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REGULATION ON CONSUMER CREDIT AGREEMENTS

FIRST PART

Purpose, Scope, Grounds and Definitions

Purpose:

ARTICLE 1 – (1) The purpose of this Regulation is to set down the implementation rules, procedures and principles relating to consumer credit agreements.

Scope:

ARTICLE 2 – (1) This Regulation covers all kinds and types of consumer credit agreements, also including the credit card agreements which allow postponement of payment for more than three months against interest or a similar other benefit or likewise, which permit payment in installments.

(2) As for credit card or overdraft deposit account agreements which are considered and treated as consumer credits, the provisions of articles 5, 7, 10, 12, 24 and 25 are applicable on the initial agreement executed with respect to credit card or overdraft deposit account.

(3) The provisions of articles 14, 15, 16, 17, 18 and 19 are not applicable on credit card or overdraft deposit account agreements which are considered and treated as consumer credits.

(4) Only the provisions of articles 15, 16, 17 and 20 and third paragraph of article 18 and first paragraph of article 23 and fourth and fifth paragraphs of article 29 are applicable on cash advance credits repayable in installments.

(5) The provisions of this Regulation are not applicable on the following agreements:

a) House finance agreements; and

b) Overdraft deposit account agreements requiring repayment of credit facility within thirty days, and non-cash credit agreements such as check and letter of guarantee.

(6) The provisions of this Regulation are applicable on participation banks in terms of profit shares.

Grounds:

ARTICLE 3 – (1) This Regulation has been issued in reliance upon articles 31 and 84 of the Consumer Protection Law no. 6502 dated 7/11/2013.

Definitions:

ARTICLE 4 – (1) For the purposes and in the context of this Regulation:

- (a) “Contractual interest rate” refers to a rate of interest which is included in consumer credit agreements, and is used as a basis for payment plan, and is calculated by also taking into consideration the amount of interest prepaid by the consumer, if any; and
- (b) “Definite term consumer credit agreement” refers to a type of consumer credit agreement wherein the date of termination of credit relationship is clearly agreed upon by the parties in the agreement as of the date of execution of the agreement; and
- (c) “Indefinite term consumer credit agreement” refers to a type of consumer credit agreement wherein the date of termination of credit relationship is not agreed upon by the parties in the agreement as of the date of execution of the agreement; and
- (c) “Effective rate of interest per annum” refers to a yearly cost rate found as a result of calculation of total cost of credit as a yearly percentage value of the credit; and
- (d) “Prepayment” refers to payment by the consumer of the full amount of his debt outstanding to the lender or any portion thereof, not being less than the amount of one installment, prior to the end of maturity thereof; and
- (e) “Delay interest rate” refers to a rate determined in definite term consumer credit agreements up to the contractual interest rate plus thirty percent thereof, or to a rate determined pursuant to the relevant applicable laws in indefinite term consumer credit agreements; and
- (f) “Permanent data storage” refers to short message, electronic mail, internet, disk, CD, DVD, memory card and all kinds of similar other tools or media which allow recording of information sent by or to the consumer, in such manner to permit examination of such information for a reasonable period of time for the intended purposes thereof, and copying of the information without change, and access to such information; and
- (g) “Law” refers to and stands for the Consumer Protection Law; and
- (ğ) “Credit intermediary” refers to a natural person or a legal entity who presents or offers a credit agreement to consumers for commercial or professional purposes, or helps consumers by making preparatory works for credit agreements, or enters into credit agreements with consumers in the name of the lender; and
- (h) “Lender” refers to a natural person or a legal entity authorized to lend credit facilities to consumers as per the relevant applicable laws; and

- (i) “Overdraft deposit account agreement” refers to an agreement wherein the lender permits the consumer to use funds in excess of the assets available in his deposit account within a certain limit by clearly coming to a mutual agreement with the consumer beforehand; and
- (i) “Total cost of credit” refers to a total sum covering contractual interests, taxes, duties and similar other legal liabilities and if any, all kinds of fees and charges charged under different names whatsoever they are, which are required to be paid by the consumer, except for notary public costs and fees; and
- (j) “Limit excess” refers to the excess of limit of overdraft deposit account defined for the consumer or the case of use of money by the consumer in excess of the existing balance of his deposit account, as implicitly accepted by the consumer; and
- (k) “Payment plan” refers to a schedule separately showing the principal sum, interests, taxes, duties and similar other legal liabilities and if any, fees or charges, together with installments, amounts and maturities thereof to be applied in the payments of the consumer under the consumer credit agreement; and
- (l) “Installment” refers to each payment amount calculated separately for each maturity in the payment plan, comprising total amount of principal sum, interests, taxes, duties and similar other legal liabilities; and
- (m) “Installment maturity” refers to the date of payment of each installment shown in the payment plan; and
- (n) “Consumer” refers to a natural person or legal entity acting for non-commercial or non-professional purposes; and
- (o) “Consumer credit agreement” refers to an agreement wherein the lender makes available or agrees to make available a credit facility to the consumer through postponement of payment, lending or similar other financing methods against interests, fees or similar other benefits; and
- (i) “Fee” refers to all kinds of monetary amounts charged on the consumer as fees, commissions, charges or under similar other names, except for interests, taxes, funds and similar other legal charges.

SECOND PART

Pre-Agreement Information Obligation

Format of Pre-Agreement Information:

ARTICLE 5 – (1) The pre-agreement information form referred to in this Regulation is required to be issued in at least twelve font size in an understandable language openly, simply and legibly, and a copy thereof is required to be submitted to the consumer on paper or via permanent data storage.

Preliminary Information Obligation in Definite Term Consumer Credit Agreements:

ARTICLE 6 – (1) The lender and if any, the credit intermediary are under obligation to inform the consumer about terms and conditions of the agreement, in such manner to cover the following information, a reasonable time prior to the date of execution of the definite term consumer credit agreement:

- a) Type of credit facility; and
- b) Name, MERSİS number, open address, telephone number and if any, other communication data of the lender and if any, the credit intermediary; and
- c) Term of consumer credit agreement; and
- ç) Total credit amount and if any, fees to be charged on the consumer; and
- d) Information as to goods and services covered by the agreement and the seller or supplier thereof in tied loan agreements; and
- e) Contractual interest rate per month and per annum, and conditions of implementation of this rate; and
- f) Effective interest rate per annum shown by using a representative example indicating all components used for calculation of effective interest rate per annum; and total amount to be paid by the consumer; and
- g) A sample payment plan which will be prepared according to the contractual interest rate applied by the lender on the basis of the amount and period of credit demanded by the consumer, and which may also be given as an attachment to the form; and
- ğ) If an account is opened with respect to consumer credit agreement, and only credit-related transactions are effected from this account, a statement that no fee will be charged for this account under any name whatsoever, and that this account will be closed upon repayment of loans, unless otherwise demanded by the consumer in writing; and
- h) A statement that the notary public fees and costs will, if required, be paid by the consumer; and
- ı) Information as to delay interest rate; and
- ı) Legal results of failure of the consumer in making his payments on due dates thereof, thereby falling in default; and
- j) A statement that credit insurance cannot be taken out without a clear and open demand of the consumer made in writing or via permanent data storage, and a clear statement that insurance-related services may be received also from a service provider other than the lender; and
- k) Information as to guarantees to be requested, if any, and if such guarantees are of a kind of personal guarantees taken against acts of the consumer, they will in any case be treated and considered as ordinary guarantees under any name whatsoever, and that personal guarantees given by the counterparty for receivables of consumer will be considered and treated as joint guarantees unless otherwise provided in the other laws; and
- l) Information as to conditions, period and procedures of use of the right of renunciation, and other conditions as to use of the right of renunciation, also including information about the obligation to pay principal sum and interests thereof and about the method of calculation of them, if this right is used; and
- m) Information as to the right of prepayment of the consumer and the obligation of the lender to make a discount according to the prepaid amount; and
- n) A statement that if credit demand is not accepted, the consumer will be immediately informed thereabout free of charge; and
- o) Information as to the period of time during which the information given prior to the agreement will be binding for the lender.

(2) If and when an agreement for postponement of debt payments or for restructuring of debts is executed due to a default of the consumer, then and in this case, the pre-agreement information form will contain information about the procedures and conditions of termination of credit agreement in addition to the information listed in first paragraph hereof. The lender may not give the information mentioned in subparagraphs (d), (ğ), (h), (j), (k) and (l) of first paragraph in the pre-agreement information form relating to this type of agreements.

(3) In the case of provision of additional information other than the information listed in first paragraph hereof, such additional information will be provided to the consumer by a separate document as an attachment to the pre-agreement information form.

Preliminary Information Obligation in Indefinite Term Consumer Credit Agreements:

ARTICLE 7 – (1) The lender and if any, the credit intermediary are under obligation to inform the consumer about terms and conditions of the agreement, in such manner to cover the following information, a reasonable time prior to the date of execution of the indefinite term consumer credit agreement:

- a) Type of credit facility; and
- b) Name, MERSİS number, open address, telephone number and if any, other communication data of the lender and if any, the credit intermediary; and
- c) A statement as to when and how the credit limit will be notified; and
- ç) Contractual interest rate, and conditions of implementation of this rate, and conditions of change; and
- d) Fees and charges, if any, that will be claimed from the consumer, other than interests; and
- e) Conditions and procedures of termination of credit agreement; and
- f) Delay interest rate; and
- g) Legal results of failure of the consumer in making his payments on due dates thereof, thereby falling in default; and
- ğ) A statement that credit insurance cannot be taken out without a clear and open demand of the consumer made in writing or via permanent data storage, and a clear statement that insurance-related services may be received also from a service provider other than the lender; and
- h) Information as to guarantees to be requested, if any, and if such guarantees are of a kind of personal guarantees taken against acts of the consumer, they will in any case be treated and considered as ordinary guarantees under any name whatsoever, and that personal guarantees given by the counterparty for receivables of consumer will be considered and treated as joint guarantees unless otherwise provided in the other laws; and
- i) Information as to conditions, period and procedures of use of the right of renunciation, and other conditions as to use of the right of renunciation, also including information about the obligation to pay principal sum and interests thereof and about the method of calculation of them, if this right is used; and
- ı) A statement that if credit demand is not accepted, the consumer will be immediately informed thereabout free of charge; and
- j) Information as to the period of time during which the information given prior to the agreement will be binding for the lender.

(2) In the case of provision of additional information other than the information listed in first paragraph hereof, such additional information will be provided to the consumer by a separate document as an attachment to the pre-agreement information form.

Exemption From Preliminary Information Obligation:

ARTICLE 8 – (1) The suppliers of goods or services who act as an assistant like a credit intermediary do not have any pre-agreement information obligation. However, this provision does not relieve the lender from its pre-agreement information obligation covering the proposed terms and conditions of the credit agreement.

Information About Results of Credit Demand:

ARTICLE 9 – (1) If and when the consumer's credit demand is refused, the lender is under obligation to inform the consumer immediately and free of charge in writing or via permanent data storage.

THIRD PART

Format and Mandatory Contents of Agreement

Format of Agreement:

ARTICLE 10 – (1) Except for distance contracts, consumer credit agreement does not become effective unless made in writing. A lender which does not make a valid agreement cannot subsequently claim against the consumer the invalidity of such agreement.

(2) A consumer credit agreement is required to be issued in at least twelve font size in an understandable language openly, simply and legibly, and a copy thereof is required to be submitted to the consumer on paper or via permanent data storage.

Mandatory Contents of Definite Term Consumer Credit Agreements:

ARTICLE 11 – (1) A definite term consumer credit agreement is required to contain the following data and information:

- a) Type of credit facility; and
- b) Name and surname of the consumer, and name, MERSİS number, open address, telephone number and if any, other communication data and information of the lender and if any, the credit intermediary; and
- c) Term of credit agreement; and
- ç) Total amount and conditions of credit facility, and if any, fees and charges to be claimed from the consumer;
- d) Information as to goods or services covered by the agreement in the case of tied loan agreements; and
- e) Contractual interest rate per month and per annum, and conditions of implementation of this contractual interest rate; and
- f) Effective interest rate per annum calculated as at the date of execution of credit agreement, and all components used in calculation of this rate, and total amount to be paid by the consumer; and
- g) Payment plan which may further be given as an exhibit of the agreement; and
- ğ) A statement that the consumer has the right to receive free of charge a copy of agreement signed between the lender and the consumer for the first year following the date of execution thereof; and

- h) If an account is opened with respect to consumer credit agreement, and only credit-related transactions are effected from this account, a statement that no fee will be charged for this account under any name whatsoever, and that this account will be closed upon repayment of loans, unless otherwise demanded by the consumer in writing; and
- i) A statement that the notary public fees and costs will, if required, be paid by the consumer; and
- i) Information as to delay interest rate; and
- j) Legal results of failure of the consumer in making his payments on due dates thereof, thereby falling in default; and
- k) Information as to guarantees to be requested, if any, and if such guarantees are of a kind of personal guarantees taken against acts of the consumer, they will in any case be treated and considered as ordinary guarantees under any name whatsoever, and that personal guarantees given by the counterparty for receivables of consumer will be considered and treated as joint guarantees unless otherwise provided in the other laws; and
- l) Information as to conditions, period and procedures of use of the right of renunciation, and other conditions as to use of the right of renunciation, also including information about the obligation to pay principal sum and interests thereof and about the method of calculation of them, if this right is used; and
- m) Explanatory information as to rights of the consumer specified in article 19 and the use of these rights with respect to the tied loan agreement; and
- n) Information as to the right of prepayment of the consumer and the obligation of the lender to make a discount according to the prepaid amount; and
- o) A statement that consumer may file his application of dispute to consumer court or to consumer arbitration panel; and
- ö) Information as to other ways of resolution for which the consumers may apply, if any; and
- p) If the credit facility is made available in a foreign currency, information as to which date's exchange rate will be taken into consideration in calculation of repayment installments and total amount of credit; and
- r) A statement that if maturity of an installment coincides with a day accepted and treated as a holiday in the applicable laws, it will automatically change to the first non-holiday day immediately thereafter; and
- s) A statement that compound interest cannot be applied in all kinds of transactions made in reliance upon house finance agreements, also including a case of default. ~~;~~ ~~and~~

(2) If and when an agreement for postponement of debt payments or for restructuring of debts is executed due to a default of the consumer, then and in this case, this agreement will contain information about the procedures and conditions of termination of credit agreement in addition to the information listed in first paragraph hereof. The lender may not give the information mentioned in subparagraphs (d), (h), (i) and (k) of first paragraph in this type of agreements.

Mandatory Contents of Indefinite Term Consumer Credit Agreements:

ARTICLE 12 – (1) An indefinite term consumer credit agreement is required to contain the following data and information:

- a) Type of credit facility; and

- b) Name and surname of the consumer, and name, MERSİS number, open address, telephone number and if any, other communication data and information of the lender and if any, the credit intermediary; and
- c) Information as to when and how the credit limit will be notified, and procedures for change of this limit; and
- ç) Contractual interest rate, and conditions of implementation of this contractual interest rate, and procedures for change of this rate; and
- d) Fees and charges, if any, to be claimed from the consumer, other than interests; and
- e) Procedures and conditions of termination of the credit agreement; and
- f) Delay interest rate; and
- g) Legal results of failure of the consumer in making his payments on due dates thereof, thereby falling in default; and
- ğ) Information as to guarantees to be requested, if any, and if such guarantees are of a kind of personal guarantees taken against acts of the consumer, they will in any case be treated and considered as ordinary guarantees under any name whatsoever, and that personal guarantees given by the counterparty for receivables of consumer will be considered and treated as joint guarantees unless otherwise provided in the other laws; and
- h) Information as to conditions, period and procedures of use of the right of renunciation, and other conditions as to use of the right of renunciation, also including information about the obligation to pay principal sum and interests thereof and about the method of calculation of them, if this right is used; and
- ı) A statement that consumer may file his application of dispute to consumer court or to consumer arbitration panel; and
- İ) Information as to other ways of resolution for which the consumers may apply, if any; and
- j) A statement that the consumer has the right to receive free of charge a copy of agreement signed between the lender and the consumer for the first year following the date of execution thereof; and
- k) A statement that if the payment date coincides with a day accepted and treated as a holiday in the applicable laws, it will automatically change to the first non-holiday day immediately thereafter.

Amendments in the Agreement:

ARTICLE 13 – (1) Terms and conditions of a definite term consumer credit agreement cannot be changed or revised to the detriment of the consumer.

(2) In the case of a change in contractual interest rate in the indefinite term consumer credit agreements, this change is required to be notified to the consumer in writing on paper or via permanent data storage no later than thirty days prior to the effective date thereof. This notice contains details as to changes in amount, number and intervals of payments, if any, to be made after the effective date of the new interest rate. If the interest rate is increased, the new interest rate cannot be applied retrospectively. The consumer is not affected from the increase of interest if he repays the full amount of his outstanding debts and discontinues to use loans within no later than sixty days following the date of notice.

(3) In the case of a change in any conditions other than contractual interest rate in the indefinite term consumer credit agreements, this change is required to be notified to the consumer in writing or via permanent data storage no later than thirty days prior to the

effective date thereof. The consumer may refuse this change and use his right of termination specified in article 25 hereof.

FOURTH PART
Principles as to Effective Interest Rate Per Annum,
Prepayment and Default

Calculation of Effective Interest Rate Per Annum:

ARTICLE 14 – (1) The consumer credit agreement is required to contain an effective interest rate per annum.

(2) Effective interest rate per annum is calculated by the formula given in Annex-1. In calculation of the effective interest rate per annum, the fees to be paid if and when the consumer fails to comply with any one of its obligations arising out of the credit agreement will not be included in total cost of the credit to the consumer.

(3) In calculation of the effective interest rate per annum, it will be assumed that the credit agreement will remain valid for the agreed upon term, and that the parties will perform their own contractual obligations at the dates and according to the terms and conditions specified in the credit agreement.

(4) In the case of fees or charges, if any, which are included in the effective interest rate per annum, but are not definite at the time of calculation, or if the contractual interest rate included in the indefinite term consumer credit agreements may be changed as per the applicable laws, in calculation of effective interest rate per annum, it will be assumed that these fees or charges or the contractual interest rate are fixed, and they will remain valid till the end of the credit agreement.

(5) If and when required, the additional assumptions specified in Annex-1 may be used in calculation of the effective interest rate per annum.

Prepayment:

ARTICLE 15 – (1) The consumer may prepay one or more undue installments or prepay the full amount or a portion of his outstanding debts. Thereupon, the lender is required to make the required discount in accordance with the provisions of articles 16 and 17, also including the cases when the full amount or a portion of interests is collected in advance.

(2) If the consumer prepays one or more undue installments or prepays the full amount or a portion of his outstanding debts, then, the prepayment discount is calculated on the basis of the date of payment made by the consumer. This date may in no case be changed to the detriment of the consumer.

(3) In credits where the full amount or a portion of interests is collected from the consumer in advance, the lender is under obligation to establish a system for making the required discount over the contractual interest rate if the consumer makes a prepayment. In this case, the provisions of Annex-3 are taken into consideration.

Prepayment of Full Amount of Credit:

ARTICLE 16 – (1) If the full amount of credit is prepaid at the date of an installment, then, together with the amount of installment due and payable, the principal sum of debts included in the remaining installments, and if any, interests, taxes, duties and similar other legal liabilities not collected till that date will be collected.

(2) If the full amount of credit is prepaid between the dates of two consecutive installments, the amount of interests accrued over the principal sum during the period between the date of last paid installment included in the payment plan and the date of prepayment, plus the principal sum of debts included in the remaining installments as of the date of last paid installment, plus if any, interests, taxes, duties and similar other legal liabilities not collected till that date will be collected. However, in credits where the full amount or a portion of interests is collected from the consumer in advance, if the full amount of credit is prepaid, the required amount of interests is refunded over the contractual interest rate on the basis of the date and amount of prepayment.

(3) In prepayment of the full amount of credit, the provisions of Annex-2 are taken into consideration.

Interim Payment:

ARTICLE 17 – (1) Payment by the consumer of any amount, not being less than the amount of one installment included in the payment plan, before the due date thereof is considered and treated as an interim payment.

(2) If the consumer makes an interim payment, interests to be accrued over the remaining debt of principal sum and to be calculated by multiplying the contractual interest rate by the number of days which have passed since the date of previous installment, together with taxes, duties and other legal liabilities to be calculated over the interests, will be collected from the consumer. The amount remaining outside the collected interests and taxes, duties and other legal liabilities will be deducted from the outstanding debt of principal sum. Thereupon, a new installment amount is determined and a new payment plan is created, without any change in the number of remaining installments and in the payment dates. However, if demanded so by the consumer, a grace period may be determined according to the number of prepaid installments so that the number of installments will not be changed, or a number of installments and payment dates, different from the existing payment plan, may be determined upon written demand of the consumer made in writing or via permanent data storage and upon mutual agreement of the parties.

(3) Upon mutual agreement of the parties, the amount of installment included in the new payment plan may be higher than the amount of installment valid prior to the prepayment.

(4) In credits where the full amount or a portion of interests is collected from the consumer in advance, in the case of an interim payment, the required amount of interests is refunded over the contractual interest rate on the basis of the date and amount of interim payment.

(5) New payment plan is delivered to the consumer in writing or via permanent data storage without demanding any fee under any name whatsoever.

(6) The burden of proof relating to demands of consumer as referred to in this article lies with the lender.

(7) In interim payment transactions, the provisions of Annex-4 are taken into consideration.

Default and Late Payment:

ARTICLE 18 – (1) In the case of default of consumer in payment of installments in the consumer credit agreements, if the lender has reserved its right to claim payment of the full amount of outstanding debts, this right may be used only if the lender has performed all of its contractual obligations and only if the consumer has fallen in default in payment of at least two consecutive installments. In order to be able to use this right, the lender must have made a warning of acceleration by granting a minimum time of thirty days to the consumer. Interests, fees and charges are not taken into consideration in calculation of the accelerated installments.

(2) In the case of default or late payment, a delay interest at a rate higher than the contractual interest rate plus thirty percent thereof cannot be collected or charged from the consumer, or otherwise, the lender will be liable to pay to the consumer both the overcollected amount and an interest to be calculated over the contractual interest rate specified in the agreement plus thirty percent thereof for the period between the date of collection of such overcollected amount and the date of actual repayment thereof to the consumer.

(3) In the case of default or late payment of the consumer, the lender may claim from the consumer the total sum of interests to be calculated over the principal sum included in the amount paid late by multiplying the delay interest rate by the number of days of delay, plus taxes, duties and other legal liabilities to be calculated over such interests. In calculation of delay interests that may be claimed from the consumer, the date of payment made by the consumer is taken as a basis. This period may in no case be changed or revised to the detriment of the consumer. In calculation of delay interests, the provisions of Annex-5 are taken into consideration.

FIFTH PART

Miscellaneous and Final Provisions

Tied Loan Agreement:

ARTICLE 19 – (1) Tied loan agreement is a type of agreement wherein the consumer credit is made available solely for financing of a contract of sales and supply signed for particular goods or services, and these two agreements objectively constitute an economic unity.

(2) Economic unity is accepted to be reached upon existence of at least one of the following cases:

- a) the seller or supplier finances the credit facility for the consumer; and
- b) if financed by a third party, the lender makes use of services of the seller or supplier with respect to preparation or signature of credit agreement; and

c) it is clearly specified in the credit agreement that particular goods or services will be sold and delivered.

(3) If the consumer renounces from the contract of sales or supply of goods or services, and notice of renunciation is separately delivered to the lender in writing or via permanent data storage accessible by the lender within the period of renunciation, then the tied loan agreement also terminates without any indemnity or penalty payment obligation.

(4) In tied loans, if and when the goods or services are not delivered or performed at all or as required, and therefore, the consumer uses his right of renunciation from the sales contract or his right to claim and request a discount from the price, then and in this case, the seller, the supplier and the lender will be held liable jointly and severally. If the consumer uses his right to claim and request a discount from the price, the tied loan will also be reduced at the same rate and the payment plan is changed accordingly. If the consumer uses his right of renunciation from the sales contract, the seller, the supplier and the lender will be liable jointly and severally for refund of payments made till that date. However, liability of the lender will be limited by the amount of loans borrowed and utilized and by one year following the date of delivery of goods or the date of performance of services specified in the sales contract or in tied loan agreement in the case of non-delivery of the goods or non-performance of services, or following the date the goods are actually delivered or the services are actually performed in the case of delivery of the goods or performance of the services.

(5) Credit facilities made available through payment by the crediting lender of the price of the goods or services designated by the consumer himself, without a contract or agreement relating to delivery of particular goods or performance of particular services by and between the lender on one side and the seller or supplier on the other side, are not considered and treated as tied loans.

Cash Advance Credits Repayable in Installments:

ARTICLE 20 – (1) Cash credits allowing repayment in installments of the amount of loan utilized in cash in reliance upon a credit card or overdraft deposit account agreement treated and considered as an indefinite term consumer credit agreement are accepted and termed as cash advance credits repayable in installments.

(2) Prior to use of cash advance credits repayable in installments by the consumer, it is required to inform the consumer about total credit amount, installment amounts, number of installments, and contractual interest rate.

(3) In cash advance credits repayable in installments, the amount of installment is determined according to contractual interests to be calculated by considering the number of days between the date of utilization of credit and the last payment date thereof.

(4) In the case of a delay in repayment of credits, the delay interest is calculated for the period starting from the last payment date.

(5) In credit facilities, the lender separately follows up the principal and interests. In the case of a delay in repayments, a delay interest is applied only over the principal sum.

(6) Account cut-off dates of consumers borrowing a credit facility cannot be changed until completion of repayment of loans. However, if the account cut-off date is changed due to mandatory reasons, the provisions of Annex-4 are taken into consideration.

Excess of Limit:

ARTICLE 21 – (1) If and when an agreement relating to opening of a deposit account permitting the excess of limit is signed with the consumer, this agreement contains both the contractual interest rate and the information on conditions of application of this rate. The lender is in any case under obligation to provide the consumer with such information in writing or via permanent data storage on monthly basis.

(2) In the case of a substantial excess of limit in a period in excess of one month, the lender will immediately give the following information to the consumer in writing or via permanent data storage:

- a) A statement that the limit is exceeded; and
- b) Amount used; and
- c) Contractual interest rate; and
- ç) Interest to be applied on the amount in delay.

(3) If the period of excess of limit is longer than one month, the lender may further offer to the consumer another type of credit agreement.

Interest Rate:

ARTICLE 22 – (1) In the definite term consumer credit agreements, the rate of interest is determined as fixed. This rate determined as of the date of execution of the agreement cannot be changed to the detriment of the consumer.

(2) If the agreement does not contain contractual interest rate, effective interest rate per annum or total cost of credit, the credit amount is borrowed and utilized without interest until the end of term of the agreement. If effective interest rate per annum is understated, the contractual interest rate to be used in calculation of total cost of credit is re-determined in such manner to comply with the understated effective interest rate per annum. In this case, the payment plan is rearranged and reissued according to the changes made therein.

(3) Consumer credit agreements contain a single contractual interest rate. This contractual interest rate is taken into consideration in case of prepayment, default or similar other events.

(4) Compound interest is not applied in consumer transactions, also including the cases of default.

(5) Rate of interest to be applied in credit card agreements considered and treated as an indefinite term consumer credit agreement cannot be more than the rate of interest determined pursuant to a credit card agreement.

Account Statement:

ARTICLE 23 – (1) In indefinite term consumer credit agreements, if the consumer has outstanding debts, the lender is under obligation to inform the consumer by an account statement containing the following information in writing or via permanent data storage as at the end of each accounting period:

- a) Period of account statement; and
- b) Amount of loans utilized, and dates of utilization; and
- c) Date of next account statement; and
- ç) Outstanding debt of the period; and
- d) Dates and amounts of payments made by the consumer; and
- e) Contractual interest rate; and
- f) Delay interest rate; and
- g) Fees and charges collected from the consumer for the period of account statement; and
- ğ) If any, amount of minimum payment to be made by the consumer.

(2) In definite term consumer credit agreements, the payment plan submitted at the date of execution of the credit agreement is considered and accepted as an account statement, providing that it contains the following information:

- a) Payments required to be made; and
- b) Periods and conditions of payment of installment amounts; and
- c) Principal sum of each repayment; and
- ç) A breakdown showing interests calculated over the contractual interest rate and if any, all kinds of additional fees and charges.

Right of Renunciation:

ARTICLE 24 – (1) The consumer will have the right to renounce from the consumer credit agreement within fourteen days without paying any penalty and without showing any reason therefor.

(2) Period of the right of renunciation starts as of the date of execution of the agreement. However, if the date a copy of the agreement is delivered to the consumer in writing or via permanent data storage is later than the date of execution of the agreement, this period starts as of the date of receipt of a copy of the agreement.

(3) The lender is under obligation to prove that the consumer is informed about his right of renunciation. The only obligation of the consumer is to deliver a notice of use of his right of renunciation to the lender in writing or via permanent data storage within the period of use of the right of renunciation.

(4) If the consumer using his right of renunciation has already borrowed and utilized loans under the credit agreement, the consumer is required to repay to the lender both the principal sum of such loans and the interests accrued during the period from the date of utilization of loans to the date of repayment of principal sum, within no later than thirty days after delivery of the notice of use of right of renunciation to the lender. If no payment is effected during this period of time, the consumer will be deemed not to have renounced from the consumer credit.

(5) Interests are calculated over and according to the contractual interest rate. No fees or charges may be claimed from the consumer, other than the contractual interests calculated as above, and the fees and charges paid to public entities and administrations or to third parties. All kinds of fees and charges, other than the aforementioned fees and charges, collected from the consumer are refunded to the consumer within seven days after the date the consumer repays to the lender the principal sum plus accrued interests.

(6) If another service is also provided and offered to the consumer pursuant to and under the credit agreement, the contract for such other service also terminates when the consumer renounces from the credit agreement.

Termination of Indefinite Term Consumer Credit Agreement:

ARTICLE 25 – (1) In indefinite term consumer credit agreements, if the agreement does not contain a period of time for notice of termination, the consumer may at any time terminate the agreement without paying any fee or charge by sending a notice of termination to the lender in writing or via permanent data storage. However, if the agreement contains a period of time for notice of termination, this period may not exceed one month.

(2) If the lender is granted the right to terminate the agreement, the lender may terminate the indefinite term consumer credit agreement by sending an at least two months' prior notice of termination to the consumer in writing or via permanent data storage.

(3) If agreed upon so in the agreement, in the case of existence of just causes, the lender may terminate the indefinite term consumer credit agreement without being obliged to comply with the period of notice of termination. In this case, prior to the date of termination, the lender informs the consumer about termination and its causes in writing or via permanent data storage. However, if information prior to the date of termination is not possible, this notice of termination is issued and sent immediately after the date of termination.

To Take Out Insurance:

ARTICLE 26 – (1) An insurance cannot be taken out for credit without an open demand of the consumer made in writing or via permanent data storage. If the consumer wishes to take out insurance, the coverage provided by any insurers chosen by the consumer is required to be accepted by the lender. This insurance is required to be compliant with the subject of credit, and in fixed sum insurances, with the remaining debt amount and maturity. In fixed sum insurances, the amount of cover in the insurance policy cannot be higher than the remaining loan amount. Maturity of insurance cannot be longer than maturity of credit.

(2) In credit-related fixed sum insurances, insurance contract is terminated if the outstanding loans are repaid prior to the specified maturity, or in the case of a change in debt structure of loans. However, providing that the consumer is separately informed by the lender and the consumer's clear consent is received as of the time of this transaction, the insurance policy may be continued under the existing terms and conditions, or the coverage amounts and validity periods of the existing insurance policy may be rearranged according to the changes in debt structure of loans.

Transfer of Rights of Lender:

ARTICLE 27 – (1) If and when the lender transfers to a third party its contractual rights by a credit agreement signed with the consumer or a separate credit agreement, then and in this case, all of the contractual rights owned by the consumer against the lender may be claimed by the consumer against that third party as well.

(2) Except for the cases where the lender's liability continues jointly with the transferee, the lender is required to send a notice to the consumer in writing or via permanent data storage stating that it has transferred its contractual rights.

Guarantee:

ARTICLE 28 – (1) In consumer credit agreements, personal guarantees taken against acts of the consumer will in any case be treated and considered as ordinary guarantees under any name whatsoever. Personal guarantees given by the counterparty for receivables of consumer will be considered and treated as joint guarantees unless otherwise provided in the other laws.

Other Provisions:

ARTICLE 29 – (1) If an account is opened with respect to a definite term consumer credit agreement, and only credit-related transactions are effected from this account, no fee can be charged on the consumer for this account under any name whatsoever. This account will be closed upon repayment of loans, unless otherwise demanded by the consumer in writing.

(2) An overdraft deposit account agreement related to definite term consumer credit agreement cannot be executed without an open instruction of the consumer.

(3) Information about all kinds of fees and charges to be claimed from the consumer in reliance upon the agreements covered by this Regulation is required to be given to the consumer in writing on paper as an attachment to the agreement. The burden of proof of delivery of such information to the consumer lies with the lender.

(4) If maturity or payment date of an installment coincides with a day accepted and treated as a holiday in the applicable laws, it will automatically change to the first non-holiday day immediately thereafter.

(5) If the lender allocates a telephone line for communication of consumers with respect to the agreement, for this telephone line, the lender may not select a tariff rate which is higher than the ordinary tariff rate.

Repealed Regulation:

ARTICLE 30 – (1) The Regulation on Procedures and Principles Regarding Calculation of Prepayment Discount and Yearly Cost Rate in Consumer Credits, promulgated in the Official Gazette edition 25186 on 1/8/2003, is hereby repealed.

Effective Date:

ARTICLE 31 – (1) This Regulation becomes effective six months after the date it is published.

Enforcement:

ARTICLE 32 – (1) The provisions of this Regulation will be enforced and executed by the Minister of Customs and Trade.