

Confirmed by

_____ E.S. Rustamov
Chairman of Management board
the decision of management board of
Central Bank of Azerbaijan Republic protocol № 04
23 January 2007, Register № 164

Rules about initial financing of mortgage loans by Azerbaijan Mortgage Fund under the Central Bank allocated by authorized loan organizations

1. General regulations

1.1 These rules were prepared on the basis of 5.2 Article of "Charter about Azerbaijan Mortgage Fund under the Central Bank of Azerbaijan Republic" confirmed by decree of President of Azerbaijan Republic dated December 22, 2005, numbered 339 and "Standard Requirements (hereinafter referred Standard Requirements) of allocating mortgage loans by authorized loan organizations refinanced by Azerbaijan Mortgage Fund under Central Bank of Azerbaijan Republic", and served to encourage durable participation of authorized loan organizations in mortgage market.

1.2 These Rules define rules of initial financing by Azerbaijan Mortgage Fund under Central Bank of Azerbaijan Republic the mortgage loans allocated by authorized loan organizations.

2. Initial financing of mortgage loans

2.1 Initial financing of mortgage loans can be performed for no more than 12 (twelve) month period with the below mentioned interest rates:

2.1.1. For the period 4 (four) months the 8% interest per year for standard mortgage loans and 4% interest rate per year for social mortgage loans .

2.1.2 For the period from 4 (four) to 6 (six) months 9% interest per year for standard mortgage loans and 5% interest rate per year for social mortgage loans .

2.1.3 For the period from 6 (six) to 12 (twelve) months 10% interest per year for standard mortgage loans and 6% interest rate per year for social mortgage loans

2.2 Authorized loan organization signed with Fund the contract attached to these Rules can appeal to the Fund for the initial financing of the mortgage loans allocated in accordance to the conditions of the Standard Requirements. Following documents should be added to the appeal:

2.2.1 Questionary for getting mortgage loan;

2.2.2. Evaluation Act of real estate providing quarrantly of mortgage loan;

2.2.3 Loan contract;

2.2.4 The document confirming the payment of amount to seller of dwelling area through mortgage loan.

2.3 Fund overviews provided documents during 3 (three) working days and if documents meet to the Standard Requirements, relevant amount is transferring to the correspondent account of the authorized loan organization in Central Bank of Azerbaijan.

2.4 Taking into consideration amount of mortgage loan allocated by authorized loan organizations, administrating experience on these loans, and also its financial resources, Fund can define maximal limit of initial financing on each authorized loan organization.

3. Repayment of initial financing amount

3.1. Authorized loan organization repays to Fund initial financing amount together with interest rates considered in these Rules during 1 (one) working day if arising one of the cases below:

3.1.1 If period of initial financing expires;

3.1.2 If Fund refuses to refinance mortgage loan

3.2. If Fund makes decision of refinancing, relevant refinancing amount indicated in acceptance act signed between authorized loan organization substitutes initial financing amount and arising difference together with calculated interest is repaying to Fund by authorized loan organization during 1 (one) working day.

3.3. If requirement considered in 3.1 Article of these Rules is violating by authorized loan organization, in accordance to the contract signed between authorized loan organization and Fund, on the basis of Fund apply, relevant amount is erasing indubitably from correspondence account of authorized loan organization and transferring to the bank account of Fund by Central Bank of Azerbaijan Republic.

4. Final regulations

These Rules come into force from signing date.

Amendment #1 to

“ Rules about initial financing by Azerbaijan Mortgage Fund under Central Bank of Azerbaijan Republic the mortgage loans allocated by authorized loan organizations.

**Contract №_____ for initial financing of Mortgage Loan
Baku city «_____» _____, 200_**

The executive director, _____, Azerbaijan Mortgage Fund (hereinafter referred as Fund) acting in accordance to its charter, on one side, and _____the Chairman of Board (hereinafter referred as authorized credit organization), on other side, sign the contract about the followings according to “Temporary Rules for mortgage loans allocated by authorized loan organization refinanced by the Azerbaijan Mortgage Fund under the Central Bank of Azerbaijan Republic” (hereinafter referred as Rules) confirmed by the Order of Management Board of Central Bank of Azerbaijan Republic dated January 23, 2007.

1. Contract subject

1.1. This contract regulates the following relations of parts:

- 1.1.1. Initial financing of mortgage loans allocated by authorized loan organization by Fund according to the rules;
- 1.1.2. Reimbursing of initial financing amount by authorized loan organization to Fund.

2. Initial financing of mortgage loans

- 2.1. Authorized loan organization can apply to Fund for initial financing of mortgage loans allocated in accordance with “Standard Requirements about allocating mortgage loans by authorized loan organizations refinanced by Azerbaijan Mortgage Fund under the Central Bank of Azerbaijan Republic” (hereinafter referred as Standard Requirements)
- 2.2. Fund initially finances mortgage loans allocated by authorized loan organization according to the conditions stated in Rules.

3. Rights and Duties of parts

3.1. Authorized loan organization:

- 3.1.1. To apply to Fund for initial financing of mortgage loans allocated in accordance to Standard Requirements (in the frame of limit defined by Fund);
- 3.1.2. To provide Fund with the documents considered in 2.2 Article of Rules;
- 3.1.3. To repay initial financing amount together with calculated interests to Fund within 1 (one) working day, if any of following situations arise:
 - 3.1.3.1. Initial financing period comes to an end;
 - 3.1.3.2. If Fund rejects to refinance mortgage loan.
- 3.1.4. To repay to Fund the difference arising in the result of substitution of relevant refinancing amount indicated in acceptance statement signed between Fund and authorized loan organization, with initial financing amount together with calculated interests within 1 (one) working day;
- 3.1.5. To give written order to the Central Bank of Azerbaijan Republic about indisputable erasing initial financing amount together with calculated interests and penalties from correspondent account by the request of Fund, if any of requirements stated on Article 3.1.3 of the Contract is violated, during 2 (two) working days after signing of this contract.

3.2. Fund:

- 3.2.1. To define maximum limit of initial financing for authorized loan organization;
- 3.2.2. To review the documents presented by authorized loan organization within 3 (three) working days;
- 3.2.3. To notify authorized loan organization officially in written form about its consent, if the documents meet Standard Requirements and to transfer relevant amount to the correspondent account of authorized loan organization in Central Bank of Azerbaijan Republic;

3.2.4. To implement initial financing for no more than 12 (twelve) month period with below mentioned interest rates:

3.2.4.1 For the period 4 (four) months the 8% interest per year for standard mortgage loans and 4% interest rate per year for social mortgage loans .

3.2.4.2 For the period from 4 (four) to 6 (six) months 9% interest per year for standard mortgage loans and 5% interest rate per year for social mortgage loans .

3.2.4.3 For the period from 6 (six) to 12 (twelve) months 10% interest per year for standard mortgage loans and 6% interest rate per year for social mortgage loans

- 3.2.5. To give written order to the Central Bank of Azerbaijan Republic about indisputable erasing amount of initial financing together with calculated interests and penalties from the account of authorized loan organization and transferring of this amount to its own bank account, if any of requirements stated on Article 3.1.3 of the Contract is violated by authorized loan organization.

4. Payments of sides

4.1. Calculation of interests for initial financing amount is beginning from the date of entrance of this amount to the correspondent account of the authorized loan organization, opened in the Central Bank of Azerbaijan Republic.

4.2. Interests of initial financing are calculating by assuming 30 calendar days in a month, 360 calendar days in a year.

4.3. Relevant refinancing amount noted in the acceptance act signed between Fund and authorized loan organization is substituting with the amount of initial financing and the arising difference together with calculated interests are reimbursing to Fund by authorized loan organization within 1 (one) working day.

4.4. Authorized loan organization pays to Fund penalty (penalty amount is erasing from correspondent account of authorized loan organization in accordance to 3.2.5 Article of the contract) in 0.03% of unpaid amount for each delayed day if authorized loan organization doesn't pay initial financing amount together with calculated interests to the account of Fund in time or if it hasn't enough recourse on its correspondent account.

4.5. Authorized loan organization can repay initial financing amount to Fund before its time.

5. Final regulations

5.1. This contract comes into force from the date of signing and is valid unless the sides fulfill their obligations completely.

5.2. Any amendments and changes to this contract can be implemented with the written consent of both sides.

5.3. This contract can be terminated by notification of one side 2 months in advance and complete fulfilling of its obligations.

5.4. This contract is issued in 2 copies and each side keeps one of copy.

**6. Legal address and details of sides
Fund**

**Azerbaijan Mortgage Fund under
Central Bank of Azerbaijan Republic**

Address _____

Tax ID _____

Code: _____

CA _____

SWIFT: _____

Executive Director

Stamp

Authorized credit organization

Address _____

Tax ID _____

Code: _____

CA _____

SWIFT: _____

Chairman of Board of Directors

Stamp