

## ACT ON CONSUMER HOUSING LOANS

### I GENERAL PROVISIONS

#### *Subject matter*

##### Article 1

This Act governs consumer housing loans, in particular the provision of consumer housing loan services, consumer housing loan agreements, the information, rights and procedures related to consumer housing loans, the assessment of consumer creditworthiness, access to credit registers, the provision of credit intermediation and advisory services, supervision of creditors and credit intermediaries and consumer rights protection.

#### *Compliance with the regulations of the European Union*

##### Article 2

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

#### *Definitions*

##### Article 3

Within the meaning of this Act and regulations adopted under this Act, the following terms shall have the following meanings:

- 1) '*consumer*' means a natural person who, in transactions covered by this Act, is acting for purposes outside his trade, business or profession;
- 2) '*creditor*' means a natural or legal person who, in the course of his trade, business or profession offers or grants consumer housing loans;
- 3) '*agreement on a consumer housing loan*' means an agreement by which a creditor grants or promises to grant a consumer a loan in the form of deferred payment, credit or a similar financial settlement, meeting any of the following criteria:
  - a) loan agreement collateralised by a pledge on residential immovable property or a transfer of ownership of residential immovable property for the purpose of securing the claim; or
  - b) loan agreement the purpose of which is for the consumer to acquire or retain the ownership of residential immovable property;

4) '*ancillary service*' means a service offered to the consumer in conjunction with the agreement on a consumer housing loan;

5) '*credit intermediary*' means a natural or legal person who is not a creditor and who, in the course of his trade, business or profession, for remuneration, which may take a pecuniary form or any other agreed form of financial consideration:

a) presents or offers agreements on consumer housing loans to consumers;

b) assists consumers by undertaking preparatory work or other pre-contractual administration in respect of agreements on consumer housing loans other than those referred to in sub-item a) of this item; or

c) concludes agreements on consumer housing loans with consumers in the name and for the account of the creditor.

6) '*group*' means a group of creditors subject to drawing up consolidated statements in accordance with the law governing the accounting of undertakings;

7) '*tied credit intermediary*' means any credit intermediary who, under full and unconditional responsibility, acts in the name and for the account of:

a) only one creditor;

b) only one group; or

c) a number of creditors or groups which do not represent the majority of the market;

8) '*appointed representative*' means a natural or legal person who performs services referred to in item (5) of this Article, in the name and for the account of only one credit intermediary;

9) '*credit institution*' means credit institution as defined in Article 4, paragraph (1), item (1) 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 and amending Regulation (EU) No 648/2012;

10) '*non-credit institution*' means any creditor that is not a credit institution;

11) '*staff*' means:

a) any natural person employed with the creditor or credit intermediary who is engaged in the service providing activities referred to in this Act or who directly communicates with consumers in the course of providing services governed by this Act;

b) any natural person employed with the appointed representative who directly communicates with consumers in the course of providing services governed by this Act; or

c) any natural person directly managing or supervising persons referred to in sub-items (a) or (b) of this item;

12) '*total loan amount*' means the cap or the total amount made available to the consumer under the loan agreement;

13) '*total amount payable by the consumer*' means the sum of the total loan amount and the total cost of the loan to the consumer as referred to in Article 17, paragraph (2) of this Act;

14) '*interest rate*' means the interest rate specified as a fixed or variable percentage and applied to the amount of the granted consumer housing loan on an annual basis;

15) '*creditworthiness assessment*' means the evaluation of the prospect for the debt obligation resulting from the agreement on a consumer housing loan to be met;

16) '*durable medium*' means any instrument which enables the consumer to store information addressed exclusively to him in a way accessible for use for a period of time relevant for the information and which allows the reproduction of unchanged stored information;

17) '*home Member State*' means

a) where the creditor or credit intermediary is a natural person, the Member State in which their domicile is situated;

b) where the creditor or credit intermediary is a legal person, the Member State in which its registered office is situated, or, if under the law of that Member State legal persons are not required to enter a registered office in a public register, the place where its head office is situated;

18) '*host Member State*' means the Member State in which the creditor or the credit intermediary from another Member State provides services governed by this Act, whether through a branch or directly;

19) '*advisory service*' means the provision of personal recommendations to a consumer in respect of one or more activities relating to an agreement on a consumer housing loan and constitutes a service separate from the service of granting a consumer housing loan and from credit intermediation services referred to in item (5) of this Article;

20) '*competent authority*' means an authority designated by a Member State as competent for the supervision of consumer housing loans; in the Republic of Croatia, the competent authority is the Croatian National Bank;

21) '*bridging loan agreement*' means a loan agreement either of no fixed duration or which is due to be repaid within 12 months, used by a consumer as a temporary financing solution while transitioning to another financial arrangement for the immovable property;

22) '*contingent liability or guarantee*' means a loan agreement which acts as a guarantee for another separate and ancillary transaction, where the capital secured against an immovable property is only drawn down if an event or events specified in the agreement occur;

23) '*shared equity loan agreement*' means a loan agreement where the capital repayable is based on a contractually set percentage of the value of the immovable property at the time of the capital or loan amount repayments;

24) '*tying practice*' means the practice whereby the agreement on a consumer housing loan is offered or concluded in a package with other distinct financial products or services, where the agreement on a consumer housing loan is not made available to the consumer separately;

25) '*bundling practice*' means the practice whereby the agreement on a consumer housing loan is offered or concluded in a package with other distinct financial products

or services, where the agreement on a consumer housing loan is also made available to the consumer separately, but not necessarily on the same terms and conditions as when offered bundled with the ancillary services;

26) '*agreement on a foreign currency consumer housing loan*' means an agreement on a consumer housing loan where the loan is:

a) denominated in or linked to a currency other than that in which the consumer receives the income or holds the assets securing the repayment of the loan; or

b) denominated in or linked to a currency other than the currency of the Member State in which the consumer is resident;

27) '*loan linked to a currency*' referred to in item (26) of this Article means an agreement on a consumer housing loan according to which the consumer meets their obligation in the currency of the Republic of Croatia, but the value of the obligation is calculated based on the exchange rate of the currency of the Republic of Croatia against another foreign currency;

28) '*residential immovable property*' means:

a) a house or flat intended to be used as a dwelling or a house or flat intended for vacation;

b) a garage or parking spot purchased or pledged by the consumer along with the residential immovable property referred to in sub-item (a) of this item; or

c) a construction site intended to be used for the construction of residential immovable property referred to in sub-item (a) of this item;

29) '*right of withdrawal from the agreement*' means the right of a consumer to, for an additional period after concluding the agreement on a consumer housing loan and without the creditor's influence on his decision, reflect on all the rights, obligations and consequences arising from the agreement and decide whether he wishes to remain committed to the agreement;

30) '*conversion*' means the change of the currency of the obligation referred to in the agreement on the consumer housing loan whereby the initially agreed upon currency of the obligation is changed into an alternative currency;

31) '*conversion agreement*' means the change of the agreement on a consumer housing loan or a new agreement on a consumer housing loan whereby conversion is performed in accordance with Article 23 of this Act;

32) '*credit union*' means a credit union as defined by the law governing the operation of credit unions;

33) '*credit register*' means a database used for the assessment of consumer creditworthiness, including legal persons and associations that were, inter alia, established in order to provide the information necessary for the assessment of consumer creditworthiness;

34) '*Member State*' means a Member State of the European Union and a contracting party to the Agreement on the European Economic Area (OJ L 1, 3.1.1994);

35) '*third country*' means a country that is not a Member State.

#### *Scope of application*

#### Article 4

(1) This Act shall apply to agreements on consumer housing loans with the exception of:

1) loan agreements where the loan is repaid from the value of immovable property serving as security for the claim, under which the creditor:

a) meets obligations arising from the loan agreement by contributing a lump sum, periodic payments or other forms of loan disbursement in return for a sum deriving from the future sale of residential immovable property or a right related to residential immovable property, and

b) will not seek repayment of the loan until the occurrence of one or more specified life events of the consumer, unless the consumer breaches his contractual obligations, which allows the creditor to terminate the loan agreement;

2) loan agreements where the loan is granted by an employer acting outside their profession or by a trade union to employees or trade union members, where such a loan agreement is offered free of interest or at an effective interest rate lower than those prevailing on the market and is not offered to the public generally;

3) loan agreements where the loan is granted free of interest and without any other charges, except those that recover costs directly related to the securing of the loan;

4) loan agreements in the form of an overdraft facility and where the loan has to be repaid within 30 days;

5) loan agreements which are the outcome of a settlement reached in court or before another statutory authority;

6) loan agreements which relate to the deferred payment, free of charge, of an existing debt and which do not fall within the scope of paragraph (1), item (a) of this Article.

(2) Only the following creditors may grant agreements on consumer housing loans within the territory of the Republic of Croatia:

1) credit institutions having their head office in the Republic of Croatia authorised by the Croatian National Bank to provide banking services;

2) credit institutions of another Member State authorised to provide banking services within the territory of the Republic of Croatia through a branch or directly in accordance with the law governing the operation of credit institutions;

3) branches of third-country credit institutions authorised by the Croatian National Bank to establish a branch of a third-country credit institution; and

4) credit unions having their head office in the Republic of Croatia, authorised by the Croatian National Bank.

(3) The provisions of this Act referring to credit institutions shall apply to branches of third-country credit institutions authorised by the Croatian National Bank to establish a branch of a third-country credit institution within the territory of the Republic of Croatia and to credit unions.

(4) Creditors offering or granting consumer housing loans within the territory of the Republic of Croatia shall apply the provisions of this Act and of regulations adopted under this Act.

(5) The provisions of this Act shall also apply to:

- 1) bridging loan agreements;
- 2) shared equity loan agreements; and
- 3) consumer credit agreements, where consumer credit is intended for the renovation of residential immovable property.

(6) Unless otherwise prescribed in this Act, provisions of the law governing consumer protection and of the law governing the operation of credit institutions shall apply to consumer housing loans. The provisions of the law governing consumer credit shall not apply to consumer housing loans which are the subject matter of this Act.

(7) Consumers may not waive any of the rights conferred on them by this Act.

(8) The Croatian National Bank shall adopt subordinate legislation to further regulate the events referred to in paragraph (1), item (1), sub-item (b) of this Article.

### *Competent authority and the protection of confidential information*

#### Article 5

(1) The Croatian National Bank shall be competent for the supervision of the application of this Act and of regulations adopted under this Act by creditors referred to in Article 4, paragraph (2) of this Act and credit intermediaries referred to in Article 29, paragraph (1) of this Act in accordance with the provisions of this Act, in the manner prescribed by the laws governing the operation of credit institutions and credit unions, unless otherwise prescribed in this Act.

(2) Where, in the course of performing the tasks within its competence, based on collected information, the Croatian National Bank establishes facts and circumstances indicating that services from the scope of application of this Act are being provided by persons unauthorised for the provision of such services, it shall notify the State Attorney's Office of the Republic of Croatia or another competent supervisory authority thereof without delay.

(3) The Croatian National Bank shall protect the confidentiality of all information of which it became aware in the course of exercising its powers under this Act and shall not disclose such information to other persons or authorities.

(4) By way of derogation from paragraph (3) of this Act, the following disclosure of information shall not constitute a breach of protection of confidentiality:

1) disclosure of information in aggregate form, such that personal or business data cannot be identified;

2) disclosure of information in the cases and manner prescribed by this Act.

3) the delivery of information for the purposes of criminal or preliminary proceedings, requested or ordered in writing by the competent court, the Office for the Prevention of Corruption and Organised Crime, the State Attorney's Office or the Ministry of the Interior, where the Ministry of the Interior is ordered to do so in writing by the State Attorney's Office, or requested in writing by the authority of another Member State competent to act in criminal proceedings; and

4) exchange of information in accordance with other laws and European Union law.

(5) The provision of paragraph (3) of this Article shall apply to all natural persons that work or have worked in the Croatian National Bank in any capacity as well as auditors and other professionals that carry out or have carried out activities at the order of the Croatian National Bank.

(6) All persons, authorities and their employees receiving information referred to in paragraph (3) of this Article pursuant to paragraph (4), items (2) through (4) of this Article shall use such information exclusively for the purpose for which it has been given and may not divulge it or make it available to third parties, except in cases prescribed by law.

## II FINANCIAL EDUCATION OF CONSUMERS

### *Financial education of consumers*

#### Article 6

Credit institutions and credit intermediaries shall make available, at a visible location on the business premises where services are provided to consumers and on their website, clear and general information in Croatian relating to the procedure of granting consumer housing loans and shall inform consumers of the option of obtaining counsel at consumer protection counselling centres, where available.

## III CONDITIONS APPLICABLE TO CREDIT INSTITUTIONS AND CREDIT INTERMEDIARIES

### *Conduct of business obligations when granting consumer housing loan agreements*

#### Article 7

(1) When manufacturing loan products, granting, intermediating or providing advisory services related to agreements on consumer housing loans, and, where appropriate, ancillary services to consumers and when meeting obligations arising from agreements on consumer housing loans, credit institutions and credit intermediaries shall act honestly, fairly, transparently and professionally, taking account of the rights and interests of consumers.

(2) When granting, intermediating or providing advisory services related to agreements on consumer housing loans, credit institutions and credit intermediaries shall act based on information on the consumer's circumstances and any specific requirements made known by the consumer to the credit institution or credit intermediary and on reasonable assumptions about risks to the consumer's situation over the term of the agreement on the consumer housing loan. When providing advisory services, credit institutions or credit intermediaries shall also obtain and take into account information in accordance with Article 22, paragraph (4) of this Act.

(3) When contracting consumer housing loans, credit institutions shall not contract remuneration to their staff and credit intermediaries, nor shall credit intermediaries contract remuneration for their staff in any manner contrary to compliance with the conduct of business obligations referred to in paragraph (1) of this Article. When providing advisory services, credit institutions and credit intermediaries shall ensure that the remuneration structure of staff involved does not prejudice their ability to act in the consumer's best interest and in particular is not contingent on sales targets.

(4) When establishing and applying remuneration policies for staff responsible for the assessment of consumer creditworthiness, credit institutions shall ensure, in a way that is appropriate to their size, internal organisation and the scope and complexity of their activities, that the remuneration policy:

1. is consistent with and promotes sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk of the credit institution; and

2. is in line with the business strategy, objectives, values and long-term interests of the credit institution, and incorporates measures to avoid conflicts of interest, in particular by providing that remuneration is not contingent on the number or proportion of loan applications accepted.

(5) The Croatian National Bank shall adopt subordinate regulation to further regulate the requirements referred to in paragraphs (3) and (4) of this Article in relation to staff remuneration.

### *Knowledge and competence requirements*

#### Article 8

(1) The staff of credit institutions and credit intermediaries who are engaged in the manufacturing, offering or granting of agreements on consumer housing loans and the provision of credit intermediation or advisory services pursuant to this Act shall meet the following requirements:

- 1) the appropriate level of knowledge; and
- 2) the appropriate level of competence.

(2) Where, within the territory of the Republic of Croatia, a credit institution of another Member State or a credit intermediary of another Member State:

- 1) provides its services through a branch, it shall meet the requirements set out in this Article;
- 2) directly provides its services, it shall meet the minimum requirements further regulated by subordinate legislation referred to in paragraph (3) of this Article.

(3) The Croatian National Bank shall adopt subordinate legislation to further regulate requirements related to knowledge and competence referred to in paragraph (1) of this Article and the manner in which such requirements shall be met.

## IV INFORMATION AND PRACTICES PRELIMINARY TO THE CONCLUSION OF THE AGREEMENT ON A CONSUMER HOUSING LOAN

### *General provisions applicable to advertising and marketing*

#### Article 9

(1) Credit institutions and credit intermediaries shall ensure that all types of advertising and advertising materials related to agreements on consumer housing loans are plausible, clear and not misleading.

(2) Credit institutions and credit intermediaries may not use wording that may create false expectations for a consumer regarding the availability or the total cost of the loan to the consumer.



*Standard information to be included in advertising*

Article 10

(1) Credit institutions and credit intermediaries shall, in any advertising concerning agreements on consumer housing loans indicating an interest rate or any figures relating to the cost of the loan to the consumer, include the information set out in this Article.

(2) The information referred to in paragraph (1) of this Article shall specify in a clear, specific and prominent way:

- 1) the name of the credit institution or the name of the credit intermediary;
- 2) where applicable, that the agreement on a consumer housing loan will be secured by residential immovable property;
- 3) the interest rate, indicating whether it is fixed or variable or a combination of both, including the particulars of any charges included in the total cost of the loan to the consumer;
- 4) total loan amount;
- 5) the effective interest rate which shall be included in advertising at least as prominently as any other interest rate;
- 6) where applicable, the duration of the agreement on a consumer housing loan;
- 7) where applicable, the amount of the instalment or annuity;
- 8) where applicable, the total amount payable by the consumer;
- 9) where applicable, the number of instalments or annuities; and
- 10) where applicable, a warning regarding the fact that possible fluctuations of the exchange rate could affect the amount payable by the consumer.

(3) The information referred to in paragraph (2) of this Article, other than listed in items (1), (2) and (10) shall be specified by means of a representative example. A representative example means an example illustrating the least favourable conditions under which at least two thirds of consumers may conclude an agreement on a consumer housing loan.

(4) Where the conclusion of an agreement regarding an ancillary service related to the agreement on a consumer housing loan, in particular insurance, is compulsory in order to grant an agreement on a consumer housing loan or to grant it on the terms and conditions marketed, and the cost of that service cannot be determined in advance, the obligation to enter into the agreement regarding an ancillary service shall be stated in a clear, specific and prominent way, together with the effective interest rate.

(5) The information referred to in paragraphs (2) and (4) of this Article shall be easily legible or clearly audible, as appropriate, depending on the medium used for advertising.

(6) In addition to the information referred to in paragraphs (2) and (4) of this Article, advertising shall also include a concise and proportionate warning concerning risks associated with agreements on foreign currency consumer housing loans or consumer housing loans with variable interest rates.

*Tying and bundling practices*

## Article 11

(1) Credit institutions may not use tying practices.

(2) By way of derogation from paragraph (1) of this Article, credit institutions may require consumers to hold a relevant insurance policy related to the agreement on a consumer housing loan. Credit institutions shall accept insurance policies from suppliers different from their preferred suppliers where such policies have a level of guarantee equivalent to the one proposed by the credit institution.

(3) By way of derogation from paragraph (1) of this Article, the granting of consumer housing loans by housing savings banks to housing savers in accordance with the law governing housing savings and state incentive to housing savings shall not be considered a tying practice within the meaning of this Act.

(4) Credit institutions may use bundling practices.

### *Obligation to provide information to consumers free of charge*

## Article 12

(1) The information that credit institutions and credit intermediaries are required to provide to consumers under this Act shall be provided free of charge, unless otherwise prescribed in this Act for particular information.

(2) A credit institution shall make available to the consumer, at the consumer's request, free of charge and at any moment over the entire duration of the agreement on the consumer housing loan, a report in the form of the loan amortisation schedule, including the calculation of the effective interest rate as at the date of the loan amortisation schedule in accordance with Article 17, paragraph (5) of this Act, information on the total amount of principal repaid, interest and expenses, a breakdown of repayments and an overview of interest rate changes.

### *General information*

## Article 13

(1) Credit institutions and credit intermediaries shall make available to consumers clear and comprehensible general information about agreements on consumer housing loans on paper, in electronic form or on another durable medium.

(2) General information referred to in paragraph (1) of this Article shall include at least the following:

- 1) the name and head office, or name and address of the issuer of information;
- 2) the purpose for which the consumer housing loan may be used;
- 3) types of collateral and information on whether collateral may be situated in another Member State or a third country;
- 4) the possible duration of the agreement on a consumer housing loan;
- 5) available interest rates, indicating whether they are fixed or variable, with a short description of the characteristics of a fixed and variable rate, including related implications for the consumer;
- 6) where the conclusion of an agreement on a foreign currency consumer housing loan is offered, an indication of the foreign currency or currencies, including an

explanation of the implications for the consumer, including the exchange rate used for the payment and collection of the loan and the conditions for drawdown;

7) a representative example of the total loan amount, the total cost of the loan to the consumer, the total amount payable by the consumer and the effective interest rate;

8) possible further costs not included in the total cost of the loan to the consumer, to be paid by the consumer in connection with the agreement on a consumer housing loan;

9) the range of different options available for reimbursing the consumer housing loan, including the number, frequency and amount of regular repayment instalments or annuities;

10) where applicable, a clear and concise statement that compliance with the terms and conditions of the agreement on a consumer housing loan does not guarantee the repayment of the total amount of loan under the agreement on a consumer housing loan;

11) conditions for early repayment;

12) whether a valuation of the immovable property is necessary and who is responsible for ensuring that the valuation is carried out, and whether any related costs arise for the consumer;

13) ancillary services the consumer is obliged to acquire in order to be granted a consumer housing loan or in order to be granted a consumer housing loan on the terms and conditions marketed and a clarification that certain ancillary services may be purchased from a provider that is not the creditor;

14) a general warning concerning possible consequences of non-compliance with the commitments arising from the agreement on a consumer housing loan; and

15) existence of a right of withdrawal from the agreement on a consumer housing loan, the period during which that right may be exercised and other conditions that may govern the exercising of that right, including information relating to the obligation of the consumer to pay the outstanding balance of the principal and interest in accordance with Article 14 of this Act.

*Information provided prior to concluding an agreement on a consumer housing loan and the right of withdrawal from the agreement*

Article 14

(1) Credit institutions and credit intermediaries shall provide consumers with personalised information needed to compare agreements on consumer housing loans available on the market, assess their implications and make an informed decision on whether to conclude an agreement on a consumer housing loan:

1) without undue delay after the consumer has given the necessary information on his needs, financial situation and preferences in accordance with Article 20 of this Act; and

2) in good time before the consumer is bound by an agreement on a consumer housing loan or by accepting an offer.

(2) Personalised information referred to in paragraph (1) of this Article shall be provided on paper or another durable medium by means of the European Standardised Information Sheet (hereinafter referred to as 'ESIS'), as further regulated by the subordinate legislation referred to in paragraph (13) of this Article.

(3) Where a consumer is provided with an offer binding for the credit institution, the credit institution shall deliver it on paper or another durable medium and accompanied by an ESIS where:

- 1) no ESIS has been provided to the consumer previously; and
- 2) where the characteristics of the offer are different from the information contained in the ESIS previously provided.

(4) In the case referred to in paragraph (3) of this Article, credit institutions shall offer the consumer a period of at least 15 days to compare offers, assess their effects and reach an informed decision. The aforementioned period shall be the reflection period prior to the conclusion of an agreement on a consumer housing loan.

(5) The consumer shall be entitled to withdraw from the agreement without specifying the reason within 14 days of the day the agreement on a consumer housing loan was concluded. The provisions of the law governing consumer protection shall not apply to the withdrawal from the agreement in the part related to the right of consumers to a unilateral termination of an agreement on financial services concluded by means of distance communication.

(6) The consumer shall notify the credit institution, and, where applicable, other providers of ancillary services of the withdrawal from the agreement on a consumer housing loan in written form. In case of withdrawal from the agreement, the consumer shall pay to the credit institution the principal and the contracted interest on the principal from the day the money was withdrawn to the day the principal was repaid without delay, at the latest within 30 days from the day when the consumer sent the notification of withdrawal to the credit institution. Interest shall be calculated based on the contracted interest rate.

(7) In case of withdrawal from the agreement, the credit institution may not charge the consumer any other fees other than one-off fees payable by the credit institution to a public administration body, where such fees exist.

(8) Where a credit institution or another provider of ancillary services contracted ancillary services with the consumer, the consumer may, within 14 days of the delivery of the notification referred to in paragraph (6) of this Article, withdraw from the agreement on ancillary services as well. The consumer shall notify the credit institution or the other provider of ancillary services of the withdrawal from the agreement on ancillary services in written form.

(9) Where the credit institution or the credit intermediary delivered the ESIS to the consumer prior to concluding the agreement on a consumer housing loan, they shall be considered to have met the requirements related to providing information to the consumer prior to concluding the agreement at a distance as laid down by regulations governing consumer protection.

(10) Any additional information that the credit institution or the credit intermediary could offer or is required to offer to the consumer shall be provided in a separate document that may be attached to the ESIS.

(11) The agreement on a consumer housing loan shall be concluded in written form or using advanced electronic signature and shall clearly and concisely include the following essential contents:

- 1) type of loan;
- 2) name and address of the creditor and name of consumer and, where applicable, name and address of credit intermediary involved;
- 3) total amount and currency of the loan and the conditions governing drawdown;
- 4) duration of the loan agreement;
- 5) type and level of interest rate, and, where applicable, the parameter of variability governing its change and the fixed part of the interest rate indicated as percentage, as well as periods, conditions and procedures relating to interest rate change, and, where different interest rates apply in different circumstances, information referred to in this item in relation to all applicable rates;
- 6) the level of the effective interest rate on the day the agreement is concluded and a list of all costs included in the calculation of the effective interest rate;
- 7) where applicable, flexible features affecting the total cost of the loan for the consumer;
- 8) frequency and number of payments and the amount of an individual instalment or annuity payable by the consumer;
- 9) repayment plan;
- 10) essential characteristics and value of the collateral and, where applicable, name of guarantor;
- 11) where applicable, essential characteristics of ancillary services contracted along with the loan agreement accompanied by information on the right of consumer to cancel the ancillary service, conditions and consequences of such cancellation and, where applicable, possible consequences of a termination of the agreement on ancillary services;
- 12) right to early repayment and the early repayment procedure;
- 13) where applicable, conditions to be met in order to exercise the consumer right referred to in Article 28, paragraph (4) of this Act;
- 14) right to withdraw from the loan agreement, the period during which this right may be exercised, including information relating to the consumer's obligation to pay the outstanding amount of the principal and interest in accordance with paragraph (6) of this Article, and, where applicable, the consequences of a withdrawal from the loan agreement to agreements on ancillary services;
- 15) right to and conditions for the conversion referred to in Article 23 of this Act;
- 16) warning regarding the consequences of missed payments;
- 17) right of complaint;
- 18) recourse to out-of-court or alternative consumer dispute resolution.

(12) Credit institutions or credit intermediaries shall make available to any other participants in the credit relationship (co-debtors, pledgors, guarantors, etc.), free of charge, all information referred to in this Article, as well as, should the consumer or other participants in the credit relationship request so, a copy of the draft agreement on the consumer housing loan.

(13) The Croatian National Bank shall adopt subordinate legislation further regulating the content and form of the ESIS and the minimum content of that form in case of voice telephony communications as defined by regulations governing consumer protection.

*Information requirements and obligations of credit intermediaries towards consumers*

Article 15

(1) Prior to providing any of the credit intermediation services referred to in Article 3, item (5) of this Act, the credit intermediary shall, in good time, provide the consumer with the following information on paper or on another durable medium:

- 1) name and head office or name and address of the credit intermediary;
- 2) name of court or other register in which it is entered, personal identification number (OIB) or business entity registration number (MBS);
- 3) whether it is tied to one or more credit institutions and the name of those credit institutions, whereby it may disclose that it is independent where it meets the conditions referred to in Article 22, paragraphs (5) through (7) of this Act;
- 4) whether it provides advisory services;
- 5) the fee payable by the consumer to the credit intermediary for its services or, where this is not possible, the method for calculating the fee;
- 6) the procedures allowing consumers or other interested parties to register complaints internally about the credit intermediary and the credit institution to which it is tied and possible means by which recourse to out-of-court dispute resolution can be sought;
- 7) amount of commissions or other inducements, payable by the credit institution or a third party to the credit intermediary for its services in relation to the agreement on a consumer housing loan. Where the amount is not known at the time of disclosure the credit intermediary shall inform the consumer that the actual amount will be disclosed at a later stage in the ESIS.

(2) Where the credit intermediary charges a fee to the consumer and additionally receives commission from the credit institution or a third party, the credit intermediary shall explain to the consumer whether or not the commission will be offset against the fee, either in part or in full.

(3) Credit intermediaries who are not tied but who receive commission from one or more credit institutions shall, at the consumer's request, provide information on the variation in levels of commission payable by credit institutions whose loan agreements are being offered to the consumer. Credit intermediaries shall inform consumers that they have the right to request such information.

(4) Credit intermediaries shall communicate to credit institutions the amount of fee payable by the consumer to the credit intermediary for its services for the purpose of calculating the effective interest rate, where such a fee has been contracted.

(5) The provisions of this Article shall apply to credit institutions when carrying out credit intermediation activities.

*Adequate explanations for consumers*

Article 16

(1) Credit institutions and credit intermediaries shall provide adequate explanations to the consumer on the proposed agreements on consumer housing loans and ancillary services in order to enable the consumer to assess whether the proposed agreements on consumer housing loans and ancillary services are adapted to his needs and financial situation.

(2) The explanations shall, where applicable, include:

1) information to be provided prior to concluding the agreement on a consumer housing loan in accordance with:

a) Article 14 of this Act where information is provided by a credit institution;  
b) Articles 14 and 15 of this Act where information is provided by a credit intermediary;

2) the essential characteristics of the proposed agreements on consumer housing loans and ancillary services;

3) the specific effects that the proposed agreement on a consumer housing loan and ancillary service could have on the consumer, including the consequences of failure to meet obligations arising from the agreement or ancillary service; and

4) where ancillary services are bundled with the agreement on a consumer housing loan, whether each component of the bundle can be terminated separately and the implications for the consumer of doing so.

V EFFECTIVE INTEREST RATE

*Calculation of the effective interest rate*

Article 17

(1) The effective interest rate is an interest rate indicating the total cost of the loan to the consumer, specified as an annual percentage of the total loan amount and equating, on an annual basis, the present value of all future or current obligations (drawdowns, repayments and payments of charges) agreed between the creditor and the consumer.

(2) The total cost of the loan to the consumer referred to in paragraph (1) of this Article includes:

1) the total cost of the consumer housing loan to the consumer, including interest, fees, taxes and all other charges which the consumer must pay in relation to the agreement on a consumer housing loan and of which the consumer is aware, besides notary fees, as well as costs of ancillary services relating to the agreement on a consumer housing loan, in particular insurance premiums, included where the conclusion of the

agreement on the provision of ancillary services is mandatory in order to obtain the loan or to obtain it on the terms and conditions marketed;

2) the cost of the valuation of immovable property where such valuation is necessary in order to obtain a consumer housing loan; and

3) the cost of opening and maintaining a specific account, of using a means of payment for both transactions and drawdowns on that account and other costs relating to payment transactions whenever the opening or maintaining of an account is obligatory in order to obtain the consumer housing loan or to obtain it on the terms and conditions marketed.

(3) The total cost of the loan to the consumer referred to in paragraph (2) of this Article shall not include the cost of transfer of ownership of residential immovable property and the charges the consumer is obligated to pay in case of failure to meet the obligations set out in the agreement on a consumer housing loan.

(4) Credit institutions may not charge the consumer fees for processing and/or granting consumer housing loans. Any other fees charged by a credit institution in relation to an agreement on consumer housing loan may not exceed the actual cost which was incurred by the credit institution and for which the fee is charged. Following the conclusion of an agreement on a consumer housing loan, credit institutions may not introduce new fees or increase the fees applicable at the moment the agreement on a consumer housing loan was concluded.

(5) Credit institutions and credit intermediaries shall calculate the effective interest rate when advertising as referred to in Article 10 of this Act, when making available general information referred to in Article 13 of this Act, when providing personalised information referred to in Article 14 of this Act, and when concluding agreements on consumer housing loans as well as for the duration of the agreement. Credit institutions and credit intermediaries shall calculate the effective interest rate in accordance with the manner of calculation, assumptions and elements needed for the purpose of calculating the effective interest rate and set out in detail in the subordinate legislation adopted by the Croatian National Bank pursuant to the law governing the operation of credit institutions.

(6) The maximum effective interest rate for consumer housing loans under this Act shall be the statutory default interest rate.

## VI CREDITWORTHINESS ASSESSMENT

### *Obligation to assess the creditworthiness of the consumer*

#### Article 18

(1) Before concluding the agreement on a consumer housing loan, credit institutions shall make a thorough assessment of the consumer's creditworthiness. That assessment shall take into account factors relevant to verifying the prospect of the consumer to meet his obligations under the agreement on a consumer housing loan.

(2) Credit institutions shall establish, document and regularly update procedures and information on which the assessment of the consumer's creditworthiness is based.



(3) The assessment of the consumer's creditworthiness shall not rely predominantly on the fact that the value of the residential immovable property exceeds the total amount of the loan or the assumption that the residential immovable property will increase in value unless the purpose of the agreement on a consumer housing loan is to construct or renovate the residential immovable property.

(4) Following the conclusion of an agreement on a consumer housing loan, credit institutions may not cancel or terminate the agreement on a consumer housing loan on the grounds that the assessment of creditworthiness was incorrectly conducted, unless it demonstrates that the consumer knowingly withheld or falsified the information referred to in Article 20 of this Act.

(5) Credit institutions shall conclude an agreement on a consumer housing loan with the consumer only where the result of the assessment of the consumer's creditworthiness indicates that the consumer is likely to meet obligations resulting from the agreement on a consumer housing loan in the manner required under that agreement.

(6) Where applicable, the credit institutions shall inform the consumer in advance that a credit register will be consulted in accordance with the law governing the protection of personal data.

(7) Where the application for the conclusion of an agreement on a consumer housing loan is rejected, the credit institution shall, without delay, inform the consumer of the rejection and, where applicable, that the decision is based on automated processing of data. Where the rejection is based on the result of credit register consultation, the credit institution shall inform the consumer, without delay and free of charge, that the decision on the rejection is based on the data obtained from the credit register, of the result of the consultation and of the particulars of the credit register consulted.

(8) Credit institutions shall continuously monitor the consumer's creditworthiness for the entire duration of the agreement and shall, without exception, re-assess the consumer's creditworthiness based on updated information referred to in Article 20 of this Act prior to granting any significant increase in the total amount of the loan after the conclusion of the agreement on a consumer housing loan, unless such an additional loan was envisaged and included in the original assessment of the consumer's creditworthiness.

(9) The use of personal data in the process of assessing the consumer's creditworthiness referred to in this Article shall not be considered acting contrary to the law governing the protection of personal data.

(10) The Croatian National Bank shall adopt subordinate legislation to further regulate requirements related to the assessment of the consumer's creditworthiness.

### *Valuation of residential immovable property*

#### Article 19

(1) The valuation of residential immovable property shall be performed in accordance with regulations governing immovable property valuation.

(2) Appraisers performing the valuation of residential immovable property shall be professionally competent and sufficiently independent from the consumer housing loan underwriting process so that they can provide an impartial and objective valuation.

(3) Credit institutions shall document the valuation of the residential immovable property on a durable medium and keep a record of the valuation.

(4) The Croatian Bureau of Statistics shall ensure adequate statistical monitoring of the data from the residential immovable property market and, where necessary, develop specific price indices for public disclosure.

(5) The Croatian National Bank shall adopt subordinate legislation to further regulate the minimum content of the credit institutions' records on immovable property from the scope of application of this Act.

### *Verification of consumer information*

#### Article 20

(1) Credit institutions shall perform the valuation of the consumer's creditworthiness referred to in Article 18 of this Act on the basis of information on the consumer's income and expenses and other financial and economic circumstances that are necessary, sufficient and proportionate. Credit institutions shall verify the collected information in an appropriate manner, including, where necessary, independently verifiable documentation.

(2) For the purposes of gathering information referred to in paragraph (1) of this Article, credit institutions may:

- 1) use data available to it;
- 2) request data from the consumer, except publicly available data;
- 3) use information provided by the consumer to the credit intermediary when submitting the application for the granting of a consumer housing loan.

(3) When providing credit intermediation services, credit intermediaries and credit institutions shall deliver to the creditor credit institution, in a timely and accurate manner, all necessary information obtained from the consumer for the purpose of assessing the consumer's creditworthiness.

(4) Prior to concluding an agreement on a consumer housing loan, credit institutions shall specify in a clear and straightforward way the necessary information and independently verifiable documentation that the consumer needs to provide and the time frame within which the consumer needs to provide the information. Such request for information shall be proportionate and limited to the information necessary to conduct a creditworthiness assessment. Credit institutions may seek clarification of the information received where necessary to enable the assessment of the consumer's creditworthiness.

(5) Credit institutions may not terminate an agreement on a consumer housing loan on the grounds that the information provided by the consumer before the conclusion of the agreement on a consumer housing loan was incomplete.

(6) Credit institutions may terminate an agreement on a consumer housing loan where it is demonstrated that the consumer knowingly withheld or falsified the information delivered.

(7) Credit institutions and credit intermediaries shall, at the latest upon receiving the application for the granting of a consumer housing loan, warn the consumer that a consumer housing loan will not be granted where the credit institution cannot conduct the assessment of the consumer's creditworthiness because the consumer refuses to provide information or documentation necessary to assess his creditworthiness.

## VII ACCESS TO CREDIT REGISTERS

### *Access to credit registers*

#### Article 21

(1) Credit registers in the territory of the Republic of Croatia shall deliver to credit institutions operating in accordance with this Act the information available to them and needed by the credit institution in order to assess the creditworthiness of the consumer or to monitor whether the consumer meets the credit obligations arising from the agreement on a consumer housing loan that is the subject matter of this Act.

(2) By way of derogation from paragraph (1) of this Article, the credit register may make the provision of information referred to in paragraph (1) of this Article conditional upon the application of the principle of reciprocity.

(3) Credit registers may charge a fee for providing the information referred to in paragraph (1) of this Article.

## VIII ADVISORY SERVICES

### *Standards for advisory services*

#### Article 22

(1) Credit institutions and credit intermediaries shall explicitly inform the consumer in the consumer housing loan granting process whether they can provide advisory services.

(2) Before the provision of advisory services or, where applicable, the conclusion of an agreement on the provision of advisory services, credit institutions and credit intermediaries shall provide the consumer with the following information on paper or another durable medium:

1) whether the recommendation will be based on considering only their own product range in accordance with paragraph (4), item (2) of this Article or a wide range of products from across the market in accordance with paragraph (4), item (3) of this Article so that the consumer can understand the basis on which the recommendation is made; and

2) where applicable, the fee payable by the consumer for the advisory services or, where the amount cannot be ascertained at the time of disclosure, the method used for its calculation.

(3) The information referred to in paragraph (2) of this Article may be provided to the consumer in the form of additional information prior to the conclusion of an agreement on a consumer housing loan.

(4) When providing advisory services, credit institutions and credit intermediaries shall, in addition to the requirements set out in Articles 7 and 8 of this Act, also meet the following requirements:

1) obtain the necessary information regarding the consumer's personal and financial situation, his preferences and objectives so as to enable the recommendation of a suitable agreement on a consumer housing loan. Such an assessment shall be based on information that is up to date at that moment in time and shall take into account reasonable assumptions as to risks to the consumer's situation over the term of the proposed agreement on the consumer housing loan;

2) consider a sufficiently large number of agreements on consumer housing loans in their product range and recommend an agreement on a consumer housing loan or several agreements on consumer housing loans suitable for the consumer's needs, financial situation and personal circumstances;

3) act in the best interests of the consumer by informing themselves about the consumer's needs and circumstances and recommend suitable agreements on consumer housing loans in accordance with this paragraph and paragraph (5) of this Article; and

4) give the consumer a record of the recommendation provided in written form or on another durable medium.

(5) When providing advisory services, non-tied credit intermediaries shall consider a sufficiently large number of consumer housing loan offers available on the market and recommend one or several appropriate offers available on the market that are suitable for the consumer's needs, financial situation and characteristics.

(6) When providing advisory services, credit institutions and credit intermediaries shall distinguish between the terms 'advice' and 'advisor' and 'independent advice' and 'independent advisor'.

(7) Credit institutions and credit intermediaries may use the terms 'independent advice' and 'independent advisor' where the following conditions are met:

1) a sufficiently large number of consumer housing loan offers available on the market has been considered;

2) they are not remunerated by the credit institution for advisory services provided.

(8) Where credit institutions or credit intermediaries assess that, considering the consumer's financial situation, the conclusion of an agreement on a consumer housing loan could induce a specific risk for the consumer, they shall warn the consumer of such risk.

(9) Advisory services provided pursuant to this Article shall not in any way prejudice the consumer's right to obtain information in accordance with Article 16 of this Act or the right to provide services that help consumers understand their financial needs and the types of products that are likely to meet those needs.

IX AGREEMENT ON A FOREIGN CURRENCY CONSUMER HOUSING LOAN  
AND AGREEMENT ON A CONSUMER HOUSING LOAN WITH A VARIABLE  
INTEREST RATE

*Agreement on a foreign currency consumer housing loan*

Article 23

(1) For agreements on foreign currency consumer housing loans, credit institutions shall, at the consumer's request, unconditionally and at any time for the duration of the agreement, allow the conversion of the loan from the currency in which the loan was denominated or to which it was linked into an alternative currency.

(2) The conversion referred to in paragraph (1) of this Article may be performed only once for the duration of the agreement. Credit institutions may not charge a fee for conversion to the consumer. All other costs arising from the conversion shall be borne by the consumer, unless otherwise provided for by the agreement on a foreign currency consumer housing loan.

(3) The alternative currency referred to in paragraph (1) of this Article shall be the monetary unit of the Republic of Croatia (the kuna).

(4) By way of derogation from paragraph (3) of this Article, the credit institution and the consumer may agree on the following currencies as the alternative currency:

1) the currency in which the consumer primarily receives income or holds assets from which the consumer housing loan is to be repaid, as indicated at the time the most recent creditworthiness assessment in relation to the agreement on a consumer housing loan was made; or

2) the currency of the Member State in which the consumer either was resident at the time the agreement on a consumer housing loan was concluded or is currently resident.

(5) The conversion referred to in paragraph (1) of this Article shall be performed using the midpoint exchange rate of the Croatian National Bank applicable on the day the request for conversion referred to in paragraph (1) of this Act was made, unless agreed otherwise. For currencies not shown in the exchange list of the Croatian National Bank, credit institutions shall perform the conversion by first converting that currency into euro or US dollars using the midpoint exchange rate of the benchmark market and then converting it into kuna according to the midpoint exchange rate of the Croatian National Bank.

(6) Credit institutions shall offer a draft agreement on the conversion referred to in paragraph (1) of this Article to the consumer within 15 days of the day the consumer's request for conversion is received, unless otherwise provided for in the agreement on the consumer housing loan with regard to which conversion is requested. Where an agreement on a consumer housing loan in an alternative currency referred to in paragraph (3) or paragraph (4) of this Article is not included in a credit institution's offer, the credit institution shall create such an agreement for the consumer submitting the request for the conversion in accordance with market conditions and with a minimum maturity as the one remaining under the agreement on a consumer housing loan in a foreign currency.

(7) Where the consumer decides to accept the offer referred to in paragraph (6) of this Article, it shall notify the credit institution thereof by means of registered mail with a return receipt or in person within 15 days of the day the offer of an agreement on the conversion referred to in paragraph (1) of this Article was received, unless the agreement provides for a longer period.

(8) Where the consumer concluded the agreement on a consumer housing loan in a foreign currency, the credit institution shall notify him on a regular basis where the total amount payable by the consumer which remains outstanding or of the regular instalments or annuities varies by more than 20% from what it would be if the exchange rate between the foreign currency in which the agreement on a consumer housing loan is denominated and the kuna or an alternative currency, where such a currency has been contracted, applicable at the time of the conclusion of the agreement, were applied. The credit institution shall deliver the notification to the consumer on paper or on another durable medium.

(9) In the notification referred to in paragraph (8) of this Article, the credit institution shall inform the consumer of the rise in the amount payable by the consumer or in regular instalments or annuities outstanding under the agreement on a consumer housing loan as well as set out the consumer's right to conversion into an alternative currency and the conditions under which such a conversion can be performed.

(10) The conditions of the conversion referred to in this Article shall be agreed between the credit institution and the consumer in the agreement on a consumer housing loan. The conditions of the conversion shall comprise at least the manner of determining the interest rate to be applied in case of conversion into an alternative currency. The provisions on the alternative currency, the right to conversion and the conditions of the conversion referred to in this paragraph shall constitute essential contents of an agreement on a foreign currency consumer housing loan.

(11) When performing conversion, credit institutions shall not request the replacement of immovable property serving as collateral or demand additional instruments of collateral or request a valuation of residential immovable property as a condition to perform conversion.

(12) Credit institutions may, even after conversion, keep and use promissory notes, agreements on the securing of pecuniary claims concluded in accordance with the law governing foreclosure and other documents submitted to the credit institution in order to secure the foreign currency claim for the purpose of debt collection, taking into account that forced collection is performed up to the amount of the actual debt in the alternative currency following the conversion.

(13) Where conversion is performed by a housing savings bank, the provisions of the law governing housing savings and state incentive to housing savings concerning the cap on interest rates on granted loans in relation to interest rates on savings shall not apply in the conversion.

(14) Where for a foreign currency consumer housing loan a deposit in that currency was provided as collateral, when converting such a loan, the deposit shall be converted into the same alternative currency into which the agreement on a consumer housing loan is converted by applying, *mutatis mutandis*, paragraph (5) of this Article.

*Variable interest rate*

Article 24

(1) Where credit institutions contract the application of a variable interest rate in an agreement on a consumer housing loan, they shall:

- 1) define the parameter to be monitored in the context of taking the decision on the correction of the variable interest rate that is clear and available to consumers;
- 2) make a qualitative and quantitative elaboration of the relationship of cause and effect with regard to the movements of the parameter referred to in item (1) of this paragraph and the effect of such movement on the level of the variable interest rate; and
- 3) determine during which periods the decision on the correction of the interest rate level is considered (determine the base period and the reference periods).

(2) The parameter referred to in paragraph (1), item (1) of this Article may be the EURIBOR, LIBOR, NRR, yield on the T-bills of the Ministry of Finance or the average interest rate on household deposits in the relevant currency. The variable interest rate is defined as the sum of the contracted parameter and the fixed part of the interest rate that may not increase over the period of loan repayment and that must be contracted along with the parameter.

(3) The change in the interest rate over a reference period may not go beyond, or, where the interest rate has decreased, below the change in the parameter referred to in paragraph (1) of this Article, specified in percentage points.

(4) Where credit institutions offer the contracting of a variable interest rate, they shall, prior to the conclusion of the agreement on a consumer housing loan, clearly and unambiguously present to the consumer the elements referred to in paragraph (1) of this Article, warn the consumer of all the risks associated with variability and clearly and unambiguously set out the variable elements based on which the variable interest rate is calculated in the agreement on a consumer housing loan, including the flexible features affecting the total cost of the loan to the consumer referred to in Article 17, paragraph (2) of this Act.

(5) Credit institutions shall keep records of the parameters referred to in paragraph (2) of this Article and previously defined for the contracting of the variable interest rate and make such records available on its website.

*Maximum interest rate on consumer housing loans*

Article 25

(1) The maximum allowed interest rate on consumer housing loans with a contracted variable interest rate in kuna that are not linked to a foreign currency and in euro and in kuna linked to the euro shall not exceed the average weighted interest rate on the balances of housing loans granted in the Republic of Croatia, defined for each of the currencies and increased by one third (1/3).

(2) The maximum allowed interest rate on consumer housing loans not included in paragraph (1) of this Article shall not exceed the lowest average weighted interest rate on the balances of housing loans granted in the Republic of Croatia, defined for each of the currencies and increased by one third (1/3).

(3) The Croatian National Bank shall publish in the Official Gazette the average weighted interest rates on the balances of housing loans in kuna that are not linked to a foreign currency and in euro and in kuna linked to the euro according to the established methodology and the data as at 31 October on 1 January, and the data as at 30 April on 1 July.

### *Early repayment*

#### Article 26

(1) Consumers shall have the right to, at any moment, fully or partially, discharge their obligations under the agreement on a consumer housing loan. In such cases, the consumer shall be entitled to a reduction in the total cost of the loan referred to in Article 17 of this Act, such reduction consisting of the interest and other costs for the remaining duration of the agreement on a consumer housing loan.

(2) Credit institutions may not charge consumers fees for the early full or partial discharge of their obligations under the agreement on a consumer housing loan.

(3) Credit institutions shall, upon receiving a written request for early repayment, without delay provide the consumer with the information necessary to consider the option of early repayment on paper or on another durable medium. In the information referred to in this paragraph, credit institutions shall at least quantify the implications for the consumer of discharging his obligations prior to the expiry of the agreement on a consumer housing loan and clearly set out any assumptions used while processing the request. Such assumptions shall be reasonable and justifiable.

### *Information concerning changes in the interest rate*

#### Article 27

(1) Credit institutions shall inform the consumer of any change in the interest rate referred to in Article 24, paragraph (1) of this Act, on paper or another durable medium agreed upon, at least 15 days before the change takes effect. The information shall contain an explanation of parameter movements that caused the change in the interest rate, the repayment plan including the number and the amount of instalments or annuities to be paid once the new interest rate takes effect and, where the number or the frequency of instalments or annuities changes, details on the instalments or annuities.

(2) Where the credit institution fails to notify the consumer on the increase in the interest rate in the agreed manner at least 15 days prior to the change, it shall postpone the application of the new interest rate until the following calculation period.

### *Arrears and voluntary foreclosure*

#### Article 28

(1) Credit institutions shall put in place processes to enable the early recognition of consumers with possible difficulties in payment and ensure an efficient establishment of contact with consumers having difficulties in payment.

(2) Credit institutions shall, prior to initiating foreclosure proceedings, take reasonable and justified action with the aim of reaching an agreement in relation to the collection of arrears under the agreement on a consumer housing loan with consumers



having difficulties in payment. Credit institutions shall inform the consumers having difficulties in payment in writing of the action they intend to take or have taken with the aim of collection as well as propose measures to facilitate the repayment under the agreement on a consumer housing loan.

(3) Credit institutions may not impose additional fees on consumers having difficulties in payment or charge consumers having difficulties in payment additional fees arising from default under the agreement on a consumer housing loan. Default interest shall not be considered additional fees within the meaning of this Act.

(4) The credit institution, consumer and pledgor may agree that the transfer of ownership of the immovable property as collateral for the consumer housing loan to the credit institution is considered sufficient to fully meet all outstanding obligations under the agreement on a consumer housing loan.

(5) Where the option referred to in paragraph (4) of this Article is set out in the agreement on a consumer housing loan, at the request of the consumer credit institutions shall, within eight days, unconditionally and irrevocably invite the pledgor to deliver the document suitable for the entry of transfer of ownership into the land registry.

(6) Where upon the completion of foreclosure proceedings the debt is not fully settled, credit institutions may take reasonable and justified measures to facilitate the debt repayment for the consumer and other participants in the credit relationship.

(7) Forced collection from the collateral of a consumer housing loan shall be performed in accordance with the law governing foreclosure.

(8) The Croatian National Bank shall adopt subordinate legislation to further regulate minimum measures that credit institutions are obligated to offer to a consumer in order to reach an agreement referred to in paragraph (2) of this Article as well as measures in the course of foreclosure proceedings and measures referred to in paragraph (6) of this Article.

## X AUTHORISATION FOR THE PROVISION OF CREDIT INTERMEDIATION SERVICES AND SUPERVISION OF CREDIT INTERMEDIARIES

### *Issue of authorisation*

#### Article 29

(1) In the territory of the Republic of Croatia, credit intermediation services referred to in Article 3, item (5) of this Act may be provided by:

1) tied credit intermediaries having their head office in the Republic of Croatia, authorised by the Croatian National Bank to provide credit intermediation services;

2) credit intermediaries authorised by a competent authority of another Member State to provide credit intermediation or advisory services;

3) credit institutions having their head office in the Republic of Croatia that may provide such services under their authorisation;

4) credit institutions of another Member State that are authorised to provide credit intermediation services in accordance with the national law of that Member State;

5) branches of third-country credit institutions authorised by the Croatian National Bank to establish a branch of a third-country credit institution.

(2) Legal persons intending to provide credit intermediation services shall submit to the Croatian National Bank the application for authorisation for the provision of credit intermediation services related to consumer housing loans (hereinafter referred to as: application for the provision of credit intermediation services) in which it shall specify:

- 1) the services referred to in Article 3, item (5) of this Act they intend to provide;
- 2) whether they intend to provide advisory services along with the services referred to in item (1);
- 3) the name of the credit institution in the name of and for the account of which they intend to provide credit intermediation services.

(3) Credit intermediaries shall enclose to the application referred to in paragraph (2) of this Act the evidence that the requirements for credit intermediaries referred to in Article 31 of this Act have been met.

(4) The Croatian National Bank shall adopt a decision to decide on the application referred to in paragraph (2) of this Act. Where the Croatian National Bank establishes that the requirements referred to in Article 31 of this Act have been met, it shall issue an authorisation for the provision of credit intermediation services. The authorisation for the provision of credit intermediation services may include the authorisation for the provision of advisory services.

(5) The authorisation for the provision of credit intermediation services shall contain the services for which the credit intermediary is authorised and the name of the credit institution to which the credit intermediary is tied and on behalf of which it may provide credit intermediation services.

(6) No appeal may be lodged against the decision by which the Croatian National Bank decides on the application for the issue of authorisation referred to in paragraph (2) of this Article, but an administrative dispute may be initiated against it.

(7) Credit intermediation services may not be provided in the territory of the Republic of Croatia by any other person other than the persons referred to in paragraph (1) of this Article.

(8) Credit intermediaries shall, upon receiving the authorisation referred to in paragraph (5) of this Article, seek authorisation for any additional service they intend to provide, as well as for any additional credit institution to which they intend to be tied and on behalf of which they intend to provide services.

(9) Credit intermediaries that have obtained authorisation for the provision of credit intermediation services from the Croatian National Bank may not appoint representatives.

(10) Credit institutions shall assume full and unconditional liability for damage caused by their tied credit intermediaries by acting contrary to the provisions of this Act.

(11) Credit institutions may not exclude or limit the liability referred to in paragraph (10) of this Article.

(12) Credit institutions referred to in paragraph (1), item (3) of this Article that have obtained an authorisation for the provision of core financial credit reference

services, such as the collection, analysis and provision of information on the creditworthiness of legal and natural persons that conduct their business independently, in accordance with the law governing the operation of credit institutions, shall be authorised to provide all credit intermediation services referred to in Article 3, item (5) of this Act, as well as advisory services.

(13) Credit institutions referred to in paragraph (1), item (4) of this Article that are authorised to provide credit intermediation services on the basis of an authorisation issued by a competent authority of another Member State, may provide advisory services in the territory of the Republic of Croatia provided they are authorised to provide such services in the home Member State.

(14) Branches of third-country credit institutions referred to in paragraph (1), item (5) of this Article that have, as part of the authorisation to establish a branch of a third-country credit institution, obtained an authorisation for the provision of core financial credit reference services, such as the collection, analysis and provision of information on the creditworthiness of legal and natural persons that conduct their business independently, in accordance with the law governing the operation of credit institutions, shall also be authorised to provide advisory services in the territory of the Republic of Croatia.

### *Register of credit intermediaries*

#### Article 30

(1) The Croatian National Bank shall keep a register of credit intermediaries referred to in Article 29, paragraph (1), items (1) and (2) of this Act (hereinafter referred to as 'Register of credit intermediaries'). The register of credit intermediaries shall be updated regularly and publicly accessible on the website of the Croatian National Bank.

(2) The Croatian National Bank shall regularly update and publish the identification details of the authorities competent for the authorisation and supervision of credit intermediaries from all other Member States on its website.

(3) The register of credit intermediaries shall include at least the following information:

1) name and head office or name and address and registration number of the credit intermediary;

2) name of the credit intermediary's management board member responsible for credit intermediation activities;

3) name of home Member State of the credit intermediary and names of other Member States in which the credit intermediary provides services directly or through a branch; and

4) whether the credit intermediary is tied or not and, where the credit intermediary is tied, the name of the creditor to which it is tied.

(4) The Croatian National Bank shall adopt subordinate legislation to further regulate the manner of keeping and the content of the register of credit intermediaries.

### *Requirements to be met by credit intermediaries*

### Article 31

(1) Upon receiving the authorisation for the provision of credit intermediation services, credit intermediaries may submit an application for the entry into the court register of the activity of the provision of credit intermediation and advisory services in relation to consumer housing loans.

(2) Credit intermediaries referred to in Article 29, paragraph (1), item (1) of this Act may only be legal persons that, at any moment, meet the following requirements:

1) the staff of the credit intermediary has the appropriate level of knowledge and competence in relation to offering or concluding agreements on consumer housing loans and ancillary services and providing advisory services, as evidenced by a certificate stating that they possess such a level of knowledge, issued by a credit institution;

2) they hold a policy of insurance against professional liability or a comparable guarantee covering the entire territory in which they provide services, whereby such insurance or comparable guarantee may be provided by a credit institution;

3) based on their track record, it is reasonable to expect that they will provide services in accordance with the provisions of this Act and professional rules and standards;

4) they have not been convicted of any of the following criminal offences:

a) a criminal offence against values protected by international law (Title XIII), a criminal offence against property (Title XVII), with the exception of violations of copyrights or of the rights of performing artists (Article 229), illicit use of an author's work or an artistic performance (Article 230), violations of the rights of producers of audio or video recordings and the rights related to radio broadcasting (Article 231), and violations of patent rights (Article 232), a criminal offence against the payment system and the security of its operations (Title XXI), a criminal offence relating to the authenticity of documents (Title XXIII), a criminal offence relating to breaches of official duties (Title XXV), with the exception of failures to execute orders (Article 340) and violations of a duty to guard the state border (Article 341), under the Criminal Code (Official Gazette 110/1997, 27/1998, 50/2000, 129/2000, 51/2001, 111/2003, 190/2003, 105/2004, 84/2005, 71/2006, 110/2007, 152/2008 and 57/2011);

b) a criminal offence of unauthorised use and disclosure of privileged information (Article 149), price manipulation and spreading of false information (Article 150), coordinated activity for the purpose of acquiring unlawful material or financial gain (Article 151), presentation of false data in the prospectus and its unauthorised distribution (Article 152), unauthorised listing of securities, concealment of ownership (Article 153) and illicit trade in securities (Article 154) under the Securities Markets Act (Official Gazette 84/2002 and 138/2006);

c) a criminal offence of use, disclosure and divulging of privileged information (Article 3), market manipulation (Article 4), unauthorised provision of investment services (Article 5) and unauthorised performance of activities of tied agents (Article 6) under the Act on Criminal Offences Against the Capital Market (Official Gazette 152/2008);

d) a criminal offence relating to labour relations and social security (Title XII), a criminal offence against property (Title XXIII), a criminal offence against the economy (Title XXIV), a criminal offence relating to computer forgery (Article 270) and computer fraud (Article 271), a criminal offence relating to forgery (Title XXVI) and a criminal offence relating to breaches of official duties (Title XXVIII) under the Criminal Code;

e) a criminal offence referred to in Articles 75 and 76 of the law governing foreign exchange operations;

f) a criminal offence of giving false information (Article 624), false presentation of assets (Article 625), violation of duty in the event of loss, overindebtedness or insolvency (Article 626), false issuance or falsification of share deposit certificates (Article 627), violation of duty to report (Article 628) and violation of confidentiality (Article 629) under the Companies Act (Official Gazette 111/1993, 34/1999, 121/1999, 52/2000, 118/2003, 107/2007, 146/2008, 137/2009, 125/2011, 152/2011, 111/2012, 68/2013, 110/2015);

g) a criminal offence of unauthorised establishing and managing of investment funds (Article 229), unauthorised offering of investment funds (Article 230), unauthorised sale of units or shares in investment funds (Article 231) under the Investment Funds Act (Official Gazette 150/2005);

5) a member of the management or of the management board of a credit intermediary responsible for credit intermediation activities shall meet the following requirements:

a) be of good repute;

b) possess adequate knowledge, competence, skills and experience required to manage the credit intermediary's operations; and

c) meet the criteria for management board members under the provisions of the law governing the operation of undertakings;

6) the credit intermediary has concluded an agreement or a preliminary agreement on the provision of credit intermediation services with the credit institution to which it is tied.

(3) A person who has been convicted by a judgement with final force and effect of any of the criminal offences referred to in paragraph (2), item (4) of this Article or a criminal offence against life and limb (Title X), a criminal offence against values protected under international law (Title XIII), a criminal offence against sexual freedom and sexual morality (Title XIV) under the Criminal Code (Official Gazette 110/1997, 27/1998, 50/2000, 129/2000, 51/2001, 111/2003, 190/2003, 105/2004, 84/2005, 71/2006, 110/2007, 152/2008 and 57/2011), a criminal offence against life and limb (Title X), a criminal offence against sexual freedom (Title XVI) under the Criminal Code or against whom personal bankruptcy proceedings have been initiated shall not be considered to be of good repute.

(4) The Croatian National Bank shall be competent to obtain data on convictions with final force and effect of criminal offences and misdemeanours in the Republic of Croatia from the criminal history records and misdemeanour records based on a

reasoned explanation for each request and of offences meeting the description of offences referred to in paragraph (2), item (4) and paragraph (3) of this Article from the European Criminal Records Information System in accordance with the law governing legal consequences of convictions, criminal records and rehabilitation.

(5) Where all the requirements referred to in paragraph (2) have been met, the Croatian National Bank shall issue an authorisation for the provision of credit intermediation services within 30 days of the receipt of a valid application referred to in Article 29, paragraph (2) of this Act.

(6) The Croatian National Bank shall adopt subordinate legislation to further regulate the manner of submitting applications, the required documentation and the requirements referred to in paragraph (2) of this Article that are to be met by credit intermediaries, including the contents of the certificate referred to in paragraph (2), item (1) of this Article.

#### *Credit intermediaries tied to only one credit institution*

##### Article 32

(1) By way of derogation from Article 29 of this Act, the application for the issue of authorisation for the provision of credit intermediation services on behalf of only one credit institution (hereinafter referred to as 'authorisation for credit intermediation on behalf of only one credit institution) in the name and for the account of a credit intermediary shall be submitted by the credit institution.

(2) The credit institution referred to in paragraph (1) of this Article shall submit to the Croatian National Bank the application for the issue of authorisation for credit intermediation on behalf of only one credit institution with the contents set out in Article 29, paragraph (2), items (1) and (2) of this Act and enclose:

1) a statement by the credit intermediary that it will provide credit intermediation services related to consumer housing loans exclusively on behalf of the credit institution referred to in paragraph (1) of this Article; and

(2) assessment that the credit intermediary referred to in paragraph (1) of this Article meets the requirements referred to in Article 31, paragraph (2), items (1), (2), (3), (5) and (6) of this Act.

(3) Where all the requirements referred to in Article 31, paragraph (2) of this Act have been met, the Croatian National Bank shall issue an authorisation for credit intermediation on behalf of only one credit institution within 30 days from the receipt of a valid application referred to in paragraph (2) of this Article.

(4) Credit institutions shall ensure that the credit intermediaries for which they have obtained an authorisation for credit intermediation on behalf of only one credit institution continuously meet the requirements referred to in Article 31, paragraph (2), item (1) of this Act.

(5) Credit intermediaries that have obtained an authorisation in accordance with paragraph (3) of this Article and that intend to be tied to and provide credit intermediation services on behalf of several credit institutions shall submit to the Croatian National Bank an application for the issue of authorisation for the provision of credit intermediation services referred to in Article 29 of this Act.

(6) Credit institutions shall be fully and unconditionally responsible for activities that their tied credit intermediaries referred to in paragraph (1) of this Article perform on their behalf.

*Ensuring the legality of operation of credit intermediaries*

Article 33

(1) Credit institutions shall ensure that credit intermediaries that are tied to them and with which they have concluded an agreement on the provision of credit intermediation services act in accordance with the provisions of this Act.

(2) Credit institutions shall, without delay and no later than within 15 days after any of the circumstances for the revocation of authorisation for the provision of credit intermediation services referred to in Article 35 of this Act arises, notify the Croatian National Bank thereof.

(3) Where a credit intermediary is tied to several credit institutions, then each credit institution shall comply with the provisions of this Article in the part relating to the provision of services by the tied credit intermediary.

(4) Credit institutions shall keep a record on concluded, amended and terminated agreements with credit intermediaries.

(5) Credit institutions shall deliver to the Croatian National Bank a notification on amended or terminated agreements with credit intermediaries within 15 days of the day of amendment or termination.

(6) The Croatian National Bank shall adopt subordinate legislation to further regulate the manner in which the supervision of credit intermediaries shall be performed.

*Provision of services in another Member State through a branch or direct provision of services*

Article 34

(1) Credit intermediaries that obtained the authorisation for the provision of credit intermediation services from the Croatian National Bank may provide credit intermediation and advisory services that they are authorised to provide in the territory of the Republic of Croatia in the territory of another Member State through a branch or directly.

(2) Credit intermediaries referred to in paragraph (1) of this Article that intend to provide credit intermediation services in another Member State, through a branch or directly, shall notify the Croatian National Bank of their intention and specify the Member State in which they intend to provide credit intermediation services.

(3) The Croatian National Bank shall, within 30 days of the receipt of the notification referred to in paragraph (2) of this Article, notify the competent authority of the host Member State of the credit intermediary's intention. In the notification to the competent authority of the host Member State, the Croatian National Bank shall deliver the information on the credit institution to which the credit intermediary is tied and the information on whether the credit institution is fully and unconditionally responsible for the services provided by the credit intermediary.

(4) The Croatian National Bank shall notify the credit intermediary on the delivery of the notification referred to in paragraph (3) of this Article.

(5) Credit intermediaries referred to in paragraph (1) of this Article may begin providing credit intermediation and advisory services after the period of 30 days of the delivery of the notification referred to in paragraph (4) of this Article expires.

(6) Credit intermediaries referred to in paragraph (1) of this Article that intend to establish a branch in a third country shall notify the credit institutions to which they are tied of such an intention.

(7) Credit intermediaries from another Member State may, under the conditions set out in this Act, provide services in the territory of the Republic of Croatia through a branch or directly.

(8) Credit intermediaries from another Member State may only provide credit intermediation services in the territory of the Republic of Croatia for which they were authorised by the competent authority of the home Member State.

(9) Credit intermediaries from another Member State may begin providing credit intermediation and advisory services in the territory of the Republic of Croatia once the period of 30 days of the delivery of the notification of the competent authority of the home Member State to the Croatian National Bank of the intention of the credit intermediary to provide services in the territory of the Republic of Croatia expires.

(10) Before a credit intermediary from another Member State begins providing services in the territory of the Republic of Croatia through a branch and no later than within 60 days of the day the notification referred to in paragraph (9) of this Article is received, the Croatian National Bank shall inform it of the options of supervision in accordance with Article 36 of this Act, and, where necessary, warn the credit intermediary of another Member State of the conditions under which credit intermediation and advisory services are provided in the territory of the Republic of Croatia.

(11) Credit intermediaries of another Member State may not provide credit intermediation services in the territory of the Republic of Croatia in the name and for the account of non-credit institutions.

(12) Credit intermediaries from another Member State may not operate through appointed representatives in the territory of the Republic of Croatia.

(13) The Croatian National Bank shall adopt subordinate legislation to further regulate the requirements for the notification of cross-border operation.

#### *Revocation and cessation of authorisation*

#### Article 35

(1) The Croatian National Bank may revoke a decision on authorisation for the provision of credit intermediation services where:

1) a credit intermediary delivers to the Croatian National Bank a notification that it no longer intends to perform credit intermediation activities;

2) a credit intermediary does not provide credit intermediation services for longer than six months;



3) a credit institution notifies the Croatian National Bank of the termination of the agreement with the credit intermediary and the credit intermediary was tied only to that credit institution;

4) upon obtaining the authorisation the credit intermediary ceases to meet the requirements set out in Article 31 of this Act on the basis of which the authorisation was issued;

5) a credit intermediary breaches the provisions of this Act or other regulations governing the conditions of providing credit intermediation services in the Republic of Croatia or another Member State;

6) a credit intermediary does not allow the Croatian National Bank to perform supervision;

7) a credit intermediary fails to deliver the required information and evidence at the request of the Croatian National Bank in relation to performing the supervision of its operation in accordance with this Act; or

8) a credit intermediary fails to implement a supervisory measure.

(2) The Croatian National Bank may annul the decision granting the authorisation for the provision of credit intermediation services where a credit intermediary obtained the authorisation on the basis of false or inaccurate information.

(3) In case of revocation or annulment of the decision issuing the authorisation for the provision of credit intermediation services, the rights and obligations arising from the agreement on a consumer housing loan shall be assumed by the credit institution in the name of and for the account of which the credit intermediary concluded the agreement on a consumer housing loan.

(4) The authorisation for credit intermediation for only one credit institution shall cease to be valid on the day the agreement on the provision of credit intermediation services between the credit institution and the credit intermediary referred to in Article 32 of this Act ceases to be in force. The credit institution shall notify the Croatian National Bank without delay of the cessation of the agreement on the provision of credit intermediation services.

(5) Where the Croatian National Bank revoked the decision by which authorisation was issued to a credit intermediary, it shall notify, in an adequate manner, the competent authorities of the home Member State of the revocation no later than within 14 days.

(6) Credit intermediaries whose authorisation for the provision of credit intermediation services was revoked shall, without delay, be removed from the register of credit intermediaries.

(7) The Croatian National Bank may partially revoke an authorisation for the provision of credit intermediation services in relation to one credit institution.

(8) The authorisation for the provision of credit intermediation services shall cease to be valid on the day:

1) winding-up proceedings are opened against the credit intermediary;

2) a decision to open bankruptcy proceedings against the credit intermediary is adopted;

3) a new legal person is entered into the court register in case of a merger of the credit intermediary with another legal person; or

4) the credit intermediary is removed from the court register in case of a merger of the credit intermediary with another legal person.

### *Supervision of credit intermediaries*

#### Article 36

(1) The supervision of the application of this Act and the regulations adopted under this Act shall be performed by the Croatian National Bank in relation to:

1) credit intermediaries with a head office in the Republic of Croatia and its branch in another Member State;

2) branches of credit intermediaries with a head office in another Member State operating in the Republic of Croatia; and

3) credit intermediaries from a Member State who provide direct credit intermediation services in the Republic of Croatia.

(2) Supervision of credit intermediaries referred to in paragraph (1), item (1) of this Article shall be performed by the Croatian National Bank through on-site or off-site examination. Off-site examination may be performed through the supervision of credit institutions.

(3) For credit intermediaries referred to in paragraph (1), item (2) of this Article, the Croatian National Bank shall supervise the application of the provisions of Articles 6, 7, paragraphs (1) and (2) and Articles 8, 9, 10, 12, 13, 14, 15, 16, 17, 20, 22 and 39 of this Act and the measures adopted in relation to particular credit intermediaries.

(4) Where the Croatian National Bank establishes that a credit intermediary referred to in paragraph (1), item (2) of this Article acts contrary to the provisions of paragraph (3) of this Article, it shall request of the credit intermediary to cease the unlawful conduct.

(5) Where the credit intermediary referred to in paragraph (1), item (2) of this Article fails to cease the unlawful conduct referred to in paragraph (3) of this Article, the Croatian National Bank shall take further measures with the aim of stopping the unlawful conduct of the credit intermediary. The Croatian National Bank shall notify the competent authorities of the home Member State of the credit intermediary of such measures.

(6) Where credit intermediaries referred to in paragraph (1), item (2) of this Article continue to breach the provisions of paragraph (3) of this Article, the Croatian National Bank may, after notifying the competent authority of the home Member State referred to in paragraph (5) of this Article, take any necessary measures to prevent or punish further unlawful conduct by the credit intermediary. Where necessary, the Croatian National Bank may prohibit the credit intermediary to provide services in the territory of the Republic of Croatia, of which it shall, without delay, notify the European Commission.

(7) The Croatian National Bank is authorised to perform the supervision of credit intermediaries referred to in paragraph (1), item (2) of this Article and direct the credit

intermediary to make any change necessary to perform the supervision and impose measures referred to in paragraph (3) of this Article, or any change enabling the competent authority of the home Member State to perform supervision of the application of requirements related to the remuneration of the credit intermediary's staff.

(8) Where the Croatian National Bank establishes that a credit intermediary that directly provides services in the territory of the Republic of Croatia infringes the rights of consumers laid down in this Act or that a credit intermediary referred to in paragraph (1), item (2) of this Article that has a branch in the territory of the Republic of Croatia infringes the rights of consumers laid down in this Act, other than those listed in paragraph (3) of this Article, it shall, without delay, notify the competent authority of the home Member State thereof. The competent authority of the home Member State shall take appropriate measures.

(9) Where the competent authority of the home Member State referred to in paragraph (6) of this Article fails to take appropriate measures within 30 days of the receipt of the notification of the Croatian National Bank, or, where despite measures imposed, the credit intermediary referred to in paragraph (1), items (2) and (3) of this Article continues to infringe the rights of consumers laid down in this Act and through such activity undermines the orderly functioning of the market in the Republic of Croatia, the Croatian National Bank may:

1) following the notification of the competent authority of the home Member State, impose a measure necessary to protect the rights of consumers and the orderly functioning of the market. As a final measure, the Croatian National Bank may prohibit such credit intermediaries from providing services within the territory of the Republic of Croatia. The Croatian National Bank shall, without delay, notify the European Commission and the European Banking Authority of the measure imposed.

2) turn to the European Banking Authority and request assistance in accordance with Article 19 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC of 24 November 2010 (hereinafter referred to as 'Regulation (EU) No 1093/2010').

(10) The competent authority of a home Member State may, within its powers, perform an on-site examination of the credit intermediary referred to in paragraph (1), item (2) of this Article provided that it previously notifies the Croatian National Bank of the examination.

(11) Where the competent authority of the host Member State wherein a credit intermediary with a head office in the Republic of Croatia operates through a branch imposed measures on that credit intermediary, and the Croatian National Bank disagrees with the measures imposed, it may refer to the European Banking Authority and request assistance in accordance with Article 19 of Regulation (EU) No 1093/2010.

## XI INTERNATIONAL COOPERATION BETWEEN COMPETENT AUTHORITIES

*Obligation to cooperate*

Article 37

(1) The Croatian National Bank shall be the contact authority for the receipt of requests for exchange of information or cooperation in relation to the application of this Act. The Croatian National Bank shall cooperate with the competent authorities of Member States whenever it is necessary for the purpose of carrying out the provisions of this Act, making use of its powers set out in this Act or in another regulation. The Croatian National Bank shall render assistance to the competent authorities of other Member States, exchange information and cooperate in establishing facts and circumstances and performing supervision.

(2) The Croatian National Bank may refuse to act on a request for cooperation in establishing facts and circumstances or performing supervision or to exchange information only where:

1) the establishing of facts and circumstances, the performance of supervision or the exchange of information might adversely affect the sovereignty, security or public policy of the Republic of Croatia;

2) judicial proceedings have already been initiated in respect of the same persons and the same actions; or

3) a judgement with final force and effect has already been delivered in respect of the same persons and the same actions.

(3) In the event of such a refusal, the Croatian National Bank shall notify the competent authority of the Member State requesting cooperation, providing as detailed information as possible.

*Settlement of disagreements between competent authorities of different Member States*

Article 38

(1) Where a request for cooperation, in particular the exchange of information, has been rejected or has not been acted upon within a reasonable time, the Croatian National Bank may turn to the European Banking Authority and request assistance in accordance with Article 19 of Regulation (EU) No 1093/2010.

(2) The decision of the European Banking Authority adopted in accordance with Article 19 of Regulation (EU) No 1093/2010 shall be binding for the Croatian National Bank.

*Out-of-court dispute resolution*

Article 39

A proposal for conciliation may be submitted with conciliation centres in accordance with the provisions of the law governing conciliation in relation to all disputes between consumers and creditors and consumers and credit intermediaries arising from the application of the provisions of this Act, or an alternative dispute resolution procedure may be instituted in relation to domestic and cross-border consumer disputes in accordance with the law governing the alternative resolution of consumer disputes.

XII CHANGE OF CREDITOR

#### Article 40

(1) Credit institutions shall ensure that, with regard to consumer protection, consumers whose agreements on a consumer housing loan have been transferred to a new acquirer are not put in a less favourable position by that acquirer or a third party to which the acquirer transferred agreements on consumer housing loans or risks and benefits arising from such agreements than the position they held as debtors to the credit institution.

(2) The acquirer or a third party to which the acquirer transferred that agreement shall ensure that all provisions of this Act and other regulations governing consumer protection are applied in relation to the consumer.

(3) The credit institution and the acquirer or the third party to which agreements on consumer housing loans have been transferred further shall be jointly liable for any damage to consumers that may arise from their legally or factually less favourable position than the position they held as debtors to the credit institution.

### XIII MISDEMEANOUR PROVISIONS

#### *Misdemeanours of creditors and credit intermediaries*

#### Article 41

(1) Creditors or credit intermediaries shall be considered to have committed a misdemeanour where:

1) they fail to make available the information on the procedure of granting an agreement on a consumer housing loan, contrary to Article 6 of this Act;

2) information are not available at a visible location or on the business premises where the services are provided or on their website, contrary to Article 6 of this Act;

3) information are not clear and general, contrary to Article 6 of this Act;

4) information are not available in Croatian, contrary to Article 6 of this Act;

5) they fail to make available the information on the fact that consumers have at their disposal consumer protection counselling centres, contrary to Article 6 of this Act;

6) they fail to act honestly, fairly, transparently and professionally and fail to take account of the rights and interests of consumers when manufacturing loan products, granting, intermediating or providing advisory services related to agreements on consumer housing loans, and, where appropriate, ancillary services to consumers or when meeting obligations arising from agreements on consumer housing loans, contrary to Article 7, paragraph (1) of this Act;

7) they fail to obtain and take into account the information referred to in Article 7, paragraph (2) when granting, intermediating or providing advisory services related to agreements on consumer housing loans, contrary to Article 7, paragraph (2) of this Act;

8) when providing advisory services, they fail to obtain and take into account the information in accordance with Article 22, paragraph (4) of this Act, contrary to Article 7, paragraph (2) of this Act;

9) they contract or pay out remuneration contrary to Article 7, paragraph (3) of this Act;

10) their remuneration policies do not comply with Article 7, paragraph (4) of this Act;

11) they act contrary to subordinate legislation adopted under Article 7, paragraph (5) of this Act;

12) their staff engaged in the manufacturing, offering or granting of agreements on consumer housing loans and the provision of credit intermediation or advisory services does not possess the appropriate level of knowledge or does not possess the appropriate level of competence, contrary to Article 8, paragraph (1) of this Act;

13) they act contrary to subordinate legislation adopted under Article 8, paragraph (3) of this Act;

14) they fail to ensure that all types of advertising and advertising materials related to agreements consumer housing loans are plausible, clear and not misleading, thus acting contrary to Article 9, paragraph (1) of this Act;

15) they use wording that may create false expectations for consumers regarding the availability or the total cost of the loan to the consumer, contrary to Article 9, paragraph (2) of this Act;

16) they fail to include the information referred to in Article 10, paragraphs (2) through (6) of this Act in any advertising concerning agreements on consumer housing loans indicating an interest rate or any figures relating to the cost of the loan to the consumer;

17) they fail to specify the information set out in Article 10, paragraph (2), items (3), (4), (5), (6), (7), (8) or (9) of this Act by means of a representative example, contrary to Article 10, paragraph (3) of this Act;

18) they fail to state in a clear, specific and prominent way, together with the effective interest rate, that the conclusion of an agreement regarding an ancillary service related to the agreement on a consumer housing loan, in particular insurance, is compulsory, thus acting contrary to Article 10, paragraph (4) of this Act;

19) the information referred to in Article 10, paragraphs (2) and (4) of this Act are not easily legible or clearly audible, as appropriate, depending on the medium used for advertising, contrary to Article 10, paragraph (5) of this Act;

20) the information referred to in Article 10, paragraphs (2) and (4) of this Act do not include a warning concerning risks associated with agreements on foreign currency consumer housing loans or consumer housing loans with variable interest rates, contrary to Article 10, paragraph (6) of this Act;

21) they use tying practices contrary to Article 11, paragraph (1) of this Act;

22) they fail to accept insurance policies from suppliers different from their preferred suppliers, contrary to Article 11, paragraph (2) of this Act;

23) they provide the information that they are obligated to provide to the consumer under this Act at a fee, contrary to Article 12, paragraph (1) of this Act;

24) they fail to make available to the consumer, at any moment over the entire duration of the agreement on a consumer housing loan, a report in the form of a loan amortisation schedule, including the calculation of the effective interest rate as at the date of the loan amortisation schedule in accordance with Article 17, paragraph (5) of

this Act, information on the total amount of principal repaid, interest and expenses, a breakdown of repayments and an overview of loan interest rate changes, or fail to do so free of charge, contrary to Article 12, paragraph (2) of this Act;

25) they fail to make available to the consumer clear and comprehensible general information about the agreement on a consumer housing loan, contrary to Article 13 of this Act;

26) they fail to make available to the consumer information about the agreement on a consumer housing loan on paper, in electronic form or on another durable medium, contrary to Article 13, paragraph (1) of this Act;

27) general information do not include at least the information required under Article 13, paragraph (2) of this Act;

28) they fail to provide the consumer with personalised information needed to compare agreements on consumer housing loans available on the market, assess their implications and make an informed decision on whether to conclude an agreement on a consumer housing loan, contrary to Article 14, paragraph (1) of this Act;

29) they fail to provide personalised information on paper or on another durable medium by means of the ESIS, contrary to Article 14, paragraph (2) of this Act;

30) they act contrary to Article 14, paragraph (3) of this Act and fail to deliver the ESIS along with the binding offer or fail to deliver the binding offer on paper or on another durable medium;

31) contrary to Article 14, paragraph (4) of this Act, they fail to provide for a reflection period of no less than 15 days;

32) contrary to Article 14, paragraph (7) of this Act, they charge consumers a fee in case of a withdrawal from the agreement on a consumer housing loan;

33) contrary to Article 14, paragraph (10) of this Act, they fail to provide all additional information in a separate document that may be attached to the ESIS;

34) the agreement on a consumer housing loan does not include the essential contents referred to in Article 14, paragraph (11) of this Act;

35) contrary to Article 14, paragraph (12) of this Act, they fail to make available to the consumer and any other participants in the credit relationship (co-debtors, pledgors, guarantors, etc.) the information referred to in Article 14 of this Act;

36) they fail to provide a copy of the draft agreement on a consumer housing loan at the request of the consumer or other participants in the credit relationship or fail to do so free of charge, contrary to Article 14, paragraph (12) of this Act;

37) they fail to provide any of the information referred to in Article 15, paragraph (1) of this Act prior to providing any of the credit intermediation services;

38) contrary to Article 15, paragraph (2) of this Act, they charge a fee to the consumer and receive a commission from the credit institution or a third party and fail to explain to the consumer whether or not the commission will be offset against the fee, either in part or in full;

39) credit intermediaries who are not tied fail to provide to the consumer information on the level of commission and the right to such information contrary to Article 15, paragraph (3) of this Act;

40) they fail to communicate to credit institutions the amount of the fee for the purpose of calculating the effective interest rate contrary to Article 15, paragraph (4) of this Act;

41) they fail to provide adequate explanations on the proposed agreements on consumer housing loans and ancillary services to the consumer, contrary to Article 16, paragraphs (1) and (2) of this Act;

42) they fail to apply the manner of calculation, assumptions and elements for the purpose of calculating the effective interest rate in accordance with the methodology defined in the subordinate legislation of the Croatian National Bank governing the effective interest rate, contrary to Article 17, paragraph (5) of this Act;

43) they contract a maximum effective interest rate higher than the one prescribed, contrary to Article 17, paragraph (6) of this Act;

44) they charge the consumer a loan processing fee and/or a loan granting fee, or they charge another fee higher than the actual cost which was incurred by the credit institution and for which the fee is charged, or where, following the conclusion of the agreement on a consumer housing loan, they introduce new fees or increase the fees applicable at the moment the agreement on a consumer housing loan is concluded, contrary to Article 17, paragraph (4) of this Act;

45) they fail to make a thorough assessment of the consumer's creditworthiness prior to the conclusion of the agreement on a consumer housing loan, contrary to Article 18, paragraph (1) of this Act;

46) they fail to establish, document and regularly update procedures and information on which the assessment of the consumer's creditworthiness is based, contrary to Article 18, paragraph (2) of this Act;

47) following the conclusion of an agreement on a consumer housing loan, they cancel or terminate the agreement on a consumer housing loan on the grounds that the assessment of creditworthiness was incorrectly conducted, contrary to Article 18, paragraph (4) of this Act;

48) they conclude an agreement on a consumer housing loan with the consumer and the result of the creditworthiness assessment does not indicate that the consumer is likely to meet be obligations resulting from the agreement on a consumer housing loan in the manner required under that agreement, contrary to Article 18, paragraph (5) of this Act;

49) they fail to inform the consumer in advance that a credit register will be consulted, contrary to Article 18, paragraph (6) of this Act;

50) they fail to inform the consumer on the rejection of the application for the conclusion of an agreement on a consumer housing loan without delay, contrary to Article 18, paragraph (7) of this Act;

51) they fail to continuously monitor the consumer's creditworthiness for the entire duration of the agreement, contrary to Article 18, paragraph (8) of this Act;

52) they act contrary to subordinate legislation adopted under Article 18, paragraph (10) of this Act;



53) they fail to value the residential immovable property in accordance with Article 19, paragraphs (1) and (2) of this Act;

54) they fail to document the valuation of the residential immovable property on a durable medium and keep a record of the valuation, contrary to Article 19, paragraph (3) of this Act;

55) they act contrary to subordinate legislation adopted under Article 19, paragraph (5) of this Act;

56) they conduct the assessment of the consumer's creditworthiness referred to in Article 18 of this Act on the basis of information on the consumer's income and expenses and other financial and economic circumstances, contrary to Article 20, paragraph (1) of this Act;

57) they fail to deliver to the creditor credit institution in a timely and accurate manner all necessary information obtained from the consumer for the purpose of assessing the consumer's creditworthiness, contrary to Article 20, paragraph (3) of this Act;

58) prior to concluding an agreement on a consumer housing loan, they fail to specify in a clear and straightforward way the necessary information and independently verifiable documentation that the consumer needs to provide and the time frame within which the consumer needs to provide the information, contrary to Article 20, paragraph (4) of this Act;

59) contrary to Article 20, paragraph (5) of this Act, they terminate the agreement on a consumer housing loan;

60) they fail to warn consumers, at the latest upon receiving the application for the granting of a consumer housing loan, that they will not grant a consumer housing loan where the assessment of the consumer's creditworthiness cannot be conducted because the consumer refuses to provide information or documentation needed to assess his or her creditworthiness, contrary to Article 20, paragraph (7) of this Act;

61) contrary to Article 22, paragraph (1) of this Act, they fail to explicitly inform consumers whether they can provide advisory services;

62) contrary to Article 22, paragraph (2) of this Act, they fail to provide consumers with the necessary information on paper or another durable medium prior to the provision of advisory services or the conclusion of an agreement on the provision of advisory services;

63) they fail to meet the requirement referred to in Article 22, paragraph (4) of this Act when providing advisory services;

64) when providing advisory services, non-tied credit intermediaries fail to consider a sufficiently large number of consumer housing loan offers available on the market and recommend one or several appropriate offers available on the market that are not suitable for the consumer's needs, financial situation and characteristics, contrary to Article 22, paragraph (5) of this Act;

65) contrary to Article 22, paragraph (6) of this Act, when providing advisory services to the consumer, they fail to distinguish between the terms 'advice' and 'advisor' and 'independent advice' and 'independent advisor';

66) they use the terms 'independent advice' and 'independent advisor' contrary to Article 22, paragraph (7) of this Act;

67) contrary to Article 22, paragraph (8) of this Act, they fail to warn the consumer that the conclusion of the agreement on a consumer housing loan could induce a specific risk for the consumer;

68) contrary to Article 23, paragraph (1) of this Act, they fail to allow the conversion of the agreement on a consumer housing loan at the consumer's request from the currency in which the loan was denominated or to which it was linked into an alternative currency;

69) they fail to allow the conversion to the consumer at any time for the duration of the agreement, contrary to Article 23, paragraph (1) of this Act;

70) they fail to allow the conversion to the consumer unconditionally, contrary to Article 23, paragraph (1) of this Act;

71) contrary to Article 23, paragraph (2) of this Act, they charge a fee for conversion to the consumer;

72) contrary to Article 23, paragraph (5) of this Act, they fail to perform the conversion of the agreement on a foreign currency consumer housing loan into an alternative currency by applying the midpoint exchange rate of the Croatian National Bank applicable on the day the request for conversion referred to in Article 23, paragraph (1) of this Act was submitted;

73) they fail to perform the conversion of a foreign currency consumer housing loan into an alternative currency for currencies not shown in the exchange list of the Croatian National Bank by first converting that currency into euro or US dollars using the midpoint exchange rate of the benchmark market and then converting it into kuna according to the midpoint exchange rate of the Croatian National Bank, contrary to Article 23, paragraph (5) of this Act;

74) contrary to Article 23, paragraph (6) of this Act, they fail to offer a draft conversion agreement to the consumer;

75) contrary to Article 23, paragraph (8) of this Act, they fail to notify the consumer with a foreign currency consumer housing loan;

76) contrary to Article 23, paragraph (9) of this Act, they fail to inform the consumer of the rise in the amount payable by the consumer or in regular instalments or annuities outstanding under the agreement on a consumer housing loan as well as of the consumer's right to conversion into an alternative currency or the conditions under which such a conversion can be performed;

77) the agreed conditions of the conversion do not comprise at least the manner of determining the interest rate to be applied in case of conversion into an alternative currency, contrary to Article 23, paragraph (10) of this Act;

78) the agreement on a consumer housing loan comprising the conditions of the conversion does not include the provisions on the alternative currency or the provisions on the right to conversion or the provisions on the conditions of the conversion, contrary to Article 23, paragraph (10) of this Act;

79) contrary to Article 23, paragraph (11) of this Act, when performing conversion, they request the replacement of immovable property serving as collateral or demand additional instruments of collateral or request a valuation of residential immovable property as a condition to perform conversion;

80) contrary to Article 24, paragraph (1) of this Act, they fail to define the parameter, make a qualitative and quantitative elaboration of the relationship of cause and effect with regard to the movements of the parameter or determine during which periods the decision on the correction of the interest rate level is considered;

81) contrary to Article 24, paragraph (2), they fail to contract a fixed part of the interest rate along with the parameter and/or where the fixed part of the interest rate increases over the period of loan repayment;

82) contrary to Article 24, paragraph (3) of this Act, the increase in the interest rate is higher than the change in the parameter referred to in Article 24, paragraph (1) of this Act;

83) reduces the interest rate by less than the change in the parameter referred to in Article 24, paragraph (1) of this Article of the Act, specified as percentage points;

84) contrary to Article 24, paragraph (4) of this Act, they offer the contracting of a variable interest rate and fail to clearly and unambiguously present to the consumer all the elements set out in Article 24, paragraph (1) of this Act prior to the conclusion of the agreement on a consumer housing loan or warn the consumer of all the risks associated with variability and clearly and unambiguously set out the variable elements based on which the variable interest rate is calculated in the agreement on a consumer housing loan, including the flexible features affecting the total cost of the loan to the consumer referred to in Article 17, paragraph (2) of this Act;

85) contrary to Article 24, paragraph (5) of this Act, they fail to keep records of the parameters referred to in Article 24, paragraph (2) of this Act or to make such records available on their website;

86) contrary to Article 25, paragraph (1) of this Act, the maximum allowed interest rate on consumer housing loans with a contracted variable interest rate in kuna that are not linked to a foreign currency and in euro and in kuna linked to the euro exceeds the average weighted interest rate on the balances of housing loans granted in the Republic of Croatia, defined for each of the currencies and increased by one third (1/3);

87) contrary to Article 25, paragraph (2) of this Act, the maximum allowed interest rate on consumer housing loans not encompassed by Article 25, paragraph (1) of this Act exceeds the lowest average weighted interest rate on the balances of housing loans granted in the Republic of Croatia, defined for each of the currencies and increased by one third (1/3);

88) in case of early repayment, whether partially or in full, they charge a fee, contrary to Article 26, paragraph (2) of this Act;

89) contrary to Article 26, paragraph (3) of this Act, after receiving a written request for early repayment, they fail to provide the consumer, without delay, with the information necessary to consider the option of early repayment on paper or another durable medium;

35) contrary to Article 27, paragraph (1) of this Act, the credit institution fails to notify the consumer of any change in the interest rate referred to in Article 24, paragraph (1) of this Act, on paper or another durable medium agreed upon, or if it fails to notify the consumer at least 15 days before the changed interest rate takes effect;

91) the information on interest rate change does not contain an explanation of parameter movements that caused the change in the interest rate or does not contain the repayment plan including the number and the amount of instalments or annuities to be paid once the new interest rate takes effect, or where the number or the frequency of instalments or annuities changes, the information does not contain the details on the instalments or annuities, contrary to Article 27, paragraph (1) of this Act;

92) they fail to postpone the application of the new interest rate until the following calculation period where they fail to notify the consumer of the change in the interest rate, contrary to Article 27, paragraph (2) of this Act;

93) contrary to Article 28, paragraph (1) of this Act, they fail to put in place processes to enable the early recognition of consumers with possible difficulties in payment or fail to ensure an efficient establishment of contact with consumers having difficulties in payment;

94) prior to initiating foreclosure proceedings, they fail to take reasonable and justified action with the aim of reaching an agreement in relation to the collection of arrears under the agreement on a consumer housing loan with consumers having difficulties in payment or they fail to inform such consumers in writing of the action they intend to take or have taken with the aim of collection or they fail to propose measures to facilitate the repayment under the agreement on a consumer housing loan, contrary to Article 28, paragraph (2) of this Act;

95) contrary to Article 28, paragraph (3) of this Act, they impose additional fees on consumers or charge consumers additional fees arising from default under the agreement on a consumer housing loan;

96) contrary to Article 28, paragraph (5) of this Act, they fail to allow, where thus agreed, the transfer of ownership of the immovable property as instrument of collateral for the consumer housing loan to the credit institution so as to enable the consumer to fully meet all outstanding obligations under the agreement on a consumer housing loan or fail to unconditionally and irrevocably grant the consumer's request and invite the pledgor, within eight days, to deliver the document suitable for the entry of transfer of ownership into the land registry;

97) contrary to Article 28, paragraph (6) of this Act, they fail to take reasonable and justified measures to facilitate the debt repayment for the consumer and other participants in the credit relationship;

98) contrary to Article 28, paragraph (8) of this Act, they fail to act in accordance with the subordinate legislation adopted by the Croatian National Bank;

99) contrary to Article 29, paragraph (8) of this Act, they provide additional services for which they have not obtained authorisation for the provision of credit intermediation services or, where they are tied to an additional credit institution, for which they have not obtained the authorisation referred to in Article 29, paragraph (5) of this Act;

100) contrary to Article 29, paragraph (11) of this Act, the credit institution excludes or limits the liability referred to in Article 29, paragraph (10) of this Act;

101) contrary to Article 32, paragraph (5) of this Act, a credit intermediary that obtained the authorisation for the provision of credit intermediation services for only one credit institution fails to submit the application for the issue of authorisation for the provision of credit intermediation services referred to in Article 29 of this Act for any additional credit institution to which it is tied;

102) contrary to Article 33, paragraph (1) of this Act, the credit institution fails to ensure that their tied credit intermediaries with which it concluded an agreement on the provision of credit intermediation services act in accordance with the provisions of this Act;

103) contrary to Article 33, paragraph (2) of this Act, the credit institution fails to notify the Croatian National Bank without delay and at the latest within 15 days after any of the circumstances for the revocation of authorisation referred to in Article 35 of this Act arises;

104) contrary to Article 33, paragraph (3) of this Act, the credit institution does not comply with the provisions of Article 33 of this Act in the part relating to the provision of services by a tied credit intermediary;

105) contrary to Article 33, paragraph (4) of this Act, the credit institution fails to keep records on concluded, amended and terminated agreements with credit intermediaries;

106) contrary to Article 33, paragraph (5) of this Act, the credit institution fails to deliver to the Croatian National Bank a notification on amended or terminated agreements with credit intermediaries within 15 days of the day of amendment or termination;

107) contrary to Article 33, paragraph (6) of this Act, they fail to act in accordance with the subordinate legislation adopted by the Croatian National Bank;

108) a credit intermediary authorised by the Croatian National Bank to provide credit intermediation services provides credit intermediation and advisory services in the territory of another Member State, contrary to Article 34, paragraph (1) of this Act;

109) a credit intermediary from the Republic of Croatia begins to provide credit intermediation services in another Member State through a branch or directly before notifying the Croatian National Bank thereof, contrary to Article 34, paragraph (2) of this Act;

110) contrary to Article 34, paragraph (5) of this Act, they commence providing credit intermediation and advisory services prior to the expiry of the prescribed period;

111) a credit intermediary from another Member State provides services in the Republic of Croatia contrary to Article 34, paragraphs (7), (8), (9), (11) and (12) of this Act;

112) contrary to Article 40, paragraphs (1) and (3) of this Act, a credit institution fails to ensure that consumers whose agreements on consumer housing loans have been transferred to a new acquirer are not put in a less favourable position by that acquirer or a third party to which the acquirer transferred the agreements on consumer housing

loans or risks and benefits arising from such agreements than the position they held as debtors to the credit institution.

(2) A creditor credit institution shall be fined between HRK 200,000.00 and HRK 800,000.00 for any of the misdemeanours referred to in paragraph (1) of this Article;

(3) A creditor credit union shall be fined between HRK 100,000.00 and HRK 500,000.00 for any of the misdemeanours referred to in paragraph (1) of this Article;

(4) A credit intermediary shall be fined between HRK 50,000.00 and HRK 200,000.00 for any of the misdemeanours referred to in paragraph (1) of this Article;

(5) The responsible person from the management board of the creditor or the credit intermediary or the responsible person authorised to represent the founder in the operation of the branch shall be fined between HRK 5,000.00 to HRK 50,000.00 for any of the misdemeanours referred to in paragraph (1) of this Article.

### *Misdemeanours of other persons*

#### Article 42

(1) Legal or natural persons shall be considered to have committed a misdemeanour where:

1) they grant or promise to grant a loan and act as creditors under an agreement on a consumer housing loan contrary to Article 4, paragraph (2) of this Act;

2) contrary to Article 5, paragraph (6) of this Act, they do not use the information obtained under that Article exclusively for the purposes such information were provided or they disclose such information or make such information available to third parties;

3) as a credit register operator, they fail to provide a credit institution operating in accordance with this Act with information available to them and needed by the credit institution for the purpose of assessing a consumer's creditworthiness or monitoring whether the consumer meets the credit obligations arising from the agreement on a consumer housing loan that is the subject matter of this Act, contrary to Article 21 of this Act;

4) they provide advisory services contrary to Article 22, paragraph (7) of this Act;

5) they provide credit intermediation and advisory services in the territory of the Republic of Croatia contrary to Article 29, paragraphs (2), (3), (7), (8), (9) and (11) of this Act;

6) contrary to Article 34, paragraph (12) of this Act, they provide credit intermediation or advisory services in the territory of the Republic of Croatia as appointed representatives from other Member States; or

7) contrary to Article 40, paragraph (2) of this Act, they fail to ensure that all provisions of this Act and other regulations governing consumer protection are applied in relation to the consumer.

(2) A legal person shall be fined between HRK 10,000.00 and 200,000.00 for any of the misdemeanours referred to in paragraph (1) of this Article.

(3) A natural person shall be fined between HRK 5000.00 and 50,000.00 for any of the violations referred to in paragraph (1) of this Article.

(4) A responsible person of the management board of the legal person shall be fined between HRK 5000.00 and HRK 50,000.00 for any of the misdemeanours referred to in paragraph (1) of this Article.

*Publication of judgements of misdemeanour courts*

Article 43

(1) The Croatian National Bank shall publish on its website the dispositive parts of decisions with final force and effect taken in misdemeanour proceedings initiated by the Croatian National Bank as the authorised prosecutor, wherein a credit institution, a responsible person of the credit institution, a credit intermediary, a responsible person of the credit intermediary have been found guilty of any of the misdemeanours referred to in this Act. In addition to the dispositive part, the name of the body taking the decision and the number and date of the decision shall be disclosed.

(2) The Croatian National Bank may publish decisions it adopts in the course of exercising the supervisory powers referred to in this Act. When the Croatian National Bank publishes such decisions, it shall also publish a decision of the administrative court taken with regard to any appeal against the decision.

(3) Data covered by banking secrecy pursuant to the provisions of the law governing the operation of credit institutions or data protected by the law governing the protection of personal data shall be exempt from the publication referred to in paragraph (1) of this Article.

(4) Where the Croatian National Bank assesses that the publication referred to in paragraph (1) of this Article could jeopardise the stability of financial markets or cause disproportionate damage to a credit institution or a credit intermediary, it will publish the data on the credit institution or the credit intermediary on an anonymous basis.

(5) Where the Croatian National Bank assesses that the publication referred to in paragraph (1) of this Article could cause disproportionate damage to the responsible person of the credit institution or to the responsible person of the credit intermediary, it shall publish the data on the responsible person on an anonymous basis.

(6) The publication referred to in paragraphs (1) and (2) of this Article shall remain on the website of the Croatian National Bank until legal consequences of rehabilitation arise in accordance with the law governing misdemeanours.

XIV TRANSITIONAL AND FINAL PROVISIONS

*Transitional period*

Article 44

(1) The provisions of this Act shall not apply to agreements on consumer housing loans concluded before this Act entered into force.

(2) Credit intermediaries that carried out credit intermediation activities pursuant to the authorisation referred to in Article 21 of the Consumer Credit Act (Official Gazette 75/2009, 112/2012, 143/2013, 147/2013, 9/2015, 78/2015, 102/2015 and 52/2016) before this Act entered into force may carry out credit intermediation activities in relation to consumer housing loans in accordance with the provisions of this Act

provided that they submit the application referred to in Article 29 of this Act no later than 90 days of the entry into force of this Act.

(3) The Ministry of Finance shall revoke the authorisation referred to in Article 21 of the Consumer Credit Act (Official Gazette 75/2009, 112/2012, 143/2013, 147/2013, 9/2015, 78/2015, 102/2015 and 52/2016) in the part relating to consumer housing loans to credit intermediaries referred to in paragraph (2) of this Article who failed to submit the application referred to in Article 29 of this Act at the latest within 90 days of the entry into force of this Act or in relation to which the Croatian National Bank dismissed or rejected the application.

(4) The Croatian National Bank shall also deliver enforceable decisions by which it authorises credit intermediaries referred to in paragraph (2) of this Article to provide credit intermediation services in relation to consumer housing loans and enforceable decisions rejecting or dismissing applications of credit intermediaries referred to in paragraph (2) of this Article for the issue of authorisation for the provision of credit intermediation services in relation to consumer housing loans to the Ministry of Finance.

(5) The Croatian National Bank shall notify the Ministry of Finance of the credit intermediaries referred to in paragraph (2) of this Article who failed to submit the application referred to in Article 29 of this Act at the latest within 90 days of the entry into force of this Act within a period of 30 days of the expiry of the aforementioned period.

#### *Subordinate legislation*

##### Article 45

(1) The Croatian National Bank shall adopt the subordinate legislation referred to in Article 8, paragraph (3), Article 14, paragraph (13), Article 18, paragraph (10), Article 28, paragraph (8), Article 30, paragraph (4), Article 31, paragraph (6) and Article 34, paragraph (13) of this Act within 15 days of the entry into force of this Act.

(2) The Croatian National Bank shall adopt the subordinate legislation referred to in Article 4, paragraph (8), Article 7, paragraph (5), Article 19, paragraph (5) and Article 33, paragraph (6) of this Act within one year of the entry into force of this Act.

(3) Until the subordinate legislation referred to in Article 14, paragraph (13) of this Act enters into force, credit institutions shall, prior to the conclusion of an agreement on a consumer housing loan, continue to provide information in accordance with the provisions of the Decision on the content of and the form in which consumers are provided information prior to contracting individual banking services (Official Gazette 2/2015 and 73/2017).

(4) Until the day the average weighted interest rate is published in accordance with Article 25, paragraph (3) of this Act, average weighted interest rates published by the Croatian National Bank pursuant to the Consumer Credit Act (Official Gazette 75/2009, 112/2012, 143/2013, 147/2013, 9/2015, 78/2015, 102/2015 and 52/2016) on 1 July 2017 shall be used to calculate the maximum interest rate on consumer housing loans.



*Bringing in compliance*

Article 46

Credit institutions shall, no later than within 60 days of the entry into force of this Act, bring their operation in compliance with the provisions of Article 8, Article 14, paragraphs (1) through (4), (9) and (10) and Article 17 of this Act, and, no later than within 60 days of the entry into force of the subordinate legislation adopted under those articles, bring their operation in compliance with that subordinate legislation.

*Entry into force*

Article 47

This Act shall enter into force on the eighth day after the day of its publication in the Official Gazette.

Class: 022-03/17-01/120

Zagreb, 4 October 2017

CROATIAN PARLIAMENT  
President of the Croatian Parliament  
Gordan Jandroković, m. p.