

**Rules for selection and assessment of independent evaluator and insurance companies by
Azerbaijan Mortgage Fund under Central Bank of Azerbaijan Republic**

These Rules were prepared in accordance to “Rules of mortgage loans by means of resources of Azerbaijan Mortgage Fund under Central Bank of Azerbaijan Republic” and to “Charter on Azerbaijan Mortgage Fund under Central Bank of Azerbaijan Republic”. These Rules define procedures on selection of independent evaluation and insurance companies and implementing assessment of their activity by Azerbaijan Mortgage Fund (hereinafter – AMF) under Central Bank of Azerbaijan Republic.

1. Selection of independent evaluators and assessment of their activity

Selection of independent evaluators:

1.1. Independent evaluators should apply in written to AMF for entering to AMF list. Following documents are to be added to appeal:

1.1.1. Juridical documents of independent evaluator;

1.1.2. Information about education, work experience and professionalism level of management and experts of independent evaluator;

1.1.3. Copies of decisions (orders) about designations of independent evaluator management;

1.1.4. Signature examples of responsible persons and stamp image of independent evaluator;

1.1.5. Information about customers served by him on last year;

1.1.6. Financial report (reports about balance, benefit and loss) for last year confirmed with audit review in cases defined in legislation;

1.1.7. Internal methodology confirmed on evaluation;

1.1.8. Recommendation letter reflecting its work level from bank(s) or other juridical person(s) cooperating with independent evaluator;

1.2. Entering appeal is analyzing during 7 (seven) working days by relevant department of AMF engaging in refinancing operations and relevant review is preparing. Following requirements are considering during evaluation:

1.2.1. Independent evaluator should have 1 (one) year work experience in evaluation and more than 3 (three) year cooperation experience on mortgage object evaluation with loan organization;

- 1.2.2. Number of evaluated real estate by him should not be less than 10 (ten) for last year;
- 1.2.3. Existence of relevant certificates reflecting its experience level in evaluation activity sphere;
- 1.2.4. Independent evaluator should have permanent office and more than 3 (three) experts.
- 1.3. Other relating document can be required from applied independent evaluator if necessary. If one or some of required documents will not be provided, apply of independent evaluator and provided documents are returning without reviewing.
- 1.4. Prepared review about evaluator is providing to Loan committee of AMF. On the basis of provided review Loan committee makes decision about accepting or rejecting of applying evaluator to the list of independent evaluator during 3 (three) working day.
- 1.5. Written notification is sending to applied independent evaluator during 3 (three) working days after accepting decision and signing relevant cooperation agreement with it (Amendment #1).

Assessment of activity of independent evaluation activity:

- 1.6. Activity efficiency of each independent evaluator entered to AMF list is apprising in accordance to annual resume, and during intermediate periods in necessary cases.
- 1.7. Activity efficiency of each independent evaluator is performing on the basis of factors as how correct is preparing reports on evaluation, assignment of property values in accordance to real market conditions and logical justification, and also other factors proofing professional, transparent and objective activity of independent evaluator.
- 1.8. Violation of requirements indicated 1.7 Article by independent evaluator, not dynamic activity of company in market and being of number of evaluating mortgage object on allocated loans through AMF less than 10 ten during a year, violation of requirements of signed cooperation agreement with AMF, and also other factor afford ground for extracting of independent evaluator from the list.
- 1.9. Relevant notification is sending to evaluator extracted from the list of independent evaluators during 3 (three) working day by indicating the reason of its deprivation of authorization status.
- 1.10. Information about the list of authorized evaluators is placed in official web-site of AMF.
- 1.11. AMF provides to Management Board of Central Bank information about the annual evaluation results on efficiency of independent evaluator's activity during 10 days after completion of evaluation.

2. Selection and assessment of insurance companies entering to the list of AMF

Selection of insurance companies:

2.1. Insurance companies applying to AMF for entering to the list of AMF. Following documents is adding to appeal:

2.1.1. Juridical documents and license of company;

2.1.2. Information about education, work experience and professionalism level of management and experts of company;

2.1.3. Copies of decisions (orders) about designations of company management;

2.1.4. Signature examples of responsible persons and stamp image of company;

2.1.5. Audit report and audit review conducted for last year by international audit company;

2.1.6. Life and property insurance rules;

2.1.7. Information about investment operations of company;

2.1.8. Repeated insurance policy of company;

2.1.9. Information about rate given to company by international rate agencies (if such rate is given);

2.2. Entering apply is analyzing during 7 (seven) working days by relevant department of AMF engaging in refinancing operations and relevant review is preparing. Following requirements are considering during evaluation:

2.2.1. Sum capital amount of company;

2.2.2. Correlation of insurance payment implemented by company to collecting insurance payments;

2.2.3. Place occupied by company among insurance companies due to capacity of collected insurance payments;

2.2.4. Rules of deductibles implementation on insurance types, its forms and capacity;

2.3. Other relating document can be required from applied company if necessary. If one or some of required documents will not be provided, apply of company and provided documents are returning without reviewing.

1.4. Prepared review is providing to Loan committee of AMF. On the basis of provided review Loan committee makes decision about accepting or rejecting of applying company to the list of insurance companies during 3 (three) working day.

1.5. Written notification is sending to applied company during 3 (three) working days after accepting decision and signing relevant cooperation agreement with it (Ammendment #2).

Assessment of insurance company's activities:

2.6. Activity efficiency of each insurance company entered to AMF list is apprising in accordance to annual resume, and during intermediate periods in necessary cases.

2.7. Activity efficiency of each insurance company is performing on the basis of subsistence of charter investment on level defined by legislation, place occupied by company among the insurance companies on collecting insurance payment and other factors.

2.8. Violation of requirements indicated 2.7 Article by insurance company, existence of deductible cases implementation, not dynamic activity in insurance market, keen aggravation of financial state, violation of requirements of signed cooperation agreement with AMF, and also other such factors afford ground for extracting of company from the list of AMF.

2.9. Relevant notification is sending to company extracted from the list of authorized insurance companies during 3 (three) working day by indicating the reason of its deprivation of authorization status.

2.10. Information about the list of authorized insurance companies is placed in official web-site of AMF.

2.11. AMF provides to Management Board of Central Bank information about the annual evaluation results on efficiency of insurance companies' activity during 10 days after completion of evaluation.

3. Total Regulations

3.1. Evaluators and insurance companies extracted from the list of AMF in the result of their activity evaluation can't attain authorization status during next 1 (one) year.

3.2. Issues not finding their solution in these rules are regulating with other legal texts of AMF and legislation of Azerbaijan Republic.

3.3. These Rules are coming to force from the date signing.

E.S.Rustamov Chairman of Central Bank

Ammendment #1

To “Selection and assessment rules of independent evaluators and insurance companies by Azerbaijan Mortgage Fund under Central Bank of Azerbaijan Republic” confirmed by order of Management Board of Central Bank of Azerbaijan Republic dated May 15, 2009

COOPERATION AGREEMENT

Baku city «____» _____ 20____ year

Azerbaijan Mortgage Fund under Central Bank of Azerbaijan Republic acting on the basis of its Charter, in the person of its executive director _____, hereinafter referred as Fund, from one side and _____, in the person of _____, hereinafter referred as Independent Evaluator from other side are signing this cooperation agreement about the followings:

1. Subject of agreement

1.1. This agreement regulates relations regarding organization mutual activity of Sides on evaluation of real estate which is mortgage object on mortgage loan allocating through Fund, their rights and obligations, assessment of independent evaluator activity.

1.2. Information about the signing of this agreement is sending to authorized loan organization by Fund within 7 (seven) days after signing and details of independent evaluator is putting in web site of Fund.

1.3. Independent evaluator performs evaluation of real estate which is mortgage object on applies entered to him regarding mortgage loans allocation through Fund on the basis of payment. Independent evaluator provides correspondence of form and content of evaluating reports to requirements of Fund.

2. Rights and obligations of Sides

2.1. The Fund has following rights and obligations under this agreement:

2.1.1. To require from independent evaluator written information about real estates which is mortgage object on mortgage loan allocated by authorized loan organizations not less than 1 (one) time in quarter;

2.1.2. To assess independent evaluator activity not less than 1 (one) time in activity year;

2.1.3. To get from independent evaluator relevant information considering assessment of its activity by inquiring in necessary cases;

2.1.4. In case of revealing shortcomings in activity of independent evaluator during assessment, to extract it from the list of authorized evaluators and put that information in web-site of Fund by sending information to it and other market participators;

2.1.5. To inform independent evaluator about signing of Main Agreement during 7 (seven) days after signing this agreement between Fund and authorized loan organizations

2.2. Independent evaluator has the following rights and obligations:

2.2.1. To implement evaluation of real estate that is mortgage object on loans allocated by authorized loan organizations of Fund according to evaluation standards and norms;

2.2.2. To get necessary documents from relevant authorized loan organization and borrower for performing evaluation;

2.2.3. To apply to Fund about existing problems and contradictions during implementing of evaluation;

2.2.4. To execute the requirements of “Standard Requirements on mortgage loans allocating by authorized loan organization and refinancing by Mortgage Fund under Central Bank of Azerbaijan Republic” and “Selection and assessment rules of independent evaluators and insurance companies by Azerbaijan Mortgage Fund under Central Bank of Azerbaijan Republic” during its activity;

2.2.5. To consider minimum indicators required by Fund in report applying on the basis of evaluation review;

2.2.6. To render qualified services to borrowers on mortgage loans;

2.2.7. To check legal correctness of documents regarding real estate loading by mortgage;

2.2.8. To provide to Fund written information about evaluated mortgage objects not less than 1 (one) time in quarter;

2.2.9. To provide to Fund necessary documents and data for performing its obligation under this Agreement;

3. Extraction of independent evaluator from the list of Fund

3.1. Extraction of independent evaluator from the list of Fund is performing in following cases:

3.1.1. If revealed violation of requirement of 1.7 and 1.8 Articles of “Selection and assessment rules of independent evaluators and insurance companies by Azerbaijan Mortgage Fund under Central Bank of Azerbaijan Republic” during assessment of independent evaluator activity;

3.1.2. On the basis of independent evaluator appeal;

3.1.3. In cases defined in legislation.

3.2. Assessment of independent evaluator activity is performing on the basis of sum-lump of year, and on the basis of Fund’s initiative for intermediate periods, appeal of authorized loan organizations or borrowers in necessary cases. References of authorized loan organizations and borrowers is also considering together with requirements of “Selection and assessment rules of

independent evaluators and insurance companies by Azerbaijan Mortgage Fund under Central Bank of Azerbaijan Republic” during evaluation.

4. Total regulations

4.1. This Agreement is coming to force from the date of signing by Fund and independent evaluator and remains in force till complete execution of obligations under this Agreement.

4.2. Any additions and changes to this Agreement can be implemented by written consent of both sides.

4.3. This Agreement can be terminated by sides – independent evaluator by 1 (one) month advance informing of Fund, and Fund by 3 (three) working days advance informing of independent evaluator, in case of existing reasons for deprivation from authorized status.

4.4. This Agreement is compiled in two copies and each side is keeping one copy.

5. Juridical address and details of Sides

<p style="text-align: center;">Fund Azerbaijan Mortgage Fund under Central Bank of Azerbaijan Republic Tax registration _____ Address _____ Bank account _____</p>	<p style="text-align: center;">Independent evaluator</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">_____</p> Tax registration _____ Address _____ Bank account _____
<p style="text-align: center;">Executive director</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">Stamp</p>	<p style="text-align: center;">Chief</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">Stamp</p>

Amendment #2

To “Selection and assessment rules of independent evaluators and insurance companies by Azerbaijan Mortgage Fund under Central Bank of Azerbaijan Republic” confirmed by order of Management Board of Central Bank of Azerbaijan Republic dated May 15, 2009

COOPERATION AGREEMENT

Baku city «____» _____ 20____ year

Azerbaijan Mortgage Fund under Central Bank of Azerbaijan Republic acting on the basis of its Charter, in the person of its executive director _____, hereinafter referred as Fund, from one side and _____, in the person of _____, hereinafter referred as Insurance Company from other side are signing this cooperation agreement about the followings:

1. Subject of agreement

1.1. This agreement regulates relations of Sides' mutual activity regarding insurance of real estate which is mortgage object on mortgage loan allocating through Fund, borrower's live and labor ability by insurance company, their rights and obligations, assessment of insurance company activity.

1.2. Information about the signing of this agreement is sending to authorized loan organization by Fund within 7 (seven) days after signing and details of insurance company is putting in web site of Fund.

1.3. Insurance company performs insurance of real estate which is mortgage object, borrower's live and labor ability on appeals entered to him regarding mortgage loans allocating through Fund. Insurance company submits sample of applying insurance contracts to confirmation of Fund.

2. Rights and obligations of Sides

2.1. The Fund has following rights and obligations under this agreement:

2.1.1. To require from insurance company relevant written information about insurance of real estates which is mortgage object on mortgage loan allocated by authorized loan organizations, borrower's life and labor ability not less than 1 (one) time in quarter;

2.1.2. To assess insurance company activity not less than 1 (one) time in activity year;

2.1.3. To get from insurance company relevant information considering assessment of its activity by inquiring in necessary cases;

2.1.4. In case of revealing shortcomings in activity of insurance company during annual assessment (existence of deductible cases implementation, non-dynamic activity in insurance market and taking up last places amount insurance companies due to capacity of collected insurance payment), to extract it from the list of authorized insurance companies and put that information in web-site of Fund by sending information to it and other market participators;

2.1.5. To inform insurance company about signing of Main Agreement during 7 (seven) days after signing this agreement between Fund and authorized loan organizations

2.2. Insurance company has the following rights and obligations:

2.2.1. To execute the requirements of “Standard Requirements on mortgage loans allocating by authorized loan organization and refinancing by Mortgage Fund under Central Bank of Azerbaijan Republic” and “Selection and assessment rules of independent evaluators and insurance companies by Azerbaijan Mortgage Fund under Central Bank of Azerbaijan Republic” during its activity;

2.2.2. To insure real estates that is mortgage object on loans allocated by authorized loan organizations and borrower’s live and labor ability;

2.2.3. To consider conditions proposed by Fund in insurance agreements;

2.2.4. Not to implement deductible on insurance agreements;

2.2.5. To get necessary documents from relevant authorized loan organization and borrower for performing insurance operations;

2.2.6. To apply to Fund about existing problems and contradictions during implementing of insurance operation;

2.2.7. To check legal correctness of documents regarding real estate loading by mortgage and Borrower’s (Mortgager’s) identity;

2.2.8. To provide to Fund reports on insurance agreements not less than 1 (one) time in quarter;

2.2.9. To provide to Fund necessary documents and data for performing its obligation under this Agreement;

2.2.10. To inform Fund with all possible way during 2 (two) working days about changing of beneficiary on insurance agreement (insurance policy) or about any other changes made to insurance agreement (insurance policy), and also about receiving application on termination intention of insurance agreement (insurance policy).

2.2.11. To inform Fund or authorized loan organization with all possible way during 2 (two) working days about occurring of insurance incident on insurance agreement (insurance policy) signed between insurance company and Borrower (Mortgager).

3. Extraction of insurance company from the list of Fund

3.1. Extraction of insurance company from the list of Fund is performing in following cases:

3.1.1. If revealed violation of requirement of 2.7 and 2.8 Articles of “Selection and assessment rules of independent evaluators and insurance companies by Azerbaijan Mortgage Fund under Central Bank of Azerbaijan Republic” during assessment of insurance company activity;

3.1.2. On the basis of insurance company appeal;

3.1.3. In cases defined in legislation.

3.2. Assessment of insurance company activity is performing on the basis of sum-lump of year, and on the basis of Fund's initiative for intermediate periods, appeal of authorized loan organizations or borrowers in necessary cases. References of authorized loan organizations and borrowers is also considering together with requirements of "Selection and assessment rules of independent evaluators and insurance companies by Azerbaijan Mortgage Fund under Central Bank of Azerbaijan Republic" during evaluation.

4. Total regulations

4.1. This Agreement is coming to force from the date of signing by Fund and independent evaluator and remains in force till complete execution of obligations under this Agreement.

4.2. Any additions and changes to this Agreement can be implemented by written consent of both sides.

4.3. This Agreement can be terminated by sides – insurance company by 1 (one) month advance informing of Fund, and Fund by 3 (three) working days advance informing of insurance company evaluator, in case of existing reasons for deprivation from authorized status.

4.4. This Agreement is compiled in two copies and each side is keeping one copy.

5. Juridical address and details of Sides

<p style="text-align: center;">Fund Azerbaijan Mortgage Fund Under Central Bank of Azerbaijan Republic Tax registration _____ Address _____ Bank account _____</p>	<p style="text-align: center;">Insurance company _____ _____ Tax registration _____ Address _____ Bank account _____</p>
<p style="text-align: center;">Executive Director _____ Stamp</p>	<p style="text-align: center;">Chief _____ Stamp</p>