

LAW
OF THE REPUBLIC OF ARMENIA

Adopted on 26 May 2008

ON SECURED MORTGAGE BONDS

CHAPTER 1

GENERAL PROVISIONS

Article 1. Subject matter of the Law

1. This Law regulates the relations pertaining to the issuance of secured mortgage bonds by banks and credit organisations, their turnover and repayment, as well as those pertaining to the control over the activities of the issuer, appointment and activities of a mortgage manager.

Article 2. Legal regulation of secured mortgage bonds

1. The relations pertaining to the activities of issuance of secured mortgage bonds shall be regulated by this Law, other regulatory legal acts adopted on the basis thereof, Laws of the Republic of Armenia “On banks and banking”, “On credit organisations”, “On securities market”, “On bankruptcy of banks, credit organisations, investment companies, investment fund managers and insurance companies”, other laws and regulatory legal acts.

2. Provisions of the Law of the Republic of Armenia “On asset securitisation and asset-backed securities” shall not apply to relations of issuance of secured mortgage bonds.

(Article 2 supplemented by HO-270-N of 22 December 2010)

Article 3. Main concepts used in the Law

The main concepts used in this Law are as follows:

“asset” means monetary funds and (or) rights to claim thereon, and (or) other financial assets among the assets defined by the Law of the Republic of Armenia “On accounting”, which provide or may provide certain cash inflows;

“nominal value of the assets” means: the principal amount of a loan – for mortgage loans; the nominal value of a bond – for bonds; the deposit amount within the limits recorded in the cover assets register – for deposits;

“secured mortgage bond” (hereinafter referred to as “mortgage bond”) means a publicly offered bond — issued by a bank or credit organisation — which is backed by collateral of mortgage loans, as well as of other financial assets defined by this Law;

“cover assets for secured mortgage bonds” means assets recorded, as prescribed by this Law, in the cover assets register (hereinafter referred to as “cover assets”);

“person exercising control over cover assets” (hereinafter referred to as “controller”) means a person with an appropriate qualification who exercises control over the maintenance of the register by the issuer, ensures the equivalence of cover assets;

“cover assets register” means a system established in accordance with this Law for recording, by the issuer, of cover assets for mortgage bonds;

“primary collateral” means collateral whose pledgee has, against other pledgees of the pledged property, a priority right to obtain full satisfaction of claims from the value of the said property;

“net present value” means the net present value of future flows of funds;

“issuer” means a bank or credit organisation which carries out, as prescribed by this Law, issuance of asset-backed mortgage bonds;

“additional assets” means assets in the amount of the part of the net present value of cover assets which exceeds, at any given moment, the net present value of all mortgage bond liabilities;

“mortgage loan” means a mortgage-backed loan;

“mortgage manager” means a person appointed by the Central Bank who shall carry out the management of the cover assets for mortgage bonds when the issuer is declared insolvent and (or) when bankruptcy proceedings have been initiated or in other cases as prescribed by this Law.

Article 4. The usage of the phrase “secured mortgage bond”

1. Bonds may be called “secured mortgage bond” where they are issued as prescribed by this Law.

CHAPTER 2

REQUIREMENTS FOR ACTIVITIES OF MORTGAGE BOND ISSUANCE

Article 5. Cover assets for mortgage bonds

1. Mortgage bonds shall be backed by collateral of mortgage loans (fixed assets).
2. In case of writing off, upon the grounds provided for by this Law, assets from the cover assets before the complete discharge of the mortgage bond liabilities, the issuer shall be permitted to substitute them with other assets in the amount of up to 10 per cent of the outstanding mortgage bond liabilities (substitute assets).

Substitute assets shall be the following:

(1) government bonds of the Republic of Armenia, bonds issued and (or) guaranteed by other states defined by the Central Bank of the Republic of Armenia (hereinafter referred to as the Central Bank), or by international organisations with a rating defined by the Central Bank;

(2) deposits with commercial banks with a rating defined by the Central Bank;

(3) other assets defined by regulatory legal acts of the Central Bank.

3. The issuer shall be obliged to possess the following additional assets in the amount exceeding the limits defined by Article 7(2) of this Law:

(1) government bonds of the Republic of Armenia, bonds issued and (or) guaranteed by other states defined by the Central Bank, or by international organisations with a rating defined by the Central Bank;

(2) deposits with commercial banks with a rating defined by the Central Bank;

(3) other assets defined by regulatory legal acts of the Central Bank.

4. Bonds mentioned in point 1 of part 2 and point 1 of part 3 of this Article shall be added to the cover assets in the amount of 95 per cent of their market value but not exceeding the nominal value of the bonds.

Article 6. Mortgage loans

1. Mortgage loans may be added to the fixed assets only where complying with the following standards:

(1) the mortgaged real estate is located in the territory of the Republic of Armenia, or the mortgaged property is a right to land development in the territory of the Republic of Armenia;

(2) if the mortgage is primary collateral and may not be subject to a subsequent pledge;

(3) the amount of the mortgage loan does not exceed 70 per cent of the estimated market price of the collateral (real estate) held as cover assets for the given mortgage loan liabilities. Moreover, this mortgage loan shall be added, in the amount of the residual value of the mortgage loan at the moment of issuance, to the cover assets for mortgage bonds.

2. Appraisal of the mortgaged real estate mentioned in part 1 of this Article shall be carried out as prescribed by the Law of the Republic of Armenia “On activities of real estate appraisal”, by an appraiser holding a licence for carrying out activities of real estate appraisal and operating in this field for at least 2 years, who is not involved in the process of the mortgage loan origination and is insured, at least in the amount of five thousand times the minimum salary, against their liability risk.

Re-appraisal of cover assets for mortgage bonds at the moment of issuance of such bonds may be carried out only where significant drop of prices has been observed in the real estate market. 10 and more per cent drop, as of the given day, of real estate prices in the real estate market as compared to the day of pledging the real estate held as cover assets shall be deemed to be significant drop. In case of significant drop of real estate prices in the real estate market, the controller may require that the issuer shall carry out re-appraisal of the cover assets. The controller shall carry out periodic observations of real estate prices as prescribed by the regulatory legal act of the Central Bank.

3. Mortgage loans backed by collateral of land development rights shall be permitted to be added to the cover assets where the time period for mortgage loan origination expires at least 10 years earlier than the time period for the land development rights.

4. The amount of the mortgage loans backed by land development rights shall not exceed 20 per cent of the amount of the assets included in the cover assets for mortgage bonds.

Article 7. Equivalence of the cover assets

1. As of any moment the outstanding amount of mortgage bond liabilities shall be backed by equivalent cover assets, moreover:

(1) the total of the nominal values of the cover assets shall be equal to at least the total of the nominal values of the mortgage bonds;

(2) amounts receivable for the cover assets shall be equal to at least the amounts payable for the mortgage loans;

(3) the net present value of the cover assets shall, as of any moment, exceed the amount of the net present value of all the mortgage bond liabilities by at least 5 per cent.

2. The Central Bank shall, in its regulatory legal acts, determine the procedure and methods for calculation of the net present value of the cover assets and of the net present value of the liabilities.

3. The issuer shall not be allowed to:

(1) issue mortgage bonds where they are not backed by equivalent cover assets defined by this Law;

(2) dispose of the assets held as cover assets.

Article 8. Cover assets register

1. The issuer shall carry out registration of the cover assets for mortgage bond liabilities through maintenance of a cover assets register. The procedure for maintaining the cover assets register, including that for submitting, by the issuer, of information included in the register to the Central Bank, shall be defined by regulatory legal acts of the Central Bank.

2. Assets may be deemed to be cover assets where:

- (1) they comply with the requirements defined by Articles 5 and 6 of this Law;
- (2) the right to claim on the assets is not pledged.

Cover assets and — in cases of concluding transactions in derivative securities provided for by this Law — claims resulting from such transactions, shall be subject to registration, by each issuer, in the cover assets register upon the written consent of the controller and upon the authorisation of the Central Bank. The registration of assets in the cover assets register without the required consent and authorisation shall be deemed as invalid.

3. The following information on cover assets must be entered into the cover assets register:

- (1) for mortgage loans: the date and number of the loan agreements, loan amount, interest rate and currency thereof, maturity date, schedule of repayment of the loan amount and interests, residual value of the loan, ratio of the loan amount and the value of the collateral, the collateral securing the loans, description of the collateral, including its location (address), construction type, storey (number of storeys); for land development rights: the location where the development works are carried out, market value, other estimated values in case such values have been estimated as prescribed by the legislation of the Republic of Armenia, as well as other information necessary for the identification of the collateral;
- (2) the type of substitute and additional assets, their market value, nominal value;
- (3) the types of transactions concluded in derivative assets, the amount of the transaction, its conclusion date and execution period, as well as information, defined by the Central Bank, on the other party of the transaction;
- (4) other information defined by regulatory legal acts of the Central Bank.

4. Assets shall be written off from the cover assets register:

- (1) in case of repayment, including early repayment of the assets;

- (2) in case of classifying the assets as overdue for 90 and more days;
- (3) in case of incompliance of the assets, after their issuance, with the requirements defined by this law.

Assets may also be written off from the cover assets register where the cover assets exceed the value defined by this Law and the assets left in the cover assets register comply with the requirements defined by this Law.

Assets registered in the cover assets register shall be written off from the register upon the written consent of the controller and upon the authorisation of the Central Bank.

5. In case of writing off the assets upon the grounds mentioned in points 1 to 3 of part 4 of this Article the issuer shall be obliged to substitute such assets, on the same working day, with other assets meeting the requirements of this Law.

6. The issuer shall be obliged to provide the controller, upon the request of the latter and on the same working day, with information on the amounts received for the assets entered into the register, as well as on any changes relating to such assets that may be of any significance to the owners of mortgage bonds.

Article 9. Cover assets controller

1. The issuer must have a controller. The controller shall, based on a contract for provision of services concluded with the issuer, carry out the control over the cover assets register, and ensure the equivalence of the cover assets to the mortgage bond liabilities, as defined by this Law.

2. The controller shall be a natural person:

- (1) who has not been convicted of a crime committed intentionally;
- (2) who is not deprived, by a court, of the right to occupy positions in financial, banking, tax, customs, commercial, economic, legal fields;

- (3) who is not declared bankrupt and has no outstanding (unremitted) liabilities;
 - (4) whose qualification or professional knowledge meet the qualification and (or) professional competence standards defined by the Central Bank;
 - (5) who is not kept under a temporary detention, or is not included in the wanted list.
3. The Central Bank shall define the procedure for the qualification of a controller and (or) the professional competence standards in its regulatory legal acts.

Article 10. Controller's functions

1. While performing his or her duties, the controller shall be obliged to act based on the interests of the mortgage bond investors, exercise his or her rights and perform his or her duties towards the investors in a fair and reasonable manner (fiduciary duty).

Where the controller, while carrying out his or her functions, reveals violations committed by the issuer of the laws and other legal acts regulating the activities of mortgage bond issuance, he or she shall be obliged to inform thereon the Central Bank within one working day.

2. The controller shall be entitled, at any time, to check the records kept by the issuer, as well as require at any time information pertaining to mortgage bonds and cover assets.

3. The controller shall be obliged to:

- (1) issue, before the issuance of mortgage bonds, an attestation of conformity of the assets to the requirements of this Law and of their equivalence to the mortgage bond liabilities;

- (2) exercise control over the permanent availability with the issuer of cover assets compatible with the requirements of this Law and in an amount equivalent to the claims on mortgage bonds;
- (3) inform thereon, immediately after the registration of derivative securities in the cover assets register, the persons having concluded transactions involving derivative securities with the issuer;
- (4) assist in the writing off of assets from the cover assets register where the remaining assets are sufficient for backing up the mortgage bond liabilities, as well as for maintaining the minimum amount of the additional assets;
- (5) preserve the documents pertaining to cover assets and give them out only in the cases prescribed by this Law.

Article 11. Preservation of documents pertaining to cover assets

1. Original documents pertaining to cover assets shall be deposited with the controller until the issuer has discharged all the liabilities arising from mortgage bonds, or may be preserved with the issuer provided that the latter may not dispose of the documents without the consent of the controller.
2. The controller shall give out original documents pertaining to the cover assets, where:
 - (1) such documents, pursuant to the legislation of the Republic of Armenia, are to be provided to another person by the issuer;
 - (2) it is necessary for the issuer to exercise the right to claim on the assets.
3. In the cases provided for by part 2 of this Article, the controller shall, upon the written request of a person, provide within two working days the original documents pertaining to the cover assets to that person.

Article 12. Pledging of cover assets

1. By virtue of this Law cover assets shall be deemed as pledged with a view to securing the discharge of the liabilities arising from mortgage bonds from the moment the Central Bank registers the list of assets.

The pledging of assets shall, without any limitations, include the pledging of rights arising from claims on assets, proceeds and payments receivable from assets, as well as other existing funds or those receivable in future. Principal amounts and interests pertaining to the assets, insurance receivables, fines and penalties to be received with regard to the assets, other charges, rights arising from pledge agreements, amounts due to be paid to the owners of mortgage bonds shall be deemed to be such funds and payments.

2. The registration of assets by the Central Bank is a state registration and no other registration of the right to claim on assets is required.

3. The list of assets shall be presented to the Central Bank for registration together with the prospectus on issuance of mortgage bonds.

Within 20 working days the Central Bank shall, upon availability of the controller's written attestation of conformity of the assets to the requirements of this Law, register the list of assets.

4. In case of any changes made to the list of assets, the controller shall be obliged to inform the Central Bank within one working day. Changes made to the list of assets shall, upon availability of the controller's written attestation of conformity of the assets to the requirements of this Law, be registered by the Central Bank within five working days.

Article 13. Public disclosure of the issuer's activities

1. The issuer shall be obliged to prepare, submit to the Central Bank and publish on their Internet home page, as prescribed by this Law, quarterly statements relating to

the issuance of mortgage bonds, the form, the procedure and time periods of submission and disclosure whereof shall be defined by regulatory legal acts of the Central Bank. Quarterly statements shall include:

- (1) the amount of outstanding mortgage bond liabilities, the amount, in the nominal value, of the assets included in the cover assets, the present net value of such assets, the residual value of mortgage loans held as cover assets, as well as the ratio of the loan amount and the value of the collateral;
- (2) the structure of outstanding mortgage bonds in order of maturity, as well as time periods of fixed interest rates for the cover assets in order of years;
- (3) types of derivative securities contracted by the issuer, the total sum of the transactions;
- (4) placement of the assets included in the cover assets:
 - a. in order of the nominal value of the assets;
 - b. in order of the location of the real estate (in order of marzes, cities, villages, communities);
 - c. in order of the purpose of use of the collateralised real estate;
 - d. in order of the types of the pledged real estate: land parcel and (or) apartment in a multi-apartment building, and (or) individual residence house and (or) building not designed for permanent residence, and (or) industrial and (or) commercial premises;
- (5) made cover assets payments divided up into 90-day plans and categorised in order of the locations mentioned in point 4(b);
- (6) the number of the real estate units realised within the reporting period with regard to the assets included in the cover assets, as well as the number of the real estate units pending realisation as of the end of the reporting period;
- (7) the number of the cases within the reporting period when the issuer undertook measures to realise the mortgaged collateral in order to prevent losses;

- (8) the number and amount of classified mortgage loans held as cover assets;
 - (9) the total amount of payments made, within the reporting period, not as scheduled in the schedule of repayment of the mortgage loans held as cover assets;
 - (10) other information defined by regulatory legal acts of the Central Bank.
2. Statements and information submitted by the issuer shall be complete and reliable.

CHAPTER 3

MORTGAGE BOND ISSUANCE, TURNOVER AND REPAYMENT

Article 14. Prospectus

1. For the purpose of issuing mortgage bonds the issuer shall be obliged to publish a prospectus which must include the information subject to disclosure in accordance with the Law of the Republic of Armenia “On securities market”, as well as the following information:

- (1) on loans held as cover assets for the mortgage bonds of the issuer, including:
 - a. loan servicing payments and loan interest rate;
 - b. outstanding amount of the loans and the time period remaining until the final repayment of the loans;
 - c. classification of the loans by each year starting from the repayment of the given loan as of the last day of the year and of the last day of the quarter preceding the mortgage bond issuance;
 - d. types of the loan collateral, their estimated value, loan/collateral (estimated value) ratio at the moment of loan origination and as of the last day of the quarter preceding the mortgage bond issuance;

(2) other information defined by regulatory legal acts of the Central Bank.

2. The registration of the prospectus, as well as amendments and supplements thereto shall be made as prescribed by the Law of the Republic of Armenia “On securities market”.

Article 15. Discharge of mortgage bond liabilities

1. Liabilities towards the owners of mortgage bonds shall be discharged irrespective of the discharge of cover asset liabilities by debtors.

2. Repayment of mortgage bonds, as well as early repayment thereof, where so provided for, shall be carried out as prescribed by the prospectus.

Article 16. Keeping and depositing of mortgage bonds register

1. The functions of keeping and depositing the mortgage bonds register shall be carried out by the Central Depository.

2. Upon the request of the Central Bank, the Central Depository shall be obliged to provide the Central Bank with information on owners of mortgage bonds within two working days.

CHAPTER 4

CONTROL OVER ISSUER

Article 17. Control over the issuer

1. The right to control over the activities of mortgage bond issuance and the issuer shall be vested on the Central Bank.

2. The Central Bank shall carry out the control over the activities of mortgage bond issuance and the issuer in accordance with this Law and the Laws of the Republic of Armenia “On the Central Bank of the Republic of Armenia”, “On banks and banking”, “On credit organisations”, “On bankruptcy of banks, credit organisations, investment companies, investment fund managers and insurance companies”, and “On securities market”.

(Article 17 supplemented by HO-270-N of 22 December 2010)

CHAPTER 5

MORTGAGE MANAGER AND MANAGEMNAT OF COVER ASSETS

Article 18. Appointment and dismissal of the mortgage manager

1. The Central Bank shall, for the purpose of managing the assets registered in the cover assets register, appoint a mortgage manager (hereinafter referred to as “the manager”) from the moment of declaring the activity licence of the issuer’s banking or credit organisation repealed or invalid, as well as from the moment the Central Bank renders a decision on insolvency of the issuer or a court renders a decision on bankruptcy thereof.

2. The decision of the Central Bank Board on appointment of the manager shall enter into force upon its adoption and is subject to publication, within two working days, in a press outlet with a circulation of at least two thousand copies and (or) through other mass media.

3. The manager shall hold a relevant qualification certificate which is issued by the Central Bank. The Central Bank shall prescribe the procedure for qualification of the manager, the requirements therefor, the procedure and conditions for issuing certificates and the termination of the validity thereof.

4. The manager and the head and (or) the members of the *ad hoc* administration and (or) the liquidator and (or) liquidating commission appointed in compliance with the Law of the Republic of Armenia “On bankruptcy of banks, credit organisations and investment companies, investment fund managers and insurance companies” shall be different persons.

5. The manager shall manage the cover assets based on the interests of the secured mortgage bond investors (fiduciary duty). In case the manager fails to perform his or her duties or performs them improperly, the Central Bank shall dismiss him or her from performing the duties of the manager or repeal his or her qualification certificate.

The above-mentioned decision of the Central Bank shall be published in a press outlet with a circulation of at least two thousand copies and (or) through other mass media.

The manager may appeal against the decision of the Central Bank in court if it has been rendered in contravention of this Law. The appeal against the decision shall never during the period of court examination of the case suspend the effect of that decision.

(Article 18 supplemented by HO-270-N of 22 December 2010)

Article 19. Discharge of mortgage bond liabilities in case of the issuer’s insolvency and (or) bankruptcy

1. In case of insolvency and (or) bankruptcy of the issuer the management of the cover assets and the discharge of the mortgage bond liabilities shall be carried out as prescribed by the Law of the Republic of Armenia “On bankruptcy of banks, credit organisations, investment companies, investment fund managers and insurance companies”.

(Article 19 supplemented by HO-270-N of 22 December 2010)

CHAPTER 6

VIOLATIONS OF LEGISLATION AND SANCTIONS IMPOSED THEREFOR

Article 20. Violations of legislation

1. Sanctions may be imposed on the issuer and its supervisor, where:

- (1) the rules of the maintenance of the cover assets register have been violated, as well as the pieces of information entered into the register are unreliable;
- (2) assets not complying with the requirements of this Law have been added to the cover assets register;
- (3) the requirements pertaining to the equivalence, as well as to the composition of the cover assets provided for by this Law have been violated;
- (4) the procedure, time periods and conditions of submission and publication of reports prescribed by this Law have been violated, and (or) false or unreliable data have been submitted in such documents;
- (5) the issuer has not disclosed the information subject to disclosure under this Law;
- (6) the issuer has carried out activities, which, in the judgement of the Central Bank, may endanger the interests of the owners of mortgage bonds;
- (7) the issuer has not fulfilled an assignment given by the Central Bank as prescribed by this Law;
- (8) the requirements of this Law, other regulatory legal acts adopted based thereon, as well as the internal legal acts of the issuer have been violated.

Article 21. Sanctions imposed for violations of legislation

1. In cases provided for by Article 20 of this Law the Central Bank may impose the following sanctions on the issuer and its supervisor:

- (1) warning;
- (2) fine;
- (3) revocation of the supervisor's qualification certificate.

2. Sanctions shall be imposed as prescribed by the Law of the Republic of Armenia "On the Central Bank of the Republic of Armenia".

3. Imposition of sanctions provided for by this article shall not exempt the issuer and its supervisors from the liability provided for by other laws, other legal acts and contracts.

4. For each case of violation of laws or other legal acts the Central Bank may concurrently impose a warning upon the issuer and (or) its supervisor with an assignment to eliminate the violations and (or) to take measures aimed at further prevention of such violation, and (or) termination of certain transactions and (or) operations made by the issuer and (or) making an amendment to the conditions thereof, and (or) a fine upon the issuer or its supervisor, and (or) a revocation of the supervisor's qualification certificate.

5. The Central Bank shall be obliged to publish the decision, prescribed by this article, on imposition of a sanction (sanctions) on the issuer, the supervisor or the responsible person thereof on its Internet home page.

Article 22. Warning and assignment to eliminate the violations

1. The violation committed shall be recorded in the warning and the issuer having committed the violation shall be notified about the impermissibility of the violation.

2. The warning shall also provide for an assignment to eliminate the violation within a time period set by the Central Bank and (or) to take measures aimed at further prevention of such violation and (or) terminate certain transactions and (or) operations concluded by the issuer, and (or) make an amendment to the conditions thereof. The fulfilment of the assignment shall be mandatory for the issuer having received the warning.

3. The warning may be imposed as a sanction in case of presence of any of the grounds provided for by article 20 of this Law.

Article 23. Fine

1. A fine may be imposed as a sanction in case of presence of any of the grounds provided for by article 20 of this Law, if those violations and (or) the causes thereof have not been eliminated or cannot be eliminated by taking control measures (such as meetings, correspondence, explanatory works) aimed at remedying the issuer's state of affairs and (or) by imposing sanctions prescribed by article 21 of this Law. In that case, the decision on imposition of a fine shall:

(1) substantiate that following, for the given violation(s), the implementation of control measures aimed at remedying the issuer's state of affairs and (or) the imposition of sanctions prescribed by article 21 of this Law, the issuer has not undertaken the necessary and effective actions for elimination of the violations;

(2) ensure that the imposition of the fine is appropriate for the nature of the violation(s) and is not based on discriminatory judgements.

2. The amount of the fine imposed on the issuer may not exceed, for each violation, 1 per cent of its authorised capital.

3. The amount of the fine shall not result in a difficult financial situation for the issuer.

4. The amount of the fine for each violation imposed on the issuer's supervisor may not be in excess of thousand times the prescribed minimum salary. The fine imposed on the issuer's supervisor shall be levied from his or her personal means.

5. The fine shall be levied upon a court decision pursuant to a claim of the Central Bank if the issuer or the supervisor or the responsible person thereof does not agree with the imposition of the fine or with the amount of the fine. In case of imposition of a fine on the issuer the fine shall be levied from its correspondent account. The amount shall be allotted to the state budget.

Article 24. Revocation of the qualification certificate of the issuer's supervisors

1. Qualification certificate of the issuer's supervisors shall be revoked pursuant to the decision of the Central Bank in case they:

(1) have carried out such actions arising from personal interest that contravene the interests of owners of mortgage bonds;

(2) have manifested dishonest and unconscientious attitude towards their duties, including those assumed towards the owners of mortgage bonds;

(3) have failed to fulfil an assignment of the Central Bank or ignored a warning of the Central Bank.

2. Upon entry into force of the decision of the Central Bank on revocation of the qualification certificate of the issuer's supervisor, the powers — conferred to the issuer's supervisor pursuant to the legislation of the Republic of Armenia, the charter of the issuer and other internal documents — shall terminate.

3. The revocation of the qualification certificate of the issuer's supervisor shall be substantiated, comply with the nature of the violation and shall not be based on discriminatory judgements.

Article 25. Liability of the controller and the mortgage manager

1. In case the controller and the manager fail to fulfil their duties prescribed by this Law or fulfil them improperly, the sanctions prescribed by this Law for the issuer's supervisors may be imposed thereon by the Central Bank.

CHAPTER 7

TRANSITIONAL PROVISIONS

Article 26. Entry into force of this Law

This Law shall enter into force on the tenth day following the day of its official promulgation.

**President
of the Republic of Armenia**

S. Sargsyan

21 June 2008

Yerevan

HO-97-N