

Order #44

About confirmation of “State Registration Rules of Mortgage Paper” Cabinet of Ministers of Azerbaijan Republic

Baku city, 13 february, 2006

For executing 5.4 Article of Azerbaijan Republic President’s decision number 299, dated 16 september, 2005, “On creation of mortgage loan systems in Azerbaijan Republic”, Cabinet of Ministers of Azerbaijan Republic make decision:

1. To confirm “State Registration Rules of Mortgage Paper” (attaced)
2. Decision comes to the force from the date of signature.

A.Rasi-zade

Prime Minister of Azerbaijan Republic

Published in “Azerbaijan Republic Legislation Collection” (28 February, 2006, #2, Article 192) («VES Consultancy» LLC).

Changes and amendments on the basis of decisions numbered 117, dated 1 May, 2006, numbered 6, dated 16 January, 2008 and numbered 1, dated 06 January, 2009. («VES Consultancy» LLC).

Confirmed with the decision of Cabinet of Ministers of Azerbaijan Republic.

State registration rules of mortgage paper

I. Common Regulations

1.1. These rules prepared in accordance to the Azerbaijan Republic President’s decision numbered 299, dated 16 September, 2005, “On creation of mortgage loans systems in Azerbaijan Republic” and regulate simplified state registration of mortgage paper.

1.2. State Registration of mortgage paper in state register of mortgage loan is making by State Committee on Securities by Azerbaijan Republic President (SCS).

1.3. State register of mortgage paper is attracting information (notes) on mortgage papers confirming mortgage rights of real estates and movables.

1.4. Only mortgage papers published in printing houses which got special agreement (license) on preparing all type of security blanks and their sale activity are taking to registration.

II. State registration of Mortgage Paper

2.1. Following documents should be attached to Mortgagee application for making state registration of mortgage paper in SCS:

2.1.1. Copy of extract from state register of real estate and movable property;

2.1.2. Compiled and signed mortgage paper (signature of physical person compiling mortgage paper should be confirmed by notary);

2.1.3. Copy of mortgage contract confirmed by notary and put in state registration;

2.1.4. *Document confirming payment of state custom for registration.*

2.2. Provided documents are viewing within 3 (three) working days. Mortgage paper is putting to state registration, if insufficiency, discrepancy or any shortage in documents is discovered. Mortgage paper is returning to mortgagee with signing of it by authorized person and with indicating name of SCS, registration date and number in special marked place on title list of mortgage paper.

2.3. If mortgage paper is not attracting all details considered in legislation or if mortgage paper is not meets to requirements for securities and to other requirements of legislation in force, SCS can stop state registration of mortgage paper till eliminating these shortages, so till settling legal controversy regarding mortgage object.

2.4. If the documents are not provided completely or mortgager precept rights on mortgage object is limited, mortgagee is informing within 2 (two) working days by indicating reject reasons of state registration of mortgage paper.

III. Additional registration of mortgage paper

3.1. If entity, measurement, execution period of main obligation under mortgage is changing or aliening, additional registration of mortgage paper is making by doing relevant changes in mortgage paper. Following documents is adding to application of mortgagee on making additional registration of mortgage paper:

3.1.1. Origin of mortgage paper;

3.1.2. Copy of document causing to additional registration confirmed by notary;

3.1.3. *Document confirming payment of state custom for additional registration.*

3.2. If rights on mortgage paper are given to other person, passing note is making additional registration in relevant register of mortgage paper. Passing of rights on mortgage paper is implementing by making passing note (endorsement) on favor of other person in mortgage paper and passing mortgage paper to him/her. If a person making passing note is physical person, his/her signature should be confirmed by notary.

If main obligation is executed partially when rights on mortgage paper is passing, legal owner of mortgage paper is making relevant note about it on mortgage paper and not executed part of main obligations is considering as concession.

Name of person to whom rights on mortgage paper is passing should be indicated completely and exactly in passing note. Endorsement is not acceptable without indication of legal owner's name in mortgage paper.

3.3. Additional registration of mortgage paper is entering to register by SCS within 2 (two) working days, appropriate note is making on mortgage paper; it is signing by authorized person, confirming with stamp, and returning to mortgagee.

3.4. SCS provides to mortgage registration body within 1 (one) working day about registration and additional registration of mortgage paper.

IV. Termination of mortgage paper

4.1. In cases defined in 48 Article of "Mortgage Law" of Azerbaijan Republic, Mortgagee should apply to SCS by providing application and origin of mortgage paper within 5 (five) calendar days after termination of mortgage paper.

4.2. As soon as SCS receives terminated mortgage paper, it sends mortgage paper to body making state registration on the same date after making notices on termination of mortgage paper records in state register.

4.3. As soon as body making state registration receives mortgage paper immediately terminates it by putting stamp "Terminated" on title list of mortgage paper and keeps it in its archive.

V. Final regulations

5.1. SCS creates information database about mortgage papers and provides saving of information.

5.2. Copy of registered mortgage paper is keeping in archive of SCS.

5.3. Complain by administrative means and (or) in legal form on violation of rules on making state registration of mortgage paper can be applied.