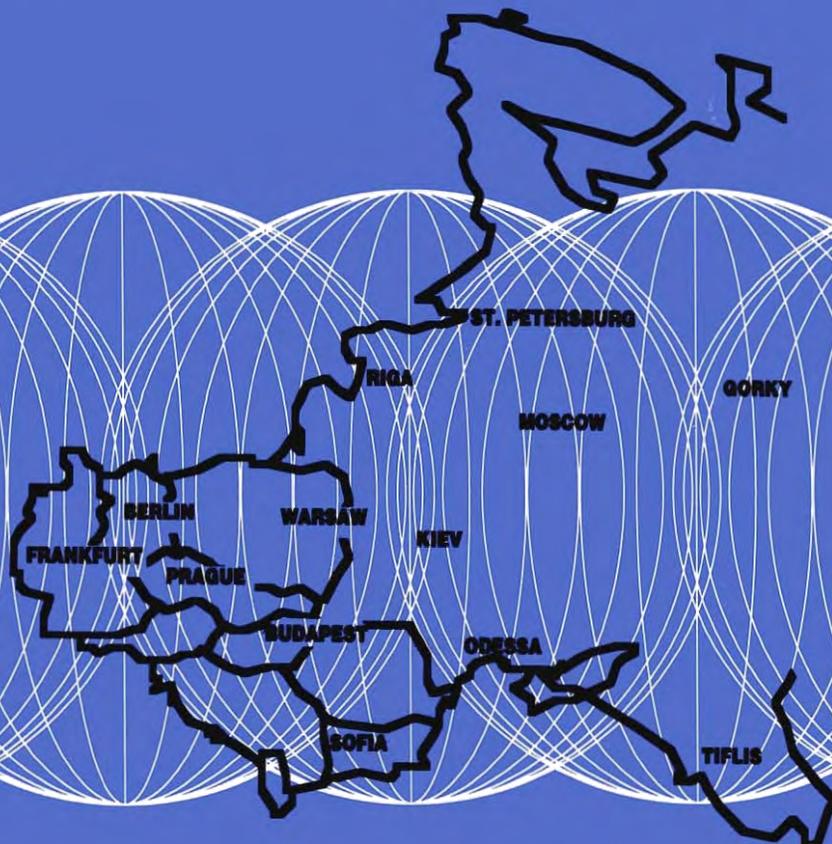


AN INTERNATIONAL ACTIVITIES PROJECT

**FROM PLANNING TO MARKETS
HOUSING IN EASTERN EUROPE**

**PROCEDURES FOR IMPLEMENTING
THE RETIRED OFFICER HOUSING
CERTIFICATE PROGRAM**

**BANK ADMINISTRATIVE PROCEDURES
AND GUIDELINES**



THE URBAN INSTITUTE

Prepared for the Office of Housing and Urban Programs (USAID)

**PROCEDURES FOR IMPLEMENTING
THE RETIRED OFFICER HOUSING
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AND GUIDELINES**

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PROCEDURES FOR IMPLEMENTING THE RETIRED OFFICER HOUSING CERTIFICATE PROGRAM

BANK ADMINISTRATIVE PROCEDURES AND GUIDELINES

This document contains procedures prescribed by the United States Agency for International Development (USAID) to be followed by all banks responsible for the administration of the Retired Officer Housing Certificate Program.

The information in this document will be supplemented by training sessions for bank personnel assigned to the project. A USAID representative will conduct the training, which will take place at the banks prior to the issuance of certificates to eligible officers. All information relating to the program, including the functions of the municipalities and oblasts responsible for the program, will be explained at that time.

Over the course of program implementation, the bank may experience problems in adhering to the requirements. To avoid delays in processing certificates or delays in receiving funds or fees, the bank should immediately contact the program reviewer for assistance when problems arise.

I. OVERVIEW OF THE BANK'S ROLE

Although each transaction requires a fair amount of work, the bank's role in the program can be summarized in a few key steps:

- After the officer has presented his certificate, the bank will open a case file and issue the officer a conditional commitment letter, which will state the amount of funding to which the officer will be entitled if he follows the program's terms and conditions. The bank will be responsible for updating funding values when the program reviewer announces new values each month.
- The bank will review the officer's proposed presales agreement and inspect the unit to determine its condition and its likelihood of being completed on schedule.
- When the unit is ready to be sold, the bank will help the officer prepare for closing and submit its supporting documentation to the program reviewer, who will approve the release of funds to the bank if everything is in order.
- At the closing, the bank will disburse funds to the seller (and buyer, if applicable) and ensure that all necessary paperwork is executed, and that all required fees and taxes are paid.

II. BANK RESPONSIBILITIES AND ADMINISTRATION

It is recommended that this program be administered at the bank's headquarters, and a designated staff be responsible for knowledge of the program and interaction with the officers, municipal officials, oblast officials, unit sellers, the program reviewer, and USAID representatives.

The bank staff administering the program can be relatively small. The registration of certificates and account maintenance can be carried out by technical employees. Housing unit inspection should be conducted by a qualified engineer. The collection of required documents should be the joint responsibility of the employee responsible for account maintenance and the engineer. A vice president-level officer should supervise all aspects of the program, including confirming compliance with all program policies and overseeing the funds disbursement process. Funds disbursement could be assigned to the bank's cashier or treasury department. The supervising vice president should make all requests for funding and fee payments

The information obtained by the bank in administering this program is highly confidential and the bank should protect this confidentiality by employing strict security procedures. Access to all documents and information should be restricted to only those directly involved in the processes. Use of information by any other persons must be approved by the program's supervising vice president.

The remainder of this document describes the tasks required to administer the program in greater detail.

A. Pricing

The amount that the bank will pay out when a certificate is redeemed will depend on the month in which the redemption occurs. There are two sets of prices: one for newly constructed units and one for existing housing. These values will be calculated by the local pricing center, design institute, or other entity and must be approved by the program reviewer. The program reviewer will transmit the approved prices to the bank and municipality each month. The organization that is responsible for the new construction pricing may be different from the organization that is responsible for the existing housing pricing.

A certificate entitles an officer to a certain amount of money (shown on a bank funding letter issued to the officer by the municipality). The prices appearing on bank funding letters are referred to as "bank funding values" or simple "funding values." At the start of the program, bank funding letters will have new construction values for each of the first three months of the program, and existing unit funding values for each of the first two months of the program. At the end of each month, the pricing organizations will calculate new funding values to replace the expiring monthly values. As a result, the officer will always know the new construction funding values for the next three months and the existing unit funding values for the next two months.

For each month, the pricing organizations will calculate three funding values corresponding to one-room, two-room, and three-room units. The size of unit that an officer may purchase (and, therefore, his funding value size) depends on the number of rooms his family is entitled to occupy according to current social norms. The funding value does not depend on the number of square meters to which the family is entitled. For example, two families may be entitled to different amounts of total living space, but if their respective family compositions make them eligible for the same number of rooms, they will receive the same amount of money to purchase a unit.

The funding values appearing on the bank funding letter will be stated in U.S. dollars and cannot exceed US\$25,000. Payments to the officer, however, will be in rubles. The bank should



convert the funding value to rubles using the central bank exchange rate in effect on the day the closing takes place. Officers should negotiate agreements using rubles or ruble equivalents.

B. Registration

The officer will visit the bank, present his certificate, and confirm his identity using his passport number or military identification.

- (a) *Verification.* The certificate will be checked against the master log and the information, including the certificate's date of issue and bank funding values will be confirmed.
- (b) *Registration.* When the certificate is authenticated, the bank will accept it and give the officer a receipt (Exhibit A) acknowledging its acceptance.
- (c) *File folder.* A file folder should be created and the certificate should be inserted in the folder.
- (d) *File checklist.* Exhibit B—insert in file folder.
- (e) *Transaction journal.* Exhibit C—a transaction journal should be prepared. Information can be input into a computer, if applicable.

C. Conditional Commitment Letter

The bank will issue a conditional commitment letter (Exhibit D) to the officer including the following:

- Monthly bank funding values;
- Certificate issue date;
- Certificate expiration dates; and
- Notice that the for disbursement to take place all terms and conditions enumerated in the document "Terms and Conditions for Purchase of a Housing Unit Under the Military Housing Certificate Program" must be met.

Based on information obtained from the housing department's master log of certificates, the bank will fill out the bank funding values for the first three months of the program for newly constructed units, and for the first two months of the program for existing units, on the conditional commitment letter when it is issued.

On a monthly basis, the program reviewer will provide the bank with the funding values for an additional month. Officers who have not yet signed a presales agreement will return to the bank on a monthly basis to have their letters updated.



D. Terms and Conditions

The bank will issue each officer a copy of the program's official terms and conditions (Exhibit E). Bank staff should become very familiar with these terms and conditions. This document includes the following:

- A requirement for the officer to acknowledge that he received and understands the conditional commitment letter;
- A description of who is eligible for the program;
- An explanation of how and when the certificate will expire;
- A description of eligible housing units;
- An explanation of the presales agreement and the site inspection;
- A description of the program reviewer's role and the forms which must be submitted to the reviewer before funds can be released;
- A description of the officer's responsibility for arranging for the payment of taxes and fees associated with the sale; and
- An explanation of actions that will take place at closing.

E. Notice to Reviewer

Upon registering a certificate, the bank will notify the program reviewer (Exhibit F). The notice will contain the following information:

- Name of officer;
- Current address, telephone number, and best method of contacting the officer;
- Certificate number;
- Initial bank funding values;
- Issue date; and
- Expiration date.

F. Notice to Municipality

Upon registration of a certificate, the bank will notify the municipality/oblast that the certificate has been registered with the bank (Exhibit G). The notice will include the following information:

- Officer's name;
- Certificate number;
- Date of registration; and
- Initial bank funding values.

The notice will also request that the municipality send to the bank the documents verifying officer eligibility, including:

- Officer discharge abstract;
- Verification of current residence at time of certificate issuance (if applicable);
- Verification of family composition at time of certificate issuance;



- Officer application for municipal housing waiting list (if applicable);
- Municipal interviewer determination of officer eligibility; and
- Application of the officer to the program.

G. Unit Selection and Presales Contract Review

When an officer selects a unit for purchase, he is requested to submit the particulars of the transaction to the bank prior to signing the presales agreement. The terms of the purchase should be expressed in their entirety in a presales agreement (Exhibit H) which is required for all transactions under this program. The bank should make copies of the proposed presales agreement, insert one in the officer's file; and give one to the personnel assigned to perform the unit inspection. This inspection is part of the presales agreement review. An officer may sign a presales agreement before the bank reviews the agreement and inspects the unit; however, any such agreement is subject to the terms and conditions specified in Exhibit H and its attachments.

The officer should provide the bank with information as to how the bank may best contact the seller. This information should be added to the transaction journal.

H. Pre-Agreement Inspection

For newly constructed units, the bank engineer should arrange to inspect the unit with the seller, the officer, and an inspector from the municipal department that issues certificates of occupancy. The engineer should obtain a letter (Exhibit I) from the municipality stating that the work completed to date is in compliance with the building code, and that if the remaining work is satisfactorily completed, the municipality will issue the unit an occupancy permit. A list of work which must be completed for an occupancy permit should be attached to Exhibit I.

The bank engineer should prepare an agreement (Exhibit J-1) to be signed by each of the parties, acknowledging their understanding of any work required to complete construction. At the time of the inspection, the engineer must take interior pictures of the unit and exterior pictures of the building in which the unit is located. A map showing the property location should be placed in the account file..

The inspection procedure for existing units differs somewhat from the inspection procedure for newly constructed units. First, Exhibit I is not needed because occupancy permits are not required for existing housing. Because occupancy permits are not needed, municipal inspectors have no role in existing housing purchases. As a result, Exhibit J-2 (which replaces Exhibit J-1 for sales of existing units) does not contain references to a municipal inspector.

I. Transaction Evaluation

The bank engineer must evaluate complete or nearly complete new units using the scoring system described below. This evaluation method (Exhibit K-1) allows the engineer to more accurately describe whether a unit will likely:



- Meet the quality standards required for an occupancy permit;
- Be completed for the agreed price; and
- Be completed on time.

Unit Meets Quality Standard for Occupancy Permit

					Target	Actual
Likelihood	Less than 90%	90%	95%	100%	100%	
Value	0	5	15	40	40	

Unit Will Be Completed for Price Agreed

					Target	Actual
Likelihood	Less than 90%	90%	95%	100%	100%	
Value	0	5	10	25	25	

Unit Will Be Completed on Time

					Target	Actual
Likelihood	Less than 90%	90%	95%	100%	100%	
Value	0	10	20	35	35	

A total score is calculated by summing the values for each of the three scoring categories. Low values are assigned when there is a low probability of achieving the stated target; high values are assigned when there is a high probability. If, for example, a unit is complete at the time the presales agreement is signed and an occupancy permit has been issued, the engineer would score each component of the evaluation at its full value, resulting in a total of 100 (i.e., 40+25+35=100).

The evaluation must achieve a total value of 80 to be acceptable. If the value is lower, there must be a satisfactory solution to achieve an acceptable value. For example, if the initial inspection indicates that the work was not of a quality to qualify for an occupancy permit, the assigned value should be low. However, if the municipal authorities agree that corrective measures may be carried out that would qualify the unit for an occupancy permit, the value may be increased to reflect this possible improvement.

An example of a problem concerning price which could occur is if there were substantial work to be completed and the engineer was aware that costs were increasing for some materials which the seller has not purchased. This problem could be overcome by the engineer advising the buyer of the possibility of a resulting price increase and determining if the purchaser is willing to pay from his own funds for a price in excess of the certificate value. If the purchaser agrees, then the assigned value should reflect this resolution.



The bank engineer should use Exhibit K-2 to evaluate the condition of existing units. The engineer should use the space provided on the form to comment on any aspect not covered by the inspection form or to describe any work needed to bring the unit up to acceptable standards.

Both the bank and officer must bear in mind that this evaluation is a guide for the officer only. If the bank recommends against the presales agreement, the officer may still sign the document. The bank will redeem a certificate for an agreement it has not supported as long as all program conditions are met before the closing occurs.

J. Proof of Sufficient Funds

The bank must determine whether the certificate amount is sufficient to pay the purchase price and any other costs or fees required to complete the transaction. If the certificate value is not sufficient to pay for the unit, the bank must determine how any additional amount required will be paid. The bank should obtain written verification (Exhibit L) from the additional funding sources. A purchaser may, for example, provide evidence of personal savings, loans, or other funding sources. In the case of personal savings, the bank might request that the officer deposit the necessary funds with the bank pending closing. Alternatively, the bank may simply verify that the funds are deposited and are readily available at some other institution.

In some instances, the bank may not be satisfied that the required funds will be available to complete the transaction. The officer can still enter into agreement, but the bank must advise the officer that the bank's funding obligation will be subject to the officer providing any additional funds required at the closing.

K. Presales Agreement

After the bank completes its evaluation of the property, confirms other funding sources, and approves the transaction, the bank should advise the officer in writing (Exhibit M) that it approves the signing of the presales agreement that the officer originally submitted to the bank for review. If the bank does not approve the transaction, the buyer may still sign the presales agreement with the understanding that the bank will not be obligated to fund the final sale unless all program terms and conditions are met. The bank should notify the officer in writing (Exhibit N) of the reasons approval has not been given. The bank should advise the buyer of the conditions which must be met in order for it to be able to approve the transaction.

The officer should deliver a signed copy of the presales agreement to the bank, where the account maintenance employee should compare it to the unsigned copy in the file and confirm that it has not changed. If there have been changes, the bank should contact the officer and ask for an explanation. If any changes are necessary in the presales agreement after the bank has received the unsigned copy, but before the parties sign, the officer should notify the bank. The supervising vice president must determine that the changes do not jeopardize the ability of the seller to deliver an acceptable unit at the agreed time and price. If the change is agreed to by the bank, written approval should be given to the officer.



L. Confirmation of Commitment

If the bank approves the transaction after reviewing the signed presales agreement, it should confirm the commitment in writing by sending the officer the letter in Exhibit O. The bank must also notify the program reviewer (Exhibit P).

M. Final Municipal Inspection

No later than fifteen (15) days prior to the completion date indicated in the presales agreement, the seller is to notify the officer (Exhibit R) that the unit will be ready for occupancy as scheduled. At the same time, the seller should arrange for the municipality to complete its inspections for the occupancy permit if one has not already been obtained.

If the seller does not contact the purchaser at least fifteen (15) days prior to the date of completion, the purchaser should notify the bank. The bank is to notify the seller that unless the unit is completed in accordance with the terms of the presales agreement and an occupancy permit provided by the completion date stated in the presales agreement, the seller's action will be considered a breach of the contract. In such event, the seller should be advised that neither the purchaser nor the bank will have any obligation to the seller to complete the transaction beyond the completion date stipulated in the presales agreement. At the officer's discretion, an extension can be granted if the extended date does not exceed the certificate expiration date.

In addition to the municipal inspection, the bank should encourage the officer to make a final inspection to confirm that all items have been completed as required in the agreement prepared at the time of the pre-agreement inspection.

N. Preparation for Closing

Preparation for closing can begin immediately after the occupancy certificate has been obtained (in the case of new construction sales) or after the presales agreement is approved by the bank (in the case of existing unit sales). The bank must fill out a form (Exhibit R) indicating what funds will be required for the closing and where they will be obtained. The account maintenance employee must then fax or arrange for hand delivery of all documents listed below to the program reviewer. The documents are:

- The cover letter indicating that the is bank requesting a funds disbursement (Exhibit S);
- Officer's discharge abstract;
- Officer application to municipal waiting list for housing;
- Verification of current place of residence at time of certificate issuance (required only for officers discharged on or before April 2, 1993, or before January 28, 1992 in Latvia); a propiska is acceptable;
- Verification of family composition at time of certificate issuance;
- Municipal interview determination of eligibility, family size and certificate value and supervisor approval;
- Signed presales agreement;
- Certificate of Occupancy (newly constructed units only);



- Proof that the seller has the right to sell the unit; and
- Funds requirements and sources form.

On a weekly basis, the reviewer will notify the Urban Institute of the certificate redemptions it has approved that week and the Urban Institute will fax to the bank an authorization for distribution (Exhibit AA) and wire the funds to the bank's foreign affiliate.

O. Closing

When the reviewer opinion (Exhibit T) is received, the bank notifies the officer and seller to review the funding arrangements with them and arrange a date and time for the closing (Exhibit U). The closing should be arranged for the earliest possible date that still gives the bank time to help the officer make all arrangements necessary for the closing. Because closing procedures vary somewhat from place to place, the bank should describe the local procedures, both for newly constructed units and for existing units, in an attachment to Exhibit U. Documents that must be signed include:

- A sales agreement (Exhibit V);
- An officer acknowledgment of funds received (Exhibit W); and
- A seller acknowledgment of payment received (Exhibit X).

The bank must provide the reviewer with copies of the sales agreement and the original officer and seller payment acknowledgments.

The bank should convert the certificate value into rubles using the central bank exchange rate in effect on the day the closing takes place.

P. Certificate Expiration

If an officer does not submit a signed presales agreement to the bank within three months from the date the certificate is issued, or if the officer breaks his signed presales agreement without permission from the seller, or if the officer's signed presales agreement is invalidated because the seller refused or was unable to deliver the unit specified in the presales agreement at the time agreed to in the presales agreement, the bank shall return the original certificate marked "canceled" to the municipality. In some cases, the officer may submit an unsigned presales agreement to the bank before the three month limitation date, but because of the time it takes for the bank to inspect the unit and review the proposed agreement, the officer cannot submit a signed agreement within the three month limit. In these cases, the officer is allowed ten days after the bank approves his unsigned presales agreement to submit a fully executed presales agreement to the bank.

In the event the certificate is canceled, the Bank must advise the officer, reviewer and municipality (Exhibit Y) and explain the reasons for the cancellation. The bank should specify whether the officer is entitled to a new certificate. the bank should notify the program reviewer that the bank is entitled to receive a partial fee for the partially processed certificate.



Q. Funds Flow

The reviewer will notify the Urban Institute on a weekly basis of the certificates it has approved for disbursement. The Urban Institute will wire transfer the requested funds to the bank's foreign affiliate. Also on a weekly basis, the reviewer will inform the Urban Institute which certificates have been successfully redeemed and the Institute will pay the bank's fees by the same wire transfer method. The bank must provide to the Urban Institute the originals of the acknowledgments of receipt of funds (Exhibits W and X) after the closing. The bank will provide a monthly summary of disbursements to the program reviewer (Exhibit Z).

R. Record Keeping

All accounting records for the disbursement of funds and the calculations of fees together with copies of documents, correspondence, underwriting work papers and any other information pertaining to the transaction are to be retained by the bank for a period of seven (7) years. All records and files are to be provided to any agency or auditors appointed by United States Agency for International Development or any other agency of the Government of the United States of America.



**EXHIBIT A
CERTIFICATE RECEIPT**

[BANK NAME]

TO: [OFFICER NAME]

DATE:

We acknowledge receipt from you of Retired Officer Housing Certificate No. [NUMBER], issued [DATE] and expiring [DATE]. Your certificate is now registered with this bank, and you may proceed to purchase a housing unit in accordance with the terms of the program.

Within the next day we will issue to you a conditional commitment letter indicating the amount you will receive from the bank if all program terms and conditions are met.

[BANK NAME]

By: _____
Vice President



EXHIBIT B FILE CHECKLIST

PROVIDED BY MUNICIPALITY

- Officer's discharge abstract
- Bank funding values:

<i>Newly Constructed</i>	<i>Existing Units</i>
Month 1 _____	Month 1 _____
Month 2 _____	Month 2 _____
Month 3 _____	Month 3 _____
Month 4 _____	Month 4 _____
Month 5 _____	Month 5 _____
Month 6 _____	Month 6 _____
- Original copy of master certificate log
- Verification of Current Place of Residence at time of Certificate Issuance (required only for officers discharged on or before April 2, 1993, or before January 28, 1992 in Latvia)
- Verification of family composition at time of certificate issuance
- Municipal interview determination of eligibility, family size and certificate value with supervisor approval
- Officer application to municipal housing waiting list (if applicable)
- Signed municipal inspection letter (new construction only)
- Application of the officer to the program

PROVIDED BY OFFICER

- Original certificate
- Conditional commitment letter signed by officer
- Copy of unsigned presales agreement
- Copy of signed presales agreement
- Officer acknowledgment of funds received

PROVIDED BY SELLER

- Certificate of Occupancy (new construction only)
- Proof that the seller has the right to sell the unit:
- Seller notice of unit completion (new construction only)
- Seller acknowledgment of receipt of full payment for unit

PROVIDED BY BANK

- Copy of certificate receipt
- Copy of registration notice to reviewer
- Copy of registration notice to municipality
- Copy of bank approval to sign presales agreement OR copy of notice that bank does not approve presales agreement
- Copy of confirmation of commitment to officer
- Copy of notice to reviewer confirming commitment
- Copy of request for approval of funds disbursement



PROVIDED BY BANK (continued)

- Copy of officer and seller notification of closing and funding
- Letter to officer and seller regarding municipal inspection signed by officer and seller
- Transaction journal
- Funding requirements and sources form
- Engineering inspection/transaction evaluation report
- Confirmation of other funding sources
- Signed sales agreement
- Notification of certificate expiration

PROVIDED BY REVIEWER

- Copy of monthly certificate price updates
- Reviewer response to disbursement request



EXHIBIT C
RETIRED OFFICER HOUSING CERTIFICATE PROGRAM TRANSACTION JOURNAL

Officer Name: _____ Certificate No. _____

Address: _____

Telephone: _____

Three month expiration date: _____ (Date)

Six month expiration date: _____ (Date)

Issue date: _____ (Date)

Contact Information: (provide information as to the best way to contact officer)

Issuing agency: Municipality: _____

Oblast: _____

Conditional commitment issued: _____ (Date)

Acknowledgment expected from officer: _____ (Date)

Acknowledgment received from officer: _____ (Date)

Registration notice to reviewer sent: _____ (Date)

Registration notice to municipality sent: _____ (Date)

Documents requested in registration
notice received from municipality: _____ (Date)

Unsigned presales agreement presented
to bank for processing: _____ (Date)

Property Address: _____

Seller Contact Information: _____

Confirmation of other funding sources
received (if applicable): _____ (Date)
(information attached)



Referred to engineer: _____ (Date)
Due from engineer: _____ (Date)
Received from engineer: _____ (Date)
Result of engineering inspection: Approved / Not Approved
Engineering comments: _____

Officer advised presales agreement may be signed: _____ (Date)
Signed presales agreement received and confirmed to copy in file: _____ (Date)
Work to be completed agreement attached to presales agreement: Yes / No / Not applicable

Commitment to officer confirmed: _____ (Date)
Notice to reviewer confirming commitment sent: _____ (Date)
Notice of completion received from seller: _____ (Date)
(new construction only; due 15 days prior to completion date in presales agreement)

[NOTE: If not received, explain what action was undertaken to ensure completion and conveyance before expiration date of agreement.]

Occupancy permit received (new construction only): _____ (Date)
Reviewer approval requested: _____ (Date)
Reviewer approval received: _____ (Date)

Funds received to account in foreign affiliate: _____ (Date)
Closing scheduled for: _____ (Date)
Closing completed on: _____ (Date)

Statement received from officer acknowledging he received amounts in accordance with certificate: _____ (Date)
Statement received from seller that payment in full has been received for the unit: _____ (Date)



Request for fee made: _____ (Date)

Fee received: _____ (Date)

Notice of certificate expiration sent to:

Reviewer: _____ (Date)

Municipality: _____ (Date)

Officer: _____ (Date)

Account Technician: _____ (Name)

_____ (Signature)

Engineer: _____ (Name)

_____ (Signature)

Vice President: _____ (Name)

_____ (Signature)



**EXHIBIT D
STATEMENT OF CONDITIONAL COMMITMENT**

[BANK]

TO: [OFFICER NAME]
FROM: [BANK NAME]
RE: Retired Officer Housing Certificate Program
Conditional Commitment to Fund
Certificate No. [NUMBER]
Issued to [OFFICER NAME]
Issued on [DATE]

[OFFICER NAME], hereinafter referred to as the Officer, is a full beneficiary of the Russian Military Housing Certificate program. Under this program, the [BANK NAME] has been authorized to disburse funds for the purchase of a housing unit for the Officer subject to the terms and conditions contained in the document Terms and Conditions for Purchase of a Housing Unit Under the Retired Officers Housing Certificate Program. This document is attached for your review.

[BANK NAME] will disburse funds as specified below when the Officer executes a valid sales agreement for a qualifying unit provided that all program terms and conditions are satisfied. The exact funds disbursed will be determined based on the date on which the sales agreement is signed as indicated below.

DATE OFFICER EXECUTES NOTARIZED SALES AGREEMENT	FUNDS TO BE DISBURSED (in Dollars)
[MONTH]	[NEW/EXISTING]

[BANK NAME]'s obligation to honor the terms of this letter will expire if the Officer has not obtained a signed presales agreement for a unit by [DATE], or if the Officer does not obtain a signed sales agreement for a unit by [DATE].



Please acknowledge your understanding of the terms of this commitment by signing and returning to us the enclosed copy of this letter within ten (10) days of this date.

By: _____
Vice President
[BANK NAME]

Officer: _____

Date: _____



EXHIBIT E

TERMS AND CONDITIONS FOR DISBURSEMENT OF FUNDS UNDER THE RETIRED OFFICER HOUSING CERTIFICATE PROGRAM

For a retired officer to participate in the Retired Officer Housing Certificate Program, the officer must meet the following terms and conditions.

Conditional Commitment Letter

The officer must acknowledge within ten (10) working days receipt of the conditional commitment letter, that he understands his obligations by signing and returning to the bank a copy of the commitment letter.

Officer Eligibility

The officer must be eligible. The beneficiaries are restricted to officer, with their families, demobilized from the Baltic Republics and other countries outside of Russia. The beneficiary categories in descending order of priority are defined as follows:

- (a) Officers demobilized and discharged from military service in a Baltic republic on or after April 2, 1993 (or January 28, 1992 in Latvia). At least 80 percent of program participants must be from this group.
- (b) Officers demobilized and discharged from military service in a Baltic republic prior to April 2, 1993 (or January 28, 1992 in Latvia).
- (c) Officers demobilized and discharged from military service in other countries besides the Baltic republics on or after April 2, 1993. No more than 10 percent of the participants may be selected from this group.

Certificate Expiration

The officer's certificate must not have expired. A certificate will expire three calendar months after the date it is issued if the officer has not signed a presales contract by that time or six calendar months after the date it is issued if the officer has not signed a sales agreement. If the three month date passes after the officer has submitted a proposed contract for the bank to review, but before the bank prepares its opinion, the officer will have an additional 10 working days to sign a presales agreement after receiving the bank's written opinion.

If the unit the officer has a presales agreement on has an occupancy permit and is ready for sale before the six months expiration date of the officer's certificate, but the closing is delayed beyond the six month validity because of the need to obtain reviewer approval and/or the need to obtain the state notary's signature on the sales agreement, the validity of the officer's certificate will be extended. This extension will have no effect on the funding value.

Officers who comply with the three month deadline for entering into an agreement but are not able to purchase the unit because the seller does not honor the contract will be issued another

certificate valid from the date that the aborted sales transaction was scheduled to take place. This second certificate will again have three month/six month expiration dates. However, no single officer may receive more than one replacement certificate.

Unit Eligibility

The officer will be free to purchase any unit he desires subject to the following restrictions: A newly constructed unit must be one that has not previously been occupied, and it must be built by a private firm. For the purposes of this program, former construction kombinats which have become joint stock companies are private firms. New units must receive a certificate of occupancy before funds can be disbursed. An officer may also purchase an existing housing unit. The unit should be safe, decent, and sanitary.

Presales Agreement

A presales agreement must be signed between the buyer and seller. Existing unit transactions must use a presales agreement even if this is not the standard local practice. When an officer has located the unit he would like to purchase and has negotiated terms with the seller, but before he has entered into a presales agreement, the officer must provide the bank with information about the proposed agreement.

Within ten days of receiving the proposed presales agreement, the bank will examine the proposed agreement to assess its reasonableness. For newly constructed units, this process will include a site inspection to be attended by the bank engineer, seller, officer and municipal inspector for the purpose of determining the condition of the unit and to reach an agreement with all parties as to the work required to complete the unit and obtain an occupancy permit before closing. A written agreement will be prepared by the bank engineer to be signed by all parties, and the document will be attached to the presales agreement at the time the officer signs the agreement. If the buyer and/or seller is unable to participate in the inspection, those absent agree to accept the opinion of the bank engineer and will sign the agreement.

The site inspection procedures for existing units differ slightly from the new construction inspection procedures. For existing units, a quality inspection will be carried out by the bank engineer using a checklist for existing units. The engineer should be accompanied by the officer and the seller; however, there is no need for a municipal inspector because an occupancy permit is not required for existing units. As is done for new construction transactions, a written agreement will be prepared by the bank to be signed by all parties, and the document will be attached to the presales agreement at the time the officer signs the agreement. If the buyer and/or seller is unable to participate in the inspection, those absent agree to accept the opinion of the bank engineer and will sign the agreement.

After the bank has provided its opinion on the reasonableness of the presales agreement, the officer may, at his sole discretion, sign the agreement with the seller. However, for the bank to disburse funds, the officer must meet all the terms and conditions of the program by the closing. The officer must furnish the bank with a copy of the signed contract.



Program Reviewer Approval of Disbursement

Before disbursement can occur, the program reviewer must verify that the proposed transaction is in compliance with all program regulations. When the unit is completed and ready for conveyance, the bank will collect all substantiating documents from the municipality, the seller and the officer and will submit them for review to a reviewing agency acting on behalf of the U.S. Agency for International Development.

The following documents must be submitted to the program reviewer:

- The cover letter indicating that the bank is applying to disburse funds;
- Officer's discharge abstract;
- Officer's application to municipal waiting list for housing (if applicable);
- Verification of current place of residence at time of certificate issuance (required only for officers discharged on or before April 2, 1993, or before January 28, 1992 in Latvia);
- Verification of family composition at time of certificate issuance;
- Municipal interview determination of eligibility, family size and certificate value and supervisor approval;
- Signed presales agreement;
- Certificate of Occupancy;
- Proof that the seller has the right to sell the unit; and
- Funds requirements and sources form.

Preparation for Closing

The officer is responsible for the payment of all taxes, notary fees, and fees associated with the registration of the deed to the property. After the disbursal has been approved by the reviewer, the bank will assist the officer in providing the documents and undertaking the necessary activities associated with the payment of these taxes and fees.

Closing

After the bank has received reviewer approval and all appropriate taxes are paid, the seller, officer and, in some cases, a notary, must sign a sales agreement. The bank will then disburse funds. The bank will pay the seller the contracted cost of the unit or the value of the certificate, whichever is less. If the cost of the unit exceeds the value of the certificate, the officer must pay the difference or provide evidence that he has otherwise satisfied the seller. If the contracted cost of the unit is less than the value of the certificate, the bank will pay the officer the difference between the value of the certificate and the cost of the unit.

The buyer must sign a document certifying that he has obtained all the funds which he was entitled to under the program. The seller must sign a document stating that he has received all funds he was entitled to under the sales agreement.



**EXHIBIT F
REGISTRATION NOTICE TO REVIEWER**

[BANK]

TO: Program Reviewer

RE: Military Housing Certificate Program

Please be advised that this bank has received, verified the identity of the bearer, confirmed against the Certificate Log of [MUNICIPALITY/OBLAST] and registered Certificate No. [NUMBER], issued to [OFFICER NAME]

Bank Funding Values: US\$ [VALUE] from [DATE] to [DATE]
US\$ [VALUE] from [DATE] to [DATE]
US\$ [VALUE] from [DATE] to [DATE]

Date of Issue: [DATE]
Three Month Expiration: [DATE]
Six Month Expiration: [DATE]

Officer's Current Address: [ADDRESS]

Telephone Number: [TELEPHONE NUMBER]

If contact should be made other than above:
[ALTERNATE OFFICER ADDRESS]

By: _____
Vice President
[BANK NAME]



EXHIBIT G
REGISTRATION NOTICE TO MUNICIPALITY

[BANK]

TO: [MUNICIPALITY]

RE: Military Housing Certificate Program

Please be advised that this bank has received, verified the identity of the bearer, confirmed against the Certificate Log of [MUNICIPALITY/OBLAST] and registered Certificate No. [NUMBER], issued to [OFFICER NAME]

Bank Funding Values: US\$ [VALUE] from [DATE] to [DATE]
US\$ [VALUE] from [DATE] to [DATE]
US\$ [VALUE] from [DATE] to [DATE]

Date of Issue: [DATE]
Three Month Expiration: [DATE]
Six Month Expiration: [DATE]

Please provide us with the following documents demonstrating officer eligibility so that we will be able to submit them to the program reviewer when the officer is ready to purchase a unit:

- Officer discharge abstract;
- Verification of current residence at time of certificate issuance;
- Verification of family composition at time of certificate issuance;
- Application for the program;
- Copy of application to municipal waiting list (if applicable); and
- Municipal interviewer determination of officer eligibility, family size, and certificate value, with supervisor approval.

By: _____
Vice President
[BANK NAME]



EXHIBIT H PRESALES AGREEMENTS

It is expected that a variety of presales agreements will be used depending on the current practices of sellers and developers. There are two main types of presales agreements:

- A shared participation agreement, which is used by investors acquiring a newly constructed unit; and
- A purchase-sale agreement, which may be used for the purchase of newly constructed or existing units.

Although it is not normal practice to use presales agreements for existing units, they are required because they contain important information for the buyer/investor and seller/developer about USAID program requirements. The process for releasing funds cannot begin without a proper presales agreement.

"Information and Instructions to Prospective Purchaser (Investor) and Seller (Developer)" contains language that must appear in every presales agreement. This language may appear as an attachment to the presales agreement. This language may appear as an attachment to the presales agreement.

In addition to the language in "Presales Agreement for Purchase-Sale" (Exhibit H-2), purchase-sale agreements must also include the following key elements:

- Date of agreement;
- City;
- Name of the seller (owner/company) and proxy, if applicable;
- Name of buyer;
- Legal description of property (possibly including number of square meters total floor space, a street address and unit number, etc.);
- The purchase price (in rubles or ruble equivalent) due at closing;
- Date for which the price is valid (the anticipated closing date);
- A clause stating the price is valid (the anticipated closing date);
- A clause stating "This agreement is subject to the buyer receiving funding under the Retired Officer Housing Certificate Program."
- A clause stating responsibility for payment of fees and taxes associated with the execution of the contract and the transfer of property rights;
- A clause stating that the agreement is subject to all relevant federal and local laws and procedures;
- There may be additional language such as "penalties for not meeting contractual responsibilities" as long as this does not conflict with USAID program conditions; and
- The signatures of the seller and buyer with dates certifying that the information in the agreement is correct and complete; witness signatures are optional.

In addition to the language in "Shared Participating Presales Agreements" (Exhibit H-3), shared participation agreements must also include the following key elements:



- Date of the agreement;
- Name of developer (builder/company) and proxy if applicable;
- Name of investor (shareholder);
- Legal description of property (possibly including number of square meters total floor space, a street address and unit number, etc.);
- A statement that acknowledges the developer will transfer title to the investor upon closing;
- The date of construction completion;
- A clause stating “This agreement is subject to the investor receiving funding under the Retired Officer Housing Certificate Program;”
- A clause stating responsibility for payment of fees and taxes associated with the execution of the contract and transfer of property rights;
- A clause stating that the agreement is subject to all relevant federal and local laws and procedures;
- There may be additional language such as “penalties for not meeting contractual responsibilities” as long as these do not conflict with USAID program conditions; and
- The signatures of the developer and investor with dates certifying that the information in the agreement is correct and complete; witness signatures are optional.

Examples of acceptable purchase-sale and shared participation presales agreements appear in Exhibit H-2 and H-3, respectively. Actual agreements may differ from the examples, but they must, at a minimum, contain the key elements listed above.

**EXHIBIT H-1
INFORMATION AND INSTRUCTIONS TO PROSPECTIVE
PURCHASER (INVESTOR) AND SELLER (DEVELOPER)**

If this document is part of a Shared Participation Presales Agreement, the term "Purchaser" shall mean "Investor" or "Shareholder" and the term "Seller" shall mean "Developer" or "Builder" as appropriate.

The purchaser is obtaining some or all of the funds to purchase the subject property from [BANK NAME] hereinafter described as "the Bank," which is an agent for the United States Agency for International Development (USAID).

Funds the Purchaser is entitled to will be disbursed by the Bank to the Seller on behalf of the Purchaser. For funds to be disbursed, all of the following conditions must be met:

USAID Conditions for an Acceptable Unit

- The unit must be sold or transferred for the price specified in the month specified in this contract.
- The unit must be delivered in the month specified in this contract.
- Newly constructed units must be constructed by a private firm.
- Newly constructed units must have a municipal occupancy permit.

Before the Purchaser signs this document, [BANK NAME] should review the unsigned agreement and a bank inspector should visit the site (with a municipal inspector if the unit is newly constructed) to determine if the above conditions are likely to be satisfied. The Purchaser and Seller may participate in the site visit. The Bank will complete its review and issue a written opinion to the purchaser and seller within ten (10) business days from the date the Bank receives the unsigned agreement.

The Purchaser and Seller may choose to sign this document prior to the Bank's review. If this occurs, both parties agree that the agreement is subject to review and approval by the Bank. If the Bank recommends against the agreement, the Purchaser may within ten (10) business days from the date of being notified by the Bank of this recommendation, notify the Seller that the Purchaser. However, the Purchaser may choose to keep the agreement in effect despite the Bank's negative recommendation by not providing a notification of termination within the ten day period specified.

The Purchaser is not prohibited from contracting to acquire the subject property, even if the Bank determines that the unit is unlikely to meet any or all of the conditions imposed by USAID. However, the seller must be aware that unless the conditions are met by the time of the closing, the Bank will not be under any obligation to provide funds to complete the purchase or transfer.



**EXHIBIT H-2
PRESALES AGREEMENT FOR PURCHASE-SALE**

[CITY]
[DATE]

This presales agreement is executed between [SELLER NAME], residing at [ADDRESS], referred to as "Seller" and [OFFICER NAME] residing at [ADDRESS] hereinafter referred to as "Buyer."

1. This agreement is subject to the Buyer receiving funding under the Military Housing Certificate Program. The Buyer and Seller agree to the terms and conditions contained in the attached document "Information and Instructions to Prospective Purchaser (Investor) and Seller (Developer)."
2. The Seller agrees to sell and the Buyer agreed to purchase the apartment located at [ADDRESS] consisting of [NUMBER OF ROOMS AND SQUARE METERS].
3. The purchase price agreed to by both parties is write out amount). The Buyer agrees to furnish this amount to the Seller no later than [DATE].
4. The Seller agrees to sell the apartment to the Buyer no later than [DATE].
5. Both parties agree to execute this presales agreement and the purchase sale of the apartment in accordance with all relevant legislation governing purchase-sale agreements.
6. All disputes concerning this agreement will be resolved through negotiation or state arbiter.
7. Expenses associated with executing this contract and the transfer of property rights contract shall be paid as follows:

[SPECIFY BUYER OR SELLER FOR EACH EXPENSE SUCH BTI, NOTARIZATION, AND REGISTRATION FEES.]
8. By signing their names below, the Buyer and Seller certify that the information in this agreement is correct and complete.
9. This agreement comes into effect from the moment of signing. This agreement is executed in two copies to be given to Buyer and Seller respectively.

[SELLER SIGNATURE]
[DATE]

[BUYER SIGNATURE]
[DATE]



**EXHIBIT H-3
SHARED PARTICIPATION PRESALES AGREEMENT**

[CITY]
[DATE]

[OFFICER NAME], hereinafter referred to as the "Investor," residing at [ADDRESS] and [NAME OF INDIVIDUAL OR COMPANY WITH NAME OF REPRESENTATIVE CONCLUDING CONTRACT], hereinafter referred to as the "Developer" conclude the following contract:

I. Object of the Contract

The present shared participation agreement concerns the construction of a residential premises at [ADDRESS].

II. Obligations of the Parties

1. This agreement is subject to the Investor receiving funding under the Retired Officer Housing Certificate Program. The Investor and Developer agree to the terms and conditions contained in the attached document "Information and Instructions to Prospective Purchaser (Investor) and Seller (Developer)."
2. The Developer, in accordance with rights granted by [REFERENCES TO PERMISSION FROM THE LAND COMMITTEE REGARDING THE ALLOCATION OF THE LAND PLOT AND FROM THE GOSKOMARKHITECTURAL REGARDING THE CONSTRUCTION PLANS], grants the investor the right to receive in ownership an apartment located at [ADDRESS] consisting of [NUMBER OF ROOMS AND NUMBER OF SQUARE METERS].
3. The investor will finance the construction of the above-referenced apartment in the amount of [RUBLE AMOUNT WRITTEN OUT]. The schedule of the investor's payments is as follows: [LIST AMOUNT, DATE, AMOUNT DUE, FORM OF PAYMENT, AND TO WHOM PAYMENT IS MADE].
4. The Developer will ensure that the construction of the above-referenced unit is completed by [DATE].
5. Upon completion of construction the parties will execute an additional contract transferring property rights shall be executed in accordance with all relevant federal and local laws and procedures.
6. Expenses associated with executing this contract and the transfer of property rights contract shall be paid as follows: [SPECIFY INVESTOR OR DEVELOPER FOR EACH EXPENSE SUCH AS BTI, NOTARIZATION, AND REGISTRATION FEES].
7. Any changes and additions to this contract shall be specified in a written agreement signed by both parties and attached as addenda to the present agreement.



8. Both parties agree to execute this agreement in accordance with federal and local laws on notarization of real estate transactions.

III. Resolution of Disputes

1. In the even of a dispute between the parties concerning the present agreement, the parties agree to submit to two-party negotiations.
2. Should the parties be unable to resolve their dispute through negotiation to the satisfaction of both parties, the parties agree to submit their dispute to court.

This agreement becomes effective from the moment it is signed by both parties. By signing their names below, the Investor and Developer certify that the information in this agreement is correct and complete.

[DEVELOPER SIGNATURE]
[DATE]

[INVESTOR SIGNATURE]
[DATE]



**EXHIBIT I
INSPECTION LETTER FROM MUNICIPALITY**

[MUNICIPALITY]

TO: [BANK NAME]

DATE: [DATE]

RE: [PROPERTY ADDRESS]

We inspected the subject property on [DATE] and found the property to generally be of good construction and to be in compliance with existing building codes for the work completed to the date of inspection.

Provided the work required for completion as indicated on the attachment hereto is completed in a manner satisfactory to our inspectors, we will issue an occupancy certificate.

By: _____
[ENGINEER NAME]



EXHIBIT J-1
LETTER TO OFFICER/SELLER REGARDING MUNICIPAL INSPECTION
(Newly Constructed Units)

[BANK]

TO: [OFFICER NAME]
[SELLER NAME]

RE: [PROPERTY ADDRESS]

We have received a letter from the municipality notifying us that they have inspected the subject property as of [DATE]. They have found the property in its complete [incomplete] condition to conform to existing building codes and to generally reflect good quality construction.

If the property is not complete, the following will apply:

1. In order for them to issue an occupancy permit, the work on the attachment hereto must be completed in a manner satisfactory to them.
2. The following criteria must be met in order for funds to be released by the bank:
 - (a) Construction must be of acceptable quality and the unit must receive an occupancy permit.
 - (b) The unit must be delivered for the price agreed upon as indicted in the presales agreement dated [DATE] between [SELLER NAME] and [OFFICER NAME].
3. The unit must be completed on time. In this transaction that date is: [DATE].

It is important that all parties agree on the work which must be completed to be in compliance with the terms of the presales agreement.

Having inspected the property in my company on [DATE] or having waived my right to do so, and if you concur with the representations of the attachment hereto, please sign and return a copy of this letter to me by [DATE].

By: _____
Vice President
[BANK NAME]

Officer Signature: _____ Date: _____

Seller Signature: _____ Date: _____



**EXHIBIT J-2
LETTER TO OFFICER/SELLER REGARDING BANK INSPECTION
(Existing Units)**

[BANK]

TO: [OFFICER NAME]
[SELLER NAME]

RE: [PROPERTY ADDRESS]

Our engineer has inspected the unit you propose to purchase (or sell if you are the seller). The attached evaluation is for you information, and is intended to inform you of any unit deficiencies before you sign the presales agreement.

Please sign and return a copy of this letter to me by [DATE]. By signing this document, you are acknowledging that: (a) you either accompanied the engineer on the site inspection or gave up your right to accompany the engineer on the site inspection; and (b) you understand and accept the engineer's findings.

By: _____
Vice President
[BANK NAME]

Attachment: Existing unit inspection form

Officer Signature: _____ Date: _____

Seller Signature: _____ Date: _____



**EXHIBIT K-1
TRANSACTION EVALUATION FORM**

[BANK]

Officer Name: _____

Certificate No: _____

Property Address: _____

Date: _____ Engineer: _____

Other attendees: Officer: _____

Seller: _____

Municipality/Oblast: _____

Photographs taken (date): _____ Location map in file: Yes / No

The following represents my estimate of the status of the property as of (date): _____

Unit Meets Quality Standard for Occupancy Permit

					Target	Actual
Likelihood	Less than 90%	90%	95%	100%	100%	
Value	0	5	15	40	40	

Unit Will Be Completed for Price Agreed

					Target	Actual
Likelihood	Less than 90%	90%	95%	100%	100%	
Value	0	5	10	25	25	

Unit Will Be Completed on Time

					Target	Actual
Likelihood	Less than 90%	90%	95%	100%	100%	
Value	0	10	20	35	35	

Comments:

By: _____
[ENGINEER NAME]



**EXHIBIT K-2
INSPECTION CHECKLIST FOR EXISTING UNITS**

Officer Name: _____

Certificate No.: _____

Unit Address: _____

Date of Inspection: _____

Type of unit: Apartment or flat (multi-unit)

Cottage or single unit

Size of unit: One room

Two room

Three room

Four room

Structural Features/Common Areas

		YES	NO
1.	Are exterior walls and joints sound, secure, and weather-tight? Are exterior walls free of evidence of water filtration?	<input type="checkbox"/>	<input type="checkbox"/>
2.	Do exterior doors to apartment buildings secure the common areas from wind and weather?	<input type="checkbox"/>	<input type="checkbox"/>
3.	Are handrails provided for stairs in hallways?	<input type="checkbox"/>	<input type="checkbox"/>
4.	If the building has an elevator, is it in good working order?	<input type="checkbox"/>	<input type="checkbox"/>
5.	If an elevator shaft is present, is it secured at all time by an adequate safety enclosure?	<input type="checkbox"/>	<input type="checkbox"/>
6.	Are lighting fixtures provided and in working order in common areas?	<input type="checkbox"/>	<input type="checkbox"/>
7.	Is adequate provision made or facility available for trash disposal?	<input type="checkbox"/>	<input type="checkbox"/>
8.	Does the roof appear to be sound and weather-tight?	<input type="checkbox"/>	<input type="checkbox"/>



Ventilation

- | | | | |
|----|---|--------------------------|--------------------------|
| 1. | Do all the windows open and close properly and are they free of broken glass or cracks? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. | Are window frames and sills in sound condition? | <input type="checkbox"/> | <input type="checkbox"/> |

Plumbing

- | | | YES | NO |
|-----|---|--------------------------|--------------------------|
| 1. | Is a separate kitchen provided for in this unit? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. | Is running water provided for in the kitchen? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. | Is a basin installed in the kitchen? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. | Is the kitchen drain in good working order? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. | Are kitchen plumbing fixtures and hardware in good working order? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. | If a gas cooking stove is provided, is it in good working order? | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. | Is a separate bathroom provided for this unit? | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. | Is a tub and shower provided? | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. | Is the tub/shower in good working order? | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. | Is a toilet provided? | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. | Is the toilet in good working order? | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. | Are all bathroom drains in proper working order? | <input type="checkbox"/> | <input type="checkbox"/> |
| 13. | Is the unit provided with a separate hot water heater? | <input type="checkbox"/> | <input type="checkbox"/> |
| 14. | If yes, is the water heater in good working order? | <input type="checkbox"/> | <input type="checkbox"/> |
| 15. | Are the bathroom hardware and fixtures in good working order? | <input type="checkbox"/> | <input type="checkbox"/> |

Electrical

- | | | | |
|----|--|--------------------------|--------------------------|
| 1. | Is each room of the unit provided with electrical service? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. | Does the condition of the wiring, wall outlets, and overhead lighting appear sound and safe for regular use? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. | If an electric cooking stove is provided, is it in good working order? | <input type="checkbox"/> | <input type="checkbox"/> |

*General Conditions*

- | | GOOD | FAIR | POOR |
|--|------------------------------|--------------------------|-----------------------------|
| 1. Condition of walls and wall coverings if any. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Conditions of floors and floor coverings if any. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Condition of ceilings. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Condition of window frames and sills. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Evidence of infestation (e.g., insects, rodents)? | <input type="checkbox"/> YES | | <input type="checkbox"/> NO |

Comments:

By: _____
[ENGINEER NAME]



EXHIBIT L
CONFIRMATION OF OTHER FUNDING SOURCES

[BANK]

TO: [FINANCIAL INSTITUTION]

RE: [OFFICER NAME]
[OFFICER ADDRESS]

We have been advised by the subject that he:

- Currently has on deposit with you the sum of [AMOUNT] and these funds are readily available.
- Has a commitment for a mortgage in the amount of [AMOUNT] and these funds will be available by [DATE].
- Is due funds in the amount of [AMOUNT] and these funds will be provided to him by [DATE].

By: _____
Vice President
[BANK NAME]



**EXHIBIT M
APPROVAL TO SIGN PRESALES AGREEMENT**

[BANK]

TO: [OFFICER NAME]

RE: Retired Officer Housing Certificate Program
Approval to Sign Presales Agreement

Dear [OFFICER NAME]:

We are pleased to advise you that we approve your signing the presales agreement to purchase [PROPERTY ADDRESS] in accordance with the terms and conditions in the agreement provided to us for our consideration. If there have been any changes in the transaction, we must be advised immediately and prior to your signing an amended agreement.

Please provide us with a copy of the signed presales agreement within five (5) working days after it has been signed by both you and the seller.

By: _____
Vice President
[BANK NAME]



EXHIBIT N
NOTICE THAT BANK DOES NOT APPROVE PRESALES AGREEMENT

[BANK]

TO: [OFFICER NAME]

RE: Retired Officer Housing Certificate Program
Notice that Bank is Unable to Approve Transaction

Dear [OFFICER NAME]:

We regret that we are not able to approve your signing of an agreement to purchase [PROPERTY ADDRESS] for the following reasons:

[LIST REASONS]

However we are willing to reconsider our decision if the following conditions are corrected.

[LIST CONDITIONS]

However, if you choose, you may still enter into a presales agreement to purchase this unit, and, if all Retired Officer Housing Certificate Program terms are met by the agreed-to closing date, the bank will disburse the funds to which you are entitled.

Please contact us if you require additional information or if we can provide assistance in resolving this matter.

By: _____
Vice President
[BANK NAME]



**EXHIBIT O
CONFIRMATION OF COMMITMENT**

[BANK]

TO: [OFFICER NAME]

RE: Retired Officer Housing Certificate Program
Confirmation of Commitment

Dear [OFFICER NAME]:

We have received the signed Presales Agreement indicating your intention to purchase [PROPERTY ADDRESS] for a price of [AMOUNT], under the subject program.

Accordingly we confirm the previous commitment for Certificate No. [NUMBER], having a current value of [VALUE]. We will honor this commitment subject to the program terms and conditions specified in the paper Terms and Conditions for Disbursement of Funds Under the Retired Officer Housing Certificate Program.

This confirmation is, of course, still subject to the following three requirements:

- The unit receives an occupancy permit;
- The unit will be delivered for the contract price; and
- The unit will be completed on time.

Please acknowledge receipt of this letter by signing a copy of this letter and returning it to us within five (5) working days.

Before closing can take place, you will be responsible for payment of the following taxes and fees:

Turnover Tax:	[AMOUNT]
Bureau of Technical Inventory Fees:	[AMOUNT]
Notary Fee:	[AMOUNT]

We recommend that you do not pay these until your unit has received a certificate of occupancy and you receive notification from us that disbursement of funds for your certificate has been approved. At that time, if you wish a bank representative will assist you in collecting the documents and undertaking the activities necessary to pay these fees and taxes.

By: _____
Vice President
[BANK NAME]



EXHIBIT P
NOTICE TO REVIEWER CONFIRMING COMMITMENT

[BANK]

TO: Program Reviewer

RE: Retired Officer Housing Certificate Program
Certificate No. [NUMBER]
Issued to [OFFICER NAME]

Please be advised that we have examined the property, received a signed presales agreement, and confirmed the commitment issued by us on [DATE]. The proceeds of Certificate No. [NUMBER] with an expected value of [VALUE], will be used to purchase [PROPERTY ADDRESS] by [DATE].

By: _____
Vice President
[BANK NAME]



EXHIBIT Q
SELLER NOTICE OF UNIT COMPLETION
(Newly Constructed Units)

[BANK]

TO: [OFFICER NAME]
FROM: [SELLER NAME]
RE: [PROPERTY ADDRESS]
DATE: [DATE]

Please be advised that in accordance with the terms of the presales agreement signed by you to purchase the subject property, I am advising you that the property will be completed by [DATE] and I will have obtained the occupancy permit.

Please contact me to arrange for a mutually convenient time to complete the transaction which will require payment in the amount of [AMOUNT].

By: _____
[TITLE]



**EXHIBIT R
FUNDS REQUIREMENTS AND SOURCES**

			Rubles
I.	Costs		
	A.	Sales Price	
	B.	Closing Costs	
		1. Turnover Tax	
		2. Notary Fee	
		3. Bureau of Technical Inventory Fees	
		4. <i>Total Closing Costs</i>	
II.	Bank Funding		
	A.	Certificate Value	
III.	Funding To and From Office		
	A.	Officer Payment Required for Unit (IA - IIA)	
	B.	Officer Payment Required For Closing Costs (IB4)	
	C.	<i>Payment to Officer at Closing (IIA - IA)</i>	

Exchange rate used to convert dollar values: _____ rubles/U.S. dollar

Note: Because bank funding values are stated in dollars, the bank must convert these values to rubles using its best estimate of the exchange rate that will be in effect on the closing date.



**EXHIBIT S
REQUEST FOR APPROVAL OF FUNDS DISBURSEMENT**

[BANK]

TO: Program Reviewer

RE: Retired Officer Housing Certificate Program
Certificate No. [NUMBER]
Issued to [OFFICER NAME]

Please be advised that we have been notified by the purchaser that the closing of the transaction is to take place within [NUMBER] days from the date of this notice. Accordingly, we request that you review the transactions and notify us of your decision by [DATE] (five working days from the transmittal date of this memo).

The following copies of documents submitted for your consideration:

Checked items are applicable to this transaction.

- Officer's discharge abstract
- Officer application to municipal housing waiting list (if applicable)
- Verification of current place of residence at time of certificate issuance (required only for officers discharged on or before April 2, 1993, or January 28, 1992 in Latvia).
- Verification of family composition at time of certificate issuance
- Interview determination of eligibility, family size and certificate value and supervisor approval
- Copy of signed presales agreement
- Certificate of Occupancy
- Proof that the seller has the right to sell the unit:
- Funds requirements and sources

By: _____
Vice President
[BANK NAME]



**EXHIBIT T
REVIEWER RESPONSE TO DISBURSEMENT REQUEST**

TO: [BANK NAME]
FROM: Program Reviewer
RE: Funding of Retired Officer Housing Certificate No. [NUMBER]
Issued to [OFFICER NAME]

Please be advised we have reviewed your request for approval to fund the subject certificate.

- Approval is given.
- We cannot approve disbursement at this time because of the following deficiencies:

By: _____
Program Reviewer



**EXHIBIT U-1
OFFICER AND SELLER NOTIFICATION OF CLOSING AND FUNDING**

[BANK]

TO: [OFFICER NAME]
[SELLER NAME]

FROM: [BANK NAME]

RE: Notice of Closing

Please be advised that the reviewer has approved funding for Certificate Number [NUMBER] issued to [OFFICER NAME] for the purchase of a housing unit at [PROPERTY ADDRESS]. [OFFICER NAME] should contact us immediately either to inform us that he will make arrangements for the payment of all preclosing taxes and fees or to arrange a time for a bank staff member to assist him in this process. The attached Summary of Preclosing and Closing Procedures outlines what must be done. Please remember that the bank's staff will assist in the administrative procedures, but it is the officer's responsibility to make the required payments.

Once all preclosing procedures have been fulfilled, we will draw up the final sales document, and contact you again by phone to arrange a mutually agreeable time for the closing.

By: _____
Vice President
[BANK NAME]

Attachments: Summary of Preclosing and Closing Procedures
Funds Requirements and Sources



EXHIBIT U-2 SUMMARY OF PRECLOSING AND CLOSING PROCEDURES

Although closing procedures can vary among cities, many procedures are similar in most localities. Typical closing procedures are described below along with a few additional procedures required by the program.

During the closing, the ownership rights in the structure (and in the land when the sale involves a single-family housing unit) are transferred from the buyer to the seller. A notary must verify the validity of the documents needed to execute the transaction. The seller must prove he/she has the right to transfer ownership. For a newly constructed unit, the seller typically must possess proof of his/her right to develop the land, approval of the construction plan, an occupancy permit, the Technical Inventory Office (BTI) *spravka*, and, in some cases, a state-approved allocation list verifying that the purchaser has the right to occupy the unit in question. The buyer and seller must provide the notary the signed presales agreement. The final sales agreement may be drafted by the buyer and seller (possibly with the assistance of a broker) or the notary.

For sales of existing units the notary may require additional documents such as:

- The *propiska* or company charter of the seller;
- The *spravka* from the Tax Inspectorate verifying all property taxes are paid;
- Written permission from co-owners and/or the owner's spouse to sell the unit;
- An official listing of all the individuals holding *propiskas* for the unit; and
- Permission to sell the unit from the Department of Public Education on behalf of all minor *propiska* holders.

In addition, when the sale involves a single family house, proof of ownership of the land is required from the local land committee.

When all documents are presented to the notary, the notary verifies the authenticity and completeness of the documents and notarizes the sales agreement. Payment typically happens at this point. The notary keeps all supporting documentation. Each party and the notary receive a copy of the sales agreement.

The bank will pay the seller on behalf of the officer up to the funding value. If the sales price is less than the funding value, the bank will pay the officer the difference. If the sales price exceeds the funding value, the officer must pay the additional amount to the seller. The officer must sign a document acknowledging that he received the funds to which he was entitled, and the seller must sign a document acknowledging the payment he received. The bank must provide the program reviewer with copies of the sales agreement and the original officer and seller payment acknowledgments.

The process described above may take several hours. The notary receives a fee that is typically—but not necessarily—paid by the buyer. The fee is usually three to four percent of the BTI inventory cost of the unit.



Once the sales agreement is signed and notarized, the purchaser must register his title with BTI (this is usually done the same day). The purchaser does not have property rights until he registers his title with BTI. BTI typically charges a small fee. After signing the sales agreement, the purchaser must also obtain a *propiska* for that address at the Passport Office and inform the Tax Inspectorate of the sale. If the sale is of a single family house, the purchaser must register the transaction with the local land committee to receive a certificate of land ownership.

A buyer and seller may hire a broker to conduct a title search and draft a sales contract or they may do these tasks themselves. Broker rates are negotiable and depend on the types of services rendered.



**EXHIBIT V-1
PROPERTY TRANSFER AGREEMENT
MODEL PURCHASE SALES AGREEMENT**

[CITY]
[DATE]

I/We, [SELLER NAME], residing at [SELLER ADDRESS], hereinafter referred to as "Seller," (or, Municipality) and [OFFICER NAME] residing at [OFFICER ADDRESS], hereinafter referred to as "Buyer," execute the following purchase sales agreement.

1. In conformity with the presales agreement executed between Seller and Buyer on [DATE], of [NUMBER] rooms, and [NUMBER] square meters of which [NUMBER] square meters is living space. At the time of execution of this document, the apartment has the following additional characteristics: [LIST CHARACTERISTICS].
2. The Seller's title to this apartment is certified by [DOCUMENT NAME AND NUMBER, IF APPLICABLE] issued by [ORGANIZATION NAME] on [DATE].

[Note: This would include documents provided by the seller to the notary to prove ownership; for example, a privatization document, the previous purchase sales agreement, or proof of inheritance or gift.]

3. The BTI inventory cost of the apartment is [AMOUNT IN WRITING] according to [BTI DOCUMENT NUMBER].

The Buyer and Seller have agreed on the sales price of this apartment, which is [AMOUNT IN WRITING] and shall be paid by the Buyer to [SELLER OR SELLER DESIGNEE] by [FORM OF PAYMENT].

4. Before this agreement is concluded the Seller confirms that he has unencumbered title to the apartment described in paragraph 1 above and has not sold the apartment to another party or is using the apartment as collateral.
5. The expenses associated with execution of this agreement [LIST EXPENSES, SUCH AS BROKER, NOTARY, AND DOCUMENT COLLECTION FEES] shall be paid by [BUYER/SELLER].
6. The Buyer agrees to use the apartment in accordance with existing relevant legislation.
7. The Buyer and Seller agree to execute this agreement in conformity with the Russian Federation law on notarization and registration of transactions involving the purchase and sale of apartments. The Buyer acquires property rights to the apartment when this notarized purchase sales agreement is registered with [RELEVANT DEPARTMENT, SUCH AS BTI]. The Buyer agrees to promptly register this agreement with [RELEVANT DEPARTMENT] upon execution of this agreement. If applicable, the Seller promises to forfeit his propiska to the apartment upon execution of this agreement.



8. The Buyer and Seller agree that all disputes that arise in connection with this agreement shall be resolved through negotiation or the state Arbiter.
9. This agreement has been executed in four copies, and copies will be distributed to the Buyer, Seller, Notary and [REGISTERING INSTITUTION].

[SELLER SIGNATURE]
[DATE]

[BUYER SIGNATURE]
[DATE]

[NOTARY NAME, STAMP, AND OTHER RELEVANT INFORMATION]



**EXHIBIT V-2
MODEL PROPERTY TRANSFER AGREEMENT**

[CITY]
[DATE]

[COMPANY/ORGANIZATION NAME], represented by [NAME OF COMPANY OR ORGANIZATION OFFICIALS], hereinafter referred to as "Owner," and [OFFICER NAME], residing at [OFFICER ADDRESS], hereinafter referred to as "Investor," execute the following property transfer agreement.

1. In conformity with the shared participation agreement executed between Owner and Investor on [DATE], the Owner transfers ownership rights to the Investor in the apartment located at [PROPERTY ADDRESS] consisting of [NUMBER] rooms, [NUMBER] square meters, of which [NUMBER] square meters is living space. At the time of execution of this document, the apartment has the following additional characteristics: [LIST CHARACTERISTICS].

2. The Owner's right to transfer property rights in this unit is certified by [DOCUMENT NAME AND NUMBER, IF APPLICABLE] issued by [ORGANIZATION NAME] on [DATE].

3. The BTI inventory cost of the unit is [AMOUNT IN WRITING] according to [BTI DOCUMENT NUMBER] .

The Owner transfers ownership rights to the Investor for the price of [AMOUNT IN WRITING]. This amount has been fully paid before signing of this contract.

4. The expenses associated with execution of this document [LIST OF EXPENSES, SUCH AS BROKER, NOTARY, AND DOCUMENT COLLECTION FEES] shall be paid by [INVESTOR/ OWNER].

5. The Investor agrees to use the apartment in accordance with existing relevant legislation.

6. The Owner and Investor agree to execute this agreement in conformity with the Russian Federation law on notarization and registration of property transactions. The Investor is aware that he acquires property rights to the apartment when this agreement is registered with [RELEVANT DEPARTMENT, SUCH AS BTI]. The Investor agrees to promptly register this agreement with [RELEVANT DEPARTMENT] upon execution of this agreement.

7. The Owner and Investor agree that all disputes that arise in connection with this agreement shall be resolved by negotiation or the state Arbiter.

8. This agreement has been executed in four copies, and copies will be distributed to the Owner, Investor, Notary, and [REGISTRATION INSTITUTION].

[SELLER SIGNATURE]
[DATE]

[BUYER SIGNATURE]
[DATE]

[NOTARY NAME, STAMP, AND OTHER RELEVANT INFORMATION]



EXHIBIT W
OFFICER ACKNOWLEDGMENT OF FUNDS RECEIVED

TO: [BANK NAME]
FROM: [OFFICER NAME]
RE: Receipt of Funds
Certificate No. [NUMBER]
Issued to [OFFICER NAME]
For purchase of [PROPERTY ADDRESS]

I acknowledge that I have on this date [DATE] received the sum of [AMOUNT], which represents the full amount of the value of my certificate as priced for the month of [MONTH].

By: _____
[OFFICER NAME]



**EXHIBIT X
SELLER ACKNOWLEDGMENT OF RECEIPT OF FULL PAYMENT FOR UNIT**

TO: [BANK NAME]

FROM: [SELLER NAME]

RE: Receipt of Full Payment of [AMOUNT] for Unit Sale

I acknowledge that I have received payment of the full amount I am entitled to for the sale of the subject property located at [PROPERTY ADDRESS].

By: _____
[SELLER NAME]



**EXHIBIT Y
NOTIFICATION OF CERTIFICATE EXPIRATION**

TO: Program Reviewer
[MUNICIPALITY]
[OFFICER NAME]

FROM: [BANK NAME]

RE: Notification of Certificate Expiration

This is to inform you that Certificate Number [NUMBER], issued to [OFFICER NAME] on [ISSUE DATE], expired on [EXPIRY DATE]. Based on the work the bank has performed on this certificate and the terms of the bank's contract, the bank is entitled to receive a fee of [AMOUNT] for this certificate.

The certificate expired because:

- The officer did not present the bank with a signed presales agreement within three months of the date the certificate was issued.
- The officer broke his signed presales agreement without permission from the seller.
- The officer's signed presales agreement was invalidated because the seller refused or was unable to deliver the unit specified in the presales agreement at the time or for the price agreed to in the presales agreement.
- Other (specify): [LIST REASONS]

The officer is entitled to a new certificate:

- This was the officer's first certificate and the certificate expired because the seller did not honor the officer's signed presales agreement. Therefore, according to program regulations, this officer is entitled to a replacement certificate. This certificate should be valid starting [ORIGINAL SALE DATE]. Its three month expiration date should be [NEW THREE-MONTH EXPIRY DATE] (three months from above date), and its six month expiration should be [NEW SIX-MONTH EXPIRY DATE] (six months from above date).
- According to program regulations, the officer is not entitled to a replacement certificate because:
 - This was not the officer's first certificate; and/or
 - The certificate expired for some reason other than the seller's refusal to honor the terms of the presales agreement.

By: _____
Vice President
[BANK NAME]



**EXHIBIT Z
MONTHLY SUMMARY OF DISBURSEMENTS**

TO: Program Reviewer
FROM: [BANK NAME]
RE: Monthly Disbursement Summary

Over the past calendar month, you have approved and we have disbursed funds for a total of [NUMBER] officers. Total disbursements in U.S. Dollars is \$[AMOUNT]. The following is a summary of the month's disbursements:

Summary of Disbursements for [MONTH], [YEAR]

Officer Name	Certificate Number	Date of Disbursal	Amount Disbursed (Rubles)	Central Bank Exchange Rate on Date	Amount Disbursed (U.S. Dollars)
TOTAL					\$

By: _____
Vice President
[BANK NAME]



EXHIBIT AA
URBAN INSTITUTE AUTHORIZATION TO DISBURSE FUNDS

TO: [BANK NAME]
FROM: The Urban Institute
RE: Authorization to Disburse Funds
DATE: [DATE]

Based on information received from the program reviewer, the Urban Institute authorizes [BANK NAME] to make the following disbursements:

<u>Certificate Number</u>	<u>Amount (U.S. Dollars)</u>
[CERTIFICATE NUMBER]	[AMOUNT]
[CERTIFICATE NUMBER]	[AMOUNT]

By: _____
[TITLE]
The Urban Institute

The Office of Housing and Urban Programs of the Agency for International Development (USAID) addresses the shelter and urbanization needs of developing and formerly planned economies. In addition to administering the USAID Housing Guaranty Program, the Office supports a broad spectrum of urban activities in program planning, management and capital investment to benefit low-income urban families.

Office of Housing and Urban Programs
U.S. Agency for International Development
Washington, D.C. 20523

The Urban Institute's International Activities Center extends the Institute's expertise on the domestic policy front to help solve similar problems in other countries. Institute staff have now provided policy analysis and policy implementation assistance to 23 nations. International activities focus on three main issues: housing and housing finance; urban development and management, including infrastructure and municipal finance; and human resources, including health care financing and family planning. International Activities project papers can be obtained from:

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