

Charter

On Azerbaijan Mortgage Fund under Central Bank of Azerbaijan Republic

Confirmed by the order of the President of Azerbaijan Republic dated 22 December 2005

1. General regulations

- 1.1 Azerbaijan Mortgage Fund (hereinafter referred as AMF), under the Central Bank of Azerbaijan Republic (hereinafter referred as NB) was created according to the order of the President of Azerbaijan Republic "Creation of mortgage loans system in Azerbaijan Republic" dated September 16th, 2005, numbered 299.
- 1.2 Main purpose of AMF is to create mechanism of providing with dwelling space Azerbaijan Republic population through long-term mortgage loan, also to assist in attraction of foreign and local financial resources to mortgage loaning.
- 1.3 In its activity AMF follows the Constitution of Azerbaijan Republic, legislation and other normative juridical acts of Azerbaijan Republic, as well as this charter.
- 1.4 AMF is state institution, legal entity who, has its own property at state ownership, and has independent balance, bank accounts and relevant stamp, seal and forms with State Emblem of Azerbaijan Republic and its name on it.
- 1.5 AMF cooperates with the state bodies of Azerbaijan Republic, physical and juridical persons, and also with international loan organizations according to determined legislation for implementing its activity.
- 1.6 AMF is responsible only for its own property on its obligation. AMF is not responsible for Central Bank and State obligations and Central Bank is not responsible for AMF obligations vice versa, except the obligations undertaken by parties.
- 1.7 AMF is not engaged in allocation of mortgage loans directly to population.
- 1.8 AMF finances its expenses on its own incomes. Central Bank finances those expenses till AMF gets possibility of covering its expenditures on its own incomes.
- 1.9 The head management of AMF is located in Baku city.

2. Main functions of AMF

2. Main functions of AMF are the followings:

- 2.1 To refinance the mortgage loans allocated by authorized loan organizations;
- 2.2 To define the requirements concerning to refinancing of mortgage loans;
- 2.3 To issue securities with the purpose of attracting investments.
- 2.4 To manage financial risks to secure stability and liquidity of its activities
- 2.5 To take measures within its competence for the purpose of providing liquidity and for involving cheap financial resources in the area of mortgage loaning.

3. AMF authority

3. AMF has the following authorities for realizing its purpose and functions:

- 3.1 Adaptation of the requirement rights under the mortgage loans allocated by the authorized loan organization according to AMF requirements (standards);
- 3.2 Implementing the rights and duties about mortgages designated as guarantee on refinanced mortgage loans in accordance to the legislation;

- 3.3 Implementing the rights of ownership, utilization and order on its property according to property legislation;
- 3.4 Opening branch and representations in the territory of Azerbaijan Republic;
- 3.5. Attracting external experts to its work, taking relevant measures to improve qualification of its staff;
- 3.6. Implementing advice, information and other services on the mortgage loaning tasks, as well as realizing training programs for authorized loan organizations participating in mortgage loan system.
- 3.7. Implementing other obligations considered in legislation.

4. Formation of AMF resources

- 4.1. AMF resources are being formed by means of following sources:
 - 4.1.1. Allocations from the budget of Azerbaijan Republic;
 - 4.1.2. Earnings from the AMF operations, including main returning and interest payments on the allocated loans;
 - 4.1.3. Funds obtained from the allocation of securities issued by AMF;
 - 4.1.4. Foreign loans, aids and grants given to AMF;
 - 4.1.5. Other sources not prohibited by legislation;

5. Maintenance and use of AMF resources.

- 5.1. AMF's monetary funds in national currency are kept in bank accounts in Central Bank.
- 5.2. AMF's funds are using only for the implementing purposes, functions and obligations stated in this charter.
- 5.3. AMF's free monetary funds can only be allocated in following directions:
 - 5.3.1. Government securities.
 - 5.3.2. Deposits in high ranked banks.
- 5.4. AMF's funds can not be lent to government departments, state-owned and private companies, institutions and organizations, also can not be obliged with the obligations of third person.

6. Supervision of AMF activities.

- 6.1. Board of Directors of Central Bank supervises AMF's activities.
- 6.2. Board of Directors of Central Bank:
 - 6.2.1. Approves org-chart and staff schedule of AMF;
 - 6.2.2. Appoints and dismisses executive director, deputy executive director and chief accountant of AMF;
 - 6.2.3. Creates audit committee and appoints its members for the purpose of supervision of AMF's current activities;
 - 6.2.4. Approves annual budget of AMF;
 - 6.2.5. Confirms template of documents, internal procedures and rules necessary for AMF activities;
 - 6.2.6. Determines list of loan organizations which will take part in allocation of mortgage loans in accordance relevant criteria.
 - 6.2.7. Approves parameters of securities emission prospectus according to the proposal of AMF's executive director;
 - 6.2.8. Approves annual report of AMF on financial-economic activities;
 - 6.2.9. Makes decisions about opening branches and representations of AMF and ratifies their charter;
 - 6.2.10. Performs other authorities considered in this charter and legislation.

7. Control of AMF

7.1. Executive director manages current activities of AMF

7.2. Executive director of AMF:

- 7.2.1. Organizes work of structural departments of AMF, and also ratifies their charter;
- 7.2.2. Represents AMF in relations with third persons without presenting power of attorney;
- 7.2.3. Defines positions among AMF staff;
- 7.2.4. Appoints and dismisses AMF employees to positions, applies motivation and discipline reproaching measures in accordance with legislation;
- 7.2.5. Gives mandatory orders and decrees for all AMF employees within his authority;
- 7.2.6. Prepares budget project of AMF and presents to Board of Directors of Central Bank;
- 7.2.7. Prepares offers regarding AMF activities and presents to Board of Directors of Central Bank;
- 7.2.8. Provides following confidentiality regime in AMF activities according to legislation;
- 7.2.9. Prepares reports on AMF activities and presents to Central Bank within the periods defined by Board of Directors of Central Bank;
- 7.2.10. Performs other obligations considered in this charter and normative documents regulating AMF activities.

8. Accounting and Reporting

- 8.1. Fiscal year of AMF begins on 1st of January and ends on 31st of December.
- 8.2. Financial accounting and report of AMF is performed in accordance with International Standards of Financial Reports.
- 8.3. Annual financial-economic activities report of AMF should be verified and confirmed by auditor appointed by Board of Directors of Central Bank. AMF pays for auditor's services.
- 8.4. Financial report of AMF about summary of year confirmed by auditor review, and also operative budget report are presented to President of Azerbaijan Republic.
- 8.5. Financial report of AMF about summary of year confirmed by auditor review should be published in mass media within 1 month after completion of audit.

9. Reorganization or abolition of AMF

- 9. Decision of reorganization and abolition of AMF is made by President of Azerbaijan Republic.