

PROFILE OF ARMENIA HOUSING SECTOR

Chapter 4: The legal framework

United Nations Economic Commission for Europe-UNECE

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Summary:

This paper makes an analysis of the legal environment governing the housing sector in Armenia. It first makes an analysis of the regulatory framework that existed during the Soviet period outlining how homeownership has evolved in legal terms. The second part of the paper focuses on the design of new legislation in support to the privatisation of the state-owned housing stock and to the development of a truly housing market. The final part of the paper brings forward some conclusions and some references from The Netherlands, Egypt, Brazil and India and presents some recommendations to the future.

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**CHAPTER 4
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From 1991 to date the Government of Armenia made significant steps to establish a legal and regulatory environment in order to cope adequately with the retreat of the state from its dominant position as housing provider that characterised the Soviet period. The transition from a centrally planned to a free market economy imposed the need to draw new legislation in support to an emerging housing and real estate market but also to regulate different relations between housing consumers and housing producers. It is worth noticing that the Government of Armenia is enacting fundamental legislation that is helping to create an enabling environment for those who buy, lease, finance, construct and invest on housing thus enabling the establishment of a well-performing housing sector. It goes without saying that all initiatives to improve the regulatory frameworks will help to enhance more confidence among all stakeholders participating in the housing sector.

Furthermore the transfer of an immense housing stock from public to private ownership propelled new obligations assigned to citizens but also brought to the forefront the right to own and dispose of housing and land as commodities that had to be sanctioned in additional bylaws and complementary regulations. The transfer of responsibilities for management and maintenance of the housing stock followed the privatisation of the housing sector thus requiring a new set of basic laws. Residents and homeowners associations or condominiums were assigned responsibilities and obligations that required additional legislation and normative acts particularly for the multifamily apartment buildings. New responsibilities and new relations have emerged among different actors and new market mechanisms have evolved with manifold implications for the Armenian population and particularly to those living in the predominantly multi-family type of housing.

Additionally since housing provision through the state has virtually ceased and housing finance is not yet fully developed, the access to housing is only possible through the local market meaning that housing can be either purchased or rented in transactions involving individual owners who are willing to negotiate their existing real estate property. Pricing, property valuation, brokerage, property registration and contractual arrangements for the use, disposal and alienation of housing and real estate properties imposed additional demand for basic regulation which had to be drawn from scratch.

It is also important to underscore that the possibility to own land and make use of it for residential purposes in a more liberal manner has opened up new opportunities for single family housing production. This has helped to strengthen individual housing construction but has also attracted various actors and new relations between landowners, builders, housing consumer's etc. which had to be regulated in bylaws and codes.

The fundamental shift in policy and the institutional reforms pursued by the Government of Armenia in the housing sector had to be sustained by a legal framework needed to create a conducive environment for all stakeholders to participate actively in the housing sector. At this moment in time one must look at whether the Government of Armenia has taken all measures and assured the basic legislation for this transition to take place in a smooth manner or not? What is the current status of the legal framework regulating the activities and developments in the housing sector? Is it facilitating or hindering the supply and commercialisation of housing? Are homeowners' rights but also obligations well defined and secured by law? Is the legislation in place and being enforced?

From 1991 onwards the Government of Armenia has adopted important laws and enacted decisions directly affecting the housing sector. It is worth listing some important laws such as:

- Law on "multiunit apartment building management" (2002);
- Law on "condominium associations" (2002);
- Law on "local government bodies" (2002);
- Law on "legalisation of unauthorised buildings and land occupation" (2002);
- New Land Code of the Republic of Armenia (2001);
- Law on "gratis privatisation of apartments in State housing stock" (2000);
- Law on "registration of property rights" (1999);
- Law on "civil code" (1998);
- Law on "condominiums" (1996);
- Law on "real estate" (1995);
- Law on "real estate taxation" (1995);
- Law on "land taxation" (1994);
- Law on "privatisation of state and public housing" (1993);
- Land Code of the Republic of Armenia (1991);
- Law on "property in the Republic of Armenia (1990).

The transition to a market economy imposed the need to draw the above set of legislation from scratch. However one should not disregard the fact that there existed legislation safeguarding housing rights to citizens. There were also laws establishing obligations of citizens regarding the use, maintenance and disposition of housing. Thus Armenia entered into a process of regulatory reform with a set of legislation inherited from the Soviet period. What do we know about it and what should we know in order to broaden our understanding of today's Armenia in reference to the legal framework governing the housing sector?

During the Soviet period the housing stock was regarded as national wealth and its management was entirely in the hands of the State. Despite the control of the State over all aspects and assets during the Soviet period every Armenian citizen was allowed to own a house or part of it. The size of which was established by a Housing Code but they were not allowed to commercialise or make use of housing for additional income generation e.g. renting or sub-renting. The Code also granted housing rights to citizens that were allocated from the state housing stock or from a stock produced by a building society. Housing was allocated to citizens for an indefinite period of use on the basis of a normative ceiling called "housing space quota" that was set at 9 m² per person. The beneficiaries were selected through a "waiting list" (Janoyan, et al, 2002). The Civil Code of the Soviet period further specified that citizens could not own a housing unit that exceeded 60 m² of living space plus 30 m² of service space like kitchen, corridor, WC, etc.

It is interesting to note that housing rights were secured in law during the Soviet period. Rather than a market commodity it was regarded as a social good. The right to receive housing in a multifamily apartment building was constitutionally protected. The state was expected to provide housing to its population. Eviction was foreseen but no one could be evicted without a legal mandate issued by court.

The Housing Code further classified the housing stock in four major categories: state housing, public housing (state farms, associations, trade unions, etc.), building co-operative housing and individual housing. In the case of housing built by building co-operatives the rights of individuals – members of the co-operative – was defined by the charter of the co-operative. The building co-operative was the entity in charge of getting a loan, mobilise resources and on behalf of its members assure that the construction would be carried out according to the time schedule and costs previously agreed¹. The co-operative would become the legal owner of the building after the state loan was repaid with every member holding a share of that ownership. In the case of individual housing, citizens were regarded as legal owners and enjoyed a significant right to use, possess and dispose of their property but homeowners were not allowed to rent it or making use of housing to generate additional income. Thus home ownership was linked to "satisfaction of basic needs" of an individual citizen and his family rather than a commodity to generate capital (and profit).

Despite the fact that land was a state property and therefore not subject to any kind of commercialisation, the constitution of Soviet Armenia had provisions to evoke rights on land allocated for residential purpose. Parcels of land could be allocated to individuals for the construction of individual houses through a

¹ It is worth noting that co-operative buildings were the first ones to be affected by the financial crisis that followed the independence of many former Soviet Republics. Many of these buildings are still incomplete in Moldova, Lithuania, Armenia and other republics.

notarised agreement. Thus citizens were allowed to possess land but it could not be disposed. The right to homeownership was directly linked to the rights to use land under state ownership. The size of land parcels allocated to individual housing construction was further defined in legislation and limited to 300 to 600 m² in urban areas and 700-1200 m² in rural areas. Individuals were obliged to complete the construction not later than 3 years after the concession of the building permit. This was later extended to 5 years.

It is also interesting to note that the Civil Code enforced during the Soviet period had clear provisions for individual ownership of housing to be sold, donated, exchanged and inherited. But the close link between the property rights on individual housing units and the right to use the parcel of land where it was constructed implied some complex prerequisites. Meeting the housing needs of a family was coupled with the interests of the State implicit in the state ownership of land. While the urban housing unit was subject to a sale agreement that had to be notarised, the right to use the land underneath was subject to peculiar authorisations that could involve executive committees of districts, Soviet of people's deputies, etc. The principle was that individual families could only own one house to live and but were allowed to purchase a holiday house or cottage. According to the civil code of Soviet Armenia owners were not allowed to sell a house more than once within 3 years.

But Armenians were allowed to lease their house, a room or an isolated part of it provided that it was not meant to earn unofficial income. Informal transactions on lease or sale for the purpose of generating "unofficial" income lead to confiscation. Rent prices were pre-defined by a council of minister's decision. The rights of tenants and landlords were further defined in the civil code (Janoyan, 2002)

The devastating earthquake of December 1988 provoked the adoption of series of government decisions and measures ensuring the principle of compensation to all families who had lost their shelter. The Armenian State legally committed itself to develop a comprehensive programme to resolve the critical housing needs. The subsequent enactment of legislation also helped to define an earthquake zone and later transformed into a "rehabilitation zone" where the Government would exert exceptional policies and apply appropriate and tailor-made norms and legal instruments. For example allowing the "free" privatisation of the housing stock to be extended until December 2003. Also, there was tolerance towards informal "domics" type of accommodation and later on the housing certificate programme propelled an interesting process of "land readjustment" and purchase of existing housing. The families who lost their shelter were placed in the waiting list and registered as individuals and families in need of housing. Another significant legal act adopted at the end of the 1980's was the recognition of housing rights to those refugees fleeing from the Nagorno Karabakh conflict. All these initial legal measures to deal with the issues of resettlement and homelessness are still valid and their effects are felt presently.

On 13th of June 1989 the government adopted resolution 272 approving the sale of apartments of the state and public housing stock. From then onwards occupants of these flats were enabled to obtain full property of the housing units meaning that they would also gain the right to use, sell and dispose that property. This was a particular difference in comparison to the rules in force until then. Individuals were expected to fill-in applications on the basis of one housing unit per household. Executive committees of town and district Soviets of deputies were responsible for valuation and price setting. Armenian citizens were able to obtain full property of their apartments with rights to possess, use and dispose at any time. However the number of applications filed for privatisation was not high most probably because the prices set for the state-owned apartments were set artificially and not at attractive values for tenants. Only 12% of the state-owned stock were transferred to private ownership during the first four years of privatisation². The impact of this law was not as great as one could have expected and consequently new legislation was drafted and adopted revealing the intention to further accelerate the process of housing privatisation. The law on property that was enacted in 1990 recognised for the first time the legal rights of ownership of land and real estate assets. The policy intentions were already to adopt basic legal steps for Armenia to establish a market economy. And this would have to be complemented by civil legislation that in fact were drafted and enacted some years later.

The law on privatisation dated from 1993 and that overruled resolution 272 provided the conditions for privatisation of the housing stock free of charges based on voluntary basis. This has indeed accelerated remarkably the pace of privatisation since it eliminated the obligation to pay an artificial sale price for the apartment and resumed the financial obligations only to processing and administration fees. Armenians obtained the right to full home ownership that included the right to freely use, dispose and possess the privatised apartments. The administrative costs for privatisation of the housing stock was equivalent to one minimum salary. In the year 2000 another legislation was enacted that paved the way for a full privatisation of the housing stock.

These laws should be regarded as cornerstone legislation since they propelled a mass transfer of ownership of apartments from the state to households and individuals. There is a fundamental shift from tenants of state-owned apartment buildings to homeowners that changed forever the face of the housing sector in Armenia. According to the law on "Privatisation of state and public housing" nearly 100% of all state apartments were privatised free of charge to registered tenants (96.3%). This new situation imposed the need to draw legislation that would establish rights and obligations of different actors regarding the maintenance and management of common property and communal spaces in the buildings like staircases, lifts, entrances, roofs, surrounding land etc. Alike most

² Tatian, Peter A. (2002). "Framework for Housing Policy in the Armenia Earthquake Zone", the Urban Institute, Washington, DC.

former Soviet republics legislation on these matters was only enacted after privatisation had started which consequently left the buildings and their inhabitants with a temporary gap or a grey area where no specific laws applied to the guarantee proper maintenance and management of communal areas. These tasks were carried out by a local government agency called ZEK's.

The law on "apartment building management" (2002) was drafted to fill some of these gaps. It regulates relations for the management of common shared and communal spaces in multifamily apartment buildings further enforcing ruling by the Civil Code and the law on condominiums. The law establishes rights to basic information and the power to ascribe powers and management responsibilities to third parties. But it also assigns unequivocal obligations to unit owners (called herein the law as structure owners) regarding their participation in property management, payment of fees, maintenance regulations and respect to welfare of other's properties and common shared property. The law evokes different types of governing bodies responsible for property management e.g. condominium as legal entity, authorised manager (proxy) and trustee manager. It is curious to notice that next to assuring the issuing of the passport of the building the law also assigns responsibilities to the governing body for informing the designated Armenian authorities in case of death and inheritance problems involving one of the residential units. Although it is not a simply formulated law it provides a framework for settling possible disputes involving owners of residential units in a multifamily apartment building.

In order to resolve the problems of management and maintenance of the building stock that emerged with housing privatisation a law on condominium was enacted first in May 1995 (Government decision 295). This was followed by law on condominiums in 1996 that was amended in 1998 to clarify the legal rights and obligations of condominiums and basically to lift the restriction on condominiums to be formed involving various different buildings. This law was replaced by a new one in 2002 that basically resolved the issue of management of common areas of the building and the options to manage jointly owned property. The law defines the legal status of condominium associations, the procedure for their founding, operation and dissolution, and their relation to state and local government organisations. The law defines a condominium as "a non-profit and non-commercial co-operative entity based on the membership of its members and for the purpose of management of the property considered the shared ownership of the apartment building" (Law of the Republic of Armenia on Condominiums, 2002).

This is an important legislation that paves the way for the establishment of proper property management completely out of scope of the State. However the law opens up the possibility that one condominium association may have the responsibility for property management in more than one building. This is a deviation from the notion that a condominium is a form of management in a multiunit building entrusted by the owners of the units thus a management

mechanisms on the basis of one building-one condominium. As indicated in the previous chapters the number of condominiums established according to this law is still limited. Up to date less than half of all housing is under condominium association management and 60% is under ZEKs³ management. Nationally, there are only about 600 condominium associations and results from a recent survey indicate that only 20 percent of these are active.⁴

It is also worth noting that newly created joint-stock companies that resulted from the reorganisation and privatisation of the ZEKs are in fact replacing the role that is to be played by condominium associations that should be established by apartment owners. These companies are taking over management and maintenance responsibilities over several buildings situated within the area of jurisdiction of the former ZEKs. One could say that law enforcement has not managed to stimulate homeowners to organise themselves in condominiums yet. Instead a former state-owned enterprise (now privatised as Joint Stock Company) that was responsible for property management in the Soviet period is taking over the responsibilities of the entity prescribed by the law (condominium association) that should truly be created and controlled by the owners of apartments of these buildings. The principle of homeowners association lies at the heart of the nature of condominiums. Most likely the lack of involvement and commitment of homeowners will have an adverse effect on the sense of co-responsibility, commitment to pay the maintenance fee, and to actively participate in assemblies and other legal obligations that the law prescribes for every homeowner of an apartment building.

The Civil Code that was enacted in 1999 consolidated the right of ownership by specifically devoting a full section on this subject. The right of individual ownership, guarantees and protection of that right as well as terms and conditions for renting, transfer and disposing of housing and real estate properties are all defined in law. Further the civil code also rules on mortgage of residential units, foreclosure and evictions in case of default. It is interesting to note that the law accepts property rights to be evoked on mortgaged assets separated from the rights on the land where it is built.

The Civil Code is definitely an important step in the consolidation of a legal framework that enables the development of a stimulating housing market. It provides for the comprehensive protection of ownership relations for the exercise and violation of the right of ownership prescribing procedures to restore rights, compensation in case of violations of these rights, waive the right of ownership in favour of others, claims against any infringements and termination of these rights. The Civil Code created an unequivocal basic rule of law for individuals to have their individual ownership rights legally protected which is a sine-qua-non

³ As explained in previous chapters these are State-owned real estate property management units that were responsible for the management, maintenance and allocation of housing in the state-owned housing stock.

⁴ Desilets and Vanoyan 2001, p. 2.

condition for both housing consumers and housing producers to engage in formal business activities involving housing and real estate properties. Thus the Civil Code has definitely increased confidence for banks and investors to get involved in housing and real estate markets.

A fundamental question that emerges from this is the process of registration of these rights. At first this was addressed by a government resolution dated from 1993 that established the registration procedures and defined the required documentation to confirm the right of ownership on privatised apartments. An important element of this resolution was that – according to Janoyan et al (2002) – this had to be validated by an ownership certificate registered by the local technical inventory authority represented by the regional departments of the State Unified Cadastre for Real Estate herein called SUCRE. Another resolution dated of 1997 further established the procedures to alienate real estate properties conditioned to a notarisation and registration in SUCRE. The law on real estate adopted in 1995 further regulated conditions and procedures for possession, use, disposition, sale and purchase as well as warrants affecting real estate properties that could only be concluded after proper registration in the SUCRE. According to Janoyan et al (2002) this law remained valid until the adoption of the Civil Code.

The link between property rights and the registration of these rights in the SUCRE should be seen as a very important development in the legal framework governing the housing sector. The establishment of the State Committee of Real Estate Property Cadastre in 1997 and transformed into law in 1999 coupled with the enactment of the Civil Code sanctioned all the procedures for the registration of transactions (sale, purchase, lease, mortgage) and transfers of ownership rights. It provides for an unified system of cadastre linking data on fiscal, legal, cartographic, geodetic, real estate registration, land use and land inspection as well as appraisal and valuation systems including mapping and surveying which is now stored in an automated database. Apart from giving security of tenure and thus security in mortgage transactions there is no doubt that this has a positive impact on the labour market. It creates the need to capacity building in property valuation and real estate property appraisal, property surveying and mapping, brokerage activities, realtors, evaluators and cadastre mapping. It is worth noting that cartographic and surveying works are now being publicly tendered opening ways to private companies in the sector.

The process of record keeping and registration of land reserve as well as the shifting of land resources to communities is also underway as a result of these legal steps and this is another important measure for which the Armenian Government should be praised. It is another prerequisite for a well-functioning housing sector that has been accomplished in Armenia. The mapping and registration of rights in 800 different communities has started and in the beginning of 2003 the first community has received the full ownership of its land paving the way to the devolution of control over land resources to the local level.

This legal step implies that self-government bodies will not only be in control of an important input to housing production but also will actually be accountable to land management and land policies.

The law on local self government enacted in 1998 and amended on March 2000 ratifies the constitutionally protected rights of elected local self-government bodies reassuring among other things planning and management responsibilities related to the use of land and its support to the establishment of condominium associations. The new law adopted in May 2002 addresses the limitations of the previous law but it does not change the above responsibilities. The law assigns a fundamental responsibility and power delegated by the State to the chief of the community on land management, land cadastre and land allocation according to the general urban development plan and land zoning approved by the community council. Although the law does not evoke rights and obligations to the local level of governance on issues directly related to housing production it does touch a fundamental input e.g. land and public utilities and support to property management e.g. condominium associations that will help the development of the housing sector.

A recent legislation was enacted beginning of 2003 that provides clear guidelines for the legalisation of "unauthorised buildings and unauthorised land occupation" that mushroomed during the last 10 years. Illegal occupations on state-owned land and community-owned land are targeted for regularisation by this law. The policy is to formalise these situations and providing security of tenure helping to bring these properties to the formal housing market by recognising rights and ownership and subject them to registration in the cadastre and property registration system thus further stimulating the development of a truly housing market.

Residents of unauthorised buildings and authorised land occupations are expected to prepare applications to State authority local division of real estate cadastre maintenance for which fees are specified on the basis of m² of construction and/or land area. The law recognises rights if there is no conflict with urban development norms, if it is not limiting other person's rights, whether safety issues are taken into account and whether there is no servitude involved. Rights are to be recognised provided that land is acquired on the basis of the cadastre value followed by a full registration in the cadastre meaning that the occupants will have to prove the purchasing of land parcels at the specified cadastral price.

This is an important legislation that is hoped to bring a very large of stock – currently estimated around 400,000 – units into the formal housing market. It is worth noting that lessons learned from other countries in transition reveal that informal land developments and housing construction are closely associated with bottlenecks found in the legal, regulatory and institutional frameworks governing the housing sector.

Access to housing and the volume of market transactions is also closely associated to the supply of finance, credit and the access to financial resources. The banks consider that there is an enabling legal environment with the basic statute, civil procedures and civil legislation provided by the Civil Code. The current legal framework provides the basic conditions to stimulate private sector development and private sector participation in housing supply that will consequently enlarge opportunities to access housing. But this should be connected to equally important reforms in the financial sector to provide access to capital and credit and in the construction sector that will help modernise construction technology and production, stimulate more variety and greater competition in price, quality and standards.

Dispute court, court of appeal and ultimately the constitutional court are all in place to judge disputes on properties and foreclosure, collateral disputes and recovery of immovable properties but banks report that disputes can take up to 180 days to be resolved. Difficulties to settle collateral obligations and recover property and its social impacts when evictions are involved may cause further delays in law enforcement and on pledging immovable properties with banks ending up with bunches of property titles but with properties still remaining occupied by people. Banks report shortcomings in the law regarding procedures to free the property and to re-register properties. Major complains of the banks refers to law enforcement, the lack of transparency and the lack of well-trained officers in charge of foreclosure and pledging properties. Despite of the fact that there is a formula and the prices cannot be lower than what the formula provides there are reported problems occurring when properties are to be auctioned. Problems in setting of prices, dates and periods and the limited information about the auction often cause properties to end up generating less or zero value to creditors. Finally banks also report that judges may not be fully informed on the methods and not accustomed to judge property disputes resulting in additional bottlenecks when defaults in loans and mortgages impose resolution of collateral obligations.

CONCLUSIONS

There is no doubt that the Armenian Government is pursuing a continuous and comprehensive policy to regulate the housing sector that is no longer characterised by a dominant public sector acting as major producer and owner of a large housing stock. Only 10 years have passed since independence and the start of substantial changes in the legal framework is already showing some results. However it is possible that the maturity of the housing market will paradoxically impose in the near future the need to deregulate the legal environment and make law enforcement less complex for the various stakeholders involved in the housing sector.

It should be underscored that when one looks at the performance of the real estate market during 2002 it becomes clear that there is a significant increase in the volume of transactions and registration of property rights, nearly 40% more in 2002 in relation to 2001. The number of mortgage transactions registered in the SUCRE has also experienced a growth of 40% from 2001 to 2002. This is a positive sign and it is certainly associated with the establishment of a regulatory and normative framework that has helped to create a legal basis regulating fundamentally new activities and new relations in the Armenian housing sector and the right to ownership.

One could say that the regulatory framework is one of the conduits of a well-performing housing sector. There is a wealth of international experience showing the nexus regulatory framework - legal environment - access to housing which provides important lessons to countries drafting basic legislation to support the development of the housing sector like Armenia.

The Netherlands for example was one of the first countries to draft a comprehensive and for its time very progressive legislation, the "Housing Act" dated from 1901 and significantly amended in 1965 and 1992 and which is the key legal framework governing today's Dutch housing sector. The act placed basic legislation in response to the constitutional statement that indicates that "promotion of sufficient housing opportunities is a matter of government concern". The act set duties and responsibilities of various parties concerned with housing e.g. local and central government agencies, financiers, developers, construction companies, etc. and provided the State with formal powers to subsidise the construction of houses. It also indicated the eligibility for state subsidy, the financial frameworks and allocated specific tasks to municipalities.

The most innovative aspect was the entrusting of housing associations as key housing production agent. The housing association is an independent, private organisation, that builds, rents and manages dwellings for those who have problems in finding good, affordable housing on their own. These entities are legally registered as "non-profit" focusing on the social sector and are also presently involved in supplying of services and neighbourhood maintenance in areas where they possess large stocks of housing. In 1999 the housing associations controlled 39% of the total Dutch housing stock or the equivalent to 2.1 million housing units. This is the so-called social rented sector.

One hundred years of experience with the implementation and enhancement of the Dutch housing act provides important lessons. It has given a clear basis for the operation all market players buyers, sellers, financiers, builders, developers, brokers, municipalities, cadastre agencies, insurance companies, research centres, etc. It has safeguarded the access to affordable housing through the social rented sector by those families with low income by a consistent financial and institutional support from the central government. It has been continuously monitored and amended so as to respond to new challenges and changes in the

external environment. For example, the associations evolved from highly subsidised entities to more independent organisations operating within rules of the capital market and acting as a social housing developer. The central government moved away from subsidy provision to enabling access to funding via guarantee funds and other instruments and allocating individual housing subsidies. This legislation had a tremendous impact on the quantity and quality of housing produced in The Netherlands during the last century.

On the other extreme, experiences from countries like Egypt, India and Brazil show how a particular legislation or the dismantling of a law can have unexpectedly negative effects in terms of affordability and access to housing. The land ceiling act in India, drafted in the 1980's with the intention to limit the amount of land in private hands for speculative purposes, resulted into the government building land banks for the purpose of facilitating access to housing by low income families which had an opposite impact. Land became scarce, land and housing prices increased and unauthorised settlements grew in size and numbers resulting in poor families having more difficulties to find decent affordable housing. A similar situation was found in Egypt where for many years a "rent control act" regulated the rental housing market with the intention to make rented housing accommodation consistent with the low income of a great part of the population. The law was a very pro-tenant legislation that provided long-term security and life inheritance to the rent contract meaning that heirs would take over the lease contract with hardly any change in the values of the monthly rent. The result was catastrophic for Egypt's housing sector. Owners did not make any effort to maintain and upkeep the properties and buildings and those who had a vacant flat preferred to keep it closed instead of making it available in the rental market. The result was a skyrocketing price increase in housing and informal housing processes at a magnitude never seen elsewhere in the world. The key lesson is that a particular law may be drafted with laudable intentions but if its policy implications are not well understood it may result in severe adverse effects to all parties concerned and hit hard those who are supposed to be the main beneficiaries.

In Rio de Janeiro, Brazil, the rental housing law was changed in the beginning of the 2000's. The previous law prescribed a very complex relation between tenants and landlords resulting in costly and time-consuming juridical conflicts once the rent had to be adjusted and housing was to be devolved. The new legislation clarified basic period of time and procedures for extending the contract, adjusting the rent and the grace period for notification to tenants to vacate the housing unit without the court. The result was that there was an overwhelming amount of rental housing supplied to the market which consequently decreased rent prices and broaden the freedom of choice regarding size, quality and location of housing for those looking for rented accommodation. A single law had a tremendous policy impact by making housing more accessible and affordable.

In countries in transition like Moldova, where one must design basic legislation from scratch, the option was to create a housing and real estate agency with a grant support from the World Bank' institutional development fund. The agency was legally established with the mission to monitor and disseminate information to the market about all aspects involving the development a truly housing market in the country. A stakeholder's analysis was carried out and a situation auditing helped to determine the situation in the housing, land and construction sectors. Basic legislation was screened and a sector study sustained by a comprehensive survey on land, housing, prices, consumer's preference and choices and other issues served as a key instrument for the government to design a new housing policy.

In Armenia, the government has pursued several measures and initiatives geared to create a conducive legal environment. However there are gaps that still need to be addressed. The legal and regulatory framework has not yet addressed the obligations of the State as well as the rights in the area of housing provision to socially vulnerable citizens e.g. elderly, homeless, refugees, etc.

Furthermore, there is no legal framework attaching the provision and protection of housing rights to the population living in the jurisdiction of a local self-government authority. These new entities are not yet fully established as legal successors of the local soviets of the national deputies and do not detain the administrative skills of the soviet's executive committees that make very difficult their task to manage a huge derelict housing stock inherited from the State. The incipient process of decentralisation and devolution of housing stock maintenance and management tasks – specially when one looks at the limited impact of the condominium law – are placing the local self-government authorities in a serious deadlock. Here is not only a question of creating and enforcing law but also to capacitate these entities and their partners in civil society for the new tasks ahead. The laws and legislation being drafted and/or enacted by the Armenian government must be linked to a comprehensive capacity building and institutional development programme that will enable local self-government authorities to play their role at the local level and be capable to exercise law enforcement. Otherwise we run the risk to have good laws that no one abides to.

Although two very important laws on condominiums and management of multi-apartment buildings have been enacted in 2002 that created a very favourable legal framework for a more efficient maintenance of the housing stock the results are still very limited within the citizenry. The State and local self-government authorities do have a challenge in law enforcement regarding the obligations to property maintenance attached to the right of ownership but also in enabling homeowners in these tasks by means of providing technical, financial, institutional, management and human resources development support. In this respect the developments in the legal framework cannot be dissociated from

strengthening the financial capabilities, the institutional capacities and human resources to sustain law enhancement and its enforcement thereafter.

There are still some gaps identified in the legal frameworks on privatisation. There is still uncertainty connected to the common share ownership rights of owners in the multiapartment buildings that gives room for disputable and numerous commentaries. Even for basements and non-residential areas for example. The registration forms and mechanisms for change and termination of the ownership and other property rights related to the commonly used areas is very intricate and need further clarifications with regard to the legal and practical approaches. A more pragmatic approach is needed.

One could also say that law enforcement has not yet managed to stimulate homeowners to organise themselves in condominiums. Possible reasons for that are the lack of financial resources, low household incomes, the lack of awareness and tradition in self-management and absence of capacity in property management. This vacuum in property and housing management has been filled by the ZEK's. These are formerly state-owned enterprise (now privatised as joint- stock companies) that was responsible for property management in the Soviet period and that in practice are replacing what condominium associations should do. Thus ZEK's are taking over the responsibilities of an entity prescribed by the law (condominium association) that should truly be created and controlled by the owners of apartments of these buildings. The principle of homeowners association lies at the heart of the nature of condominiums. Most likely the lack of involvement and commitment of homeowners will have an adverse effect on the sense of co-responsibility, commitment to pay the maintenance fee, and to actively participate in assemblies and other legal obligations that the law prescribes for every homeowner of an apartment building. This is an area of social development that cannot be tackle by law enforcement but with a set of other policy measures.

Another gap identified relates to cases when a citizen wants to waive a land parcel and an incomplete structure built on it. Although the Civil Code defines, that any citizen or any legal person may waive the right of ownership to the property belonging to him/her there are a number of cases that it has been impossible to legally justify those actions due to the absence of clear mechanisms.

The present legal environment enforces that real estate property rights shall be recognised only on the basis of the ratification in public notary followed by registration in the Real Estate State Registry. However the State, communities, natural persons, as well as owners of the public housing stock have failed to register the ownership right to a large part of the housing stock belonging to them. Not only due to the lack of the relevant financial resources but also because of the unavailability of the relevant documentation and their inability (it

may be unwillingness or not seeing the actual need of) in giving legal solutions defined by law.

There is another gap between the legal framework in place and the reality of housing markets. As mentioned above the current legislation defines ownership right once it is properly registered in notary offices and the relevant register-books of the real estate cadastre authorities. This is the basis for market transactions. However, very often citizens or legal persons have not made their application to the real estate property registry office in order to register their rights and have no intention to do that prior to waiving their property. So housing and real estate property transactions are carried out without having the full legal protection. In other words and from the strictly legal point of view these persons are not legal owners yet and consequently cannot waive the ownership. But a significant part of individual housing stock is in such a situation that anticipates for an expeditious legal regulation of the matter. The result is that there is still lot informality regarding the regularisation of properties in Armenia.

The enact of the Civil Code imposed an imperative need to revise or abolish the Housing Code inherited from the Soviet period and which is still referred to in court arbitrating. This is a transitional phase found in other countries that emerged as independent states with laws inherited from previous political and administrative systems creating a mix of old and new laws that makes the task of arbitrators very difficult. This duality in Armenia's housing sector needs to be resolved urgently.

Another aspect that needs attention in Armenia is the regulation of the housing rights of the refugees. There are no adequate legal mechanisms found yet that would allow recognising the right of ownership to the apartments allotted to the refugees in a simplified manner. The process is very complex and the organisations working in support to refugees report severe legal and administrative bottlenecks and at times the absence of mechanisms to safeguard their right to stay in the housing allocated to them. This results into the majority of eviction cases issued by court involving a refugee family. This is a matter of deep concern that needs to be addressed particularly being Armenia a country directly confronted with refugees from war and disaster prone areas.

There are also gaps in legislation regarding the rental housing market although the Civil Code provides the basic regulations and procedures in contracts involving landlords and tenants. The relation between landlords and tenants of a housing unit is established in a contract that among other things determines the period of time that the tenant uses the property. The experience in other countries show that the law must prescribe procedures involving the shortening or prolongation of the period of time for which the property is rented as well as for the tenant to vacant the property. The Civil code relies on the statute and contract but the experience in other countries show that the procedures, rights and obligations of both tenants and landlords must be determined by legislation

in that respect. Otherwise one may end up with tenants being requested to leave at any time by landlords or landlords not being interested to invest in property maintenance because he/she cannot easily recover his property for his own use. It is worth investigating the local practices and application of the current law and contractual conditions and compares the situation with other countries that have a well-developed legislation regulating the rental housing sector.

Another important gap in the bulk of legislation regards matters of land management and land policy that is being decentralised to local self-government bodies. Since land is an inelastic and limited resource by nature and is a fundamental input for the supply and production of housing this must be addressed urgently. Instruments such as land lease, land readjustment, development control and building rights, the differentiation of rights to build from rights to use land, public-private partnerships in land development and transfer of development rights are just some of these instruments that need to be set in legislation. The establishment of land management has serious legal and practical implications for local governments and particularly for the supply of housing and therefore it should be subject of policy concerns.

One of the prerequisites for a well-functioning housing sector is the proper registration of land parcels and immovable properties and the legal protections it carries with it. The Armenian government is accomplishing important steps in this direction. The process of record keeping and registration of land reserve as well as the shifting of land resources to communities is also underway as a result of these legal steps and this is another important measure for which the Armenian Government should be praised. The mapping and registration of rights in 800 different communities has started and in the beginning of 2003 the first community has received the full ownership of its land paving the way to the devolution of control over land resources to the local level. This legal step implies that self-government bodies will not only be in control of an important input to housing production but it will actually be accountable to land management and land policies. Once more one must stress the need to launch a comprehensive institutional development and capacity building programme to couple with the legal and policy developments.

Lessons learned from other countries in transition reveal that informal land and housing construction and unauthorised urban developments are closely associated with bottlenecks found in the legal, regulatory, financial and institutional frameworks governing the housing sector that hinder individuals to access housing. This is not so different in Armenia. The legislation recognising rights of those living in unauthorised buildings and unauthorised land occupations has also been drafted and this is an important measure that will help to regularise a significant housing – currently estimated around 400,000 units – and bring them into the formal housing market. This single legislation and legal act is likely to have positive impacts on the price and availability of housing reinforcing the

notion that the establishment of conducive legal environment is a fundamental condition to resolve housing problems.

SOME FEW RECOMMENDATIONS

It is fundamental to launch a public campaign and public communication process to inform the population about developments in the legal framework, the meaning and scope of laws and wide the level of consciousness about the rights and obligations of the citizenry. This needs to be done in a very accessible language and making use of all visual instruments possible.

The current development in the legal frameworks becomes null and void if not accompanied by comprehensive training of those in charge of law enforcement and improvements in the legal basis and instruments contained in the laws. This should fill the gap identified by many stakeholders on law enforcement.

Another aspect is the monitoring of law enforcement and the experience of the applications of the laws and the normative frameworks. It is necessary to safeguard principles, obligations of the state and the citizenry as well as the rights of individuals regarding access to housing and the transfer of their ownership rights. The establishment of a "legal ombudsman" may be a way to refine the legal frameworks and provide backstopping to the government and the citizenry about law enforcement.

The retreat of the State from housing production implies that housing must be produced and supplied through the market and other non-state mechanisms. In that respect there is a gap in legislation regarding the stimulation to partnership with and participation of NGO's and CBO's⁵ in the process of housing production, assistance to vulnerable groups and finance of self-help housing. There is an incipient process of individual housing production that needs to be stimulated but it should be without much involvement of the State. This means that the government must play an enabling role by drafting conducive legislation, designing specific programmes and facilitating access to critical inputs like finance, land and building materials. State agencies must concentrate on the most needed groups and problematic areas giving space for other actors to get involved in housing developments. This is mentioned in policy statements but it should be backed up by proper legislation coupled with fiscal incentives and institutional support.

The law on condominium associations is in place but a review on its enforcement is a matter of urgency particularly the establishment of the condominiums managing multiple-buildings and the monitoring of their experience. The process of management fee setting and collection, decisions on capital investment, owner's participation and engagement of homeowners in property management,

⁵ NGO-Non Governmental Organisation and CBO-Community-based Organisation.

etc. There is a need to closely monitor the implementation of this law. Furthermore the government must provide mechanisms for capacity building of condominiums as well as their members and associates and stimulate other organisations to do so on its behalf.

At last, it seems important to carry out demonstration projects where some new legislation and instruments designed within the framework of laws could be applied and properly monitored in order to provide lessons learned to the designating government authorities. Intensive evaluation and dissemination of results should follow this so that it becomes widely known in Armenia.

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REPUBLIC OF ARMENIA LAW
ON THE LEGAL STATUS OF BUILDINGS, PREMISES CONSTRUCTED
AND LAND PLOTS OCCUPIED IN AN UNAUTHORIZED MANNER

Passed on December 26, 2002.

Article 1. The Subject for Regulation by the Law

This Law spells out the grounds and procedure for the recognition of rights to the buildings, premises constructed in an unauthorized manner and state-owned or community-owned land plots occupied in an unauthorized manner, disposed (assigned) with the failure of compliance to the requirements of the legislation.

Article 2. The Scope of the Effectiveness of the Law

The effectiveness of this Law shall cover the buildings, premises constructed in an unauthorized manner till the date of entry into force of this Law and the ones registered by the real estate cadastre state authority till May 15, 2001, including the semi-finished structures with 50 or above percentage of completeness, as well as the state-owned or community-owned land plots occupied in an unauthorized manner and disposed (assigned) with the failure of compliance to the requirements of the legislation.

Article 3. The Main Concepts Used in the Law

The main concepts used in this law are:

Building – a closed structure carrying and consisting of structures meant for the performance of human habitation or temporary location, public, production functions.

Premise – an underground or on-land volumetric, plane or linear construction system, in some cases also consisting of constructions, which is meant for the purposes of carrying out different public, production functions, transporting people, cargo, energy resources, water and information, as well as for protection and other purposes.

Residential Buildings, premises, of which :

-Individual residential house – a structure constructed on a land plot with adjacent and utility facilities, with its administrative premises,

-Garden house (dacha) –a summer house or premise constructed on a land plot in a garden area,

-Residential apartment building- a premise with more than one apartments, with areas for non-residential and common use,

-Apartment- an individual area located in an apartment residential building consisting of residential and adjacent parts, endowed with utility facilities,

-Garage- an individual premise constructed on a land plot for parking the transportation means for individual use,

-Public building, premise – a building, a premise meant for performing social, cultural, educational services, administrative or public functions for population,

Production building, premise – a building, a premise designed for industrial and agricultural and other production activities,

Land plot occupied in an unauthorized manner - a state-owned or community-owned land plot that is occupied by citizens or legal persons in an unauthorized manner, including occupied and used with no adequate juridical justification.

Land plot disposed (assigned) with the failure to comply with the requirements of the legislation– a land plot possessed or used by a citizen or a legal person, the decisions on the privatization, sale or provision of which by eligible authorities do not comply with the requirements of the legislation.

Engineering and transportation objects- the republican main roads, gas pipes, canals, railways, bridges, tunnels, electricity communication, other communication lines and other objects of production and transport infrastructures.

Article 4. The grounds for the recognition of the ownership right to the buildings (premises) constructed in an unauthorized manner on the land plots that are the ownership of citizens or legal persons

1. The ownership right to the residential buildings, premises constructed in an unauthorized manner on the land plots assigned for the construction and service of homestead, garden, as well as individual residential house that is the ownership of the citizens or legal persons shall belong to those persons.

2. The ownership right to the buildings, premises constructed in an unauthorized manner on the land plots prescribed by paragraph 1 of this Article, as well as on the public or production land plots acquired with an ownership right, shall be recognized as such, if the recognition of that right is not in conflict with the urban development norms.

3. The ownership right to the buildings, premises constructed in an unauthorized manner on the agricultural and other land plots privatized by the citizens or legal persons, designed for agricultural production, may belong to the land owners if:

- a) they are not located in the disposal or safety zones of engineering and transportation objects,
- b) they are not in conflict with the urban development norms,
- c) they do not limit other persons' rights.

4. The ownership right to the residential, public, non-agricultural production buildings, premises constructed in an unauthorized manner on the land plots mentioned in part 3 of this Article may be recognized as belonging to the land owners if they:

- a) meet the conditions defined in part 3 of this Article,
- b) do not cause servitude.

5. The ownership right to buildings, premises constructed in an unauthorized manner by other persons on the land plots considered as ownership of the citizens or the legal persons, shall be recognized upon the consent of the land owner, in the manner defined by the Civil Code of the Republic of Armenia, in the event of meeting the conditions prescribed by the parts 2, 3 and 4 of this Article.

6. In the cases defined by parts 2, 3, and 4 of this Article, the ownership right shall be recognized by the decision of the head of the community (in Yerevan City by the Yerevan Mayor), while the ownership right to the land plots outside the administrative boundaries of the community and to the buildings, premises constructed on them in an unauthorized manner, shall be recognized by the decision of the relevant Local Governor.

Article 5. The grounds for the recognition of the ownership right to the buildings, premises constructed in an unauthorized manner on the state-owned or community-owned land plots

1. The ownership right to the residential buildings, premises constructed in an unauthorized manner on the state-owned or community-owned land plots may be recognized as belonging to the erecting entity, if they are within the boundaries of the settlement, are not constructed on the land plots prescribed by Article 60 of the Land Code of the Republic of Armenia, neither in the disposal or safety zones of the engineering and transportation objects, nor do they limit other persons' rights, cause servitude and contradict the urban development norms.

The ownership right to the buildings, premises constructed in an unauthorized manner in the cases prescribed by this part may be recognized as belonging to the erecting entity on the condition of acquiring the land plots necessary for the maintenance and service at cadastre value and in the form of direct sales. The sizes of those land plots shall be determined in the manner prescribed by the Land Code of the Republic of Armenia.

2. The ownership right of the erecting entity to the public, production buildings, premises constructed on the state-owned or community-owned land plots in an unauthorized manner shall be recognized if they are not constructed in the zones of the land plots defined by Article 60 of the Land Code of the Republic of Armenia, as well as in the disposal or safety zones of the engineering-transportation objects, do not restrict the rights of other persons, do not cause servitude and are not in conflict with the urban development norms.

In the cases prescribed by this part the ownership right of the erecting entity towards the buildings, premises shall be recognized, if the land plots necessary for the maintenance and service of the buildings, premises are acquired with the ownership right at cadastre value or are leased with the period of up to 10 years of period at the fee equivalent to the annual land tax rate.

In the cases prescribed by this part, the sizes of the land plots may be not more than the fivefold size of the total erection surface of all the buildings, premises.

3. The ownership right of the erecting entity to the individually used buildings, premises of economic-domestic nature (garages, barns, sheds and etc.) constructed in an unauthorized manner on the state-owned or community-owned land plots shall be recognized, if they comply with the conditions set by the part 1 of this Article, where the land plots under those buildings, premises:

a) may be assigned in the urban communities only on leasing terms, at the fee equal to the annual land tax rate with up to 10 years of period,

b) may be disposed in the rural communities in the form of direct sales at a land cadastre value or may be assigned with the right to leasing at the fee equal to the annual land tax rate.

4. In the case of refusing from buying or leasing the land plots, the ownership right to the buildings, premises constructed in an unauthorized manner shall not be recognized and their future status shall be determined in the manner defined by the Civil Code of the Republic of Armenia.

5. In the cases stipulated by this Article, the ownership right towards the buildings, premises constructed in an unauthorized manner may be recognized, and the land plots may be disposed or leased by the decision of the head of the community (in Yerevan City by the Yerevan Mayor), while in the case of the buildings, premises constructed in an unauthorized manner on the land plots that are outside the administrative boundaries of the community, by the decision of the relevant Local Governor.

Article 6. The grounds for legalization of the reformations, restructuring of the apartments or non-residential areas of the apartment buildings and the recognition of the ownership right to the appended structures

1. With the power of this law, legal are considered to be the reformations of the doors and windows made in a unauthorized manner by the citizens or legal persons in the apartments or non-residential areas of the apartment buildings, the galleries constructed in an unauthorized manner, as long as the main carrying constructions have not been changed, as well as the replacement of the doors at the expense of areas for common use, as long as the windows of those areas have not been blocked, and the mentioned changes have been made not at the expense of the areas which ensure the required (by regulations) maintenance of the staircases.

2. The unauthorized reformations of the doors and windows made by the citizens or legal persons in the apartments or non-residential areas of the apartment

buildings, the galleries constructed in an unauthorized manner, if the main carrying constructions have been changed, as well as the replacement of the doors at the expense of areas for common use, if the windows of those areas have been blocked, and the mentioned changes have been made at the expense of the areas which ensure the required (by regulations) maintenance of the staircases, may be legalized on the basis of the decision of the community heads (in Yerevan City by the Yerevan Mayor), and outside the administrative area of the community, on the basis of the decisions of the relevant Local Governor, if the mentioned changes do not lead to the decline of the enforcement standards set by the design of the building.

3. The ownership right to the balconies, basements, attics and other appended structures constructed in an unauthorized manner in the apartments or non-residential areas of the apartments buildings of the person (persons) undertaking the construction may be recognized on the basis of the decisions of the heads of the communities (in Yerevan City by the Yerevan Mayor), and outside the administrative area of the community, on the basis of the decisions of the Local Governors, if the mentioned premises do not lead to the decline of the enforcement standards set by the design of the building.

-In the cases defined by this part the right of ownership to the balconies, basements, attics and other appended structures constructed in an unauthorized manner may be recognized on the basis of the application of the person (persons) having undertaken the construction or the management body of the apartment buildings. The ownership right to balcony, basement, attic and other appended structure constructed individually in the building in an unauthorized manner may not be recognized, if there is no technical conclusion about the enforcement standards of the total building available. The technical conclusion shall be provided by the person (persons) having undertaken the construction or the management body of the apartment buildings.

Article 7. The grounds for the recognition of the ownership right to the land plots disposed, assigned (acquired) with the breaches of the legislation, as well as occupied in an unauthorized manner

1. Under the power of this law, the ownership right of the persons occupying the agricultural, as well as the garden (summer) land plots registered as a result of the cadastre mapping during the first state registration activities, as well as privatized with the breaches of the legislation shall be recognized, if the privatized land plots have been considered agricultural or state reserve stock lands, where the ownership right shall be recognized towards the land plots actually in use.

2. Under the power of this law, for the land plots planned for the construction of the homestead, individual residential house privatized (assigned) with the breaches of legislation as well as resulting from the cadastre mapping during the undertaking of activities for first state registration:

a) the ownership right to the actually used land plots in the rural communities shall be recognized, if those land plots are not located in the disposal or safety zones of the engineering and transportation objects, and if the recognition of that right does not restrict other persons' rights and (or) does not cause a servitude.

The ownership right to the land plots stipulated by this sub-paragraph shall be recognized on the basis of the reference provided by the head of the community, and outside the administrative areas of the community, of the reference provided by the

relevant Local Governor documenting that those land plots are not located in the disposal or safety zones of the engineering and transportation objects.

b) the ownership right in the urban communities may be recognized, if those land plots are not located in the disposal or safety zones of the engineering and transportation objects, and if the recognition of that right does not restrict other persons' rights, does not cause a servitude and does not contradict the urban development norms.

The actually used sizes of the land plots defined in this sub-paragraph must not exceed the twofold sizes that are assigned by documents. The land plots used in an unauthorized manner with more than 20 % above the defined size shall be transferred with the free ownership right.

The land plot used in an unauthorized manner with more than 20% of the size than the assigned size by documents must be acquired at the amount of the 30% of its cadastre value. In the event of not acquiring the mentioned land plots, as well as in the case of the land plots used with more than twofold size than the one defined by legislation, all the land plot that is used in excess shall be taken back and recognized as an ownership of the community, and in the Yerevan City as a state ownership.

3. With the power of this law, the ownership right of the persons that have acquired the land plots shall be recognized to the land plots planned for the construction and service of homestead or residential house disposed (sold, acquired) in an inadequately held auction or through the violations of the legislation of the Republic of Armenia prior to the entry into force of the Land Code of the Republic of Armenia and left non erected, as well as to the agricultural state -owned land plots.

4. The ownership right to the residential buildings, premises constructed on the land plots mentioned in part 3 of this Article may be recognized on the basis of the decision of the head of community (in Yerevan City by the Yerevan Mayor), and outside the administrative territory of the community, on the basis of the decision of the relevant Local Governor, whereby the ownership right to the buildings, premises constructed in the urban communities may be recognized, if these buildings, premises meet the conditions set by the part 3 of Article 4 of this Law.

Article 8. The procedure for the recognition and registration of the rights to the buildings, premises and land plots constructed in an unauthorized manner

1. In the cases defined by parts 2-4 of Article 4, parts 1-3 of Article 5, parts 2 and 3 of Article 6 and paragraph "b" of part 2 of Article 7 of this law, the citizens or the legal persons, for the recognition of the rights to the buildings, premises constructed in an unauthorized manner and the land plots occupied in an unauthorized manner, according to their place of location, must apply to the state authority local divisions of real property cadastre maintenance.

2. Within five calendar days starting from the day of receiving the application the state authority local divisions of real property cadastre maintenance shall submit to the head of the community in the administrative boundaries of the community (in the Yerevan City by the Yerevan Mayor), and outside the administrative boundaries of the community, to the relevant Local Governor, the master plan of the building, premise or land plot constructed in an unauthorized manner.

The head of the community (in the Yerevan City by the Yerevan Mayor), and outside the administrative boundaries of the community, the relevant Local Governor, within thirty calendar days, shall make a decision on the rejection of the application or about the legalization of the building, premise constructed in an unauthorized manner

or that of the land plot. Here, in the case of the making decision on the legalization and in the case of meeting the conditions defined by the parts 1-3 of Article 5 of this Law, the decision shall state the conditions for the disposal of the land plot, without concluding an agreement on disposal, while in the case of the lease of the land plot, also a relevant agreement shall be concluded. In the case of not making any decision in the mentioned period, the buildings, the premises constructed in an unauthorized manner, shall be considered as legal, and the land plots shall be considered as assigned with the right to lease, at the fee equal to the annual land tax rate, with the preferential right to purchase, on the condition of paying their cadastre value, while the rights to them shall be subject to state registration in the manner defined.

3. Based on the decision of the head of community (in the Yerevan City by the Yerevan Mayor), and outside the administrative boundaries of the community, that of the relevant Local Governor on the legalization of the buildings, premises constructed in an unauthorized manner and (or) the land plots occupied in an unauthorized manner, the citizens or the legal persons, for the purpose of the state registration of the rights, shall again apply to the local division of the state authority of real property cadastre with the following attachment to the application:

a) in the cases defined by the parts 2-4 of Article 3 of this Law, the decision of the head of the community (in the Yerevan City by the Yerevan Mayor), and the relevant Local Governor, if outside the administrative boundaries of the community.

b) in the cases defined by the parts 1-3 of Article 5 of this Law, the decision of the head of the community (in the Yerevan City by the Yerevan Mayor), and the relevant Local Governor, if outside the administrative boundaries of the community, in the case of the land plot lease, also the lease agreement and the master plan for the land plot.

c) in the cases defined by the parts 2 and 3 of Article 6 of this Law, the decision of the head of the community (in the Yerevan City by the Yerevan Mayor) on the legalization which is made on the basis of the technical conclusions about the enforcement standards of the building.

d) in the cases defined by the part 1 of Article 7 of this Law, the decisions made formerly by the state or local self-government authorities or the privatization committees.

e) in the cases defined by paragraph "b" of part 2 of Article 7 of this Law, the decisions made formerly by the state or local self-government authorities or privatization committees, the decision of the head of the community on the legalization of the residential buildings, premises constructed on the land plots and on the recognition of the ownership right (in the Yerevan City by the Yerevan Mayor).

f) in the cases defined by part 3 of Article 7 of this Law, the decision of the head of the community (in the Yerevan City by the Yerevan Mayor) on the legalization of the residential buildings, premises constructed on the land plots and on the recognition of their ownership rights, the land plot sales agreement concluded based on the former disposal or auction results or the protocol about the auction results (if they are still preserved), the payment invoice on the price for acquiring the land plot.

4. The applicants, during the process of submitting to the state authority local division of the real property cadastre the documents defined by part 3 of this Law shall make payments of fees to the relevant budgets at the following rates:

- a) 1000 drams for every 1 square meter of the residential houses and garden houses constructed in an unauthorized manner,
- b) 2000 drams for every 1 square meter of the public buildings, premises,
- c) 500 drams for every 1 square meter of the buildings, premises with economic and supporting, production value, constructed in an unauthorized manner adjacent to the residential houses and garden houses,
- d) 1000 drams for every 1 square meter of areas generated at the expense of the doors replaced in an unauthorized manner in the apartment buildings, as well as of the attics, galleries and other appended structures built in the balconies, basements, roofs constructed in an unauthorized manner,
- e) 1000 drams for every door and window reformed in an unauthorized manner.

The applicants shall present the payment invoices of the fees paid for the buildings, premises constructed in an unauthorized manner defined in this part to the relevant budget in the manner defined together with the documents stipulated by part 3 of this Article to the local divisions of the state authority of the real property cadastre.

5. The ownership right of the land owners or the right of one of the owners shall be recognized to the residential buildings, premises constructed in an unauthorized manner in the land plots assigned for the joint or common share ownership in agricultural, homestead and garden activities, as well as for the construction and service of an individual residential house, based on their agreement. In the event of the absence of their agreement the state registration of the rights shall be rejected and the problem may be resolved through the court.

Article 9. The changes in the purpose of the land plots in the case of the recognition of the ownership right and the payments made to the relevant budgets

1. In the cases defined by parts 2, 3, 4, of Article 4 and Article 7 of this Law, after the state registration of the ownership right, as needed, based on the decision of the head of the community (in the Yerevan City by the Yerevan Mayor), and outside the administrative boundary of the community, on the basis of the decision of the Local Governor, the purpose or the function of the land plots shall be considered as changed. Those changes shall be incorporated in the current registration records on the land stock of the community /the Yerevan City/ and the land balance sheet of the community (the Yerevan City).

2. In the case of the recognition of the ownership right to the buildings, premises constructed in an unauthorized manner within the administrative boundaries of the community, the fees defined by part 5 of Article 8 of this Law shall be targeted

to the community budgets, while in Yerevan they are sent to the state budget for the overall urban expenses.

Article 10. Concluding Provisions

1. Within six months after the end of the effectiveness of the Law the public and production buildings and premises that do not comply with the conditions set by this Law shall be subject to dismantling at the expense of their builders, and in the event of failure to dismantle them, the citizens and the legal persons that have constructed them shall carry a responsibility in the manner defined by the Code on Administrative Violations of the Republic of Armenia, while the unauthorized structures shall be dismantled through the compulsory execution procedure.

2. The ownership right of the communities shall be recognized to the land plots for the construction and service of the homestead or residential house occupied in an unauthorized manner and not erected.

3. The future status of the residential buildings, premises that do not comply with the conditions defined by this Law shall be determined by the application of the norms defined by the Civil Code of the Republic of Armenia.

4. The procedure for considering the applications and the requests on the buildings, premises constructed in an unauthorized manner, the state-owned land plots disposed (assigned, acquired) before May 15, 2001, as well as excluded from the registration before the date of the entry of this Law into force, shall be established by the Government of the Republic of Armenia.

5. In the event of not registering the rights to the buildings, premises, complying with the conditions defined by this Law, within the period of effectiveness of the Law, their future status shall be determined by application of the norms defined by the Civil Code of the Republic of Armenia.

6. In the event of not registering the property rights within the term of effectiveness of this Law, the land plots defined by Article 5 of this Law shall be considered as community ownership (in Yerevan, a state ownership).

Article 11. The entry into force of this Law and the term of effectiveness

1. This Law shall enter into force starting from the tenth day following the date of its promulgation.

2. The term of effectiveness of this Law shall last for two years after the day of entry of this Law into force.

R.KOCHARYAN

PRESIDENT OF THE REPUBLIC OF ARMENIA

January 31, 2003.

Yerevan HO-510-N
N HO-510N

**DRAFT LAW OF THE REPUBLIC OF ARMENIA
ON APARTMENT BUILDING MANAGEMENT**

PART 1. GENERAL PROVISIONS

Article 1. Scope of the law

The present law regulates the relations for management of common shared property of apartment buildings and defines the procedure of common shared property management by apartment building owners, the forms of management, rights of governing bodies of the building, the procedure of formation of governing bodies, activities and termination thereof, as well as their relationships with State and local government bodies and organizations.

Article 2. Definitions

In this law the following definitions apply:

1. ***Apartment*** is a space in the building designed and intended for residence of physical entities with a separate code and number assigned to it by the authorized agency responsible for State registration of rights.
2. ***Non-residential space*** is a space other than the apartment in the building with a separate code and number assigned to it by the authorized agency responsible for State registration of rights.
3. ***Apartment building*** is the building with apartments and/or non-residential spaces (hereinafter structure) owned by more than one owner and where owners have their interest in the title to the common property of the building (hereinafter common shared property).
4. ***Apartment building structure owner*** is the person with the right of ownership to the structure within the apartment building (hereinafter to be referred to as Structure owner)
5. ***Common shared property of apartment building*** includes spaces, structures, property and other property rights designed and intended for common and full service and maintenance of the apartment building and are held with the right of ownership by all structure owners.
6. ***The owner's interest in common shared ownership of the apartment building*** is the ratio (expressed through percentage) between the entire floor area of the owner's structure held with the right of ownership and the total floor area of all structures of the building.
7. ***Boundaries of apartment building structures and the common property*** are the surfaces of inter-floor coverings (ceilings, floors) and inner surface of load-bearing structures, including the thickness of finishing materials.
8. ***The property of the apartment building structure owner*** includes the whole inner space of the structure, the doors, the windows, inner constructions other than load-bearing structures, all entrances designed and intended to serve only a given structure, stairs, staircases, elevators, elevator and other wells and ducts, mechanical, electrical, sanitary, technical and

other devices, as well as inner surfaces of other walls, the floor and the ceiling of the structure, including the thickness of finishing materials.

- 9. Management of common shared property of the apartment building** means implementation by common shared property owners of their rights, responsibilities and obligations stipulated by the law, other legal acts as well as a contract.

Article 3. Legislation regulating apartment building common shared property management relations

Apartment building common shared property management relations are regulated by the Civil Code of the Republic of Armenia, this law, the Law on Condominium Associations, other laws and regulations, as well as international agreements of the Republic of Armenia.

Article 4. Application

This law applies to structure owners of apartment buildings.

Article 5. Rights of ownership in an apartment building

1. A structure owner within an apartment building may be any physical or legal entity, the Republic of Armenia and communities (hereinafter person).
2. A structure can be owned by one or more than one persons with the right of common joint or common shared ownership.
3. Structure owners shall possess, dispose and use the structures in accordance with general norms of the Civil Code.
4. Should a structure owner sell his/her structure the other structure owners of the apartment building shall not enjoy the right of first refusal to the respective structure.

Article 6. Common shared property hold by apartment building structure owners

Structure owners of apartment buildings may hold with the right of common shared ownership the load-bearing structures, inter-floor coverings (ceilings and floors), basements of the building, the attic, technical floors, the roof, the land under the building, as well as entrances, stairs, staircases, elevators, elevator and other wells and ducts, mechanical, electrical, technical and sanitary devices serving more than one structure and designed for the unified and full service of the apartment building.

Structure owners of apartment buildings may hold with the right of common shared ownership residential or non-residential spaces located in a given or another building, as well as land and any other movable, immovable any other property.

Article 7. Rights of structure owners to common shared property

1. A structure owner shall dispose, possess and use his/her common shared property in accordance with the procedure established by this law.
2. In accordance with the decision of the apartment building structure owners, taken pursuant to the procedure stipulated by this Law, an apartment or non-residential space or a part thereof, which according to the ratio envisaged by this law shall be considered common shared property of structure owners may be alienated.
In accordance with the decision of the apartment building structure owners taken pursuant to the procedure stipulated by this Law the separated part of the building common shared property may be alienated.
3. A structure owner shall not be authorized to individually alienate his/her interest in the common shared ownership or perform other actions leading to transfer of his/her interest to another person independent from the right of ownership to the structure.
4. A structure owner shall not be authorized to claim disposal or usage of a portion in the common property equal to his/her interest thereto or distribution of the common shared property.
5. A common shared property may be alienated, provided for disposal, possession or easement, if the property is to be used in accordance with its designation and not hampering or creating danger for structure owners in possessing, disposing and using their structures.
6. Financial resources received from possession, disposal and use of the common shared property of the apartment building shall be included in the structure of the common property and shall be distributed among participants of shared property equal to their interests.
7. Improvements that can be separated from the common shared property shall pass to the ownership of those structure owners who made the improvements unless decided otherwise by owners of common shared property.
8. The building structure owner shall be authorized to use inner walls of his/her structure in accordance with urban development norms.
9. The building structure owner, upon a prior notice to the building governing body or structure owners, shall be authorized to independently eliminate defects of the common shared property, representing immediate danger to the common shared property, the structure owners' or others' property, people's life, health and the environment. Expenses directed at elimination of such defects shall be indemnified by the building structure owners to the extent they are grounded, even and not exceeding the possible damage should the flows be not eliminated.

Article 8. Changes of real property or boundaries thereof within an apartment building

1. The structure owner, when acquiring the neighboring structure or part thereof with the right of ownership, or only at the consent of the owner of the neighboring structure may eliminate or move any separating inside wall or make openings in them or in the walls

- (including cases when such inside walls fully or partially represent common shared property).
2. The structure owner shall be authorized to, without receiving the consent of the other owners and for not commercial purposes, open or close windows, doors or entrances within his/her structure walls, chimneys, other wall openings, staircases, stairs, as well as perform other planning activities on inner or external walls of the structure or attached thereto (including cases when the walls fully or partially represent common shared property).
 3. The structure owner shall be authorized, without receiving the consent of other structure owners, to install mechanical, electrical, sanitary and technical as well as other communications (including cases when they are fully or partially passing through/over/ or by using the common shared property), if such actions (a) do not weaken the building load-bearing capacity; (b) do not hamper the normal functioning of the engineering communications, the building mechanical and other devices, and (c) if the rights of other structure owners of the building to dispose, possess and use their structures as well as to make use of the common shared property are respected.
 4. Boundaries between neighboring structures may be moved or existing structures may be divided into two or more structures without the consent of other structure owners, if such movements or changes do not result in the change of the structure owners' interests.
 5. Actions described in clauses 1 to 4 of this Article can be performed by the structure owners only in accordance with rules and norms stipulated by the legislations and upon a notice to the governing body of the building.
 6. If performance of actions described in this Article lead to violation of other structure owners' right of disposal, possession or use of their structures or their right of making use of common property, then the structure owner may perform such actions at the consent of other structure owners and by indemnifying the damage caused to them.
- Disputes between structure owners in regard with actions mentioned in this clause and the amount of indemnification should be resolved in legal manner.

Article 9. Owners' responsibilities in regard with common shared property

1. Owners' responsibilities in regard with common shared property shall assume their responsibility to maintain and use such property in accordance with the law and other legal acts.
2. Every owner of common shared property shall participate, to the extent of his/her interest, in expenses, taxes, duties and other payments directed at performance of mandatory norms and requirements as well as in expenses connected with property maintenance and use.
3. Any irrelevant expense made by the structure owner, the community, the local government or any other person, without the consent of owners as required by this law, shall not be indemnified by the owners.

4. The structure owner's failure to use his/ her structure or waive of using the common shared property shall not be considered as a ground for his/her full or partial exemption from participation in expenses defined for performance of mandatory norms.

Article 10. Maintenance of common shared property

1. The structure owners shall be obliged to perform measures and other activities directed at maintenance of common shared property (hereinafter mandatory norms) default of which may cause a direct danger to the common shared property, structure owners' and other persons' property, health, life or the environment. Those making use of the structure and common property shall be obliged to respect rules of co-residence adopted by the RA Government.
2. The mandatory norms include fire control, sanitary, urban development, utilities and other measures.

The list of mandatory norms shall be defined by the Government of the Republic of Armenia. All structure owners shall, in accordance with norms defined at the structure owners meeting as stipulated in this law, make relevant payments or meet requirements of mandatory norms at their own expenses.

3. The rate of payment to be made by the structure owner for the works stipulated in this Article shall be established based on his/her interest in the common shared property. The building governing body shall be responsible for giving a prior notice in accordance with the procedure stipulated in this law to the structure owners on the amount, timeframe and the procedure of payment.
4. If the structure owner fails to pay the amounts directed at performance of mandatory norms for more than two months, the building governing body shall be authorized to apply to the court for forced levy upon a prior written notice to the structure owner.
5. If the structure owner fails to pay for performance of mandatory norms in accordance with the procedure and timeframe stipulated in this Article, the building governing body shall be authorized to finance the performance of mandatory norm from other sources and require the non-payers to indemnify the damage caused to him/her and other structure owners.
6. If the failure to perform mandatory norms by structure owners or the governing body inflicts a direct danger to persons' life, health, the or property or environment, the Chief of the respective Community shall, for the purpose of control or upon an alarm, be obliged to eliminate the danger at his own expenses upon a prior notice to the structure owners and the governing body.

The fact of the direct danger must be confirmed by the State authorized body in a given field. Expenses for implementation of activities described in this clause shall be indemnified by the building structure owners to the extent they are justified, evenly distributed and not exceeding the possible damage should the flows be not eliminated. Disputes connected with the indemnification amount shall be resolved in legal manner.

7. General supervision over the enforcement of standard norms and co-residence rules shall be performed by the Chief of a given community.

Article 11. Management of common shared property

1. The general meeting of all owners of the building structures (hereinafter meeting) is the highest governing body of the management of common shared property. The meeting shall enjoy the right of final decision on any issue related to the management of common shared property of the apartment building, except for issues that according to this law are considered the exclusive authority of the governing body.
2. The meeting shall be convened at least once a year. Any structure owner and the governing body of the building shall be authorized to convene the meeting. Any structure owner and the governing body of the building shall be authorized to convene a meeting for the election of a governing body.
3. Any structure owner shall have votes equal to his/her interest in the common shared property.
4. If the structure is held with the right of common shared ownership by more than one person, one of the co-owners shall act in the meeting on behalf of the others at their consent.

If the structure is held with the right of common shared ownership by more than one person, each of the co-owners shall act in the meeting to the extent of his/her interest or one of the co-owners authorized by the others may be participating in the meeting.

5. The decision made by the meeting within the powers provided for in this law and with the required number of votes, shall be mandatory for all structure owners of the apartment building, including those, regardless of reasons, failed to participate in the voting or voted against.
6. The meeting decisions may be adopted through convening a meeting, distant voting (inquiries) as well as through notices.
7. The meeting is competent to:
 1. Elect the form of management of the apartment building and the governing body;
 2. Dismiss the governing body of the apartment building and reduce the powers;
 3. Approve the list of other powers ascribed to a governing body of the apartment building in addition to those prescribed by this law;
 4. Adopt decisions on alienation, pledge or other type of transfer of the entire shared movable property;
 5. Adopt decision on alienation, pledge of a part of shared property, or separating a part thereof, as well as on increase of the common shared property of apartment building;
 6. Adopt decision on alienation, pledge of a part of movable shared property, or separating a part thereof, as well as on increase of the common shared property of apartment building;
 7. Adopt decisions on transfer of the entire common shared property for use;

8. Adopt decisions on free transfer of a part of common shared property for use;
 9. Adopt decisions on payable transfer of a part of common shared property for use;
 10. Adopt decisions on building up or amendment of entire common shared property or a part thereof;
 11. Adopt decisions of transactions for acquisition of property rights (of use, lease, etc.);
 12. Adopt decisions on installation of ads on the common shared property or its use in some other way for commercial purposes, informing citizens and choosing a place to attach such notices;
 13. Setting tariffs for the issue of statements to structure owners on behalf of the governing body or delivery of other services, which cannot exceed the actual costs incurred for such acts;
 14. Define the payment procedure and deadlines for obligatory payments charged from owners under the established norms;
 15. Define the payment procedure and deadlines for payments, other than obligatory, charged from owners;
 16. Define the procedure of making use of common shared property by owners and/or residents of the apartment building;
 17. Define the procedure of use of common shared property by structure owners and/or residents of the apartment building;
 18. Conduct annual audits at the expense of the budget designed for the monitoring of the governing body activities;
 19. Issue other decisions on management of common shared property, including signing of contracts with utility providers by the building governing body and issues of changing the operational/functional designation of an apartment within the building.
8. The decisions envisaged in the sub-clauses 4 and 5 of the Article 7 shall be adopted unanimously.
 8. The decisions envisaged in the sub-clauses 9, 10 and 20 of the Article 7 shall be adopted at more than 75% of votes of the owners of the apartment building.
 9. The decisions envisaged in the sub-clauses 1, 2, 6, 7, 8, 9, 11, 12, 13, 14, 15, 16, 17, 18 and 19 of the Article 7 shall be adopted at more than 50% of votes of the owners of the apartment building.
 10. The decisions envisaged in the sub-clauses 3 of the Article 7 shall be adopted at the number of votes of the owners of the apartment building, which is envisaged by this Article to carry out the respective functions.
 11. The decisions on issues stipulated in the Clause 7 of this Article may be adopted by virtue of convening a meeting or conducting a poll, while those on 6, 7, 13, 14, 16, 17 and 18 may be taken through notices as well. If the apartment building management is performed through a condominium association, then decisions on issues provided for in sub-clauses 6, 13, 14, 15, 16, 17 and 18 of the Clause 7 of this Article shall be adopted in accordance with the procedure stipulated in the Law on Condominium Associations, unless another decisions has been taken by virtue of convening a meeting or conducting a poll.

12. In cases provided for in the legislation, the decisions, or issued authorizations (powers), taken on implementation of other than mandatory norms shall be notarized.
13. If the initiators have ensured more than 50% of votes for issuing a decision on management of common shared property, but failed to ensure the number of votes defined by this Article, and if such a decision aims at maintenance of common shared property or is of benefit to all the owners of an apartment building, the initiators shall have the right to solve the problem judicially.

Article 12. Taking decisions through convening a meeting

1. An owner of a part of apartment building, governing body or, in cases provided for in this law, the head of community, shall have the right to submit their proposals for discussion through convening a meeting of owners of the building. In this case the initiator has to notify owners about the meeting agenda. Notices shall be delivered by placing the notice in the most observable location at each entrance or in dedicated places, or personally submit it to each owner of the apartment building. The Agenda shall be submitted also to the governing body of the building.
2. At the demand of the owner of the building structure, the governing body shall send to him the agenda at the specified address. In this case, the costs incurred on communicating the agenda to the owner shall be covered by the latter.
3. An initiator of the meeting (the governing body of the building in cases provided for in this Article, Clause 2) shall have to reimburse the losses to the owner of the building incurred by him as a consequence of improper submission or correspondence of the agenda.
4. The agenda shall reflect the name of the person convening the meeting, signature (the seal as well, if the initiator is a legal entity or governing body), his/her residence or current address, his/her share if he/she is a co-owner of the building, the date, time and place of the meeting, the deadline and place for submission of proposals on the agenda, the list of issues raised for discussion, the number of votes required for issuing a decision on the issues in the agenda, as well as other necessary information.
5. The invitation shall be delivered no later than 7 days prior to the date of the meeting.
6. The convened meeting shall be valid if the present owners or their proxies represent more than half of the total votes of owners.
7. A representative of governing body shall moderate the meeting (authorized manager), or, in his absence, the initiator of the meeting. The protocol of the meeting shall be compiled by the secretary of the meeting elected at the meeting.
8. The meeting shall not be able to discuss issues not reflected in the agenda. Decisions on issues not properly stipulated in the agenda, however, discussed by the meeting, shall be invalid. A meeting shall be invalid also in cases, when its agenda has not been properly submitted to more than 10 percent of the owners of the building structures.
9. Governing body of the apartment building (the initiator in the absence of the former) shall have to communicate, within a period of two days, copies of the decisions taken by

the meeting to the owners of the building structures, and, in case the meeting has not been held, notify the owners on the fact as provided for in this Article.

Article 13. Procedure of taking decisions through distant voting (balloting)

1. An owner of apartment building structure, governing body of the apartment building or, in cases provided for in this law, the head of community shall have the right to submit their proposals for discussion through distant voting by owners of the building structures. An initiator shall have to submit the drafts of decisions (drafts of respective authorizations and/or contracts for decisions envisaging application of functions by governing bodies or other persons) to each owner or send copies of such drafts thereto. Draft decision shall be formulated as a one single document. Copies of documents provided for in this Clause shall be submitted to the governing body of the apartment building for information as well.
2. At the demand of an owner of apartment building structure, the governing body of the building shall send the documents envisaged in the Clause 1 of this Article or their copies to the specified address. In this case, the costs incurred on communicating such document or their copies to the owner shall be covered by the latter.
3. An initiator of the meeting (the governing body of the building in cases provided for in this Article, Clause 2) shall have to reimburse the losses to the owner of the building incurred by him as a consequence of improper submission or correspondence of the agenda.
4. The draft decision of the meeting shall reflect the name of the person convening the meeting, signature (the seal as well, if the initiator is a legal entity or governing body of the building), his/her residence or current address, his/her share if he/she is a co-owner of the building, the date, time and place of the meeting, the deadline and place for submission of proposals on the draft decision, the list of decisions to be taken, place of voting, the number of votes required for issuing a decision on the issues in the draft, the period defined for voting which may not be shorter than 5 days, as well as other necessary information.
5. The owners of the apartment building structure shall have to vote (for, against, or abstained) by signing on the original draft decision with regard to each proposed decision. Adopted shall be deemed such decisions, which will have enjoyed the relevant number of votes provided for in this law.
6. When voting on a draft decision, it is prohibited to introduce amendments and additions therein. If during voting a need occurs to introduce an amendment and/or addition, a new draft shall be compiled. Decisions taken with amendments and additions shall be invalid. An adopted draft decision shall be invalid also in cases, when such draft has not been properly submitted to more than 10 percent of the owners of the building structures.
7. The initiator of the meeting shall have to communicate, within a period of two days, copies of the decisions taken by conducting a poll the owners of the building structures in accordance with the defined procedure and providing the names of those voted against.

Article 14. Procedure of taking decisions through notice

1. The apartment building structure owners, the governing body of the building or in cases stipulated by this Law the Chief of community shall have the right to submit his/her initiative to the discussion by other owners through notice in cases provided for in this law. In these cases the initiator shall have to attach the draft of the decision on each entrance of the building in a most observable places, or a place specified by the meeting. The draft decision shall contain the name of the author of the initiative, signature (the seal as well, if the initiator is a legal entity or governing body), his/her residence or current address, his/her share if he/she is a co-owner of the building, the deadline for discussing the notice, date and place for submission of the proposals, date and place for discussion of the proposals, as well as other necessary information.
2. At the demand of the owner of a building structure text of a notice may be submitted to him/her in person, and the charge collectable shall be costs of photocopying only. At the demand of the owner of a building structure, the governing body of the building shall send the notice to the specified address. In this case the owner of a building structure shall reimburse the costs incurred by the governing body on the transaction.
3. Notice shall be deemed submitted, if the final version of the information stipulated in this Article has remained attached for no less than 7 consecutive days. The deadline for discussing the draft decision of the meeting to be taken under the notice mechanism may not be less than 10 days.
4. Such owners of building structures, who have not opposed to the draft decision of the notice meeting in writing or verbally shall be deemed to have voted for the decision, if during the given period the owners have not taken other decision on the issue through convening a meeting or distant voting. To this end, the decision taken through convening a meeting or distant voting, or its copy shall be submitted to the initiator of the notice no later than on the second day after the period envisaged for notice mechanism has completed.
5. Draft decision of a meeting submitted and/or adopted in breach of the requirements of this Article shall be invalid.
6. In case of adoption or refusal of the draft decision, the initiator shall have to duly notify the structures owners on the fact within a period of two days and attach the list of those voted against.

Article 15. Rights and obligations of owners of apartment building structures in terms of building management

1. The owners of the building structure owners shall have the right to:
 1. Receive information on activities of the governing body of the building, as well as take part in the process of taking decision by the governing body of the building according to the established procedure;

2. Ascribe powers to the governing body of the building at any time or recall powers given to such body;
 3. Ascribe management powers to persons other than governing body at any point in time (save the powers ascribed by this law exclusively to the governing body), or recall the powers from such persons;
 4. Receive information on activities of governing body of the building according to the established procedure;
 5. Submit proposals to the governing body of the building on management of common shared property.
1. Owners of the building structure shall have to:
 1. Take part in management of the common shared property;
 2. Perform mandatory payments, as well as other payments provided for in this law;
 3. Maintain the established regulations on use of the common shared property of the apartment building;
 4. Treat properly the common shared property of the apartment building, respect mandatory norms in operating and maintaining the apartment building.

Article 16. Responsibilities of the owners of apartment building structures

1. Apartment building structure owner shall bear responsibility for breaching the mandatory norms maintenance of the structure or common shared property as envisaged by the legislation.
2. Apartment building structure owner shall assume the damage to other structures or common shared property that might have been caused personally by him or persons residing with him, as well as by those residing under a rent contract or any other arrangement of an apartment building structure owner.
3. The structure owner who suffered damage shall have the legal right to demand relevant compensation.

Article 17. Types of bodies governing (managing) common shared property of the building

1. Building structure owners shall have to elect a governing body of the building with the objective to carry out management of common shared property of an apartment building in the framework of maintaining mandatory norms. In the buildings with up to 4 owners, ensuring mandatory norms may be enforced through meeting as well.
2. Apartment building structure owners shall have the right to autonomously elect a type of governing body for management of common shared property.
3. Management of common shared property of apartment buildings may be enforced via:
 1. A legal entity, i.e. condominium, established by owners of building structures;
 2. An authorized manager (proxy);
 3. A trustee manager.

Management of common shared property of one building may be carried out by only one governing body in terms of maintaining the mandatory norms.

4. Apartment building structure owners shall have the right to ascribe, in accordance with this law, the implementation of management of common shared property to an elected governing body of the building, physical persons, as well as legal entities, other issues relating to management of common shared property in addition to the management in terms of maintaining the mandatory norms. Authority to implement other relevant issues may be ascribed to other parties exclusively by virtue of compiling legitimate documents (contracts, letters of authorization, etc.).
5. In the area of management of common shared property local governments are entitled to exercise only the powers provided for in this law.
6. A physical person or a legal entity can be the authorized manager or a trustee manager. The physical person implementing powers of a manager, who carries out these activities as entrepreneurial, shall have to register as an individual businessman.
7. Governing body of the building must have a round seal bearing the address of the respective building, bearing words "governing body", as well as the condominium seal, a stamp and a letterhead.
8. The decision on election of governing body of the building shall contain the definitions of its powers, rights and duties, responsibilities and terms of activities of the governing body.
9. Newly elected governing body of the building shall have to notify in writing the head of the respective community within two days after its election.
Governing body of the building shall attach to the above notification the copies of the decision of the meeting on election of a governing body of the building and respective contract or authorization.
Head of the community shall conduct a Registrar of governing bodies of apartment building common shared property of the concerned community in accordance with the above documents submitted by the governing body of the building.

Article 18. A Condominium

1. Owners of a structure are entitled to establish a legal entity, legally formulated as condominium.
2. Any condominium shall be construed on the basis of the RA Civil Code and the Law on Condominium Associations.
The decision on establishment of a condominium shall contain the names, surnames, residence addresses (current addresses), their interest in the common property, signatures of the members, address of the structure, clear listing of its powers and their deadlines.
3. The decision shall reflect the list of works designed to ensure implementation of mandatory norms, as well as other powers ascribed by the owners of the structures.

4. A condominium shall carry out its powers and transactions in accordance with the procedure defined in the Civil Code of Armenia, in its own name.

Article 19. Authorized manager (proxy)

1. Authorized (representational) management is the carrying out management of the common shared property of a building according to this Law, a written authorization issued by the owners and a signed Authorized Management Contract.
2. The authorization for authorized management is issued and the Contract is signed in a simple written form.
The authorization and the Contract shall contain the names, surnames, residence addresses (current addresses), their size of interest in the common property, signatures of the authorizing persons and the Contract parties, address of the structure, clear listing of the ascribed powers, as well as the name, surname and address of residence of the authorized manager.
3. The authorization and the Contract shall contain the list of works designed to ensure implementation of mandatory norms, as well as other powers given by the owners of the building.
In respect of transactions requiring notary authentication, the authorization and the Contract shall be ratified by the Notary Service, save the cases provided for in the legislation.
4. Authorized manager shall carry out their powers and transacts in accordance with the Civil Code of Armenia, in the name of the owners of the building.
5. Any authorization or a Contract performed in breach of the law or these articles, as well as under clauses, shall be deemed invalid.

Article 20. Trustee manager

1. Trustee management of the common shared property of a building shall be carried out in accordance with the Trustee Management or Paid Service Contract concluded between the owners of the common shared property and trustee manager.
2. Trustee Management or Paid Service Contract shall be signed in writing, and shall be subject to notary authentication in cases prescribed by the legislation.
3. The Trustee or Paid Service contract for management of common shared property of the building shall contain the names, surnames, residence addresses (current addresses), interest in the common property, and signatures of the persons co-signing the trustee contract, address of the structure, clear listing of the ascribed powers, as well as the name, surname and address of residence (current address) of the trustee manager, and the deadline set for his/her powers.
The contract shall contain the list of works designed to ensure implementation of mandatory norms, as well as other powers given by the owners of the building.

4. Trustee manager shall carry out their powers and transacts in accordance with the Civil Code of Armenia, in their own name.
5. Any contract concluded in breach of the law or these articles, as well as under clauses, shall be deemed invalid.

Article 21. Functions of local government bodies in the sphere of apartment maintenance

1. Maintenance of the common shared property of the apartment building shall be carried out by local government bodies in cases and manner stipulated by this law:
Local government bodies shall implement its functions and conclude transactions in accordance with the procedure stipulated by the RA Civil Code on their name.
2. Any transaction concluded by local government bodies in breach of the law or these articles shall be deemed invalid.

Article 22. Authorities of the governing body

1. Governing body of the building shall:
 1. Ensure performance under the mandatory norms set for maintenance of common shared property of the building;
 2. Charge mandatory payments, as well as other prescribed fees, from the owners of the apartment building structures in accordance with the procedure of this law;
 3. Sue the owners with the case of confiscation of the mandatory payments, which the owners failed to perform in accordance with the legislation;
 4. Submit monthly, annual and other reports and notifications to the owners of the building as envisaged by the legislation;
 5. Compile the estimates of the works designed to ensure implementation of mandatory norms to be carried out to the owners of the building for discussion in accordance with the respective procedure of this law;
 6. Conclude contracts within the limits of his powers, or in the name of the owners of the building and in conformity with the terms and funds defined in the budget of the management of the common shared property;
 7. Take part in inspections undertaken in accordance with the stipulated procedure and co-sign the inspection reports (protocols);
 8. Take part in discussion of issues relating to the building and/or adjacent areas held in the national and local governments;
 9. Issue opinions or conclusions in the name of the owners of the building structures during public discussions on the building urban development and environmental problems;
 10. Submit proposals, in the name of the owners of the building structures, to national and local authorities on the issues of improvement of their building and adjacent areas;

11. Within the limits of defined powers, represent and/or protect the rights and legal interests of the owners of the building structures in the national (including judicial) and local governments and organizations;
 12. Issue statistical statements and reports in respect of common shared property or the building in accordance with the legislation;
 13. Address the Notary Service for maintaining the rights of inherited property with the objective to protect the rights of heirs of died residents of the building;
 14. Issue informative references for the owners of the building, persons residing in the building or carrying out activities therein in respect of:
 - i. Type of governing body of the common shared property;
 - ii. Unperformed obligations with regard to management of common shared property of the building by owners;
 - iii. Rate of collection of mandatory payments envisaged for general management of common shared property of the building;
 - iv. The owner's interest in common shared ownership of the apartment building;
 - v. Residence in the building, composition of residing families or activities carried out in the building by the residents;
 - vi. Ownership or use management of the building structures;
 - vii. Other cases envisaged by the legislation.
 15. Conduct register to account for owners' interests in the common shared property of the building;
 16. Ensure passport documentation of the building;
 17. Compile protocols on losses caused to the building structures and/or common shared property of the building;
 18. Carry out other authorities ascribed to him/her by the owners of the building;
 19. Carry out other authorities required for management of the common shared property of the building, which shall not contradict the legislation, decisions of the owners of the building, and their rights and legal interests.
2. The powers provided for in the Clauses 1, 2, 3, 4, 5, 6, 14, 15 and 16 of this Article shall be deemed exclusive powers of the governing body of the building, and as such they may not be transferred to other persons.

No other exclusive powers may be ascribed to governing bodies under any law or other legislative act. Any such powers ascribed in breach of this Article shall be deemed invalid.
 3. The powers, which are not exclusive powers of the governing body of the building, may be implemented by the owners of the building structures, as well.
 4. Local governments shall be entitled, as a governing body, to carry out the powers envisaged in the sub-clauses 1, 2, 3, 4, 5, 6, 7, 11, 12, 13, 14, 15, 16, and 17 of the Clause 1 of this Article.
 5. In accordance with the procedures of this law the governing body shall carry out the powers envisaged in the sub-clauses 3, 9, 10, 11 and 17 of the Clause 1 of this Article

- only after due notification on the power in question taking into consideration the opinions of the owners of the building.
6. Within five days after the implementation of powers envisaged by the sub-clauses 2, 6, 7, 11 and 16 of the Clause 1 of this Article, the governing body shall inform the owners of the building on the results of such implementation in accordance with this law.
 7. The governing body of the building shall implement the powers envisaged in the sub-clause 19 of the Clause 1 of this law only in accordance with the procedure defined in this law.
 8. Any transaction or activity, which will be implemented in breach of the requirements of the law or in excess of the prescribed powers of the governing body, shall be deemed invalid.
 9. Documents on the building management shall be preserved by the governing body of the building throughout the time period stipulated by the law, however no less than 3 years.
 10. The governing body of the building shall be obliged to notify building owners about the change of persons, who have ascribe powers to him/her within two days of the change, and shall attach the owners' votes.

Article 23. Substantial transactions

1. Such transaction shall be deemed substantial or a number of interlinked transactions, which relate to direct or indirect acquisition, alienation or potential alienation of assets by governing body of the building, the value of which transactions shall be more than 25 percent of the annual budget of the management of the common shared property of apartment building.
Governing body may concluded substantial transaction only in 10 days after the notification prescribed by this law.
2. Any substantial transaction carried out in breach of this Article may be deemed null and void under the claim of an owner.

Article 24. Report of the governing body

Governing body of the building shall have to publish its annual report together with the budget of the management of common shared property of an apartment building, which shall contain the balance, the rate of collection of mandatory payments, broken down by each owner of building structures, costs incurred by items and other data. The report shall be published or sent to the owners of the building in accordance with the notification procedure prescribed by this law.

For each month, no later than the 15th of each month, the manager shall prepare a report on payments made by each owner for the purposes of management of common shared property, on progress and status of the envisaged and performed works, and duly notify the owners. At the demand of structure owners, the report shall be submitted to owners, for which only the costs incurred on copying such report shall be charged.

Article 25. Responsibilities of the governing body

Governing body of the building shall bear complete proprietary responsibility for a damage caused to the building or owners of building structures because of the actions of such body. For failure to furnish mandatory notices envisaged by this law, the governing body shall have to, in addition to compensation of losses, pay a penalty to the common shared property management budget at the five-fold of the minimum rate of salaries within one month of the breach.

For breaching the deadlines defined for the notices envisaged by this law, the governing body, in addition to compensation of the losses, shall have to pay a penalty to the common shared property management budget at the rate of minimum salary per each day of such delay, not exceeding the ten-fold of the minimum rate of salary.

For failure to submit the information on the governing body to the head of the local government within the deadlines envisaged by this law, the governing body shall have to pay a penalty to the common shared property management budget at the rate of the minimum salary for each day of such delay.

Article 26. Suspension of the powers of the governing body

1. The powers of the governing body of the building shall be suspended:
 1. On the day following the completion of the period for which the powers envisaged in the authorization or contract have been provided to the governing body of the building;
 2. On the day following the decision of the meeting to select a new type of management or governing body of the building;
 3. On the thirtieth day following the notification on premature suspension of the powers of the governing body of the building;
 4. On the day following premature suspension of the authorization or contract on management of common shared property defined by the legislation;
 5. On death of the governing body of the building, who is a physical person, or liquidation, if the governing body is a legal entity;
 6. On the day following the collection of insufficient number of votes for a governing body of the building to carry out its powers;
 7. In other cases envisaged by the legislation.
2. An owner of building structure, who has voted in favor of a given governing body of the building, shall have the right to rescind his/her decision at any future point in time. To this end, the owner of the building structure shall address a claim to the governing body of the building in writing. The powers given by of the building structure owner shall be deemed suspended on the day following submission of the above claim to the governing body of the building, if the claim does not provide for other date.

An owner of building structure, who has voted for a governing body in terms of mandatory powers, shall not have a right to vote in favor of a decision to create another governing body, without rescinding his/her decision in accordance with the procedure defined in this Article. A voting in breach of this requirement shall be deemed null and void.

If the votes given to a governing body are insufficient to meet the benchmark defined by this law for enjoying the respective powers because the earlier decisions had been rescinded, the powers of the governing body shall be deemed suspended and the building shall be considered not having a governing body. The governing body shall have to immediately notify the owners of the building structures, as well as the Chief of a given community.

3. The governing body, whose powers has been suspended, shall have to accept the seal, documents, financial resources obtained during the implementation of the management of the building, as well as the assets for holding within a period of five days, and transferred to the new governing body within a period of two days after the establishment of the latter, under the take-over act. In the meantime, the depositary shall bear the risks associated with the holding of the seal, documents, financial resources and assets of the governing body of the building.
4. In case of death of the physical person or liquidation of the legal entity, whichever is the governing body of the building of the common shared property, the seal, documents, financial resources obtained during the implementation of the management of the building and the assets shall be transferred to the Notary Service for holding in accordance with the procedure and terms defined in this law.
5. In case former governing body does not acquire the relevant powers within two months after the suspension of its powers, or the owners do not elect a new governing body of the building, the exclusive rights of the governing body shall pass on to the head of the community until the owners establish new governing body, and such head of the community shall perform the powers of the governing body through its own agencies and in accordance with this law. On the day of notification to the head of community on creation of a new governing body of the building, the powers envisaged by this Clause and transferred to the head of community shall be suspended, and he shall have to transfer the seal, documents, financial resources obtained during the implementation of the management of the building and the assets to such new governing body of the building within a period of three days, such transfer documented by virtue of take-over act.
6. Building structure owner, who has not voted in favor of a governing body or rescinded his/her decision on favorable voting for the governing body, shall have the right to ascribe the respective powers to the existing governing body or the newly created one at any point in time. For this purpose the building structure owner shall address the governing body in writing. Powers of the building structure owner shall be deemed transferred on the day following the submission of the above address, unless later date has been specified therein.

7. Other powers ascribed to the governing body of the building shall be recalled or new powers are granted to him/her according to the same procedure, applicable to issuing the authorization.
8. The procedure of leaving a condominium, as well as the procedure for suspension of the operations of a condominium are defined in the Law of Armenia on Condominiums.

Article 27. Protection of the rights of persons acquiring building structures in an apartment building in view of alienation of such building structures

1. In case of alienation of the apartment building structures, the alienator shall have to submit, in addition to the documents defined by the legislation, information in respect of:
 1. Type of management of common shared property and governing body;
 2. Unperformed obligations of the alienator in the area of management of common shared property;
 3. Rates of mandatory payments envisaged for management of common shared property;
 4. The alienator's interest in common shared ownership of the apartment building.
2. Alienator of the building structure shall bear responsibility for failure to furnish the information required in the Clause 1 of this Article, or the losses caused to the acquirer as a consequence of distorted or incorrect information contained in the proposal on alienation of the building structure.
3. The acquirer shall have the right to acquaint with the annual budget envisaged for management of the common shared property of the building and financial statement for the preceding fiscal year, as well as with the charter of the legal entity implementing management of the common shared property and authorization issued to or contract concluded with the governing body.

Article 28. Responsibilities of the persons, who acquired ownership rights towards the building structure in the apartment building

1. The person, who acquired ownership rights towards the building structure in the apartment building, shall be liable for implementation of the mandatory norms defined for the previous owner, as well as for the responsibilities envisaged by this law or those assumed under his/her consent, if such responsibilities had not been assumed by the former owners of the building structure in question, except for cases stipulated by law.

Article 29. Annual budget for the management of an apartment building

1. Annual budget for management of common shared property of apartment building (hereinafter budget) including the rates of payments to be made by each owner, shall be

- approved at an annual basis at the meeting of owners for the period between January 1 and December 31 of the fiscal year, which may be changed during a year only if so decided at the meeting of owners.
2. In compiling and approving the draft budget, the needs for maintenance and operation of the common shared property of the apartment building, as well as maintenance of the governing body shall be taken into consideration.
 3. The budget revenues shall be construed by:
 1. Payments made by building structure owners to enforce mandatory norms as well as other payments;
 2. Proceeds from alienation or lease (use) of common shared property;
 3. Proceeds generated as a result of possessing, use and disposing of the common shared property;
 4. Subsidies and subventions allocated by the national or local authorities;
 5. Other incomes not prohibited by the law.
 4. The budget may envisaged for the following expenditures:
 1. Expenses for performance of the requirements under mandatory norms;
 2. Expenses for remuneration of works;
 3. Management costs (postal, communication, printing and copying, stationery, etc.);
 4. Reconstruction and repair, etc of the common shared property;
 5. Expansion of the common shared property;
 6. Other expenses approved by the meeting.

Article 30. Compilation and approval of the budget

The governing body of the building shall compile the budget of the current year based on a cost estimate. In the absence of a building budget, the newly elected governing body of the building shall submit the draft of the budget for the current year within a period of 20 days after its election. In case the meeting does not approve the draft budget within a period of one month, a new budget estimated on the basis of minimum payments defined for a given year by the local Council in terms of mandatory norms shall be deemed approved by the governing body, who shall notify the owners of the building to that respect within two days.

Supervision over performance under the mandatory norms shall be carried out by the state agency duly authorized by the government.

Article 31. Transitional provisions

1. Owners of the apartment building structures shall have to found a governing body within a period of 6 months after the enforcement of this law. In case of failure to found a governing body within the mentioned timeframe, authorities of the government body

shall be transferred to the Chief of Community in accordance with the procedure stipulated by this law.

2. After enforcement of this law the title to the land required for the service of the apartment building (including the land under the building) constructed on State or community owned lands shall within two years be transferred for free to the owners of residential and /or non-residential spaces of such buildings with the right of common shared property. The procedure of free transfer of the land title shall be defined by the RA Government.
3. To perform state registration of rights *in rem* to the building property in common use in accordance with this law, structure owners shall be exempted of State duty.

Article 32. Enforcement of this law

This law shall enter into legal force upon its official publication.

THE LAW OF THE REPUBLIC OF ARMENIA ON CONDOMINIUMS

CHAPTER I GENERAL PROVISIONS

Article 1. Subject of the Law

This law defines the legal status of condominiums*, the procedure of foundation, operation and dissolution of condominiums, interrelations with state and local government organizations.

Article 2. Main definitions used in this law

Definitions used in this Law shall be used as defined in the Law on Management of Apartment Buildings.

Article 3. A condominium

1. A condominium is a non-profit and non-commercial cooperative entity based on membership of citizens and legal persons and founded through merging of interests of its members and for the purpose of management of the property considered the shared ownership of the apartment building(s) (hereinafter to be referred to as building).
2. The condominium shall own its separate property, shall assume liability with its property, shall acquire and implement rights *in-rem* and *in-persona* on its behalf, bear responsibilities, appear in the court as plaintiff or respondent.
3. The condominium has a name, which shall include the word "condominium".
4. The location of the condominium shall be the location of its permanent acting body.
5. The condominium shall have a round stamp with its name written in Armenian language. The condominium may have its letterhead, symbol and other identification tools.
6. The condominium shall have its independent balance sheet.
7. The condominium shall be entitled to open bank accounts in defined manner.

Article 4. Legislation of condominiums

1. The legislation of condominiums shall include the Civil Code of the RA, the RA Law on Management of Apartment Buildings, the present Law, other laws and legislative acts, the RA international agreements.
2. In the event when the international agreements of the Republic of Armenia stipulate other norms than those provided by this Law, the norms of the international agreements shall be applied.

* Same as condominium associations

Article 5. The goals of a condominium

The main goals of a condominium are to:

- a. Perform management of apartment building property held in common-shared ownership in accordance with the procedure stipulated in the Law of the Republic of Armenia.
- b. Represent and advocate common interests of owners of structures of the apartment building in State and local self-government bodies as well as other competent agencies;
- c. Implement other objectives not contradicting this law and the legislation of the Republic of Armenia, including signing of contracts by the building governing body with utility providers.

Article 6. Condominium ownership

1. The ownership of a condominium shall be generated through interests of its members as well as from the property created and acquired during activities of the condominium.
2. The condominium shall be entitled to dispose, possess and use the property held in ownership at its own discretion and in accordance with the laws and the condominium Charter.
3. The condominium member shall have no rights to the condominium-owned property.
4. The condominium shall be responsible for maintenance of its property.
5. The condominium-owned property may be confiscated only in cases stipulated by the law and in legal manner.

Article 7. Condominium activities

1. The condominium shall enjoy civil rights not prohibited by law and its Charter that are necessary for implementation of its activities provided such rights do not contradict the subject and the goal of activities stipulated by the Charter.
2. The means generated during the activities of the condominium shall be exclusively used to perform its Charter subject and goals.

Article 8. Responsibilities of the condominium and members thereof

1. The condominium shall assume liability for its commitments with its own property.
2. The condominium member shall assume liability for his/her commitments equal to his/her liabilities to the condominium.
3. The condominium shall not assume liability for commitments undertaken by its members.

CHAPTER II
ESTABLISHMENT OF A CONDOMINIUM

Article 9. Establishment of a condominium

1. A condominium may be established by founding.
2. Founders (hereinafter to be referred to as founder) of the condominium may be citizens, legal entities as well as the Republic of Armenia and the communities. To build an apartment building the condominium may be founded by one person.
3. A condominium may be established in one or more apartment buildings.
4. A condominium may be founded in apartment buildings, with membership of structure owners holding 50% and more of interests in each building.

Article 10. Contract on establishment of a condominium

1. Those wishing to establish a condominium (the founders) shall conclude a contract. Notary ratification shall be compulsory for Contracts on Establishment of a Condominium (a) at the request of one of the founders; (b) if according to the Contract the condominium founders buy interests in the condominium by investing their property rights, (c) or in any other cases stipulated by the Civil Code.
2. According to the Contract on Establishment of a Condominium the rights *in-rem* invested to buy interest in the condominium shall be subject to State registration in cases stipulated by the law, within one month of the State registration of the condominium.
3. The Contract on Establishment of a Condominium shall define the procedure of joint activities of the founders, conveyance of the property to the condominium and rules for participation in such property management.
The Contract on Establishment of a Condominium shall also define the membership of the founders, the size of the interest of each founder, rights and responsibilities thereof.
4. Decisions on foundation of the condominium by the founders shall be adopted unanimously.
5. The condominium founders shall assume liability for commitments undertaken in connection with the establishment of the condominium prior to the latter's State registration.

Amendments to the Contract on Establishment of a Condominium shall be made in accordance with the procedure stipulated in this Article on concluding the Contract on Establishment of a Condominium.

Article 11. The Charter of a Condominium

1. The founding document of the condominium shall be the Charter, which shall be approved by the condominium founders. The decision of adopting the Charter shall be made unanimously.
2. The Charter of a Condominium shall include the following data:

- a. The name of the condominium;
- b. Address of the condominium;
- c. Subject of activities and the goals including concepts on business activities the condominium may perform;
- d. Governing bodies of the condominium, its membership and functions including issues of exclusive power of the general meeting;
- e. Procedure of exercising control over activities of the governing bodies of the condominium;
- f. Procedure of making decisions by condominium governing bodies including issues to be resolved unanimously or with majority of votes;
- g. Procedure of formation and disposal of the condominium-owned property;
- h. Procedure of the condominium annual balance sheet approval;
- i. The sizes of founders' interests and the procedure of buying a interest in the condominium, as well as founders' responsibilities in case of default;
- j. Procedure of paying condominium damage indemnification by the members;
- k. Procedure of using the condominium profit;
- l. The size of the condominium reserve fund, if such is stipulated by the Charter;
- m. Rights and responsibilities of the condominium members;
- n. Procedure of affiliating with the condominium and the termination of the membership;
- o. Procedure of dissolution of the condominium;
- p. Procedure of condominium property possession in case of condominium dissolution.

The Charter of the condominium may contain other provisions not contradicting the law.

3. Should the condominium member, structure owner or any other concerned person be interested in the Charter of the condominium, he/she shall be entitled to be briefed on it.

Article 12. State registration of a condominium

1. A condominium shall be subject to State registration in accordance with the procedure established by the law.
2. A condominium shall be deemed founded upon its State registration in accordance with the procedure established by the law.
3. A condominium shall be founded without activity term restrictions unless stipulated otherwise by its Charter.

CHAPTER III THE GOVERNING BODIES OF THE CONDOMINIUM

Article 13. The governing bodies of the condominium

The general meeting, the administration, the chairperson, and the manager are the governing bodies of the condominium association.

Article 14. Competencies of the general meeting

1. The general meeting of the condominium members is the highest governing body of the condominium management.
2. In the general meeting every member shall have the right of one vote.
3. The general meetings competencies shall be defined in the condominium Charter in accordance with this law.
4. Exclusive competencies of the condominium members' general meeting shall include:
 - a. Amendments to the condominium Charter;
 - b. Determination of main trends of the condominium activities;
 - c. Election of the administration and the chairperson and termination of their mandate;
 - d. Nomination of the manager and termination of his/her mandate;
 - e. Election of the condominium auditing committee (the Auditor) and termination of its mandate;
 - f. Approval of the condominium annual balance sheet;
 - g. Approval of the annual budget of the chairperson or the administration and the Auditor;
 - h. Approval of the report on execution of the previous year budget of the apartment building;
 - i. Adoption of documents regulating the condominium internal activities (hereinafter condominium internal documents), unless such functions are assigned to the condominium administration by the Charter;
 - j. Approval of the condominium hired personnel and rates of their salaries, unless such functions are assigned to the condominium administration by the Charter;
 - k. Establishment of condominium branches, approval of their Charters and appointment of managers, unless such functions are assigned to the condominium administration by the Charter;
 - l. Founding organizations or adoption of decrees on participation thereto;
 - m. Approval of major transactions;
 - n. Adoption of decision on conducting an audit and election of the auditor;
 - o. Adoption of decision on reorganization and dissolution of the condominium;
 - p. Nomination of the dissolution committee;
 - q. Adoption of decisions on condominium property alienation;
 - r. Resolution of other issues stipulated in this Law and the Charter.
5. The general meeting shall review and take decisions on sub-clauses f, e, m, n, p and q of the Article 11 of the Law on Apartment Building Management.
6. The condominium may adopt decisions of the general meeting by a poll involving its members, as stipulated in Article 13 of the Law on Apartment Management.

Decisions at the general meeting shall be adopted by simple majority of votes, unless more votes are required for a given decision by the law or the Charter. Issues of exclusive competence of condominium members cannot be transferred to other governing bodies, save the cases stipulated by this Law.
7. Decisions on points 'a' and 'q' of the paragraph 4 and the paragraph 5 of this Article as well as other issues stipulated in the Charter shall be adopted by at least two third of the total votes of condominium members, unless a necessity

- of a higher number of votes is stipulated by the Charter of the condominium for a given decision.
8. Decisions of the condominium members' general meeting shall be adopted by voting by show unless stipulated otherwise by the Charter.
 9. The general meeting shall be competent, if two third of the total number of condominium members have participated in taking the decision.
 10. Owners holding more than 50% of interests of structures within a building not included in the condominium may become a member of the acting condominium only at the consent of more than the half of the condominium members.

Article 15. Calling a general meeting

The regular general meeting shall be called in accordance with the timetable stipulated by the condominium Charter.

Regular general meetings shall be called by the chairperson.

Early general meetings shall be called by chairperson at his/her initiative, by the decisions of the administration and/or the auditor, by the request of the manager or at least one third of the condominium members and in accordance with the timetable and agenda proposed by the initiator. If the chairperson does not hold the general meeting within 10 days of the relevant decision or submission of the request, the initiators shall be entitled to convene it.

Each condominium member shall be informed in writing about convening the general meeting, the agenda, the date, venue and time of the meeting no later than five days prior to the meeting. Written notices on the general meeting shall be sent to the condominium members at their addresses, which shall not be different from addresses submitted to the condominium chairperson.

Should the condominium member failed to attend the general meeting due to not receiving a written notice in accordance with this Article, he/she shall be entitled to appeal the general meeting decision to the court.

If the annual general meeting is not held at the predetermined time, or if there is no quorum at the meeting, a new meeting can be held within ten days after the last meeting date.

Additional issues may be included in the agenda at the consent of at least one third of condominium members.

Article 16. The procedure of holding a general meeting

The general meeting shall be called in accordance with the procedure stipulated by this law, the Charter and other internal regulations. If not stipulated by this law, the Charter and other internal regulations the procedure of convening a general meeting shall be established by the decision general meeting.

The condominium members shall be entitled to attend general meeting personally or via their representatives. Representatives of condominium members shall submit documents evidencing the power assigned to them.

The condominium manager who is not a condominium member or residents of non-condominium buildings may attend the condominium general meetings with the right of deliberative vote.

Minutes of the general meetings shall be filed in the Condominium Minutes Log, which shall be freely available for every condominium member. At the request of the condominium member extracts from the Log may be issued and certified by the condominium chairperson.

Article 17. An administration

An administration shall be founded in a condominium with more than 20 members with its membership including at least one condominium member from each building keeping the proportion of the building structure owners.

In condominiums where no administration is founded, functions thereof shall be performed by the general meeting.

The administration shall be entitled to resolve issues assigned by this law and the Charter of the condominium. The number of administration members shall be established by the general meeting and cannot be less than three persons.

Any condominium member or his/her representative who is considered capable of working may be a administration member.

1. The administration shall:

- a. Implement the management of the condominium in periods between general meetings;
- b. Discuss applications, complaints and proposals submitted by the condominium members
- c. Appoint and terminate the mandate of manager as well as convey the functions of the manager to commercial organizations or an individual entrepreneur, if according to the condominium Charter such functions are assigned to condominium administration;
- d. Approve internal regulations of the condominium if according to the Charter such functions are assigned to the administration;
- e. Submits conclusions on the budget of the apartment building, as well as the previous year's the budget performance.

2. Sessions of the administration shall be authorized if more than half of the administration members are present. Each administration member has one vote.

Sessions of the administration shall be held at least once every three months. Early meetings shall be convened at the request of a condominium chairperson, the Auditor as well as at the request of at least 10% of the condominium members.

Decisions of the administration shall be approved if voted for by more than half of the administration members, unless a bigger number is stipulated by the Charter.

The administration members shall work on voluntary basis, unless stipulated otherwise by the Charter.

Article 18. A Chairperson

1. A Chairperson shall:

- a. Call general meetings of condominium members and sessions of the administration, lead such sessions and preside at general meetings and sessions of the administration;
- b. Organize works of the administration;

- c. Prepare material to discuss at general meetings and sessions of the administration;
- d. Concludes contracts with the manager on behalf of the condominium;
- e. Control activities of the manager;
- f. Consider and resolve issues presented in applications and proposals of the condominium members;
- g. Keep a Register of the condominium membership;
- h. Exercise other powers given by the general meeting and the administration.
- i. Inform the local government about foundation and dissolution of a condominium, as well as appointment and dismissal of the manager.

If decided by the general meeting the chairperson may also act as the condominium manger. If so, the Service Contract shall be signed by one of the authorized administration members. The chairperson shall work on voluntary basis, unless stipulated otherwise by the Charter.

Article 19. A manager

A manager shall organize and supervise daily activities of the condominium, activities of the hired staff and concludes contracts with corresponding organizations on behalf of the condominium on delivery of services to the residents.

A manager shall (1) participate in the general meetings and in the sessions of the administration with the right of deliberative vote, (2) make proposals on the agenda and the issues under discussion, notify residents of the condominium about consequences of violation of the requirements of the condominium Charter and the general rules on making use of common areas and properties, (3) submit required documents to relevant bodies.

A manager shall be accountable to the condominium chairperson.

A manager shall:

- a. In accordance with the procedure stipulated in the Law on Management of Apartment Buildings exercises functions of the governing body;
- b. Organize accounting works of the condominium;
- c. Represent interests of the condominium in the state bodies, in judicial and other competent bodies;
- d. Conclude contracts; perform financial transactions as well as other functions assigned to him/her by the Law and the Condominium Charter.

A manager shall be responsible for the damage caused to the condominium due his/her illegal activity in accordance with the procedure stipulated by the RA legislation.

Other functions may be assigned to a manager by the Charter or Service Contract.

Article 20. The audit commission (The Auditor)

An Auditor shall:

- a. Inspects the condominium financial activities;
- b. Submits conclusions on the execution of the apartment building's previous year budget and the draft budget of the current year;
- c. Submits reports on the annual balance sheet;
- d. Implement other issues stipulated by the Charter.

An Auditor members shall be elected at the general meeting by including at least one condominium member from a building, maintaining the proportion of the building owners.

An Auditor members cannot, at the same time, be members of the administration, chairperson or manager.

Article 21. Reporting on condominium activities

The condominium, in accordance with the procedure defined by the general meeting, shall be obliged to publish an annual report, which shall include the balance sheet, as well as other data.

CHAPTER IV CONDOMINIUM MEMBERS

Article 22. Condominium founders and members

1. Condominium members are persons concluded contract on establishment of a condominium or made the relevant decision prior to state registration of the condominium.
2. Persons enjoying the right of ownership to the condominium interest from the moment of state registration of the condominium shall be considered as condominium members.
3. If the structure is owned by more than one person with the right of common shared ownership, one of such co-owners shall act at the general meeting on behalf and at the consent of the others.

If the structure is owned by more than one person with the right of common shared ownership, each of co-owners shall be entitled to act at the general meeting in proportion with his/her interest or an authorized person may act of behalf of the other co-owners.

Article 23. Rights of a condominium member

The condominium member shall have the right to:

- a. Participate in the condominium management in accordance with the procedure stipulated by the Charter;
- b. Be informed on issues related to functioning of the condominium in accordance with the procedure stipulated by the Charter;
- c. Irrespective of the other members' consent easily terminate his/her condominium membership upon advance payment of all interests.

Condominium members shall enjoy also other rights defined by this law and the condominium Charter.

Article 24. Responsibilities of a condominium member

A condominium member shall:

- a. Pay fees and other payments to ensure enforcement of mandatory norms in accordance with the procedure stipulated by the Charter;
- b. Not publicize confidential information on activities of the condominium, except for cases stipulated by the law;
- c. Honestly perform his/her duties;

Condominium members may assume other responsibilities defined by this law and the Charter.

Article 25. Membership to a condominium

Any owner of an apartment building(s) structure within a condominium may be a condominium member.

To become a condominium member the structure owner shall submit a written application to the condominium chairperson or the manger with the evidence of his/her title to the structure attached.

The structure owner shall become a member of the condominium from the day following the date of entry of the application.

The condominium membership shall be recorded in the Condominium Membership Register on the date on entry of the application.

Article 26. Termination of the membership to the condominium

1. The membership of the condominium member shall be terminated:
 - a. In accordance with his/her application;
 - b. In the event of the death of the physical and dissolution of the legal persons;
 - c. If the physical person being the condominium member has been deemed incapable or semi-capable of working, missing or dead in accordance with the court ruling in force;
 - d. In the event of termination of the condominium member's title to the condominium-building apartment or non-residential structure.
2. To terminate his/her membership the structure owner shall submit a written application to the chairperson or the manager.

The chairperson shall within the following day of receipt of the (a) written application on termination of the membership; (b) the court ruling deeming the condominium member incapable or semi-capable of working or dead, (c) if a legal entity submits a notice on dissolution thereof, (d) termination of the condominium member's title to the apartment or non-residential structure, make a record in the Condominium Membership Register.

The membership of the applicant shall be terminated from the moment of making a record in the Condominium Membership Register.

The membership of the person deemed incapable of semi-capable of working or dead shall be terminated from the day the relevant court ruling enters into force.

The membership of the person whose title to the condominium-building apartment or non-residential structure is terminated shall be deemed terminated from the day of termination of his/her title.

3. The person, who has terminated his/her condominium membership or whose membership has been terminated due to termination of his/her title to the apartment or non-residential structure within the condominium building, or due

to court ruling on deeming him/her incapable or semi-capable of working shall assume liabilities in the amount of the unpaid part of the fee stipulated by the Charter.

Commitments to the condominium of the member whose membership is terminated due to his/her death or who is deemed dead or missing shall be met in accordance with the procedure stipulated by the RA Civil Code.

CHAPTER V FINANCIAL ACTIVITIES OF THE CONDOMINIUM

Article 27. Annual balance sheet and annual budget of an apartment building

The condominium annual balance sheet and the annual budget of the apartment building shall be adopted at the general meeting for one year commencing on January 1st of the current year and ending on December 31st. During the current year balance sheet and the annual budget of the apartment building may be changed only by the decision of the general meeting.

When preparing and approving the annual budget of the apartment building, the importance of maintenance, servicing, operation and repair of the common property of the building, as well as issues aimed at ensuring proper functioning of the condominium, shall be considered.

The condominium accounting (book-keeping) shall be performed in accordance with the procedure stipulated by the RA legislation.

Article 28. Means of a condominium

Means of a condominium shall be generated from the following sources:

- a. Fees and other payments made by the condominium members and owners of other structures of the building for the enforcement of mandatory norms and standards;
- b. Other sources not prohibited by the RA legislation.

Article 29. Expenditures of a condominium

Condominium expenditure trends include:

- a. Expenditure aimed at implementation of mandatory norms and standards;
- b. Salaries of the hired staff;
- c. Administrative expenditures (postage, telecommunications, printing and copying, office supply, etc.);
- d. Renovation and repair of common areas and property.

Article 30. Financial reports

For each fiscal year the manager shall submit to the general meeting a financial report on the annual budget, as well as the revenues and expenditures of the next year, singling out expenses geared at mandatory norms and standards.

The financial report shall be prepared at the end of each year. It shall be signed by the chairperson, the manager and the chairperson of the Auditor and be submitted to the general meeting for approval as well as to relevant bodies in accordance with the procedure stipulated by the RA legislation.

In the event of several buildings within a condominium the monthly financial report shall be prepared for each building separately.

CHAPTER VI

REORGANIZATION AND DISSOLUTION OF THE CONDOMINIUM

Article 312. Reorganization of a condominium

1. Management of any of the buildings included in a condominium founded by structure owners of more than one building may be implemented separately from the others in the manner according to which the building was affiliate with the condominium. In such case the sub-budget earmarked for the management of a given building shall be separated and together with other building-related papers shall be forwarded to the governing body of the separated building within two days.
2. Condominiums may be united or merged.
3. The condominium may be reorganized by the decision of the general meeting and in accordance with the procedure defined by the RA Civil Code.

Article 323. Dissolution of a condominium

1. Upon dissolution activities of the condominium shall be terminated without conveying the rights and responsibilities to legal successors.
2. A condominium may be dissolved on voluntary basis by the decisions of the general meeting and in accordance with the procedure defined by the RA Civil Code.
3. Condominium dissolution may be enforced in legal manner only in cases and according to the procedure stipulated by this law.
4. In the event of dissolution, the property remaining after satisfying requirements of the condominium creditors shall be considered as the common shared property of the apartment building owners and shall be used only for the management of the apartment building.

A condominium may be dissolved if votes of condominium members are less than defined by this Law to found a condominium. If so, the chairperson shall immediately and in due form inform the structure owners as well as submit information to the chief of the community and the State body authorized to register legal entities.

A condominium shall be dissolved from the day following the registration of the above fact by the body responsible for registration of condominiums. The latter shall send a written notice on registration of the condominium dissolution to the governing bodies of the condominium on the day the decision on dissolution is made.

The State shall indemnify damages caused to the condominium and/or its members and a third party should the body responsible for registration of condominiums fail to register

the dissolution or sent the notice to the governing bodies within the time period stipulated by this Law.

Upon dissolution of the condominium decisions adopted by the governing bodies of the condominium shall be deemed null and void, except for decisions of membership and its termination.

The powers of building management shall be suspended upon dissolution of the condominium.

Governing bodies if taken decisions contradicting requirements of this Article shall indemnify the resulting damage caused to the condominium and/or its members and a third party.

If the number of members of a condominium building(s) founded in more than one building is less than the number stipulated by this Law for foundation of a condominium, the condominium shall stop the management of such building in accordance with Clause 1, Article 32 of this Law.

CHAPTER VII TRANSITIONAL PROVISIONS

Article 334. Transitional provision

Charters of condominiums established prior to this law coming into force shall be valid to the extent they do not contradict this law. By 1 January 2004 clause 4, Article 9 of this Law shall not be applied to condominiums established prior to this Law coming into force.

CHAPTER VIII FINAL PROVISIONS

Article 345. Coming into force of this law

1. This law comes into force from the moment of its official publication.

From the moment this law enters into force, the Law on Condominiums adopted on 1 May 1996 including the further amendments and addenda thereto shall be deemed null and void.

DRAFT LAW OF THE REPUBLIC OF ARMENIA ON APARTMENT BUILDING MANAGEMENT

PART 1. GENERAL PROVISIONS

Article 1. Scope of the law

The present law regulates the relations for management of common shared property of apartment buildings and defines the procedure of common shared property management by apartment building owners, the forms of management, rights of governing bodies of the building, the procedure of formation of governing bodies, activities and termination thereof, as well as their relationships with State and local government bodies and organizations.

Article 2. Definitions

In this law the following definitions apply:

1. **Apartment** is a space in the building designed and intended for residence of physical entities with a separate code and number assigned to it by the authorized agency responsible for State registration of rights.
2. **Non-residential space** is a space other than the apartment in the building with a separate code and number assigned to it by the authorized agency responsible for State registration of rights.
3. **Apartment building** is the building with apartments and/or non-residential spaces (hereinafter structure) owned by more than one owner and where owners have their interest in the title to the common property of the building (hereinafter common shared property).
4. **Apartment building structure owner** is the person with the right of ownership to the structure within the apartment building (hereinafter to be referred to as Structure owner)
5. **Common shared property of apartment building** includes spaces, structures, property and other property rights designed and intended for common and full service and maintenance of the apartment building and are held with the right of ownership by all structure owners.
6. **The owner's interest in common shared ownership of the apartment building** is the ratio (expressed through percentage) between the entire floor area of the owner's structure held with the right of ownership and the total floor area of all structures of the building.
7. **Boundaries of apartment building structures and the common property** are the surfaces of inter-floor coverings (ceilings, floors) and inner surface of load-bearing structures, including the thickness of finishing materials.
8. **The property of the apartment building structure owner** includes the whole inner space of the structure, the doors, the windows, inner constructions other than load-bearing structures, all entrances designed and intended to serve only a given structure, stairs, staircases, elevators, elevator and other wells and ducts, mechanical, electrical, sanitary, technical and

other devices, as well as inner surfaces of other walls, the floor and the ceiling of the structure, including the thickness of finishing materials.

9. **Management of common shared property of the apartment building** means implementation by common shared property owners of their rights, responsibilities and obligations stipulated by the law, other legal acts as well as a contract.

Article 3. Legislation regulating apartment building common shared property management relations

Apartment building common shared property management relations are regulated by the Civil Code of the Republic of Armenia, this law, the Law on Condominium Associations, other laws and regulations, as well as international agreements of the Republic of Armenia.

Article 4. Application

This law applies to structure owners of apartment buildings.

Article 5. Rights of ownership in an apartment building

1. A structure owner within an apartment building may be any physical or legal entity, the Republic of Armenia and communities (hereinafter person).
2. A structure can be owned by one or more than one persons with the right of common joint or common shared ownership.
3. Structure owners shall possess, dispose and use the structures in accordance with general norms of the Civil Code.
4. Should a structure owner sell his/her structure the other structure owners of the apartment building shall not enjoy the right of first refusal to the respective structure.

Article 6. Common shared property hold by apartment building structure owners

Structure owners of apartment buildings may hold with the right of common shared ownership the load-bearing structures, inter-floor coverings (ceilings and floors), basements of the building, the attic, technical floors, the roof, the land under the building, as well as entrances, stairs, staircases, elevators, elevator and other wells and ducts, mechanical, electrical, technical and sanitary devices serving more than one structure and designed for the unified and full service of the apartment building.

Structure owners of apartment buildings may hold with the right of common shared ownership residential or non-residential spaces located in a given or another building, as well as land and any other movable, immovable any other property.

Article 7. Rights of structure owners to common shared property

1. A structure owner shall dispose, possess and use his/her common shared property in accordance with the procedure established by this law.
2. In accordance with the decision of the apartment building structure owners, taken pursuant to the procedure stipulated by this Law, an apartment or non-residential space or a part thereof, which according to the ratio envisaged by this law shall be considered common shared property of structure owners may be alienated.
In accordance with the decision of the apartment building structure owners taken pursuant to the procedure stipulated by this Law the separated part of the building common shared property may be alienated.
3. A structure owner shall not be authorized to individually alienate his/her interest in the common shared ownership or perform other actions leading to transfer of his/her interest to another person independent from the right of ownership to the structure.
4. A structure owner shall not be authorized to claim disposal or usage of a portion in the common property equal to his/her interest thereto or distribution of the common shared property.
5. A common shared property may be alienated, provided for disposal, possession or easement, if the property is to be used in accordance with its designation and not hampering or creating danger for structure owners in possessing, disposing and using their structures.
6. Financial resources received from possession, disposal and use of the common shared property of the apartment building shall be included in the structure of the common property and shall be distributed among participants of shared property equal to their interests.
7. Improvements that can be separated from the common shared property shall pass to the ownership of those structure owners who made the improvements unless decided otherwise by owners of common shared property.
8. The building structure owner shall be authorized to use inner walls of his/her structure in accordance with urban development norms.
9. The building structure owner, upon a prior notice to the building governing body or structure owners, shall be authorized to independently eliminate defects of the common shared property, representing immediate danger to the common shared property, the structure owners' or others' property, people's life, health and the environment. Expenses directed at elimination of such defects shall be indemnified by the building structure owners to the extent they are grounded, even and not exceeding the possible damage should the flows be not eliminated.

Article 8. Changes of real property or boundaries thereof within an apartment building

1. The structure owner, when acquiring the neighboring structure or part thereof with the right of ownership, or only at the consent of the owner of the neighboring structure may eliminate or move any separating inside wall or make openings in them or in the walls

(including cases when such inside walls fully or partially represent common shared property).

2. The structure owner shall be authorized to, without receiving the consent of the other owners and for not commercial purposes, open or close windows, doors or entrances within his/her structure walls, chimneys, other wall openings, staircases, stairs, as well as perform other planning activities on inner or external walls of the structure or attached thereto (including cases when the walls fully or partially represent common shared property).
3. The structure owner shall be authorized, without receiving the consent of other structure owners, to install mechanical, electrical, sanitary and technical as well as other communications (including cases when they are fully or partially passing through/over/ or by using the common shared property), if such actions (a) do not weaken the building load-bearing capacity; (b) do not hamper the normal functioning of the engineering communications, the building mechanical and other devices, and (c) if the rights of other structure owners of the building to dispose, possess and use their structures as well as to make use of the common shared property are respected.
4. Boundaries between neighboring structures may be moved or existing structures may be divided into two or more structures without the consent of other structure owners, if such movements or changes do not result in the change of the structure owners' interests.
5. Actions described in clauses 1 to 4 of this Article can be performed by the structure owners only in accordance with rules and norms stipulated by the legislations and upon a notice to the governing body of the building.
6. If performance of actions described in this Article lead to violation of other structure owners' right of disposal, possession or use of their structures or their right of making use of common property, then the structure owner may perform such actions at the consent of other structure owners and by indemnifying the damage caused to them.

Disputes between structure owners in regard with actions mentioned in this clause and the amount of indemnification should be resolved in legal manner.

Article 9. Owners' responsibilities in regard with common shared property

1. Owners' responsibilities in regard with common shared property shall assume their responsibility to maintain and use such property in accordance with the law and other legal acts.
2. Every owner of common shared property shall participate, to the extent of his/her interest, in expenses, taxes, duties and other payments directed at performance of mandatory norms and requirements as well as in expenses connected with property maintenance and use.
3. Any irrelevant expense made by the structure owner, the community, the local government or any other person, without the consent of owners as required by this law, shall not be indemnified by the owners.

4. The structure owner's failure to use his/ her structure or waive of using the common shared property shall not be considered as a ground for his/her full or partial exemption from participation in expenses defined for performance of mandatory norms.

Article 10. Maintenance of common shared property

1. The structure owners shall be obliged to perform measures and other activities directed at maintenance of common shared property (hereinafter mandatory norms) default of which may cause a direct danger to the common shared property, structure owners' and other persons' property, health, life or the environment. Those making use of the structure and common property shall be obliged to respect rules of co-residence adopted by the RA Government.
2. The mandatory norms include fire control, sanitary, urban development, utilities and other measures.

The list of mandatory norms shall be defined by the Government of the Republic of Armenia. All structure owners shall, in accordance with norms defined at the structure owners meeting as stipulated in this law, make relevant payments or meet requirements of mandatory norms at their own expenses.

3. The rate of payment to be made by the structure owner for the works stipulated in this Article shall be established based on his/her interest in the common shared property. The building governing body shall be responsible for giving a prior notice in accordance with the procedure stipulated in this law to the structure owners on the amount, timeframe and the procedure of payment.
4. If the structure owner fails to pay the amounts directed at performance of mandatory norms for more than two months, the building governing body shall be authorized to apply to the court for forced levy upon a prior written notice to the structure owner.
5. If the structure owner fails to pay for performance of mandatory norms in accordance with the procedure and timeframe stipulated in this Article, the building governing body shall be authorized to finance the performance of mandatory norm from other sources and require the non-payers to indemnify the damage caused to him/her and other structure owners.
6. If the failure to perform mandatory norms by structure owners or the governing body inflicts a direct danger to persons' life, health, the or property or environment, the Chief of the respective Community shall, for the purpose of control or upon an alarm, be obliged to eliminate the danger at his own expenses upon a prior notice to the structure owners and the governing body.

The fact of the direct danger must be confirmed by the State authorized body in a given field. Expenses for implementation of activities described in this clause shall be indemnified by the building structure owners to the extent they are justified, evenly distributed and not exceeding the possible damage should the flows be not eliminated. Disputes connected with the indemnification amount shall be resolved in legal manner.

7. General supervision over the enforcement of standard norms and co-residence rules shall be performed by the Chief of a given community.

Article 11. Management of common shared property

1. The general meeting of all owners of the building structures (hereinafter meeting) is the highest governing body of the management of common shared property. The meeting shall enjoy the right of final decision on any issue related to the management of common shared property of the apartment building, except for issues that according to this law are considered the exclusive authority of the governing body.
2. The meeting shall be convened at least once a year. Any structure owner and the governing body of the building shall be authorized to convene the meeting. Any structure owner and the governing body of the building shall be authorized to convene a meeting for the election of a governing body.
3. Any structure owner shall have votes equal to his/her interest in the common shared property.
4. If the structure is held with the right of common shared ownership by more than one person, one of the co-owners shall act in the meeting on behalf of the others at their consent.

If the structure is held with the right of common shared ownership by more than one person, each of the co-owners shall act in the meeting to the extent of his/her interest or one of the co-owners authorized by the others may be participating in the meeting.

5. The decision made by the meeting within the powers provided for in this law and with the required number of votes, shall be mandatory for all structure owners of the apartment building, including those, regardless of reasons, failed to participate in the voting or voted against.
6. The meeting decisions may be adopted through convening a meeting, distant voting (inquiries) as well as through notices.
7. The meeting is competent to:
 1. Elect the form of management of the apartment building and the governing body;
 2. Dismiss the governing body of the apartment building and reduce the powers;
 3. Approve the list of other powers ascribed to a governing body of the apartment building in addition to those prescribed by this law;
 4. Adopt decisions on alienation, pledge or other type of transfer of the entire shared movable property;
 5. Adopt decision on alienation, pledge of a part of shared property, or separating a part thereof, as well as on increase of the common shared property of apartment building;
 6. Adopt decision on alienation, pledge of a part of movable shared property, or separating a part thereof, as well as on increase of the common shared property of apartment building;
 7. Adopt decisions on transfer of the entire common shared property for use;

8. Adopt decisions on free transfer of a part of common shared property for use;
 9. Adopt decisions on payable transfer of a part of common shared property for use;
 10. Adopt decisions on building up or amendment of entire common shared property or a part thereof;
 11. Adopt decisions of transactions for acquisition of property rights (of use, lease, etc.);
 12. Adopt decisions on installation of ads on the common shared property or its use in some other way for commercial purposes, informing citizens and choosing a place to attach such notices;
 13. Setting tariffs for the issue of statements to structure owners on behalf of the governing body or delivery of other services, which cannot exceed the actual costs incurred for such acts;
 14. Define the payment procedure and deadlines for obligatory payments charged from owners under the established norms;
 15. Define the payment procedure and deadlines for payments, other than obligatory, charged from owners;
 16. Define the procedure of making use of common shared property by owners and/or residents of the apartment building;
 17. Define the procedure of use of common shared property by structure owners and/or residents of the apartment building;
 18. Conduct annual audits at the expense of the budget designed for the monitoring of the governing body activities;
 19. Issue other decisions on management of common shared property, including signing of contracts with utility providers by the building governing body and issues of changing the operational/functional designation of an apartment within the building.
8. The decisions envisaged in the sub-clauses 4 and 5 of the Article 7 shall be adopted unanimously.
 8. The decisions envisaged in the sub-clauses 9, 10 and 20 of the Article 7 shall be adopted at more than 75% of votes of the owners of the apartment building.
 9. The decisions envisaged in the sub-clauses 1, 2, 6, 7, 8, 9, 11, 12, 13, 14, 15, 16, 17, 18 and 19 of the Article 7 shall be adopted at more than 50% of votes of the owners of the apartment building.
 10. The decisions envisaged in the sub-clauses 3 of the Article 7 shall be adopted at the number of votes of the owners of the apartment building, which is envisaged by this Article to carry out the respective functions.
 11. The decisions on issues stipulated in the Clause 7 of this Article may be adopted by virtue of convening a meeting or conducting a poll, while those on 6, 7, 13, 14, 16, 17 and 18 may be taken through notices as well. If the apartment building management is performed through a condominium association, then decisions on issues provided for in sub-clauses 6, 13, 14, 15, 16, 17 and 18 of the Clause 7 of this Article shall be adopted in accordance with the procedure stipulated in the Law on Condominium Associations, unless another decisions has been taken by virtue of convening a meeting or conducting a poll.

12. In cases provided for in the legislation, the decisions, or issued authorizations (powers), taken on implementation of other than mandatory norms shall be notarized.
13. If the initiators have ensured more than 50% of votes for issuing a decision on management of common shared property, but failed to ensure the number of votes defined by this Article, and if such a decision aims at maintenance of common shared property or is of benefit to all the owners of an apartment building, the initiators shall have the right to solve the problem judicially.

Article 12. Taking decisions through convening a meeting

1. An owner of a part of apartment building, governing body or, in cases provided for in this law, the head of community, shall have the right to submit their proposals for discussion through convening a meeting of owners of the building. In this case the initiator has to notify owners about the meeting agenda. Notices shall be delivered by placing the notice in the most observable location at each entrance or in dedicated places, or personally submit it to each owner of the apartment building. The Agenda shall be submitted also to the governing body of the building.
2. At the demand of the owner of the building structure, the governing body shall send to him the agenda at the specified address. In this case, the costs incurred on communicating the agenda to the owner shall be covered by the latter.
3. An initiator of the meeting (the governing body of the building in cases provided for in this Article, Clause 2) shall have to reimburse the losses to the owner of the building incurred by him as a consequence of improper submission or correspondence of the agenda.
4. The agenda shall reflect the name of the person convening the meeting, signature (the seal as well, if the initiator is a legal entity or governing body), his/her residence or current address, his/her share if he/she is a co-owner of the building, the date, time and place of the meeting, the deadline and place for submission of proposals on the agenda, the list of issues raised for discussion, the number of votes required for issuing a decision on the issues in the agenda, as well as other necessary information.
5. The invitation shall be delivered no later than 7 days prior to the date of the meeting.
6. The convened meeting shall be valid if the present owners or their proxies represent more than half of the total votes of owners.
7. A representative of governing body shall moderate the meeting (authorized manager), or, in his absence, the initiator of the meeting. The protocol of the meeting shall be compiled by the secretary of the meeting elected at the meeting.
8. The meeting shall not be able to discuss issues not reflected in the agenda. Decisions on issues not properly stipulated in the agenda, however, discussed by the meeting, shall be invalid. A meeting shall be invalid also in cases, when its agenda has not been properly submitted to more than 10 percent of the owners of the building structures.
9. Governing body of the apartment building (the initiator in the absence of the former) shall have to communicate, within a period of two days, copies of the decisions taken by

the meeting to the owners of the building structures, and, in case the meeting has not been held, notify the owners on the fact as provided for in this Article.

Article 13. Procedure of taking decisions through distant voting (balloting)

1. An owner of apartment building structure, governing body of the apartment building or, in cases provided for in this law, the head of community shall have the right to submit their proposals for discussion through distant voting by owners of the building structures. An initiator shall have to submit the drafts of decisions (drafts of respective authorizations and/or contracts for decisions envisaging application of functions by governing bodies or other persons) to each owner or send copies of such drafts thereto. Draft decision shall be formulated as a one single document. Copies of documents provided for in this Clause shall be submitted to the governing body of the apartment building for information as well.
2. At the demand of an owner of apartment building structure, the governing body of the building shall send the documents envisaged in the Clause 1 of this Article or their copies to the specified address. In this case, the costs incurred on communicating such document or their copies to the owner shall be covered by the latter.
3. An initiator of the meeting (the governing body of the building in cases provided for in this Article, Clause 2) shall have to reimburse the losses to the owner of the building incurred by him as a consequence of improper submission or correspondence of the agenda.
4. The draft decision of the meeting shall reflect the name of the person convening the meeting, signature (the seal as well, if the initiator is a legal entity or governing body of the building), his/her residence or current address, his/her share if he/she is a co-owner of the building, the date, time and place of the meeting, the deadline and place for submission of proposals on the draft decision, the list of decisions to be taken, place of voting, the number of votes required for issuing a decision on the issues in the draft, the period defined for voting which may not be shorter than 5 days, as well as other necessary information.
5. The owners of the apartment building structure shall have to vote (for, against, or abstained) by signing on the original draft decision with regard to each proposed decision. Adopted shall be deemed such decisions, which will have enjoyed the relevant number of votes provided for in this law.
6. When voting on a draft decision, it is prohibited to introduce amendments and additions therein. If during voting a need occurs to introduce an amendment and/or addition, a new draft shall be compiled. Decisions taken with amendments and additions shall be invalid. An adopted draft decision shall be invalid also in cases, when such draft has not been properly submitted to more than 10 percent of the owners of the building structures.
7. The initiator of the meeting shall have to communicate, within a period of two days, copies of the decisions taken by conducting a poll the owners of the building structures in accordance with the defined procedure and providing the names of those voted against.

Article 14. Procedure of taking decisions through notice

1. The apartment building structure owners, the governing body of the building or in cases stipulated by this Law the Chief of community shall have the right to submit his/her initiative to the discussion by other owners through notice in cases provided for in this law. In these cases the initiator shall have to attach the draft of the decision on each entrance of the building in a most observable places, or a place specified by the meeting. The draft decision shall contain the name of the author of the initiative, signature (the seal as well, if the initiator is a legal entity or governing body), his/her residence or current address, his/her share if he/she is a co-owner of the building, the deadline for discussing the notice, date and place for submission of the proposals, date and place for discussion of the proposals, as well as other necessary information.
2. At the demand of the owner of a building structure text of a notice may be submitted to him/her in person, and the charge collectable shall be costs of photocopying only. At the demand of the owner of a building structure, the governing body of the building shall send the notice to the specified address. In this case the owner of a building structure shall reimburse the costs incurred by the governing body on the transaction.
3. Notice shall be deemed submitted, if the final version of the information stipulated in this Article has remained attached for no less than 7 consecutive days. The deadline for discussing the draft decision of the meeting to be taken under the notice mechanism may not be less than 10 days.
4. Such owners of building structures, who have not opposed to the draft decision of the notice meeting in writing or verbally shall be deemed to have voted for the decision, if during the given period the owners have not taken other decision on the issue through convening a meeting or distant voting. To this end, the decision taken through convening a meeting or distant voting, or its copy shall be submitted to the initiator of the notice no later than on the second day after the period envisaged for notice mechanism has completed.
5. Draft decision of a meeting submitted and/or adopted in breach of the requirements of this Article shall be invalid.
6. In case of adoption of refusal of the draft decision, the initiator shall have to duly notify the structures owners on the fact within a period of two days and attach the list of those voted against.

Article 15. Rights and obligations of owners of apartment building structures in terms of building management

1. The owners of the building structure owners shall have the right to:
 1. Receive information on activities of the governing body of the building, as well as take part in the process of taking decision by the governing body of the building according to the established procedure;

2. Ascribe powers to the governing body of the building at any time or recall powers given to such body;
 3. Ascribe management powers to persons other than governing body at any point in time (save the powers ascribed by this law exclusively to the governing body), or recall the powers from such persons;
 4. Receive information on activities of governing body of the building according to the established procedure;
 5. Submit proposals to the governing body of the building on management of common shared property.
1. Owners of the building structure shall have to:
 1. Take part in management of the common shared property;
 2. Perform mandatory payments, as well as other payments provided for in this law;
 3. Maintain the established regulations on use of the common shared property of the apartment building;
 4. Treat properly the common shared property of the apartment building, respect mandatory norms in operating and maintaining the apartment building.

Article 16. Responsibilities of the owners of apartment building structures

1. Apartment building structure owner shall bear responsibility for breaching the mandatory norms maintenance of the structure or common shared property as envisaged by the legislation.
2. Apartment building structure owner shall assume the damage to other structures or common shared property that might have been caused personally by him or persons residing with him, as well as by those residing under a rent contract or any other arrangement of an apartment building structure owner.
3. The structure owner who suffered damage shall have the legal right to demand relevant compensation.

Article 17. Types of bodies governing (managing) common shared property of the building

1. Building structure owners shall have to elect a governing body of the building with the objective to carry out management of common shared property of an apartment building in the framework of maintaining mandatory norms. In the buildings with up to 4 owners, ensuring mandatory norms may be enforced through meeting as well.
2. Apartment building structure owners shall have the right to autonomously elect a type of governing body for management of common shared property.
3. Management of common shared property of apartment buildings may be enforced via:
 1. A legal entity, i.e. condominium, established by owners of building structures;
 2. An authorized manager (proxy);
 3. A trustee manager.

Management of common shared property of one building may be carried out by only one governing body in terms of maintaining the mandatory norms.

4. Apartment building structure owners shall have the right to ascribe, in accordance with this law, the implementation of management of common shared property to an elected governing body of the building, physical persons, as well as legal entities, other issues relating to management of common shared property in addition to the management in terms of maintaining the mandatory norms. Authority to implement other relevant issues may be ascribed to other parties exclusively by virtue of compiling legitimate documents (contracts, letters of authorization, etc.).
5. In the area of management of common shared property local governments are entitled to exercise only the powers provided for in this law.
6. A physical person or a legal entity can be the authorized manager or a trustee manager. The physical person implementing powers of a manager, who carries out these activities as entrepreneurial, shall have to register as an individual businessman.
7. Governing body of the building must have a round seal bearing the address of the respective building, bearing words "governing body", as well as the condominium seal, a stamp and a letterhead.
8. The decision on election of governing body of the building shall contain the definitions of its powers, rights and duties, responsibilities and terms of activities of the governing body.
9. Newly elected governing body of the building shall have to notify in writing the head of the respective community within two days after its election.
Governing body of the building shall attach to the above notification the copies of the decision of the meeting on election of a governing body of the building and respective contract or authorization.
Head of the community shall conduct a Registrar of governing bodies of apartment building common shared property of the concerned community in accordance with the above documents submitted by the governing body of the building.

Article 18. A Condominium

1. Owners of a structure are entitled to establish a legal entity, legally formulated as condominium.
2. Any condominium shall be construed on the basis of the RA Civil Code and the Law on Condominium Associations.
The decision on establishment of a condominium shall contain the names, surnames, residence addresses (current addresses), their interest in the common property, signatures of the members, address of the structure, clear listing of its powers and their deadlines.
3. The decision shall reflect the list of works designed to ensure implementation of mandatory norms, as well as other powers ascribed by the owners of the structures.

4. A condominium shall carry out its powers and transactions in accordance with the procedure defined in the Civil Code of Armenia, in its own name.

Article 19. Authorized manager (proxy)

1. Authorized (representational) management is the carrying out management of the common shared property of a building according to this Law, a written authorization issued by the owners and a signed Authorized Management Contract.
2. The authorization for authorized management is issued and the Contract is signed in a simple written form.
The authorization and the Contract shall contain the names, surnames, residence addresses (current addresses), their size of interest in the common property, signatures of the authorizing persons and the Contract parties, address of the structure, clear listing of the ascribed powers, as well as the name, surname and address of residence of the authorized manager.
3. The authorization and the Contract shall contain the list of works designed to ensure implementation of mandatory norms, as well as other powers given by the owners of the building.
In respect of transactions requiring notary authentication, the authorization and the Contract shall be ratified by the Notary Service, save the cases provided for in the legislation.
4. Authorized manager shall carry out their powers and transacts in accordance with the Civil Code of Armenia, in the name of the owners of the building.
5. Any authorization or a Contract performed in breach of the law or these articles, as well as under clauses, shall be deemed invalid.

Article 20. Trustee manager

1. Trustee management of the common shared property of a building shall be carried out in accordance with the Trustee Management or Paid Service Contract concluded between the owners of the common shared property and trustee manager.
2. Trustee Management or Paid Service Contract shall be signed in writing, and shall be subject to notary authentication in cases prescribed by the legislation.
3. The Trustee or Paid Service contract for management of common shared property of the building shall contain the names, surnames, residence addresses (current addresses), interest in the common property, and signatures of the persons co-signing the trustee contract, address of the structure, clear listing of the ascribed powers, as well as the name, surname and address of residence (current address) of the trustee manager, and the deadline set for his/her powers.
The contract shall contain the list of works designed to ensure implementation of mandatory norms, as well as other powers given by the owners of the building.

4. Trustee manager shall carry out their powers and transacts in accordance with the Civil Code of Armenia, in their own name.
5. Any contract concluded in breach of the law or these articles, as well as under clauses, shall be deemed invalid.

Article 21. Functions of local government bodies in the sphere of apartment maintenance

1. Maintenance of the common shared property of the apartment building shall be carried out by local government bodies in cases and manner stipulated by this law:
Local government bodies shall implement its functions and conclude transactions in accordance with the procedure stipulated by the RA Civil Code on their name.
2. Any transaction concluded by local government bodies in breach of the law or these articles shall be deemed invalid.

Article 22. Authorities of the governing body

1. Governing body of the building shall:
 1. Ensure performance under the mandatory norms set for maintenance of common shared property of the building;
 2. Charge mandatory payments, as well as other prescribed fees, from the owners of the apartment building structures in accordance with the procedure of this law;
 3. Sue the owners with the case of confiscation of the mandatory payments, which the owners failed to perform in accordance with the legislation;
 4. Submit monthly, annual and other reports and notifications to the owners of the building as envisaged by the legislation;
 5. Compile the estimates of the works designed to ensure implementation of mandatory norms to be carried out to the owners of the building for discussion in accordance with the respective procedure of this law;
 6. Conclude contracts within the limits of his powers, or in the name of the owners of the building and in conformity with the terms and funds defined in the budget of the management of the common shared property;
 7. Take part in inspections undertaken in accordance with the stipulated procedure and co-sign the inspection reports (protocols);
 8. Take part in discussion of issues relating to the building and/or adjacent areas held in the national and local governments;
 9. Issue opinions or conclusions in the name of the owners of the building structures during public discussions on the building urban development and environmental problems;
 10. Submit proposals, in the name of the owners of the building structures, to national and local authorities on the issues of improvement of their building and adjacent areas;

11. Within the limits of defined powers, represent and/or protect the rights and legal interests of the owners of the building structures in the national (including judicial) and local governments and organizations;
 12. Issue statistical statements and reports in respect of common shared property or the building in accordance with the legislation;
 13. Address the Notary Service for maintaining the rights of inherited property with the objective to protect the rights of heirs of died residents of the building;
 14. Issue informative references for the owners of the building, persons residing in the building or carrying out activities therein in respect of:
 - i. Type of governing body of the common shared property;
 - ii. Unperformed obligations with regard to management of common shared property of the building by owners;
 - iii. Rate of collection of mandatory payments envisaged for general management of common shared property of the building;
 - iv. The owner's interest in common shared ownership of the apartment building;
 - v. Residence in the building, composition of residing families or activities carried out in the building by the residents;
 - vi. Ownership or use management of the building structures;
 - vii. Other cases envisaged by the legislation.
 15. Conduct register to account for owners' interests in the common shared property of the building;
 16. Ensure passport documentation of the building;
 17. Compile protocols on losses caused to the building structures and/or common shared property of the building;
 18. Carry out other authorities ascribed to him/her by the owners of the building;
 19. Carry out other authorities required for management of the common shared property of the building, which shall not contradict the legislation, decisions of the owners of the building, and their rights and legal interests.
2. The powers provided for in the Clauses 1, 2, 3, 4, 5, 6, 14, 15 and 16 of this Article shall be deemed exclusive powers of the governing body of the building, and as such they may not be transferred to other persons.
No other exclusive powers may be ascribed to governing bodies under any law or other legislative act. Any such powers ascribed in breach of this Article shall be deemed invalid.
3. The powers, which are not exclusive powers of the governing body of the building, may be implemented by the owners of the building structures, as well.
 4. Local governments shall be entitled, as a governing body, to carry out the powers envisaged in the sub-clauses 1, 2, 3, 4, 5, 6, 7, 11, 12, 13, 14, 15, 16, and 17 of the Clause 1 of this Article.
 5. In accordance with the procedures of this law the governing body shall carry out the powers envisaged in the sub-clauses 3, 9, 10, 11 and 17 of the Clause 1 of this Article

- only after due notification on the power in question taking into consideration the opinions of the owners of the building.
6. Within five days after the implementation of powers envisaged by the sub-clauses 2, 6, 7, 11 and 16 of the Clause 1 of this Article, the governing body shall inform the owners of the building on the results of such implementation in accordance with this law.
 7. The governing body of the building shall implement the powers envisaged in the sub-clause 19 of the Clause 1 of this law only in accordance with the procedure defined in this law.
 8. Any transaction or activity, which will be implemented in breach of the requirements of the law or in excess of the prescribed powers of the governing body, shall be deemed invalid.
 9. Documents on the building management shall be preserved by the governing body of the building throughout the time period stipulated by the law, however no less than 3 years.
 10. The governing body of the building shall be obliged to notify building owners about the change of persons, who have ascribe powers to him/her within two days of the change, and shall attach the owners' votes.

Article 23. Substantial transactions

1. Such transaction shall be deemed substantial or a number of interlinked transactions, which relate to direct or indirect acquisition, alienation or potential alienation of assets by governing body of the building, the value of which transactions shall be more than 25 percent of the annual budget of the management of the common shared property of apartment building.
Governing body may concluded substantial transaction only in 10 days after the notification prescribed by this law.
2. Any substantial transaction carried out in breach of this Article may be deemed null and void under the claim of an owner.

Article 24. Report of the governing body

Governing body of the building shall have to publish its annual report together with the budget of the management of common shared property of an apartment building, which shall contain the balance, the rate of collection of mandatory payments, broken down by each owner of building structures, costs incurred by items and other data. The report shall be published or sent to the owners of the building in accordance with the notification procedure prescribed by this law.

For each month, no later than the 15th of each month, the manager shall prepare a report on payments made by each owner for the purposes of management of common shared property, on progress and status of the envisaged and performed works, and duly notify the owners. At the demand of structure owners, the report shall be submitted to owners, for which only the costs incurred on copying such report shall be charged.

Article 25. Responsibilities of the governing body

Governing body of the building shall bear complete proprietary responsibility for a damage caused to the building or owners of building structures because of the actions of such body. For failure to furnish mandatory notices envisaged by this law, the governing body shall have to, in addition to compensation of losses, pay a penalty to the common shared property management budget at the five-fold of the minimum rate of salaries within one month of the breach.

For breaching the deadlines defined for the notices envisaged by this law, the governing body, in addition to compensation of the losses, shall have to pay a penalty to the common shared property management budget at the rate of minimum salary per each day of such delay, not exceeding the ten-fold of the minimum rate of salary.

For failure to submit the information on the governing body to the head of the local government within the deadlines envisaged by this law, the governing body shall have to pay a penalty to the common shared property management budget at the rate of the minimum salary for each day of such delay.

Article 26. Suspension of the powers of the governing body

1. The powers of the governing body of the building shall be suspended:
 1. On the day following the completion of the period for which the powers envisaged in the authorization or contract have been provided to the governing body of the building;
 2. On the day following the decision of the meeting to select a new type of management or governing body of the building;
 3. On the thirtieth day following the notification on premature suspension of the powers of the governing body of the building;
 4. On the day following premature suspension of the authorization or contract on management of common shared property defined by the legislation;
 5. On death of the governing body of the building, who is a physical person, or liquidation, if the governing body is a legal entity;
 6. On the day following the collection of insufficient number of votes for a governing body of the building to carry out its powers;
 7. In other cases envisaged by the legislation.
2. An owner of building structure, who has voted in favor of a given governing body of the building, shall have the right to rescind his/her decision at any future point in time. To this end, the owner of the building structure shall address a claim to the governing body of the building in writing. The powers given by of the building structure owner shall be deemed suspended on the day following submission of the above claim to the governing body of the building, if the claim does not provide for other date.

An owner of building structure, who has voted for a governing body in terms of mandatory powers, shall not have a right to vote in favor of a decision to create another governing body, without rescinding his/her decision in accordance with the procedure defined in this Article. A voting in breach of this requirement shall be deemed null and void.

If the votes given to a governing body are insufficient to meet the benchmark defined by this law for enjoying the respective powers because the earlier decisions had been rescinded, the powers of the governing body shall be deemed suspended and the building shall be considered not having a governing body. The governing body shall have to immediately notify the owners of the building structures, as well as the Chief of a given community.

3. The governing body, whose powers has been suspended, shall have to accept the seal, documents, financial resources obtained during the implementation of the management of the building, as well as the assets for holding within a period of five days, and transferred to the new governing body within a period of two days after the establishment of the latter, under the take-over act. In the meantime, the depositary shall bear the risks associated with the holding of the seal, documents, financial resources and assets of the governing body of the building.
4. In case of death of the physical person or liquidation of the legal entity, whichever is the governing body of the building of the common shared property, the seal, documents, financial resources obtained during the implementation of the management of the building and the assets shall be transferred to the Notary Service for holding in accordance with the procedure and terms defined in this law.
5. In case former governing body does not acquire the relevant powers within two months after the suspension of its powers, or the owners do not elect a new governing body of the building, the exclusive rights of the governing body shall pass on to the head of the community until the owners establish new governing body, and such head of the community shall perform the powers of the governing body through its own agencies and in accordance with this law. On the day of notification to the head of community on creation of a new governing body of the building, the powers envisaged by this Clause and transferred to the head of community shall be suspended, and he shall have to transfer the seal, documents, financial resources obtained during the implementation of the management of the building and the assets to such new governing body of the building within a period of three days, such transfer documented by virtue of take-over act.
6. Building structure owner, who has not voted in favor of a governing body or rescinded his/her decision on favorable voting for the governing body, shall have the right to ascribe the respective powers to the existing governing body or the newly created one at any point in time. For this purpose the building structure owner shall address the governing body in writing. Powers of the building structure owner shall be deemed transferred on the day following the submission of the above address, unless later date has been specified therein.

7. Other powers ascribed to the governing body of the building shall be recalled or new powers are granted to him/her according to the same procedure, applicable to issuing the authorization.
8. The procedure of leaving a condominium, as well as the procedure for suspension of the operations of a condominium are defined in the Law of Armenia on Condominiums.

Article 27. Protection of the rights of persons acquiring building structures in an apartment building in view of alienation of such building structures

1. In case of alienation of the apartment building structures, the alienator shall have to submit, in addition to the documents defined by the legislation, information in respect of:
 1. Type of management of common shared property and governing body;
 2. Unperformed obligations of the alienator in the area of management of common shared property;
 3. Rates of mandatory payments envisaged for management of common shared property;
 4. The alienator's interest in common shared ownership of the apartment building.
2. Alienator of the building structure shall bear responsibility for failure to furnish the information required in the Clause 1 of this Article, or the losses caused to the acquirer as a consequence of distorted or incorrect information contained in the proposal on alienation of the building structure.
3. The acquirer shall have the right to acquaint with the annual budget envisaged for management of the common shared property of the building and financial statement for the preceding fiscal year, as well as with the charter of the legal entity implementing management of the common shared property and authorization issued to or contract concluded with the governing body.

Article 28. Responsibilities of the persons, who acquired ownership rights towards the building structure in the apartment building

1. The person, who acquired ownership rights towards the building structure in the apartment building, shall be liable for implementation of the mandatory norms defined for the previous owner, as well as for the responsibilities envisaged by this law or those assumed under his/her consent, if such responsibilities had not been assumed by the former owners of the building structure in question, except for cases stipulated by law.

Article 29. Annual budget for the management of an apartment building

1. Annual budget for management of common shared property of apartment building (hereinafter budget) including the rates of payments to be made by each owner, shall be

- approved at an annual basis at the meeting of owners for the period between January 1 and December 31 of the fiscal year, which may be changed during a year only if so decided at the meeting of owners.
2. In compiling and approving the draft budget, the needs for maintenance and operation of the common shared property of the apartment building, as well as maintenance of the governing body shall be taken into consideration.
 3. The budget revenues shall be construed by:
 1. Payments made by building structure owners to enforce mandatory norms as well as other payments;
 2. Proceeds from alienation or lease (use) of common shared property;
 3. Proceeds generated as a result of possessing, use and disposing of the common shared property;
 4. Subsidies and subventions allocated by the national or local authorities;
 5. Other incomes not prohibited by the law.
 4. The budget may envisaged for the following expenditures:
 1. Expenses for performance of the requirements under mandatory norms;
 2. Expenses for remuneration of works;
 3. Management costs (postal, communication, printing and copying, stationery, etc.);
 4. Reconstruction and repair, etc of the common shared property;
 5. Expansion of the common shared property;
 6. Other expenses approved by the meeting.

Article 30. Compilation and approval of the budget

The governing body of the building shall compile the budget of the current year based on a cost estimate. In the absence of a building budget, the newly elected governing body of the building shall submit the draft of the budget for the current year within a period of 20 days after its election. In case the meeting does not approve the draft budget within a period of one month, a new budget estimated on the basis of minimum payments defined for a given year by the local Council in terms of mandatory norms shall be deemed approved by the governing body, who shall notify the owners of the building to that respect within two days.

Supervision over performance under the mandatory norms shall be carried out by the state agency duly authorized by the government.

Article 31. Transitional provisions

1. Owners of the apartment building structures shall have to found a governing body within a period of 6 months after the enforcement of this law. In case of failure to found a governing body within the mentioned timeframe, authorities of the government body

shall be transferred to the Chief of Community in accordance with the procedure stipulated by this law.

2. After enforcement of this law the title to the land required for the service of the apartment building (including the land under the building) constructed on State or community owned lands shall within two years be transferred for free to the owners of residential and /or non-residential spaces of such buildings with the right of common shared property. The procedure of free transfer of the land title shall be defined by the RA Government.
3. To perform state registration of rights *in rem* to the building property in common use in accordance with this law, structure owners shall be exempted of State duty.

Article 32. Enforcement of this law

This law shall enter into legal force upon its official publication.

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Adopted on 7 May 2002

LAW OF THE REPUBLIC OF ARMENIA ON LOCAL SELF-GOVERNMENT

CHAPTER 1. GENERAL PROVISIONS

Article 1. Purposes of this Law

This law is to set out the role of local self-government in enforcing government by the people in the Republic of Armenia, as well as the notion, bodies, general principles, powers, and legal, economic, financial bases of their operations and the respective guarantees, and to regulate relations between the State authorities and local self-government bodies.

Article 2. Legislation Regarding the Local Self-Government

The local self-government in the Republic of Armenia shall be governed by the Constitution of the Republic of Armenia, this law, other laws and legal acts.

Article 3. Local Self-Government

Local self-government is the Constitutionally guaranteed right and capacity of local self-government bodies acting at their own responsibility and as provided by the legislation, to manage the community's property and financial resources, and to resolve the problems of community importance with a view to improving the well-being of the population.

Local government shall be exercised in the whole territory of the Republic of Armenia. The status of the Lake Sevan shall be defined by the respective law.

Article 4. A Community

A community represents the democratic basis of the State system. It is a commonwealth of residents and represents an administrative and territorial subdivision within defined boundaries where local self-government is implemented by virtue of elected bodies. A community is a legal entity, specifics of which are defined by this law. A community disposes its property independently, it has its budget as well as a seal bearing the coat-of-arms of the Republic of Armenia or the community and its name.

Article 5. Residents of a Community

A person registered in a community shall be considered a resident of such community. Participation of community residents in the election of local self-government bodies shall be defined pursuant to the Election Code of the Republic of Armenia.

Article 6. Administrative Territory of a Community

A community consists of one or several settlements within one common territory. The administrative territory of a community shall include lands and water areas owned by physical persons and legal entities, the community itself, as well as the State. Description of administrative boundaries of the community shall be defined by the respective law.

Article 7. Local Self-Government Bodies

To exercise people's power and achieve the community objectives local self-government bodies, viz. Community Council, Chief of the Community shall be elected in communities in a manner specified by law. Citizens who are residents of a given community for at least one year may be elected the Community Council members and Chief of the Community.

A Community Council shall be a representative body, which shall exercise powers provided for by the Constitution of the Republic of Armenia and this Law.

A Community Council shall assume its responsibilities no sooner than the next day following the termination of the mandate of the former Community Council.

A Chief of a Community (Mayor in municipal communities, Chief of the Neighborhood in the neighborhood communities of the city of Yerevan, and Chief of the Village in rural ~~SDHH~~) shall officially represent the community, be the executive body of the community and exercise powers provided for by the Constitution of the Republic of Armenia and this Law.

A Chief of a Community shall accept his office no sooner than the next day following the termination of the mandate of the former Chief of the Community.

A Chief of Community elected through early elections shall assume his responsibilities on the next day when results of elections are officially made public.

Article 8. Residence of Local Self-Government Bodies

Local self-government bodies, viz. Community Council, Chief of the Community shall act within the place of residence chosen by them.

The residence building of the community shall bear the flag of the Republic of Armenia and the office of the Chief of the Community shall also bear the coat-of-arms of the Republic of Armenia.

Article 9. The Principles of Local Self-Government

The following shall be the principles of local self-government:

1. General authority shall be the entitlement to carry out any autonomous activity at their own responsibility in relation to the interests of the community and in no contradiction to the law, if not otherwise prescribed by the legislation;
2. Independence and own responsibility in implementing local governance;
3. Correspondence between the powers prescribed by the law and financial resources required for enforcement of such powers;
4. Delegation of the powers of the State authorities to local self-government bodies, if such powers can be more effectively exercised in communities, and ensuring, in an obligatory manner, the adequate financial resources by the law;
5. Judicial protection of the rights, legitimate interests and the property of the community in accordance with the procedure defined by the law;
6. Assistance to financially weak communities through financial adjustment;

7. Creation of intercommunity associations with other communities with the objective to jointly solve individual problems in accordance with the defined procedure;
8. Accountability to the community members;
9. Publicity and transparency in the activities of local self-government bodies.

Article 10. The General Description of the Powers of Local Self-Government Bodies

The powers of local self-government bodies shall be divided into their own powers and powers delegated by the State.

Own powers shall be divided into mandatory and voluntary powers.

Mandatory powers and procedure of enforcement thereof shall be defined by the legislation.

Implementation of the powers ascribed to the state authorities may be delegated to communities according to this law, as powers delegated by the state.

The State delegated powers shall be implemented in accordance with the legislation or procedure defined by the Government. The State delegated powers shall be funded from the state budget, in full and obligatory manner, out of the funds envisaged in the budget line of financing the State delegated powers.

Mandatory powers and powers delegated by the State shall be subject to priority implementation as prescribed by the law.

Voluntary powers shall be exercised in conformity with the regulations defined by the Community Council and in accordance with the financing provided for by the community budget.

Voluntary powers listed in this Law shall not be exhaustive. The communities may implement the powers attributed to the local government bodies by other laws solely as voluntary ones. Local self-government bodies may carry on any activity related to the interests of the community and not conflicting with law.

CHAPTER 2. THE COMMUNITY COUNCIL

Article 11. Organization of the Activity of a Community Council

A Community Council shall be considered construed if its simple majority of its members, as defined in the legislation, are elected.

The Community Council shall adopt a regulation regulating the Community Council activities, preparation and holding of sessions. Such sessions shall be held no less than once in two months. The Community Council may hold extraordinary sessions.

The Community Council, for the purpose of performing his functions, may issue decisions on establishment of permanent or ad hoc commissions.

The Chief of the Community shall create necessary conditions within the community residence building to ensure the activities of the Community Council in accordance with this law and the Council regulations.

At session of a Council, any matter related to the interests of the community may be discussed. The Council may pass decisions and messages regarding the matters discussed. In the cases prescribed by this law, the Community Council shall take minutes.

In respect of the matters related to the interests of the community but being beyond its jurisdiction, the Council may pass messages addressed to the population of the community, the Chief of the Community, the Regional Governor or to any other State authority.

Within a month period after the message of the Community Council is received, State authorities, Regional Governor, or a Chief of Community shall have to review the message and notify the Community Council on the outcomes of such review.

Article 12. Agenda of the Session of the Community Council and Preparation of Drafts of Decisions

The draft agenda of the sessions of the Community Council shall be compiled by the Chief of Community and members of the Council on the basis of written clauses submitted to the Community Staff Secretary at least five days before the session is held.

The author of a clause shall propose one or several alternative drafts of decision. Any draft shall contain the justification in proof of the necessity to adopt a decision together with financial cost estimate for implementation of the draft decision.

The draft agenda, the related drafts of decisions thereto, and the attached documents shall be circulated among the members of the Community Council at least three days prior to the session.

The agenda of a session shall be approved by the decision of the Community Council.

Article 13. The First Session of a Newly Elected Community Council

The first session of the newly elected Community Council shall be convened no later than within twenty days upon assuming its responsibilities.

Article 14. Session of a Community Council

The sessions shall be convened and presided over by the Chief or Acting Chief of the Community, who shall have a deliberative vote.

Sessions of a Community Council shall be valid in the presence of simple majority of the members of the Council. In case the quorum is not present within half an hour after the session has started, or the Chief of Community is not present at the session and the session does not start, minutes shall be compiled for signing by the Council members who are present at the session.

Decisions and messages of the Community Council shall be passed by a majority vote of the Council members present at the session.

A decision of the Community Council shall contain the surnames of the members of the Community Council who voted "for", "against", or "abstained" with signatures of voters. Any decision of the Community Council shall be sealed by the Chief of Community.

Session of the Community Council shall be continued to the point where the Agenda is exhausted. A session may be interrupted in accordance with the respective decision of the Community Council or in cases provided for in this law.

The sessions of Community Council shall be public. In some cases, according to the decision of the two-thirds of the members of the Community Council present vote for such, the session may be held in camera.

The Community Council may invite any person to take part in its sessions. At the invitation of the Chief of Community, personnel of the Staff of the Community shall take part in the sessions.

The Chief of Community can present to the Community Council his objections to the decisions thereof in writing within a period of three days, including the justifications thereto, if such decision is in conflict with the law, or the implementation of such decision contradicts the legislation or decisions of the Community Council taken earlier.

In cases when the Chief of Community has objections to the decision of the Community Council, the Chief of Community shall convene an extraordinary session of the Community Council within a period of three days, with the enforcement of the debated decision postponed until its discussion at the session of the members of the Community Council.

The Community Council shall discuss such objections at such session and take respective decisions by a simple majority of the present members. Should the debated decision not be discussed at the said session and within the specified deadlines, or the session not take place, such decision shall enter into legal force and shall become mandatory for implementation.

Decisions of the Community Council may be appealed in legal manner by the Chief of Community.

Article 15. Extraordinary Session of a Community Council

An extraordinary session of the Community Council shall be convened by the Chief, and/or the Acting Chief of the Community on their own initiative or on the initiative of at least one-third of the members of the Council, the number of which is defined by the law.

An extraordinary session of the Community Council shall be convened by the Chief of the Community in accordance with the agenda and deadlines defined by the initiator of such session.

The agenda of the extraordinary session of the Community Council, draft decisions on the issues in the agenda and supporting documentation shall be provided to the Community Council members at least one day before the commencement of the session.

Similar requirements shall be applicable to the documents necessary for adoption of decision on the issues to be discussed at extraordinary and regular sessions.

Article 16. The Powers of a Community Council

In accordance with the order defined by this law, A Community Council shall:

1. Pass its Regulations in accordance with the requirements of this law;
2. Approve development program of the community;

3. Approve the community budget, amendments thereto proposed by the Chief of the Community and the statement on execution of the annual budget;
4. Supervise the performance of the community budget and the use of loans and other financial resources received by the community;
5. Define the procedure for implementation of the voluntary powers and required financial resources upon the submission of the Chief of the Community;
6. Initiate and appoint a local referendum in accordance with the order defined by the legislation;
7. Supervise the decisions taken by the Chief of the Community in respect of their compliance with the existing legislation and decisions of the Community Council;
8. Establish the official salary of the Chief of the Community;
9. Take a decision to submit a proposal to the Regional Governor, and Mayor in Yerevan, with regard to dismissal of the Chief of the Community;
10. Take decision to form intercommunity unions, as well as submit a proposal to the authorized state body on establishment of a new community through merger with other community;
11. Define its representative in the Council of intercommunity association;
12. Take decisions on receiving documents not containing legislatively defined confidential information from state bodies and officials, which concern the community. Performance of this requirement within a period of one month is obligatory for state bodies and officials;
13. Take decision on premature termination of the mandate of a member of Community Council;
14. As prescribed by the law take decisions on establishment, restructuring and/or liquidation of budgetary institutions of community subordination, commercial and non-commercial organizations with community participation in accordance with the legislation;
15. In its decision, issue its agreement to the candidates to assume the posts of directors of budgetary institutions and non-commercial organizations proposed by the Chief of the Community;
16. In accordance with the procedure defined by the legislation of the Republic of Armenia approve the composition of Boards and supervisory councils of commercial organizations with the community participation. The number of members of such bodies proposed by the Community Council may not be more than half of such members;
17. Define the community rules for operations of agencies and organizations in the sectors of trading, public catering and services in compliance with the respective legislation;
18. Define the rates of local duties and fees set by the legislation;
19. Define the rates of services delivered by the Community;
20. Take decision on lease or alienation of the property owned by the community; approve rates of rents, alienation prices and terms as well as the floor price of a property to be alienated through an auction;
21. Take decision on naming or renaming of streets, avenues, squares, parks of community importance and educational, culture and other enterprises and organizations of the community subordination;
22. Ratify cooperation agreements concluded with other communities of the Republic of Armenia and other states in its decision. With the objective to coordinate the activities of the communities, as well as represent and protect common interests, take decision on membership in associations created by communities and paying the respective membership fees;
23. Take decision with regard to attraction of loan and other legitimately borrowed resources;
24. In accordance with the village and city regulations, take decision on granting and recalling by the village and city councils of the title of Honorary resident of the community to the citizens of the Republic of Armenia and those of foreign countries;

25. Take decision on coat-of-arms of the community;
26. Approve the number, staff list and official rates of remuneration of the staff of the Chief of Community and budgetary institutions;
27. Approve the master plan for community urban development, land zoning and use scheme; drafts of detailed planning of individual districts and construction complexes, and drafts of planning and maintenance of historical and cultural sites;
28. Approve the urban development charters of the settlements;
29. Approve annual inventory list of the property of the community;
30. Submit proposals to or agree with the authorized state body in respect of renaming the community.

The Community Council shall carry out other powers prescribed by the Constitution and legislation.

Article 17. Bringing a Motion for Dismissal of the Chief of a Community

The Community Council shall discuss a motion for dismissal of the Chief of the Community, if so requested in writing by at least one-third of the total number of the Council members.

The Community Council may submit the proposal for dismissal of the Chief of a Community if the Chief of Community has breached the ROA Constitution, legislation and decisions of the Community Council. In case the Chief of Community fails to be present at the session without satisfactory justification of such absence, the Community Council shall compile minutes, which shall, within a period of three days, be submitted to the Regional Governor. The minutes may serve a basis for Regional Governor to initiate the dismissal procedure against the Chief of the Community.

A decision on a motion for dismissal of the Chief of the Community shall be passed by more than 50% of the votes of the duly defined total number of the Council members. The said decision shall be delivered to the Regional Governor within a period of three days in marzes, and to Mayor of Yerevan in Yerevan attaching the opinion of the Chief of Community.

The Regional Governor shall submit the motion for dismissal to the Government within three days, and shall attach thereto a Statement of his opinion.

The Community Council may discuss a motion for dismissal of the Chief of the Community not earlier than one year after the Chief of the Community accepts his office.

Article 18. Restriction on Occupation of Other Posts by a Member of the Community Council

A member of the Community Council may not at the same time:

1. Work in the Staff of the Chief of the same community or in the Regional Governor's office or as a director of an enterprise or organization of the community's or the region's subordination,
2. Act as a Chief or a member of the Council of any other community,
3. Work in law enforcement, national security or judicial bodies; or

In cases envisaged in this Article, as well as in the event if a member of Community Council serves or is going to serve in the Armed Forces, he shall have to refuse, in writing, his membership in the Community Council prior to the regular session, otherwise his powers shall be deemed invalid.

Article 19. The Rights of a Member of a Community Council

A member of a Community Council shall be entitled:

1. To submit proposals regarding the agenda of sessions of the Council and discussed matters;
2. To prepare and submit to the Council for discussion any matters or draft decisions and messages;
3. To demand and receive from the Chief of the Community any official information regarding his activities;
4. To protest, as a member of a Community Council, in the court the decisions or actions of the Community Council or the Chief of the Community if his/her rights of a Community Council member were violated;
5. To receive reimbursement against the costs incurred by him in fulfilling the duties defined by this law.

Article 20. The Duties of a Member of a Community Council

In implementing their activities, the members of Community Council shall have to governed by the law and principles targeted at well-being of the community.

A member of a Community Council shall:

1. Participate in the sessions of the Council;
2. Periodically meet the population of the community, inform the electors about the work of the Community Council;
3. Participate in the receptions of citizens organized by the Council;
4. Not take part in taking decisions of the Community Council, which are beneficial for him, his family members, close relatives (parents, sister, brother, child);
5. In case of being elected and/or appointed for inconsistent posts, to notify in writing the Community Council or the Chief of Community immediately.

Article 21. Earlier Termination of the Mandate of a Member of a Community Council

The mandate of a member of Community Council shall be terminated by the Council before expiration of its period, if:

1. His Armenian citizenship is terminated;
2. He ceased being a resident of the community;
3. A condemnation sentence passed by the court has come into legal force in respect of that member, and the latter bears the penalty;
4. He has been called to military service or commenced a service in the Armed Force;
5. He has been declared incapacitated, semi-incapacitated, absent or deceased by a court decision entered into legal force;
6. He occupies a post inconsistent with membership in the Council;
7. He has been absent from more than half of the held sessions of the Community Council or voting during a year without a satisfactory reason;
8. He resigns;
9. He is dead.

Save clause 9 above, in cases defined in this Article the powers of a member of Community Council shall be terminated from the moment the next session of the Community Council starts. The Community Council shall compile minutes in that respect, which shall be signed by the other members or the Chief of Community.

In the case provided for in the clause 9 of this Article, the mandate of a member of the Community Council shall be terminated under the decision of the Community Council. In case it is impossible to convene a session of the Community Council, the other members shall compile minutes with regard to termination of the powers of the member of Community Council in question.

Article 22. Earlier Termination of the Powers of the Community Council

If, as a consequence of termination of the powers of a member of the Community Council, holding further sessions of the Council becomes impossible, minutes shall be compiled with regard to earlier termination of the powers of the Community Council, which shall be signed by the other members of the Council or the Chief of the Community.

The above minutes shall be submitted to the authorized state body through the respective Regional Governor. Further to the submission by the Regional Governor, the Government shall initiate legitimate procedure for holding extraordinary elections of the Community Council.

Powers of the members of the Community Council may be early terminated also, when in accordance with the procedure defined by the law the community is reorganized into another administrative territorial unit.

Article 23. Compensation of a Member of the Community Council

In carrying out his responsibilities, any member of a Community Council shall, at his own desire or under the respective decision of the Community Council, receive a monthly pecuniary compensation at the maximum rate of 30% of the monthly salary of a member of the National Assembly of the Republic of Armenia.

CHAPTER III. THE CHIEF OF A COMMUNITY AND HIS STAFF

Article 24. Chief of a Community

Any citizen of Armenia, having a voting right, being a resident of a community for at least one year, and no younger than 25 years old may be elected Chief of Community.

The Chief of Community shall have secondary vocational or higher education. The same person shall not be elected to the post of the Chief of Community for more than two consecutive terms.

Article 25. Inconsistency of the Post of the Chief of a Community

The Chief of a Community may not simultaneously occupy any other State post, perform any other paid work, except for creative, scientific and pedagogical activities.

Article 26. Earlier Termination of the Mandate of the Chief of a Community

The mandate of the Chief of a Community shall be terminated by the Government before the expiration of its term, if:

1. He resigns;
2. His Armenian citizenship is terminated;

3. He stopped being a resident of the community;
4. A condemnation sentence passed by the court has come into legal force in respect of that member, and the latter bears the penalty;
5. He has been declared incapacitated, semi-incapacitated absent or deceased by a court decision entered into legal force;
6. He occupies an inconsistent post;
7. He is dead.

In cases specified above, minutes of Community Council shall be compiled subject to submission to an authorized State body.

The Government shall early terminate powers of the Chief of the Community, when in accordance with the procedure defined by the law, the community is reorganized into another administrative territorial unit.

Article 27. Remuneration of the Chief of a Community

The salary of the Chief of the Community shall be established at the following percentage to the salary of a member of the National Assembly of Armenia:

1. Up to 50 per cent - for the Chief of a community having less than 1,000 population
2. Up to 60 per cent - for the Chief of a community having 1,001-5,000 population
3. Up to 70 per cent - for the Chief of a community having 5,001-20,000 population
4. Up to 80 per cent - for the Chief of a community having 20,001-75,000 population
5. Up to 90 per cent - for the Chief of a community having above 75,000 population

Article 28. Formation of the Staff of the Chief of a Community and Budgetary Institutions

The Chief of a Community shall exercise his powers through his Staff, budgetary institutions, commercial and non-commercial organizations of the community's subordination.

The staff of the Chief of a Community shall include Deputy Chief of a Community, Secretary of the Staff, Heads of Divisions, as well as other personnel envisaged in the staff-list of the community.

The Chief of Community, at his own discretion and responsibility, shall carry out human resources policies and form the staff of the Chief of Community, as well appoints directors of the budgetary organizations, through his submissions and in agreement with the Community Council.

The Chief of a Community, not later than one month after he accepts his office, shall submit the structure of his Staff, as well as the structure and staff-lists, as well as rates of remuneration of the community budgetary agencies and organizations, to the Community Council for approval.

The Deputy Chief of Community, secretary of the staff of the Chief of Community resign upon election of the new Chief of Community. Upon approval of the number of staff and staff list and rates of remuneration thereof, the Chief of Community shall appoint the above officers within a period of one month.

The Deputy Chief of Community, secretary of the staff of the Chief of Community, heads of divisions and other officers shall carry out their statutory responsibilities.

The directors of budgetary institutions shall submit to the Chief of the Community the charters of such institutions for approval.

Article 29. Deputy Chief of the Community

In addition to the powers and responsibilities vested onto him by the charter of the staff of the Chief of the Community, the Deputy Chief of the Community shall exercise, in the absence of the Chief of the Community, other powers pertaining to the jurisdiction of the latter.

Article 30. Secretary of the Staff

The Secretary of the Staff of the Chief of the Community shall carry out the powers vested onto him by this law and charter of the staff of the Chief of Community, in particular:

1. Preparation of the sessions of the Community Council and their minutes, and signing of minutes of the Council by the Council members present at such session;
2. Organization and ensuring support and assistance of the Staff of the Chief of Community in preparing the draft decisions of the Community Council;
3. Document processing, letters processing and Archives activity in the Staff;
4. Organization of preparation works in respect of the draft decisions and directives of the Chief of Community;
5. Publication of decisions and messages to be delivered by the Community Council and Chief of the Community;
6. Ensuring respective arrangement for reception of citizens by the Chief of the Community and the Community Council, the process of consideration and progress of their proposals, applications and complaints;
7. Supervision over the performance of decisions of the Chief of the Community and the Community Council, and over the labor discipline at the Staff of the Chief of the Community;
8. Delivery of decisions passed by the Council to the respective Regional Governor's Office within a period of seven days.

Article 31. Rates of Remuneration for the Staff of the Chief of Community and Employees of Budgetary Institutions

Remuneration for the staff of the Chief of Community and employees of budgetary institutions shall be borne by the community budget in accordance with the respective legislative procedure. The rate of remuneration for the staff of the Chief of Community and employees of budgetary institutions and changes therein shall be approved by the Community Council, further to the submission by the Chief of Community. Salary of each employee shall not exceed 80% of the remuneration of the Chief of the Community in question.

CHAPTER 4. THE POWERS OF THE CHIEF OF A COMMUNITY

Article 32. The Powers of the Chief of a Community

In accordance with the procedure defined in this law, the Chief of a Community shall:

1. Convene and preside the sessions of the Community Council in accordance with the procedure in this law and regulations of the Community Council;
2. Submit the community three-year development program to the Community Council for approval;
3. Approve the charters of his Staff, as well as those of the budgetary and non-commercial agencies and institutions;
4. Submit the draft decisions on the structures of the staff and budget institutions, as well as amendments thereto, to the Community Council for approval;
5. Submit the draft decisions on the number of staff and staff lists and rates of remuneration of the staff and budgetary institutions, and amendments thereto, to the Community Council for approval;
6. Submit the draft decision on creation, restructuring and/or liquidation of budgetary and non-commercial agencies and organizations of community subordination to the Community Council for approval;
7. Submit the draft decision on composition of councils and supervisory boards of the commercial agencies and organizations of community subordination to the Community Council for approval;
8. Appoint and remove from office of the Deputy Chief of the Community, Secretary of the Staff, heads of structural subdivisions;
9. In pursue of decision of the Community Council, appoint and dismiss the directors of budgetary institutions. In case, the Community Council twice fails to give its consent, the Chief of the Community shall make an appointment without the consent of the Community Council;
10. Submit for the approval of the Community Council the draft decision on holding a local referendum;
11. Conclude cooperation agreements with other communities of the Republic of Armenia and other states, submitting them to the Community Council for ratification. Submit the draft decisions on establishment of intercommunity associations, as well as membership in associations established by other communities and payment of relevant membership fees to the Community Council for approval;
12. Conclude contract on lease of the community property in accordance with the procedure defined by the Community Council;
13. Submit the draft decisions on alienation of the community property to the Community Council for approval;
14. Submit a proposal on awarding the Honorary Citizen of the community to the Community Council for approval;
15. Submit a proposal to the Community Council for approval on naming and renaming streets, avenues, squares, parks, educational, culture and other enterprises and organizations of the community's subordination (except for the historical, cultural and natural history monuments);
16. Define the numbering of the community buildings and structures;
17. Take decisions, issue directives and compile minutes within its jurisdiction;
18. Independently and at its own responsibility, organize and govern the process of implementation of the duties delegated by the state in accordance with the legislation or procedure defined by the Government;
19. In accordance with the legislation or procedure defined by the Government, conduct urban development, nature protection, agricultural and other cadastres of community importance;
20. Take measures in accordance with the legislation or procedure defined by the Government in respect of organization of civil defense, anti-epidemic and quarantine measures and reduction of the risk of technological and natural disasters and elimination of their consequences;

21. Exercise other powers specified by the Constitution and this Law.

The powers stipulated in the clauses 1-16 of this Article shall be deemed mandatory duties of the Chief of the Community, and clauses 17-19 shall be considered State delegated duties.

Article 33. The Activity of the Chief of a Community in the Sphere of Protection of the Rights of Citizens and Economic Agencies

In the sphere of protection of the rights of citizens and economic agents, the Chief of a Community shall exercise the following mandatory powers:

1. Within his jurisdiction, take measures for the protection of the rights and legitimate interests of the community residents and economic agents;
2. Carry out accounting (registration) of residents in his Community;
3. Represent the community's interests in the relations with other persons, as well as in the law-courts;
4. Conduct receptions of citizens; consider complaints, applications and proposals of citizens in a manner specified by law and take necessary measures in their respect;
5. Within his powers, promote and assist the economic entities in the community in most efficient implementation of their activities;
6. Resolve matters regarding permission for holding of meetings, demonstrations, marches and other mass arrangements in a manner specified by the ROA Constitution;
7. Ensure provision of copies and duplicates of documents issued from the community archive.

In this sphere, the Chief of a Community shall exercise the following powers delegated by the State:

1. Take measures for the prevention of technological and natural disasters and elimination of their consequences;
2. Compile the lists of electors;
3. Manage the service of civil status registration;
4. Ratify the wills of community residents, if there is no permanent notary office operating in the community;
5. Approve the warrants of the community residents in respect of driver licenses, receiving payments under employment arrangements, including wages and salaries, receiving benefits and stipends, bank deposits and postal communication, including pecuniary and parcel, if there is not permanent notary office operating in the community.

Article 34. The Activity of the Chief of a Community in the Sphere of Finance

In the sphere of finance, The Chief of a Community shall exercise the following mandatory powers:

1. Prepare and submit a draft budget of the community, the proposed amendments thereto to the Community Council for approval, ensure budget execution, to which end the respective annual report shall be submitted to the Community Council;
2. Submit for the approval of the Council the draft decision on establishment of rates of local duties and charges;

3. Submit proposals on rates for the services to be delivered by the community to the Community Council;
4. Agreeing with the state authorized body, submit the documents on attraction of credit and other borrowed resources, including issue of community securities, to the Community Council for approval;
5. Manage the funds of the community budget, ensure targeted spending of such funds;
6. Sign financial documents.

In accordance with the cases and procedures defined in this law, in this sphere, the Chief of a Community shall carry out the following powers delegated by the State:

1. In accordance with the defined order, carrying out collection and supervision of property tax, land tax, rentals for community and State lands located within the administrative boundaries of the community, as well as local duties and fees.
2. In accordance with the legislation, apply adequate measures against non-payers of taxes and other payment obligations defined by the legislation.

Article 35. The Activity of the Chief of a Community in the Sphere of Protection of Public Ordinance

In the sphere of protection of public security the Chief of a Community shall exercise the following powers delegated by the State:

1. In order to properly exercise the powers vested by this Law, may demand appropriate assistance from the authorities (Police Department) responsible for protection of public security and operating within the territory of the community, which shall be subject to mandatory performance by such authorities. The latter shall ensure provision of weekly information to the Chief of the Community, on breaches taken place in the community;
2. Impose administrative sanctions in cases and in a manner specified by law.

Article 36. The Activity of the Chief of a Community in the Sphere of Defense

In the sphere of defense, the Chief of a Community shall exercise the following voluntary powers:

1. Assist to military service calls, military assemblies, periodical military training;
2. Assist the civil defense authorities in their activities;
3. Take measures for social security of the families of military servants, assist demilitarized persons and war veterans with the solution of their social problems;
4. Assist in military and patriotic upbringing of the population, especially young people.

Article 37. The Activity of the Chief of a Community in the Sphere of Urban Development and Land Use

In the sphere of the community urban development and land use, the Chief of a Community shall exercise the following mandatory powers:

1. Compile the draft of the master plan of the community urban development, as well as the community lands zoning and use schemes, which upon agreeing with the respective

- authorized state body through the Regional Governor, shall submit to the Community Council for approval;
2. In accordance with the draft zoning of the community, compile and approve and detailed plan of the individual areas and urban development (building-up) complexes of the community, shall be submitted to the Community Council for approval;
 3. Approve the urban development charter of the community, shall be submitted to the Community Council for approval;
 4. In the cases specified and prescribed, notify the community population with regard to planned changes in urban development environment of the community, issue architectural and planning tasks to the constructors, and bring the architectural and construction designs into compliance with the existing requirements;
 5. Issue permits for construction (demolition) activities, document the construction completion acts;
 6. Decide on leasing and alienation of community property, rates of renting, the floor price of the auctioned property in accordance with the defined order and objectives set out in the zoning procedure, and submit a proposal to the Community Council for approval;
 7. Take decision, in accordance with the procedure defined by the Community Council, to lease and revoke the community property in conformity with the urban development master plan, land zoning and use schemes, as well as the rent payments the rates of which are defined by the Community Council;
 8. Allocate community lands for free use to state and community budgetary institutions;
 9. As prescribed by the law supervise the execution of the tasks issued to constructors regarding the architectural and building assignments, requirements of urban development charter of the community, targeted utilization of the community lands, buildings and structures;
 10. Prevent and preclude unauthorized construction activities and land occupation, arrange for removal of deriving consequences within a period of one month in the manner defined by the legislation;
 11. Maintain the accounting, operation of real estate of the community, arrange for its current repair, compile yearly documentation on its inventory to submit them to the Community Council for approval;
 12. Issue permission for outdoors advertisement in accordance with the community urban development charter.

In this sphere, the Chief of a Community shall exercise the following powers delegated by the State:

1. Conduct of urban development and land cadastre of the community, and provide information to the State Committee of Real Estate Cadastre, State bodies of urban development and land cadastre;
2. Carry out land balance of the community in accordance with the established procedure;
3. In accordance with the established procedure, allocate, revoke and lease out lands solely on the basis of the contracts concluded by himself, and, in cases and in a manner specified by legislation, alienate State-owned lands located in the territory of the community, in accordance with the general urban development plan and the land zoning and use scheme of the community;
4. Ensure protection of the geodetic points and border milestones of the community in accordance with the defined order.

In this sphere, the Chief of a Community exercises the following voluntary powers:

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LAW OF THE REPUBLIC OF ARMENIA ON LOCAL SELF-GOVERNMENT

*Including amendments adopted by the National Assembly
on 24 June 1997, 27 December 1997
Signed by President L. Ter-Petrosian
correspondingly on 18 July, 1997 and 9 January 1998*

*Including amendment adopted by the National Assembly
on 8 February 2000*
Signed by President R. Kocharyan on 7 March 2000*

CHAPTER 1. GENERAL PROVISIONS

Article 1. Legislation Regarding Local Self-Government

Local self-government in the Republic of Armenia shall be governed by the Constitution and the laws of the Republic of Armenia, and if so provided for by law, other normative legal acts.

Article 2. Purposes of this Law

This Law is to set out the notion, goals, principles, of local self-government, local self-government bodies and their powers, as well as to govern relations between State authorities and local self-government bodies.

Article 3. The Notion of Local Self-Government

Local self-government is the right and capacity of local self-government bodies acting at their own responsibility, to dispose of the community's property and to resolve the problems of community importance with a view to improving the well-being of the population.

Local self-government bodies shall be elected by community members. Any citizen of the Republic of Armenia who permanently resides in the given community or is included in the list of tax, local duty and charge payers in the community uninterruptedly during the last three years shall be deemed as a member of that community.

* Translated from The RA Official Bulletin No 4 (102) issued on 14 March 2000, serial number 010.0033.07.032000

Article 4. The Principles of Local Self-Government

The following shall be the principles of local self-government:

1. delegation of the powers of the State authorities to local self-government bodies, if such powers can be more effectively exercised in communities;
2. general authority: the right to carry on any activity related to the interests of the community and not conflicting with the laws, unless that is vested by legislation in State authorities.
3. double function of the Chief of a Community: as an autonomous government body and as a representative of the State authority in place;
4. judicial protection of the rights, legitimate interests and the property of the community;
5. correspondence between the exercised powers and their financing;
6. assistance to financially weak communities through financial harmonization;
7. independence and responsibility in exercising local self-government;
8. organization of services to be rendered to the population by local self-government bodies through tenders;
9. personal management and responsibility of the Chief of a Community within his jurisdiction;
10. transparency of the activity of local self-government bodies.

Article 5. Local Self-Government Bodies

In communities, the following local self-government bodies shall be elected for a three-year term of office:

- Community Council;
- Chief of the Community.

A Community Council shall be a representative body to be elected by community members in a manner specified by law, which shall exercise powers provided for by the Constitution and this Law.

A Chief of a Community (Mayor in municipal communities, Chief of the Neighborhood in the neighborhood communities of the city of Yerevan, and Chief of the Village in rural communities) shall be the executive body of the community to be elected by community members in a manner specified by law, who shall exercise powers provided for by the Constitution and this Law.

A Chief of a Community shall accept his office on the date of termination of the mandate of the former Chief of the Community.

Article 6. The General Description of the Powers of Local Self-Government Bodies

The powers of local self-government bodies shall be divided into their own powers and powers delegated by the State.

Own powers shall be divided into mandatory and voluntary powers.

Mandatory powers and powers delegated by the State shall be subject to mandatory funding and regular performance.

Voluntary powers shall be exercised to the extent possible, according to financing provided for by the community budget.

Voluntary powers listed in this Law shall not be exhaustive. Local self-government bodies may carry on any activity related to the interests of the community and not conflicting with law, unless such activity is vested in State authorities by the legislation.

The regulations on the exercise of the powers delegated by the State shall be stipulated by law or the Government's decision.

Article 7. Relationship between State Authorities and Local Self-Government Bodies

Relationship between State authorities and local self-government bodies shall be governed by the Constitution and the laws.

The Government may dismiss a Chief of a Community from office upon the submission of the Governor of the respective region or (if in Yerevan) upon the submission of the Mayor of Yerevan, in cases specified by this Law.

Until the newly elected Chief of the Community accepts his office, the Prime-Minister shall appoint a substitute Mayor or a substitute Chief of Neighborhood in Yerevan, and the Regional Governor shall appoint a substitute Chief of Village.

Local self-government bodies shall be entitled to appeal to a court against any decisions or actions of State authorities, State officials and citizens that infringe the rights of the community.

Decisions and actions of local self-government bodies may be appealed to a court by the respective Regional Governor or (if in Yerevan) by the Mayor of Yerevan.

CHAPTER 2. THE COMMUNITY COUNCIL

Article 8. Organization of the Activity of a Community Council

A Community Council shall act through its sessions, which shall be convened as frequent as the Council may determine, but in any case not less than once per quarter.

At session of a Council, any matter related to the interests of the community may be discussed. The Council may pass decisions and messages regarding the matters discussed.

In respect of the matters related to the interests of the community but being beyond its jurisdiction, the Council may pass messages addressed to the population of the community, the Chief of the Community, the Regional Governor or to any other State authority.

Article 9. Session of a Community Council

The sessions shall be presided over by the Chief of the Community, who shall have a deliberative vote.

Sessions of a Community Council shall be valid in the presence of more than 50 per cent of the members of the Council.

The Regional Governor or (if in Yerevan) the Mayor of Yerevan may participate in the sessions of the Community Council with a deliberative vote.

Officers of the Staff of the Chief of the Community, by invitation from the Chief of the Community, and if so decided by the Council, other persons may participate in the sessions of the Community Council.

Sessions of the Council shall be held in accordance with the Regulations of the Council.

Decisions and messages of the Community Council shall be passed by a majority vote of the Council members present at the session.

A copy of the decisions of the Community Council shall be delivered to the respective Regional Governor's office within seven days.

Article 10. Extraordinary Session of a Council

An extraordinary session of the Community Council shall be convened by the Chief of the Community on his own initiative or on the initiative of one-third of the members of the Council or the Regional Governor (in Yerevan - the Mayor of Yerevan).

An extraordinary session of the Council shall be convened by the Chief of the Community by the agenda and within the period proposed by the initiator.

Article 11. The First Session of a Newly Elected Council

The first session of the newly elected Council shall be convened not later than 20 days from the date of the formation. The first session shall be convened by the Chief of the Community.

The Community Council shall be deemed as formed, if more than 50 per cent of the Council members have been elected.

Article 12. The Powers of a Council

A Community Council shall:

1. pass its Regulations;
2. supervise the performance of the community budget and the use of loans received by the community;
3. establish the official salary of the Chief of the Community in the manner specified by this Law;
4. bring a motion to the Regional Governor for dismissal of the Chief of the Community in the manner specified by this Law;
5. demand and receive from State authorities and officers any information regarding the goals of the community and not deemed as secret specified by law. Such demands shall be mandatory for the State authorities and officers.

A Community Council, upon the submission of the Chief of the Community, shall:

1. approve the structure of the Staff of the Chief of the Community;

2. agree to the establishment of enterprises of the community's subordination;
3. approve the general urban development plan of the community
4. approve the land use scheme;
5. agree to the general community rules of operation of enterprises and entities involved in trading, public catering and servicing in accordance with legislation;
6. approve the annual budget of the community; make amendments to the budget; agree to the expenditure of free assets of the budget; approve the annual statement of the Chief of the Community regarding the performance of the budget;
7. in a manner prescribed by law, establish local charges and duties; agree to lease or transfer of the property owned by the community; approve rates of rents and the starting price of a property to be sold by auction;
8. approve the community's annual property inventory documents;
9. agree to naming or renaming of streets, avenues, squares, parks of the community and educational, culture and other enterprises and organizations of the community's subordination, as well as to numbering of houses, buildings and structures;
10. ratify agreements regarding cooperation with other communities, establishment of inter-community associations, or cooperation with the self-government bodies of other countries, executed by the Chief of the Community;
11. agree to the conclusion of loan agreements by the Chief of the Community;

The Community Council exercises other powers stipulated by the Constitution and this Law.

A municipal and rural Community Council shall approve regulations for awarding citizens of the Republic of Armenia and foreign citizens with the title of the Honorary Member of the Community.

Article 13. Bringing of a Motion for Dismissal of the Chief of a Community

A Community Council shall discuss a motion for dismissal of the Chief of the Community, if so requested in writing by at least one-third of the total number of the Council members.

A decision on a motion for dismissal of the Chief of the Community shall be passed by a majority vote of the total number of the Council members. The said decision shall be immediately delivered to the Regional Governor.

The Regional Governor shall submit the motion for dismissal to the Government within three days, and shall attach thereto a statement of his opinion.

A representative of the Council and the Chief of the Community may participate in the discussing of the motion at the Government with a deliberative vote.

The Community Council may discuss a motion for dismissal of the Chief of the Community not earlier than one year after the Chief of the Community accepts his office, and not more than once per year.

Article 14. Restriction on Occupation of other Posts by a Member of the Community Council

A member of the Community Council may not:

1. work in the Staff of the Chief of the same community or in the Regional Governor's office or as a director of an enterprise or organization of the community's or the region's subordination,
2. act as a Chief or a member of the Council of any other community,

3. work in law enforcing entities or serve in the Armed Forces.

Article 15. The Rights of a Member of a Community Council

A member of a Community Council shall be entitled:

1. to submit proposals regarding the agenda of sessions of the Council and discussed matters;
2. to prepare and submit to the Council for discussion any matters or draft decisions and messages;
3. to demand and receive from the Chief of the Community any official information regarding his activities.

Article 16. The Duties of a Member of a Community Council

A member of a Community Council shall:

1. participate in the sessions of the Council;
2. periodically meet the population of the community, inform the electors about the work of the Community Council;
3. participate in the receptions of citizens organized by the Council.

Article 17. Earlier Termination of the Mandate of a Member of a Community Council

The mandate of a member of a Community Council shall be terminated by the Council before expiration of its period, if:

1. he resigns;
2. his Armenian citizenship is terminated;
3. a condemnation sentence passed by the court has come into legal force in respect of that member;
4. he has been called to military service or commenced a service in the Armed Force;
5. he has been declared incapacitated, absent or deceased by a court decision entered into legal force;
6. he occupies the post inconsistent with membership in the Council;
7. he is dead.

Earlier termination of the mandate of a Council member shall be recorded in a protocol by the Council.

The mandate of a member of a Community Council may be terminated by the Council before expiration of its period, if within one year he has been absent from the half of voting at the sessions of the Council without a reasonable excuse;

CHAPTER 3. THE CHIEF OF A COMMUNITY AND HIS STAFF

Article 18. The Formation of the Staff of the Chief of a Community

The Chief of a Community shall exercise his powers through his Staff and enterprises and organizations of the community's subordination.

The Chief of a Community, not later than one month after he accepts his office, shall submit the structure of his Staff to the Community Council for approval.

The Staff of the Chief of a Community shall be a legal entity and shall have a seal bearing the State Emblem of the Republic of Armenia and its name.

The Staff of the Chief of a Community shall be composed of the Deputy Chief of the Community, the Secretary of the Staff and its divisions.

The number of employees of the Staff of the Chief of a Community shall be established by the Government according to the number of the community's residents, in a manner specified by decree of the President of the Republic.

Article 19. Deputy Chief of the Community

The Deputy Chief of the Community shall exercise powers vested in him by the Charter of the Staff, and shall substitute the Chief of the Community during the periods of his temporary absence.

The Deputy Chief of the Community may exercise other powers by the instruction of the Chief of the Community.

Article 20. Secretary of the Staff

The Secretary of the Staff of the Chief of the Community shall organize:

1. preparation of the sessions of the Community Council and their minutes, and signing of minutes of the Council by the Council members;
2. document processing, letters processing and Archives activity in the Staff;
3. preparation and publishing of decisions, orders and other official documents of the Chief of the Community;
4. reception of citizens by the Chief of the Community and the Community Council, the process of consideration of their proposals, applications and complaints;
5. supervision over the performance of decisions of the Chief of the Community and the Community Council, and over the labor discipline at the Staff of the Chief of the Community;
6. delivery of decisions passed by the Council to the respective Regional Governor's Office;

The Secretary of the Staff of the Chief of a Community shall exercise other powers vested by the Charter.

Article 21. Inconsistency of the Post of the Chief of a Community

The Chief of a Community may not simultaneously occupy any other State post, perform any other paid work, except for creative, scientific and pedagogical activities.

Article 22. Earlier Termination of the Mandate of the Chief of a Community

The mandate of the Chief of a Community shall be terminated by the Government before the expiration of its term, if:

1. he resigns;

2. his Armenian citizenship is terminated;
3. a condemnation sentence passed by the court has come into legal force in respect of that member;
4. he has been declared incapacitated, absent or deceased by a court decision entered into legal force;
5. he is in breach of the provisions of Article 21 of this Law;
6. he is dead.

The Chief of a Community may be dismissed by the Government upon the submission of the Regional Governor made at his own initiative or on the basis of the respective decision of the Council.

The Regional Governor shall submit a motion for dismissal of the Chief of the Community to the Government and shall simultaneously send a copy of such a motion to the Chief of the Community. The Chief of the Community shall convene an extraordinary session of the Community Council within two weeks after the receipt of the motion of the Regional Governor. The Community Council, at its session, shall discuss the motion of the Regional Governor for dismissal of the Chief of the Community, which shall be submitted to the Government. The latter shall discuss the motion of the Regional Governor for dismissal of the Chief of the Community in a due manner.

The Government may pursuant to the procedure dismiss the Chief of the Community only for failure to discharge mandatory powers within the revenue received by the community budget as well as for unsatisfactory performance of powers delegated by the State.

Article 23. Remuneration of the Chief of a Community

The salary of the Chief of a Community shall be established in accordance with this Law.

The salary of the Chief of the Community shall be established at the following percentage to the salary of the Regional Governor:

- 1 up to 40 per cent - for the Chief of a community having less than 1,000 population;
- 2 up to 50 per cent - for the Chief of a community having 1,001-5,000 population
- 3 up to 60 per cent - for the Chief of a community having 5,001-20,000 population
- 4 up to 75 per cent - for the Chief of a community having 20,001-75,000 population
- 5 up to 85 per cent - for the Chief of a community having above 75,000 population.

Article 24. Remuneration of the Staff of the Chief of a Community

The salary fund of the Staff of the Chief of the Community shall be established by the community budget, and the rates of remuneration of the employees of the Staff shall be established by the Chief of the Community, but in the amount not more than 80 per cent of the salary of the Chief of that community.

CHAPTER 4. THE POWERS OF THE CHIEF OF A COMMUNITY

Article 25. The Powers of the Chief of a Community

The Chief of a Community shall:

1. form his Staff and approve its Charter;
2. establish a list-of-staff and official salaries of the Staff members;
3. appoint and remove from office of the Deputy Chief of the Community, Secretary of the Staff, heads of structural subdivisions and other officers of the Staff, as well as directors of enterprises and organizations of the community's subordination;
4. submit to the Council for review a draft three-year program and a draft annual budget;
5. pass decisions and issue orders within his jurisdiction;
6. perform instructions of the respective Regional Governor regarding organization of civil defense, anti-epidemic and quarantine measures and reduction of the risk of technological and natural disasters and elimination of their consequences;
7. exercise other powers specified by the Constitution and this Law.

The Chief of the Community may submit a motivated proposal in writing to the superior body regarding inconsistency of the director of an enterprise or organization of the community's subordination with his occupied post. The respective superior body shall, within one month, consider the proposal in the presence of the Chief of the Community and take a decision in respect thereof.

Article 26. The Activity of the Chief of a Community in the Sphere of Finance

In the sphere of finance, The Chief of a Community shall exercise the following mandatory powers:

1. prepare and submit to the Council for review in a due manner a draft budget of the community;
2. dispose of the funds of the community budget, ensure target spending of such funds;
3. bring motions to the Council for establishment of local duties and charges.
4. sign financial documents.

Article 27. The Activity of the Chief of a Community in the Sphere of Protection of the Rights of Citizens

In the sphere of protection of the rights of citizens, the Chief of a Community shall exercise the following mandatory powers:

1. within his jurisdiction, take measures for the protection of the rights and legitimate interests of the community residents;
2. represent the community's interests in the relations with other persons, as well as in the law-courts;
3. conduct receptions of citizens; consider complaint, applications and proposals of citizens in a manner specified by law and take necessary measures in their respect;
4. resolve matters regarding permission for holding of meetings, demonstrations, marches and other mass arrangements in a manner specified by law (this power is not vested in the Chief of a neighborhood community);
5. shall have copies and duplicates of documents issued from the community archive.

In this sphere, the Chief of a Community shall exercise the following powers delegated by the State:

1. take measures for the prevention of technological and natural disasters and elimination of their consequences;
2. form the lists of electors in a manner specified by law;
3. resolve matters regarding adoption, guardianship and trusteeship in a manner specified by law.

Article 28. The Activity of the Chief of a Community in the Sphere of Protection of Public Security

In the sphere of protection of public security the Chief of a Community shall exercise the following powers delegated by the State:

1. in order to properly exercise mandatory powers vested by this Law, may demand appropriate assistance from the authorities responsible for protection of public security and operating within the territory of the community. Such demands shall be subject to mandatory performance within the framework of legislation;
2. approve location and placement of traffic signs on the roads of the community, by the submission of the competent authorities;
3. impose administrative sanctions in cases and in a manner specified by law.

Article 29. The Activity of the Chief of a Community in the Sphere of Defense

In the sphere of defense, the Chief of a Community shall exercise the following powers delegated by the State:

1. assist to military service calls, military assemblies, periodical military training;
2. assist the civil defense authorities in their activities;

In this sphere, the Chief of a Community shall exercise the following mandatory powers:

1. take measures for social security of the families of military servants, assist demilitarized persons and war veterans with the solution of their social problems;
2. assist in military and patriotic upbringing of the population, especially young people.

Article 30. The Activity of the Chief of a Community in the Sphere of Planning, Building-Up, Construction and Land Use

In the sphere of planning, building-up, construction and land use, the Chief of a Community shall exercise the following mandatory powers:

1. prepare the general urban development plan and the land use plan of the community in a due manner, and upon their approval by the Community Council, submit them to the Regional Governor. This power shall not be exercised by the Chief of the Neighborhood Community;
2. according to the general urban development plan of the community, approve detailed plans of certain sectors and urban development complexes of the community, and perform building-up activities. This power shall not be exercised by the Chief of the Neighborhood Community;
3. name and rename streets, avenues, squares, parks, educational, culture and other enterprises and organizations of the community's subordination. This power shall not be exercised by the Chief of the Neighborhood Community;
4. establish numbering of houses, buildings and other structures. This power shall not be exercised by the Chief of the Neighborhood Community;
5. shall allocate, take back and lease the community-owned lands in conformity with the community's master plan for urban development and land use plan;
6. shall grant the permits for starting the restoration, restructuring and renovation (with the exception of minor repairs and interior finish) and other remodeling works for the construction, buildings, structures and other urban development units (including temporary facilities) situated in the territory of the community;

7. shall grant the permits for starting demolition of buildings, structures and other urban development facilities in the territory of the community;
8. shall grant, in compliance with the community regulations (in Yerevan, with the citywide regulations) the permits for placing the advertisements on billboards in the territory of the community.

In this sphere, the Chief of a Community shall exercise the following powers delegated by the State:

1. assist in the maintenance of the real property cadastre;
2. in cases and in a manner specified by legislation, allocate, revoke and lease State-owned lands located in the territory of the community, in accordance with the general urban development plan and the land use scheme of the community. That shall not be the competence of the Chief of the Neighborhood Community with the exception of cases of lease of temporary structures which occupy the space not exceeding 20 square meters”.

In this sphere, the Chief of a Community exercises the following voluntary power:

1. carry on construction of civil and other objects of social importance.

Article 31. The Activity of the Chief of a Community in the Sphere of Public Utilities and Provision of Amenities

In the sphere of public utilities and the provision of amenities, the Chief of a Community shall exercise the following mandatory powers:

1. manage public utilities of the community, ensure operation of residential buildings, non-residential premises, dormitories, administrative buildings and other structures owned by the community, organize their major and current repairing, registration and distribution;
2. manage the operation of electricity, sewerage, water-supply, irrigation and gas-supply systems and structures of the community’s subordination;
3. organize planting and improvement of the community.;
4. organize trash collection;
5. organize construction, reconstruction and operation of sanitary cleaning facilities (this power shall not be exercised by the Chief of a neighborhood community);
6. ensure proper maintenance of cemeteries and other burial sites (this powers shall not be exercised by the Chief of a neighborhood community);
7. supervise the conformity of the activity of a condominium association with the legislation and its charter;
8. prepare and hold a founding meeting of a condominium association, assist in the holding of general meetings of condominium associations.

In this sphere, the Chief of a Community exercises the following voluntary power:

1. organize maintenance and protection of resting zones.

Article 32. The Activity of the Chief of a Community in the Sphere of Transport

In the sphere of transport, the Chief of a Community shall exercise the following mandatory powers:

1. organize construction, maintenance and operation of roads, bridges and other engineering structures of the community's subordination;
2. regulate transport operations in the community, organize the operation of transport enterprises and organizations of the community's subordination. This power shall not be exercised by the Chief of a neighborhood community;
3. shall grant the permit for providing taxicab services in the territory of the community (except fixed-route minivan taxis. This power shall not be exercised by the Chief of a neighborhood community.

Article 33. The Activity of the Chief of a Community in the Sphere of Trade and Services

In the sphere of trade and services, the Chief of a Community shall exercise the following mandatory powers:

1. specify community rules of operation for trading, public catering and consumer service enterprises and organizations in accordance with legislation and by the consent of the Community Council. This power shall not be exercised by the Chief of a neighborhood community;
2. shall grant licenses for selling alcoholic beverages and/or tobacco goods in compliance with the community trade rules and regulations (in Yerevan, with the citywide rules and regulations);
3. shall grant licenses for open-air trade in the territory of the community (with the exception in the markets, fairs, and in durable and non-durable buildings);
4. shall grant permits, in compliance with the community (in Yerevan, with the citywide) public catering and service provision rules and regulations, for casinos, bathhouses (saunas), public catering, entertainment and games with prizes facilities to operate after 24 a.m.

Article 34. The Activity of the Chief of a Community in the Sphere of Education and Culture

In the sphere of education and culture, the Chief of a Community shall exercise the following mandatory powers:

1. organize the building, maintenance and reconstruction of specialized schools, kindergartens, clubs, culture centers, libraries and other education and culture enterprises and organizations of the community's subordination, their building, operation and repairing works.

In this sphere, the Chief of a Community shall exercise the following powers delegated by the State:

1. organize mass arrangements the holidays of the Republic of Armenia and commemoration dates;
2. assist in the protection and effective use of historical and cultural monuments located in the territory of the community.

In this sphere, the Chief of a Community exercises the following voluntary power:

1. promote the development of national crafts, amateur and folk arts;

Article 35. The Activity of the Chief of a Community in the Sphere of Public Health, Physical Culture and Sport

In the sphere of public health, physical culture and sport, the Chief of a Community shall exercise the following mandatory power:

1. organize the activity of health and sport enterprises and organizations of the community's subordination;

In this sphere, the Chief of a Community shall exercise the following power delegated by the State:

1. assist public health authorities in the conduct of sanitary, prophylactic and anti-epidemic measures;

In this sphere, the Chief of a Community exercises the following voluntary powers:

1. assists to the sanitation and sanitary protection of environment;
2. assists to the development of physical culture and sport in the community, carry on construction of sport sites and other sport structures, creates resting zones;

Article 36. The Activity of the Chief of a Community in the Sphere of Labor and Social Services

In the sphere of labor and social services, the Chief of a Community exercises the following voluntary powers:

1. contributes to the creation of new work places, organizes paid public works;
2. take measures for the improvement of social conditions of invalids, families that have lost a sponsor and other socially needy groups.

Article 37. The Activity of the Chief of a Community in the Sphere of Agriculture

In the sphere of agriculture, the Chief of a Community shall exercise the following mandatory powers:

1. conduct construction, reconstruction and operation of irrigation systems of community importance.;
2. shall grant permits, in compliance with the community rules and regulations, for keeping pets in the territory of the city of Yerevan and of the city districts.

In this sphere, the Chief of a Community shall exercise the following powers delegated by the State:

1. assist in the works related to prevention of plant diseases, struggle against pests and weeds in the territory of the community;
2. assist in provision of veterinary services, performance of anti-epidemic arrangements and in observance of rules for prevention of animal diseases and other agricultural rules in the territory of the community;
3. assist in pedigree stock-breeding activities;
4. assist individual and collective farms with organization and development of agricultural production process;

In this sphere, the Chief of a Community exercises the following voluntary power:

1. assists in the performance of agricultural works.

Article 38. The Activity of the Chief of a Community in the Sphere of Nature and Environment Protection

In the sphere of nature and environment protection, the Chief of a Community shall exercise the following power delegated by the State:

1. assist in the organizing of arrangements for the use and protection of entrails, forest, water areas, atmosphere, flora and fauna.

CHAPTER 5. THE PROPERTY AND ECONOMIC ACTIVITY OF A COMMUNITY

Article 39. The Property of a Community

A community may have property, and disposal of that property shall be exercised by local self-government bodies in a manner specified by legislation.

The following may be the property of a community: kindergartens, specialized schools, clubs, culture halls, libraries, health enterprises and organizations located in the territory of the community, heating, sewerage, water-supply, irrigation and gas-supply systems, streets, squares, resting zones, bridges, other structures of community importance, as well as residential buildings, residential units, non-residential premises, administrative buildings, historical, educational, culture, sport and other objects and structures, enterprises, organizations, transport facilities, other real and personal property. Municipal and rural communities may also own cemeteries.

The list of property owned by each community shall be approved by the Government.

The property of the community shall be subject to annual inventory by the Chief of the Community, which shall be submitted to the Community Council for approval.

The property of a community shall be accumulated:

- as a result of a transfer of the ownership title to State-owned enterprises or State property to the community;
- from the activity of enterprises and organizations of the community's subordination;
- from benevolent contributions, donations from individuals, enterprises and organizations;
- from other sources not prohibited by the legislation.

Article 40. Business Activity of a Community

The Chief of a Community, with a view to exercising mandatory powers, by the consent of the Community Council and in the manner specified by law, may establish non-profit enterprises, unless the effective performance of such powers is possible through acting enterprises.

Article 41. Borrowing by a Community

With a view to making investments for the purpose of developing social sub-structures of the community, the Chief of the Community, by the consent of the Community Council, may enter into agreements for a receipt of loans. The consent to enter into a loan agreement shall be given by the Ministry of Finance upon the submission of the Regional Governor.

CHAPTER 6. COMMUNITY BUDGET

Article 42. Community Budget

A community budget is a certain period's financial program of development and expenses of financial resources required for performance of powers by the body of local self-government as provided by the Constitution and the law.

A community budget shall be approved by the Community Council each year. In the course of preparation and approval of the budget, the vital interests of the community's population, annual and prospective programs of the community's development, and available resources shall be taken into consideration.

A community budget may be amended by the Community Council upon the submission of the Chief of the Community.

The procedure for preparation, discussion, approval and amendment of the community budget, as well as its relationship with the State budget shall be governed by law.

The Government and the respective Regional Governor shall provide methodological assistance in the preparing of the draft community budget.

Article 43. Sources of Formation of a Community Budget

A community budget shall be formed of:

1. land tax
2. property tax
3. proportions of other taxes stipulated by the law
4. duties and other mandatory payments
5. subventions and subsidies and
6. other sources not prohibited by law.

Article 44. Funding of Mandatory Powers

Mandatory powers shall be funded on a mandatory basis from taxes, duties, other mandatory payments and subsidies allocated by the State.

Article 45. Free Balance of the Budget Assets at the Beginning of Year

Free balance of the community budget assets of a given year, derived at the beginning of a new year is the exceeding of inflows against expenses made while exercising the previous year's budget, which may, by the decision of the Community Council, be directed at additional funding envisaged by the budget of a given year or be used for funding of contingencies.

Article 46. Discussion and Approval of the Community Budget

A community draft budget shall be submitted by the Chief of the Community to the Community Council for approval within one month of the approval of the State budget or prior to approval of the State budget. The draft budget shall be sent to the members of the Community Council at least one week before the discussion.

The Chief of the Community shall submit the draft budget to the Community Council, answer the questions of the members of the Council.

After the discussions, the Chief of the Community may take one week for making required amendments and alterations to the submitted draft budget, or may request the Council to approve the budget.

Article 47. Three-Year Program of the Community's Development

The Chief of a Community, after being elected, shall submit a three-year program of the community's development to the Community Council simultaneously with the first community budget.

Article 48. Publishing of a Three-Year Program of the Community's Development and Annual Budget

The three-year program of the community's development and the annual community budget shall be published.

To make the three-year program of the community's development and the community budget more popular and accessible for the population of the community, bulletins and brochures containing general indexes, statistical and graphical data shall be prepared and published.

Article 49. Performance of the Budget

On the basis of the budget, the Chief of the Community shall define the goals of the Staff of the Chief of the Community and its subdivisions, approve quarter or monthly plans of cash transactions by the subdivisions.

The Chief of the Community shall ensure the performance of the budget, sign all financial documents on a mandatory basis and shall be personally responsible for the accurate and legal performance of financial operations.

Service of the performance of the community budget shall be carried out the Ministry of Finance and Economy of the Republic of Armenia through its local treasury departments.

Payment of taxes to the community budget shall be ensured by taxation authorities.

Article 50. Supervision over the Performance of a Budget

Supervision over the performance of a community budget shall be exercised by the Community Council, which shall be empowered to check any budget transaction, the effectiveness and the quality of the performance, and to request reports regarding the expenses.

Article 51. Consideration and Approval of Statements Regarding Performance of the Budget

The Chief of a Community shall submit to the Community Council quarter reports regarding the performance of the budget.

An annual statement regarding performance of the budget shall be submitted to the Council after the end of the budget year, together with the report regarding the quarterly performance of the next year's budget.

At the session of the Council, the Chief of the Community shall answer the questions of the members of the Council and give necessary explanations.

The Community Council may organize the audit of the performance of the budget and, if breaches of law are revealed, apply to the respective competent authorities.

The Community Council discusses and approves the budget performance statement.

CHAPTER 7. INTER-COMMUNITY ASSOCIATIONS

Article 52. The Right to Form Inter-Community Associations

For the purpose of resolving jointly certain problems of the communities and reducing the costs, local self-government bodies may establish inter-community associations.

Inter-community associations shall enjoy the status of a legal entity.

Article 53. The Procedure for the Formation of Inter-Community Associations

Inter-community associations shall be established by the Chiefs of the communities, through entering into agreements to be ratified by the Community Councils.

The community shall perform obligations undertaken in respect of the association.

Article 54. The Bodies of Inter-Community Association

For management of inter-community association, a council of the association composed of the Chiefs of the communities and members of the Councils shall be formed, which shall elect a chairman of the council from among its members.

A meeting of the council of inter-community association shall be valid if more than 50 per cent of the members of the council are present in the meeting. Decisions shall be passed by a majority vote of the members in attendance.

CHAPTER 8. REGIONAL COUNCIL, YEREVAN COUNCIL

Article 55. Regional Council

A consultative body (the Regional Council) shall be formed under the Regional Governor, which shall be composed of the Chiefs of the communities and the Regional Governor.

The Regional Governor shall convene and hold the meetings of the Regional Council at the agenda determined by himself.

The activity of the Regional Council shall be governed by this Law and by the decree of the President of the Republic.

Article 56. Yerevan Council

A Yerevan Council shall be formed in Yerevan, which shall be composed of the Mayor of Yerevan and the Chiefs of the neighborhood communities. The Mayor of Yerevan shall be the head of the Yerevan Council.

The Yerevan Council, upon the submission of the Mayor of Yerevan, shall approve the estimated costs statement (the budget) for the city of Yerevan within the revenues generated from sources specified by law as well the procedure for granting those permits for which the law has stipulated local duties.

The Mayor of Yerevan, at the consent of the Yerevan Council, shall:

1. name and rename Yerevan streets, squares, avenues, parks, educational, culture and other enterprises and organizations of the city's subordination;
2. regulate the activity of trading and consumer service enterprises and organizations in accordance with the legislation;
3. approve regulations for awarding the citizens of the Republic of Armenia and foreign citizens with the title of "Honorary Citizen of Yerevan".

Regulations of the Yerevan Council shall be approved by the Mayor of Yerevan.

Decisions of Yerevan Council shall be passed by a majority vote of the Council members participating in the session of the Council, if more than half of all the members of the Council participate in the voting.

The activity of the Yerevan Council shall be governed by this Law and by the decree of the President of the Republic.

CHAPTER 9. FINAL PROVISIONS

Article 57. Coming of this Law into Force

This Law shall come into force on 10 November 1996.

Upon the coming of this Law into force, the following laws of the Republic of Armenia shall be repealed: the Law "Transitional Provisions regarding Regulation of Relations between Local Self-Government, Regional Government and Local Self-Government Bodies"; the Law of the Republic of Armenia "On Village and Urbanized Settlement Councils of Deputies"; the Law of the Republic of Armenia "On District Councils of Deputies"; the Law of the Republic of Armenia "On City, District in a City Councils of Deputies"; and Art. 9, par. 2 of the Law of the Republic of Armenia "On Official Salary Rates of Key Officers and Experts of Legislative, Executive and Judicial Bodies of the Republic of Armenia".

Article 58. Relations between the Local Self-Government Bodies and Condominiums

Decisions adopted by condominium bodies may not contradict to decisions passed by the local self-government bodies, and such decisions are not binding on local self-government bodies.

Article 59. Transitional Provision

The Government shall approve the list of property owned by the communities by 1 January 1997.

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1. Carry on construction and capital repair of residential and other objects of social importance;
2. Carry out building-up activities.

Article 38. The Activity of the Chief of a Community in the Sphere of Public Utilities and Provision of Amenities

In the sphere of public utilities and the provision of amenities, the Chief of a Community shall exercise the following mandatory powers:

1. Organize and ensure the operations of public utilities of the community, residential buildings, non-residential premises, dormitories, administrative buildings and other structures owned by the community, organize their major and current repairing, registration and distribution;
2. Manage the operation and maintenance of electricity, sewage, water supply and removal, irrigation and gas supply, heating systems and other structures of the community's subordination;
3. Organize planting and improvement of the community;
4. Organize trash collection;
5. Ensure proper operation and maintenance of cemeteries;
6. Prepare and hold a founding meeting of a condominium association, as well as enforcement of other bodies of apartment buildings envisaged by the legislation. Ensure participation in servicing these buildings by the community, in conformity with the number of the flats, which are community property;
7. Organize management of the buildings, which are not governed by a Condominium or an apartment building management body envisaged by the law;
8. With the objective to carry out servicing of the buildings, the Chief of Community shall submit the rates of payments for services to the Community Council for approval.

In this sphere, the Chief of a Community exercises the following voluntary powers:

1. Organize maintenance and protection of resting zones;
2. Organize construction and maintenance of sanitary cleaning stations.

Article 39. The Activity of the Chief of a Community in the Sphere of Transport

In the sphere of transport, the Chief of a Community shall exercise the following mandatory powers shall:

1. Organize maintenance and operation of roads, bridges and other engineering structures of the community's subordination;
2. Regulate transport operations in the community, organize the operation of transport enterprises and organizations of the community's subordination;
3. Grant the permit for providing taxicab and fixed-route minivan services in the territory of the community.

In this sphere, the Chief of a Community shall exercise the following powers delegated by the State:

1. Upon presentation of authorized bodies approve and permit installation and dismounting of traffic signs on roads within the community territory. Traffic signs installed without the consent of the Chief of the Community shall have no legal force.

In this sphere, the Chief of a Community shall exercise the following voluntary power:

1. Organize construction of road, bridge and other engineering structures of the community.

Article 40. The Activity of the Chief of a Community in the Sphere of Trade and Services

In the sphere of trade and services, the Chief of a Community shall exercise the following mandatory powers:

1. Specify community rules of operation for trading, public catering and consumer service enterprises and organizations, which he shall submit to the Community Council for approval, and carry out supervision over implementation of such rules;
2. Shall grant licenses for selling alcoholic beverages and/or tobacco goods in compliance with the community trade rules and regulations (in Yerevan, with the citywide rules and regulations);
3. Shall grant licenses for fairs, as well as open-air trade in the territory of the community;
4. Shall grant permits, in compliance with the community (in Yerevan, with the citywide) service provision rules and regulations, for casinos, bathhouses (saunas), entertainment and games with prizes facilities to operate after 23.00;
5. Shall grant permits, in compliance with the community (in Yerevan, with the citywide), for organization and sales of food items;
6. Shall submit proposals on participation of the community in the Republic of Armenia small and medium enterprises' annual development program.

Article 41. The Activity of the Chief of a Community in the Sphere of Education, Culture and Works with Youth

In the sphere of education, culture and works with youth, the Chief of a Community shall exercise the following mandatory powers:

1. Organize the building, maintenance and reconstruction of specialized schools, kindergartens, clubs, culture centers, libraries and other education and culture enterprises and organizations of the community's subordination, their building, operation and repairing works.

In this sphere, the Chief of a Community shall exercise the following powers delegated by the State:

1. Organize mass measures to celebrate the holidays of the Republic of Armenia and commemoration dates;

In this sphere, the Chief of a Community exercises the following voluntary power:

1. Promotion of the development of national crafts, amateur and folk-arts;
2. Assist in the protection and effective use of historical and cultural monuments located in the territory of the community;
3. Registration, classification and dissemination of information about historical, cultural, natural, tourist and recreation resources of the community;
4. Assist in promotion of the role of youth;
5. Assist in activities of secondary schools.

Article 42. The Activity of the Chief of a Community in the Sphere of Public Health, Physical Culture and Sports

In the sphere of public health, physical culture and sport, the Chief of a Community shall exercise the following mandatory power:

1. Organize the activity of health and sport enterprises and organizations of the community's subordination;

In this sphere, the Chief of a Community shall exercise the following voluntary powers:

1. Support to improvement of sanitary protection
2. Assist public health authorities in the conduct of sanitary, prophylactic and anti-epidemic measures;
3. Promote development of physical culture and sports in the community, carry out construction of sport grounds and other training structures, create recreation zones.

Article 43. The Activity of the Chief of a Community in the Sphere of Labor and Social Services

In the sphere of labor and social services, the Chief of a Community exercises the following powers delegated by the State:

1. Organization of the activities of social safety service within the community;

In this sphere, the Chief of a Community exercises the following voluntary powers:

1. Contribution to the creation of new work places, organizes paid public works;
2. Taking measures for the improvement of social conditions of disabled people, families that have lost a sponsor and other socially vulnerable groups.

Article 44. The Activity of the Chief of a Community in the Sphere of Agriculture

In the sphere of agriculture, the Chief of a Community shall exercise the following mandatory powers:

1. Conduct construction, reconstruction and operation of community-owned irrigation systems;
2. Shall grant permits, in compliance with the community rules and regulations, for keeping pets in the territory of the city of Yerevan and of the city districts, conduct annual registration thereof.

In this sphere, the Chief of a Community shall exercise the following powers delegated by the State:

1. Assist in the works related to prevention of plant diseases, struggle against pests and weeds in the territory of the community;
2. Assist in provision of veterinary services, performance of anti-epidemic arrangements and in observance of rules for prevention of animal diseases and other agricultural rules in the territory of the community;

In this sphere, the Chief of a Community exercises the following voluntary power:

1. Assist in the performance of agricultural works;
2. Assist in carry out pedigree and seed development activities.

Article 45. The Activity of the Chief of a Community in the Sphere of Natural and Environment Protection

In the sphere of nature and environment protection, the Chief of a Community shall exercise the following mandatory powers:

1. Organize maintenance of lands, forest and water reserves that are property of the community, as well as environment protection.

In the sphere of nature and environment protection, the Chief of a Community shall exercise the following powers delegated by the State:

1. Carry out supervision in the sphere of nature protection, as well as assist in the arranging for the use and protection of entrails, forest, water areas, atmosphere, flora and fauna.
2. Ensure protection of lands from sliding, flood, mooring, and pollution by chemicals and radioactive agents and industrial waste.

CHAPTER 5. THE PROPERTY AND ECONOMIC ACTIVITY OF A COMMUNITY

Article 46. The Property of a Community

A community shall have property protected by the Constitution and legislation of the Republic of Armenia. Property of a community is represented by real estate and movable assets, including financial resources and other property titles.

Depriving the community of its property for the needs of the State may only be performed in exceptional cases on the basis of legislation with adequate compensation made in advance of such transaction.

The property of a community shall undergo inventory on a yearly basis by the Chief of Community which inventory shall be submitted to the Community Council for approval. Within a week after acquisition and/or alienation of property, the Chief of a Community shall prepare respective changes in the inventory list, which will be approved by the Community Council at its next session.

Article 47. The Land Property of a Community

In accordance with this law, the lands located within administrative boundaries of a community shall be transferred free of charge under the jurisdiction of the respective community.

A Community shall have the right to dispose of, manage and use its lands in accordance with the order defined by the legislation.

Local authorities shall transfer free of charge lands to budgetary institutions operating within the administrative borders of a community, so that the latter are able to use them for performance of their functions.

Article 48. Asset Property of a Community

The property located within the administrative boundaries of a community shall, pursuant to this law, be transferred under the jurisdiction of such community on free of charge basis, save the lands belonging to the physical persons and legal entities, as well as the lands necessary for the State for implementation of its activities.

Article 49. Property Required for Implementation of Mandatory Powers of a Community

The property, belonging to the state and is targeted for fulfillment of the mandatory powers attributed to the communities by this law shall be transferred to the communities free of charge.

Mandatory powers of the communities shall be fulfilled by the staff of the chief of community, budgetary institutions, commercial and non-commercial agencies and organizations. The following state assets may be the property of communities: State-owned kindergartens, communal utilities and other communications, water supply and removal, sewage, heating and trash removal utilities located within the community, together with all their internal community networks.

The following may also be the property of a community: specialized schools, clubs, culture halls, theatres, cinemas, museums, libraries, exhibition halls, markets, health and transport enterprises and organizations, streets, squares, bridges, state owned residential stock and non-residential areas, recreation areas, cemeteries, other structures of community importance, as well as administrative buildings, educational, culture, sport and other objects and structures, enterprises, organizations, transportation means, other real and movable property. Internal networks of gas and electricity supply, drinking and irrigation pipelines together with their water reservoirs and pumping stations also represent the property of the community.

In transferring the property of legal entities to a community as an ownership, the land attached to such property shall be transferred to a community as well.

The property defined under this law shall be transferred to a community in accordance with the requirements of this law, i.e. under the respective Government Decree.

Article 50. Formation of Community Property

The property of a community shall be construed by virtue of:

1. Transfer of state owned property to the ownership of communities;
2. Operations of enterprises and organizations under the community subordination;
3. Revenues of the community budgets and other financial inflows not prohibited by the legislation;
4. Property and assets acquired at the expense of community budget resources;
5. Charity donations, gifts from citizens, agencies and organizations;
6. Other sources not prohibited by legislation.

Article 51. Servitude on Alienation of Community Property

Lands that are property of a community may be alienated in accordance with the objectives of the zoning plan of the community and with the objective of promoting economic activities on the territory of the community.

In order to promote economic activities in its territory, a community shall have the priority entitlement for buy back of the alienated lands.

In the land alienation contract the parties shall stipulate the priority entitlement for buy back of the land in question and the deadlines of activities carried out by the economic entity concerned. Should the contract be breached, it may be resolved under a judicial procedure.

The community land and property, including communication networks, which are necessary for implementation of the powers of a community, may be alienated exclusively under to the permission of the authorized State body.

Financial resources generated from alienation of a property shall be channeled to the Fund constituent of the community budget.

Article 52. Business Activity of a Community

Further to the decision of the Community Council, a community, with a view of exercising its powers, may create budgetary institutions, commercial and non-commercial agencies.

Community agencies and institutions may be:

1. Budgetary institutions;
2. Commercial and non-commercial organizations, which totally belong to the community; and
3. Commercial organizations, where the community has its share.

CHAPTER 6. DEVELOPMENT PROGRAM AND BUDGET OF A COMMUNITY

Article 53. Development Program of a Community

The Chief of Community shall elaborate the community three-year development program, which he shall submit for the approval of the newly elected Community Council within a period of three months after the latter has assumed its office. If the period of assuming the office by the newly elected Chief of the Community falls within the period of three months of assuming the office by the newly elected Community Council, then the newly elected Chief of the Community shall submit the three-year development program for the approval of the newly elected Community Council either within a period of three months after assuming the office by the Council or within a period of two months of his assuming the office.

Community Council shall discuss the presented program, introduce amendments and approve it in its decision.

In elaborating the annual budgets of the community, the Chief of Community shall take into consideration the crucial needs of the community population, three-year community development program, as well as the resources available.

Article 54. Community Budget

A community budget is a financial plan of revenues (inflow) and expenditures for a period of one year targeted at implementation of the three-year program of the community and powers ascribed to a community by the legislation.

A community budget shall be approved by the Community Council on a yearly basis. The Community Council shall introduce changes and amendments in the community budget at the initiative of the Chief of Community. The statement on execution of the community budget shall be approved by the Community Council.

The community budget shall consist of administrative and fund constituents. The community budget shall be executed in accordance with the procedure defined in the legislation.

Article 55. Discussion and Approval of the Community Budget

The Chief of Community shall submit the draft of community budget to the Community Council for discussion within two months after the preliminary indicators of subsidies from the state budget allocated to community budgets on the basis of financial adjustment principle are published. The draft budget shall be sent to the members of the Community Council at least one week before its discussion. Should the preliminary indicators of financial adjustment subsidies to local communities change, the Chief of Community shall submit the respective amendments and changes in the draft budget to the Community Council for approval within a period of two weeks.

The Chief of the Community shall submit the draft budget to the Community Council, answer the questions of the members of the Council.

Members of the Community Council shall submit proposals in writing subject to discussion at a session of the Community Council. In cases when any such proposal envisages new expenditures the author of such change shall have to point out the sources for adequate financial resources. After the discussions the Chief of the Community may take one week for making required changes and amendments to the submitted draft budget.

Within the above-specified period, the Chief of a Community shall convene a session of the Community Council and present his position with regard to amendments and changes proposed by the members of the Community Council. The budget containing thus adopted amendments shall be put on voting in total. In case the draft is not adopted in full, the Community Council shall set a new period for discussion, agreeing that with the Chief of the Community; or, the Chief of the community set the date and convene an extraordinary session.

In case the State budget is not accepted before the beginning of the next year, the expenditures shall be funded in accordance with the previous budget year proportions. In such a case, the Chief of a Community shall have to perform under the obligations given rise to by contracts and agreements concluded in previous year, and the expenditures shall be executed at rates not exceeding the levels of the corresponding months for such expenditures.

The authorized State body and the office of the Regional Governor shall provide methodological and advisory assistance throughout elaboration and preparation of the community budget, and carry out overview of the budget process.

The procedure of preparation and submission of the community budgets shall be defined by the RA budget legislation.

In case of non-approval of the community budget the Chief of Community may raise the issue of earlier termination of his powers by virtue of submitting his resignation. If the Community Council within three days of receipt of the resignation of the Chief of the Community fails to take a relevant decision by more than 50% of votes of the Council members, the community budget shall be considered approved including the corrections made by the Chief of the Community.

In case the Community Council takes a decision of earlier termination of the powers of the Chief of the Community by virtue of his resignation in regard with the approval of the community budget, the relevant Regional Governor (marzpet) shall submit the issue to the Government in accordance with the procedure defined by the law.

If the Government within one month of receipt of the application fails to take the required decision, the community budget shall be considered approved including corrections made by the Chief of the Community.

In case the Government early terminates the power of the Chief of the Community by virtue of the latter's resignation, the new Chief of the Community shall submit to the Community Council a draft budget within twenty days. The draft budget shall be reviewed and approved within thirty days in the order prescribed by the law.

Issues of review and approval of community budgets by Community Councils that are not regulated by this law shall be regulated by the RA budget legislation.

Article 56. Requirements to the Community Budgets

Actual spending from any of the constituents of a community budget (operating and capital) throughout the budget year shall not exceed the actual revenues assessed to the respective constituent.

Excess of revenues over the expenditures of a community budget shall constitute the surplus of the budget, while the excess of expenditures over the revenues shall be considered budget deficit.

Community budget deficit shall be funded from legitimate borrowings, as well as from the allocations out of the receipts generated on alienation of the state owned assets, such allocations to the community budgets made in accordance with the legal requirements. The value of the community budget deficit shall not exceed the total of sources of financing such deficit prescribed by the law.

The value of deficit (surplus) of a community budget shall be defined for each year under the budget decision of the community council.

The value of the deficit defined for a budget year (net of the allocations of the receipts generated on alienation of state owned property) may not exceed the average annual 30 percent of the actual revenues assessed to the community capital budget during the preceding second and third budget years (such revenues estimated net of official transfers and allocations from the operating to the capital budget).

Should the community budget be approved without deficit, the state authorized agency shall carry out legal surveillance over the budget process of the community in question.

Should the community budget be balanced, the state authorized agency shall carry out legal surveillance over the budget process of the community in question.

Should the community budget be in deficit, and as such balanced by borrowings, the chief of community, in collaboration with the state authorized agency, shall elaborate the program of gradual repayment of the borrowings in accordance with the procedure defined by the state authorized agency. In such a case, the state authorized agency, in addition to the legal surveillance, shall carry out permanent supervision over the implementation of the agreed program, including repayment of the borrowings.

Article 57. Sources of Formation of a Community Budget

A community budget shall be constituted on the basis of revenues prescribed in the legislation, including:

1. Tax Revenues:

- a) Land tax: for the lands located within the administrative borders of the community (save the payers, who make centralized tax payments under the respective decrees of the Government);
- b) Property tax deductions;
- c) Income tax deductions;
- d) Profit tax deductions;
- e) Environmental fees deductions;
- f) Fines and penalties for breaches of land and property tax legislations collectable to the community budgets.

The rates of deductions from income and profit taxes, as well as environmental fees, collectable to the community budgets according to the legislation shall be defined in the annual budget laws on a yearly basis.

2. Stamp duties

a) State stamp duties, including for:

- Registration of civil status titles, issuing copies to physical persons, introduction of amendments and changes in the records, as well as issuing re-registration titles; KH
- Notary services rendered by Notary Services, issuing certified copies, compilation of drafts and applications by notary services, copying documents and issuing abstracts from deeds.

b) Local stamp duties.

3. Non-tax revenues, including for:

- a. Payments collected on leasing and use of community lands, as well as the state reserve lands located within the administrative borders of the community;
- b. Rent payments for use of assets held in the balance sheets of organizations under the jurisdiction of the community;
- c. Incomes from application of penalty measures by local authorities for administrative breaches;
- d. Profit allocations from retained profits of the organizations under the community jurisdiction on the basis of the decisions of the Community Council;
- e. Local fees;

- f. Other local charges collectable to the local governments and subjected to the local budget;
 - g. Receipts generated on alienation of abandoned, inherited by or donated assets to local governments and owned thereby;
 - h. Allocations from the state budget for financing of the expenditures incurred on fulfillment of the delegated powers.
4. Capital inflows, i.e. receipts on alienation of the community owned assets.
 5. Allocations in the shape of official transfers, including:
 - a. Subsidies from the state budget under the financial adjustment procedure;
 - b. Subventions from the state budget for financing capital spending;
 - c. Official transfers from other sources.
 6. Sources of financing community budget deficit, including:
 - a. Borrowings (credits and loans), including receipts generated on allocation of local securities. The procedure for issue and allocation of local securities shall be defined by the government;
 - b. Receipts on privatization of the state owned real estate (save lands), including privatization of unfinished constructions that are state owned, which shall be channeled to:
 - Financing municipal expenditures of Yerevan at the value of 30% of receipts generated on privatization of assets located within the administrative borders of the community;
 - Capital budget of the communities located in the respective marz of Armenia to fund the fulfillment of mandatory powers of local governments at the value of 30% of the receipts generated on privatization of the real estate (including non-finished constructions) located within the administrative borders of the community concerned.

The receipts generated on privatization of the state owned real estate located in Yerevan, shall be channeled to special account opened in accordance with the legislation of Armenia.

To this end, such receipts may be channeled to financing exclusively the programs defined by the Government of Armenia.

Article 58. Subsidies Allocated to Community on the Principle of Financial Equalization

To ensure harmonious development of the communities subsidies shall be allocated to community budgets from the State budget on the principle of financial equalization. The community shall not be obliged to spend the financial resources received on the principle of financial equalization to cover specific expenses or for offset purposes.

The total sum of subsidies allocated to communities from the State budget on the principle of financial equalization shall be calculated based on no less than 4% of the actual revenue of the RA cumulative budget during the previous budget year.

Article 59. Community Loans and Borrowings

Under the decision of the community council, the chief of community may receive budget credits and loans with the objective to execute the budgeted expenditures in a timely manner, such credits agreed by the state authorized agency.

Under the decision of the community council and duly agreed by the state authorized agency, the chief of community may conclude loan agreements for investments in social infrastructure of the community, or issue securities in accordance with legal requirements. Provided the consent of the state authorized agency, the community may conclude the loan agreement with the conditions that the annual repayments of such loans (total of the principal and interest) prescribed by the loan repayment schedule shall not exceed the value of 20% of the revenues collected to the capital budget of the community in the year in question. Community may contract any new loan agreement only further to complete repayment of the existing loan obligations. Such loan resources shall be necessarily channeled to the capital budget of the community.

Collateral under the loan agreements may exclusively be community budget revenues and guarantees of the Government of Armenia. No loans or credits may be extended, or securities purchased, at the expense of the community budgets.

Article 60. Payments for Services Rendered by a Community

The community shall define, in accordance with the legislation, payments for water supply and removal, irrigation, heating, trash removal, servicing apartment buildings, and other services with a view of solving everyday problems of the population.

The payments shall be approved by the decision of the Community Council. If such services are rendered by the community budgetary institutions, the collected funds shall be channeled to the community budget.

Rendering such services by commercial organizations shall be subject to auctioning, to which a participant shall be the commercial organization engaged in rendering such services. In this case, one of the conditions of the tender shall be the maximum rate of the mandatory payments proposed by the community.

In case the successful bidder is the commercial organization of community subordination, the payments shall be collected by that organization.

If the successful bidder is an organization, which is not a property of the community, the community shall conclude an agreement with such organization stipulating the terms and conditions for rendering the services, rates of payments to be collected, which will be assessed by the successful bidder.

Article 61. Operating and Capital Budgets of the Community

The sources of budget revenues earmarked for operating and capital constituents of a community budget, as well as the expenditures assigned to each of the constituents shall be defined in this law and budget legislation of Armenia.

Operating budget of the community shall be construed of the land tax, property tax, income tax, profit tax, fines and penalties defined for administrative breaches of tax legislation, stamp duties, privatization receipts on state owned real estate, including non-finished constructions, deductions from profits of organizations where the community is a shareholder to be made under the respective decisions of the community council, mandatory charges, state budget subsidies for fulfillment of delegated powers of the community, subsidies prescribed under the financial

adjustment legislation, other tax deductions collectable to community budgets and other subsidies.

Capital budget of the community shall be construed of such sources, which are not earmarked to the operating budget of the community.

The operating budget of a community shall be used for financing current expenditures (as defined by the budget legislation of Armenia) incurred on fulfillment of mandatory and voluntary powers, repayment of budget borrowings and fulfillment of powers delegated by the state.

The capital budget of a community shall be used for financing capital expenditures (as defined by the budget legislation of Armenia) in the context of fulfillment of mandatory and voluntary powers and repayment of contracted loans.

Article 62. Reserve Fund of the Community Budget

Community budget shall have a reserve fund to be used for incurring expenses not envisaged in the given year budget, or additional funding of the envisaged expenditures.

Reserve fund of the community operating budget may be envisaged at 5-20 percent of the revenues attributable to operating budget of a community.

Reserve fund can be constituted in the Fund item of a community budget. This may not exceed the 30% benchmark of the revenues of the Fund item.

Financial resources from the operating item may be channeled to Fund item of the community budget. Financial resources from the Fund item may not be channeled to operating item of the community budget.

Reserve funds may be used only under the respective decisions of the Community Council.

Article 63. Retained Budgetary Funds at the Beginning of the Year

Retained budgetary funds of a given year are the excess of revenues over expenditures of the previous budget year, which may, by the decision of the Community Council, be directed at additional financing of budget lines envisaged for the same year or be used for funding of contingencies.

The retained budgetary funds accumulated in the operating budget of the community shall be channeled to:

- a) Meeting the obligations subject to financing, however pending, under the operating budget of the previous (closed) financial year;
- b) Any balance remaining after meeting the above obligations shall be channeled to fund the expenditures defined in the respective decisions of the community council.

Article 64. Publication of the Community Development Program and Annual Budget

The three-year program of development of a community, as well as the annual budget of the community shall be published.

In order to make the three-year program of development of a community and the annual budget of the community more understandable for the community population, basic indicators, as well bulletins and booklets containing statistical and graphical data shall be prepared and published.

Article 65. Execution of a Community Budget

On the basis of the budget, the Chief of the Community shall define the goals of the Staff of the Chief of the Community and its subdivisions approve quarterly or monthly plans of cash transactions of the subdivisions.

The Chief of the Community shall ensure the execution of the budget, sign all financial documents on a mandatory basis and shall be personally responsible for the accurate and legitimate performance of financial operations.

Article 66. Servicing the Community Budget Execution

Servicing of the community budget execution in accordance with procedures defined by laws and other legal acts shall be performed through its field treasury offices, where each community shall hold their account.

The approved community budget and any changes that might have been incorporated therein shall be submitted to the respective field treasury office within a period of one week, and such field treasury office shall have to immediately perform allocation of financial resources as demanded by the community, if adequate funds are available on the account of the community and envisaged in the community budget.

Financial resources donated to the communities by private persons for implementation of targeted projects may be placed in a bank account under the request of such persons, the decision of the Community Council and if so agreed by the authorized state body.

The field treasury offices shall submit the daily information on revenues and expenditures of a community budget to the Chief of the Community.

Article 67. Ensuring Revenues for a Community Budget

A community shall, via its relevant subdivisions, independently ensure collection of the following types of revenues to the community budget through intercommunity associations, urban communities outside such associations and tax authorities of district communities: land tax, property tax, local duties and fees, rental payments for state owned lands, rental payments for the lands that are community property, dividends on shares of the community with the joint-stock organizations, proceeds from alienation of community property, inflows from other mandatory payments. The collection of income tax, profit tax into the community budget shall be ensured by national tax authorities.

Any curtail of community budget revenues or increase of expenditures under the legislation adopted by the National Assembly shall be compensated by the State.

Article 68. Supervision over the Budget Execution

Supervision over community budget execution shall be carried out by the Community Council, who is entitled to check out any budget operation, efficiency and quality of the works done, as well as require reports on the expenditures performed.

In order to ensure sustainable and efficient supervision over the budget execution, the Community Councils may in accordance with the defined procedure, involve auditing services. Expenses to be incurred for performing audit activities shall be borne in the budgets of respective communities.

Article 69. Approval of the Budget Execution Report

The Chief of a Community shall, on a quarterly basis and on the dates defined in the budget legislation of Armenia, submit information notes on the progress of budget process to the Community Council.

An annual report on budget execution shall be submitted to the Council after the end of the budget year, together with the quarterly report of budget execution for the next year.

Audit service shall issue the outcomes and conclusions of its studies to the Community Council in respect of annual report on budget execution, submitted by the Chief of the Community.

At the session of the Council, the Chief of the Community shall answer the questions of the members of the Council and give necessary explanations.

The Community Council may arrange for an independent audit of budget execution, and in case violations are identified, apply to the respective competent authorities.

On completing the discussions, the Community Council shall issue a decision on approval of the budget execution report.

The procedure for discussing the annual budget execution report at the session of Community Council shall be defined in accordance with the Charter of the Community Council.

The composition of the annual budget execution report of the community, as well as the timeframe for discussing and approving the report by the Community Council, shall be defined by the budget legislation of Armenia.

In case the annual budget execution report of the community is not approved, the Community Council shall be entitled to bring a dismissal motion against the chief of community in accordance with the legislative procedure. In case no such motion is brought against the chief of community, or the Government does not issue a decree on dismissal of the chief of community in question within a month since the receipt of such motion, the annual budget execution report shall be considered approved.

In case the decision on dismissal of the chief of community is adopted, the chief of community shall leave the office in accordance with the legislation, while the annual budget execution report shall be considered approved.

Any issue in respect of discussion and approval of the annual budget execution report of the community, which has not been regulated in this law, shall be regulated by the budget legislation of Armenia.

CHAPTER 7. INTERRELATIONS BETWEEN THE STATE AND LOCAL GOVERNMENT BODIES

Article 70. Local Self-Governance and State Governance

The people in the Republic of Armenia exercises its governance directly, as well as through state and local government bodies.

Local government bodies shall not constitute a part of state government bodies. Enforcement of the powers of local government bodies by state bodies and officials shall be prohibited, if not otherwise envisaged by the Constitution and this law.

Article 71. Interrelations Between the State and Local Government Bodies

Interrelations between the state and local government bodies shall be defined by the Constitution of the Republic of Armenia and the law.

The state may not, by virtue of its laws, increase the powers of communities or reduce their revenues without adequate financial compensation.

Local government bodies are entitled to protest in the court the decrees and/or directives of the state governance bodies and officials, which breach the rights of local communities.

The authorized state bodies, as well as the respective Regional Governors (Mayor in Yerevan), are entitled to protest the decisions, actions and/or idleness of local government bodies in the court.

Article 72. Dismissal of the Chief of Community under the Submission of the Regional Governor and Mayor (in Yerevan)

Under the submission of the Regional Governor and Mayor (in Yerevan), a Chief of Community may be dismissed according to the Government Decree.

The Regional Governor and Mayor (in Yerevan), shall be entitled to submit a proposal on dismissal of a Chief of Community to the Government only in cases when such Chief has breached the Constitution, the legislation of the Republic of Armenia and the Community Council decisions. The motion may be raised not earlier than one year after the Chief of the Community accepts his office, and not more than once per year.

Prior to submitting the draft decision (accompanied with his justifications) on dismissal of a Chief of Community, the Regional Governor and Mayor (in Yerevan) shall communicate the above to the Chief of Community in question. On receipt of the draft decision, the Chief of Community shall convene an extraordinary session of the Community Council within a period of two weeks. At its session, the Community Council shall discuss the justifications of the Regional Governor as to the dismissal of the Chief of Community, and, upon listening to the statement of the Chief of Community, issue a decision based on its relevant justifications. The decision of the Community Council accompanied with the opinion of the Chief of Community attached, shall be

submitted to the authorized state body and Regional Governor within a period of three days. Through the authorized state body, the Regional Governor shall submit his draft decision with the justifications and attaching the opinion of the Chief of Community and the decision of the Community Council to the Government.

Article 73. Dismissal of the Chief of Community by the Government

The government shall discuss the legitimate initiative of the Community Council or Regional Governor (Mayor in Yerevan) on dismissal of a Chief of Community, and take the respective decision within a period of one month. This case shall be submitted to the Government for discussion by the authorized state body.

The Government may dismiss a Chief of Community only in cases defined in this.

The decision of the Government on dismissal of a Chief of Community shall be communicated to the Chief of Community and Community Council in question within a period of two days.

The decision of the Government on dismissal of a Chief of Community may be protested by the Chief of Community or the Community Council in the court within a period of ten days after the government decision has been received.

Prior to legal enforcement of the court resolution, no extraordinary elections of the Chief of Community may be held, and the Chief of Community concerned shall continue in the office.

Upon legal enforcement of the decision of the Government on dismissal of a Chief of Community shall initiate extraordinary elections and appoint an Acting Chief of Community within three days.

Article 74. Earlier Termination of the Powers of the Chief of Community by the Government

In case of earlier termination of powers of a Chief of Community in accordance with the procedure defined in this law, the Government shall appoint Acting Chief of Community within three days and hold extraordinary elections as prescribed by the legislation.

Article 75. Acting Chief of Community

Prior to assuming the office by the newly elected Chief of Community, the Prime Minister shall appoint Acting Chief of Community in a Chief of a city community, Mayor of Yerevan shall appoint in Yerevan community, and Regional Governor in the village community.

Acting Chief of Community may not be promoted as a candidate for election to the office of the Chief of Community.

Acting Chief of Community may not introduce changes in the staff of the Chief of Community.

Article 76. Judicial Costs

Any costs incurred on judicial procedures in respect of disputes arising between the Community Council and the Chief of Community, member of the Community Council and local government bodies shall be borne by the community budget.

Article 77. State Supervision over Communities, Intercommunity Associations and the Association of Yerevan District Communities

The State shall exercise, through National Assembly and Government, supervision over communities, intercommunity associations and the association of Yerevan District Communities.

The National Assembly represented by its Palace of Auditors and not more frequently than once per annum, shall carry out the targeted utilization of the resources allocated to the communities, intercommunity associations and the association of Yerevan District Communities from the state budget.

The Government represented by the authorized state body or Regional Governor's office, shall carry out financial and economic supervision actions in communities and intercommunity associations not more frequently than once per annum. The Regional Governor's Office shall carry out supervision over the legitimacy of the decisions taken by the Community Councils and the Council of intercommunity associations. The Regional Governor is entitled to protest the decisions of the Community Councils and the Council of intercommunity associations taken in breach of legislation in the court.

The Government represented by the authorized state body shall carry out annual supervision of financial and economic activities of the district communities.

Mayor of Yerevan shall carry out supervision over the legitimacy of the decisions taken by the Yerevan Neighborhood community Councils. The decisions of intercommunity association of the Yerevan district shall be communicated to the authorized state body within a period of seven days after adoption, on the basis of which the legal monitoring is carried out.

The materials concerning infringements giving rise to criminal responsibility as identified in the outcomes of supervision actions, shall be submitted to court or prosecutor's office, and it is only on the basis of these bodies that prosecutor's office may initiate criminal proceedings and carry out inspections in the community in question in accordance with the legislation.

Carrying out supervision in communities between one month in advance of elections and their official completion shall be prohibited.

CHAPTER 8. INTERCOMMUNITY ASSOCIATIONS

Article 78. The Right of Forming Intercommunity Associations

For the purpose of jointly resolving various community problems and reducing expenses the local self-government bodies may form intercommunity associations.

The intercommunity associations shall have the status of a legal entity.

Article 79. The Procedure of Forming Intercommunity Associations

The intercommunity associations shall be formed by Chiefs of Communities through concluding contracts, which shall be approved by Community Councils.

Article 80. The Bodies of the Intercommunity Association

For the purpose of management of the intercommunity associations Association Councils shall be created. The Council of intercommunity association shall consist of Chiefs of Communities, who shall elect the Council Chairperson from their members.

A session of the Council of an Intercommunity Association shall be considered valid if more than half of the Council members are present at such session. Decisions of the Council shall be taken by the simple majority of votes of those present at a session.

CHAPTER 9. REGIONAL (MARZ) COUNCIL, YEREVAN COUNCIL

Article 81. The Regional (Marz) Council

A deliberative body, *viz.* Regional (Marz) Council shall be created under the Regional Governor (Marzpet). The Council shall consist of Chiefs of Communities and the Regional Governor.

The Regional Governor shall call and conduct sessions of the Regional Council in accordance with the agenda defined by him.

Activities of the Regional Council shall be regulated by this law and the RA President's decree.

Article 82. The Yerevan Council

Yerevan Council shall be created in the city of Yerevan. The Council shall consist of The Yerevan Mayor and Chiefs of neighborhood communities. Chief executive of the Yerevan Council shall be the Mayor of Yerevan.

The Yerevan Council, upon submission of the Yerevan Mayor, shall adopt the cost estimate of expenses, *viz.* the budget within the revenues of Yerevan generated from sources defined by the law, as well as the procedure of issue of permits, subject to payment of local duties as prescribed by the law.

The Yerevan Mayor with the approval of the majority of the Yerevan Council shall:

1. Name and rename streets, avenues, squares, parks, city-subordinate educational, cultural and other enterprises and organizations of Yerevan;
2. Regulate activities of agencies and organizations involved in commercial and service activities in Yerevan, in accordance with the legislation;
3. Define the regulation for granting the title of the "Honorary Citizen of Yerevan" to citizens and non-citizens of the Republic of Armenia;

The Yerevan mayor shall adopt the Work Regulations of the Yerevan Council.

A session of Yerevan Council is valid if more than half of the Council members are present at such session. The decisions shall be taken at simple majority of the members present at the session.

Activities of the Yerevan Council shall be regulated by this law and the RA President's decree

CHAPTER 10. TRANSITIONAL AND FINAL PROVISIONS

Article 83. Enforcement of the Law

This law shall enter into legal force upon its promulgation.

Upon the adoption of this law the RA Law on Local Self-Government adopted by the RA National Assembly on June 30 1996 shall become null and void.

Article 84. Transitional Provisions

1. Prior to legislative regulation of the implementation of mandatory powers, it may be defined by the Community Council.
2. Further to the presentation by the authorized state body, the government shall define the procedure of fulfillment of the delegated powers and adequate financial resources before December 1st 2002.
3. The financial resources generated on realization of lands transferred to the ownership of communities by the state shall be directed to elaboration of the drafts of master plan of urban development, as well as land zoning and use schemes.
4. With the objective to carry out current accounting of urban development and land cadastres, attributed to the communities by this law, the body conducting unified cadastre of real estate shall have to complete the initial accounting in autonomous cities (except for Giumri and Vanadzor) by September 1st 2002; before November 1st 2002 in Giumri and Vanadzor; by December 1st 2002 in neighborhood communities in Yerevan. In parallel with completing initial accounting, the body conducting state unified cadastre shall transfer the respective services, including their documentation and material and technical resources, to the ownership of the autonomous cities and neighborhood communities in Yerevan.
5. Powers stipulated in Part 2, Article 34 of this law shall be transferred to the communities in respect with legal entities from 1st January 2003;
6. Powers defined in Clause 4, Article 33 of this law shall be transferred to respective communities from 1st January 2003;
7. By this law the Government, shall transfer with the right of ownership the State-owned lands to a) neighborhood communities of Yerevan by June 31st 2003, b) Giumri and Vanadzor by August 31st 2002, and c) to all other communities by June 31st 2002.
8. Land lease (use and possession) contracts concluded with physical persons and legal entities after the transfer of State-owned lands to the ownership of communities, shall be deemed valid. The communities, based on the Contracts, shall become the legal successors of the State.
9. The authorized state body defined in this law shall be the respective ministry of territorial administration.

10. Provisions of Chapter 9 of this Law shall be effective prior to adoption of the RA Law on Yerevan;
11. Implementation of 1st sentence of the part 2 of the Article 3 of this Law shall be provided in accordance with the procedure stipulated by the RA Law on Territorial Administrative Division.

ROBERT KOCHARYAN

PRESIDENT OF THE REPUBLIC OF ARMENIA

Yerevan, 5 June 2002