal shall bear interest at the statutory rate under Art. 86 of the Obligations and Contracts Act, until the complete repayment of the debt, including by enforcement.

17.1. The Lender shall have the right to accelerate the loan also in the following cases:

- 1.in case of failure to repay on time the agreed interest and/or principal instalments;
- 2.The Borrower and/or the Co-debtor provide incorrect information to the Lender before the authorization and/or during the servicing of the loan;
- 3.in case of misuse of borrowed funds;
- 4.The Borrower and/or the Debtor fail to fulfill their obligation to provide access and to render assistance to the Lender to carry out inspections.
- 5.in case of any other default on behalf of the Borrower and/or the Co-debtor on the clauses of the Agreement and these General Terms and Conditions, as well as in other cases provided by law.

17.2. The accelerated loan shall be stated as overdue and shall bear interest in compliance with item 16.3.

17.3. In case the Borrower/Co-debtor uses more than one loan granted by the Lender, the

Lender shall have the right in case of prepayment of one loan due to serious deterioration of the financial condition of the Borrower/Co-debtor to accelerate also the other loans used by the Borrower/Co-debtor, whether they are regular or not.

17.4. The Bank shall exercise its right under item 17.3. by sending to the Borrower, respectively the Co-debtor, an invitation to repay the outstanding amounts within 2 weeks upon receipt of the invitation. After the expiration of this term, the other loans indicated by the Lender shall be accelerated.

18. The accelerated loan shall be collected in compliance with the relevant statutory procedure, also by realizing the collaterals. The enforcement fees to collect the receivable, paid by the Lender, shall be covered by the Borrower and the Co-debtor, in compliance with the current legislation, and the debt shall be increased by their amount.

## **VIII. OTHER COVENANTS**

19. All the borrowers and co-debtors shall be jointly liable to the Lender for the receivables under the loan agreement and according to these General Terms and Conditions, and the receivable may be collected from either of them completely and/or from their heirs according to their relevant shares.

20. The Lender shall have the right to transfer to a third party its rights under the loan agreement.

21. The life insurance of the Borrower and the Co-debtor, under which DSK Bank is also a beneficiary, shall not release the Borrower and the Co-debtor, respectively their heirs, from fulfillment of the obligations under the loan agreement and these General Terms and Conditions, except for the amount paid by the insurer and applied to repay the loan.

22. The personal data is processed for the purposes of the automatic exchange of financial information in the field of taxation according to the Tax and Social Security Procedure Code automatically in compliance with the Law of the European Union, the Personal Data Protection Act and the international treaties to which the Republic of

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Co-debtor's signature: .....

Bulgaria is a party. In order to fulfill its statutory obligations, the Lender shall apply due diligence procedures for the clients, and shall also provide information to the National Revenue Agency.

## **IX. RIGHT TO WITHDRAW FROM THE CONSUMER LOAN AGREEMENT**

23. The Borrower shall have the right, without having to pay any compensation or penalty and without stating any reason, to withdraw from the concluded consumer loan agreement within 14 days from the date of the loan agreement.

24. The right to withdraw from the concluded consumer loan agreement shall be deemed exercised provided that the Borrower sends a notification to the Lender before the deadline under item 23.

25. The notification under item 24 must be made on paper or another durable medium, ensuring the unaltered reproduction of the stored information, to which the Lender has access, in a way that can be proved in compliance with the current legislation.

26. When the Borrower exercises his/her right to withdraw from the loan agreement, he/she shall return to the Lender the principal and shall pay the interest accrued for the period from the date the funds under the loan were utilized to the date the principal was repaid, without undue delay and not later than 30 calendar days after sending the notification to the Lender on exercising the right of withdrawal. The interest shall be calculated on the basis of the agreed interest rate stipulated in the loan agreement.

27. The Borrower's withdrawal from the concluded loan agreement shall enter into force and the agreement shall be terminated if the notification is made within the term and in compliance with the procedure under items 23 and 24 and provided the condition under item 25 is fulfilled.

## **X. TERMINATION OF THE LOAN AGREEMENT**

28. The loan agreement may be terminated:

a) in the cases under item 26 of these General Terms and Conditions

b) when the Borrower and/or the Co-debtor fully repay their obligations under the  
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loan agreement, including also before the repayment deadline.

## **XI. OUT-OF-COURT SETTLEMENT OF DISPUTES**

29. The Lender shall consider each received objection in connection with a consumer loan and shall notify in writing the sender of the objection of his/her decision within 30 days upon receipt.

30.1. In case the Lender fails to consider within the term provided for under item 29 and when the decision of the Lender does not satisfy the sender of the objection, he/she shall have the right to refer the dispute for consideration by the conciliation commissions established under Chapter Nine, Section III of the Law on Consumer Protection when his/her rights and legitimate interests have been infringed upon.

30.2. The submission of an objection or complaint by the Borrower or Co-debtor in connection with the consumer loan agreement is not a mandatory prerequisite for initiating conciliation proceedings under item 30.1.

31. The Borrower and the Co-debtor shall have the right to file complaints relating to consumer loan agreements or to credit intermediary agreements for consumer loans to:

1. the Consumer Protection Commission as a body supervising compliance with the requirements of the Consumer Loans Act and the Consumer Protection Act:

Place Sofia, Postcode 1000

1 Vrabcha Str., fl. 3, 4 and 5.

Hotline 070011122

E-mail: [info@kzp.bg](mailto:info@kzp.bg)

2. Sectoral Conciliation Commission for dispute resolution in the field of financial services, including the provision of remote financial services relating to the provision of consumer and mortgage loans:

Place Sofia, Postcode 1000

1 Vrabcha Str.

tel. 02/9330 577

web page: [www.kzp.bg](http://www.kzp.bg)

e-mail: [adr.credits@kzp.bg](mailto:adr.credits@kzp.bg)

The Commission has been recognized as an

Alternative Dispute Resolution body meeting  
the requirements set out in the Consumer  
Protection Act.

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