

Shelter Sector Reform Project Newly Independent States of the Former Soviet Union

An ICMA Report

Prepared for the Office of Housing and Urban Programs
Agency for International Development



**ASSESSMENT AND TRAINING REPORT ON
THE ORGANIZATION OF THE REAL ESTATE
INDUSTRY IN YEREVAN, ARMENIA
APRIL 7 - 29, 1995**

Prepared for the U.S. Agency for International Development
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Urban Development and Housing Division

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I. INTRODUCTION AND SCOPE OF WORK

A. INTRODUCTION

The stated overall goal of the USAID Shelter Sector Reform Program for Armenia is to help establish private and free markets capable of achieving a more efficient and equitable allocation of economic resources for housing and urban development, with the associated benefits for consumers in an increased quality, choice and availability of affordable and standard housing for the population of Armenia.

Within the privatization program of the housing stock and the housing production, the obvious need is the creation of private market forces and capabilities to manage, service, allocate and develop housing on an ongoing basis.

The establishment of a professional real estate industry in Armenia, which is capable of leading the country through the privatization program to a normal housing market, is the main focus of the tasks outlined in this report. Since the intermediaries are the real estate professionals (i.e. real estate brokers, appraisers, property managers, developers and builders) it is essential and urgent to assist the country to organize, train, educate and promote these intermediaries so that the trust level of both Government and the population in the free market system is raised and confirmed.

B. SCOPE OF WORK

The main objective of this first visit was to assess and assist the Armenian Real Estate Association (AREA) in the identification and development of a core of professionals and programs to serve as the vehicle to train and to prepare the new generation of real estate professionals for a democratic, free market system.

The major tasks which were targeted and implemented during this visit are as follows:

1. Developed and delivered a workshop on "The Fundamentals of Real Estate Brokerage" to an audience of over 80 persons active in real estate.
2. Developed and delivered a workshop on "The Fundamentals of Real Estate Finance and Appraisal" to an audience of over 80 persons active in real estate.
3. Interviewed over 15 AREA member and non-member real estate firms at their place of business, to assess their needs and to assist them in finding answers to their queries.
4. Developed and delivered a mini-workshop on "The Basics of Real Estate License Law" to AREA Board of Directors and Housing Sector Government Officials.
5. Reviewed and set up a "Market Transaction Reporting" format and analysis program for use by AREA and Government officials.
6. Reviewed and assessed AREA's educational and public relations programs.
7. Reviewed, addressed and assisted AREA Board of Directors to finalize the Business Plan and the formulation of the first steps for implementation.

The objective and tasks of this visit are described more fully in the attached Exhibits, Scope of Work and Supplementary Communications.

II. EXECUTIVE SUMMARY

Remarkable progress has been made since the Summer of 1994 when ICMA's advisor, Mr. Steve Anlian, and a group of graduates from the American University of Armenia organized the Armenian Real Estate Association (AREA). The member firms of the so called "Real Estate and Stock Exchange" group, the forerunners of the Association, appear to have reorganized and integrated in AREA. The reported increase in the volume of transactions by AREA members indicates the consumer public's gradual acceptance of the role of the real estate brokerage industry. The continued collaboration of the Government officials with the organizational and business activities of AREA should lead to the Government endorsement of regulating the real estate brokerage market.

The real estate industry today consists of approximately 80 individuals representing an estimated 30 firms. The firms' business age ranges between 3 months to 3 years. The industry seems volatile in the number of active individuals and firms. I was informed of several closings, regroupings and reorganizations within the industry since its formation. AREA reports 17 member firms and 7 pending applications. My conversations with non-member firms indicated that they would join AREA when membership services are provided. See Exhibit D.

The typical firm consists of a principal who has a business license and a seal, and 3 to 5 co-workers, full time and part time. Generally, each firm has a floor dispatcher who functions as an office manager and a messenger. The role of the "agent" or "broker," as they are called intermittently, is to find buyers and sellers, negotiate the price, prepare the minimal paperwork, register the sale and collect the commission. Some firms employ part time students to canvass the "black market" for leads, others take part in the "black market" on behalf of buyers, sellers or themselves. Few firms offered services such as touring guide, car rental, rooming, etc.

Escrow and settlement services are not required, since a typical transaction takes 24 to 72 hours; settlement is all cash; the sale or purchase is generally oral; and the exchange is a single page document.

The commission structure varies frequently. It ranges between 3 - 5% of the sale price and is paid by the buyer or the seller. The commission is shared typically 50 - 50, however, there is a wide variation on this practice. The broker will typically pay, out of pocket, for recordation expenses and "gratuity" to get the job done. Incidence of non-payment of the commission owed appears to be high, thus creating a high degree of mistrust and anxiety amongst the brokers. Since the real estate market is not regulated by agency, contract and license laws, the practice of brokerage is varied and changing.

Financial information is not readily shared amongst the brokers. However, an estimation of the net commission earned may be made. For the average transaction price range of 3,000 - 22,000 dollars, the average commission of 4% will produce 120 - 880 dollars, out of which 5 - 10 dollars is spent on recordation and "gratuity." It is known widely that transaction prices reported to the government are much lower to minimize the 10% sales tax levied by the government.

The "real estate black market" as it is referred to in Armenia dominates approximately 60 - 70% of all transactions. The "black market" name is inherited from the pre-independence days, where "housing vouchers" were exchanged amongst people. Because there are no licensure laws regulating the real estate market, the "black market" is legal. AREA member firms, however, make a concerted effort

to distinguish between themselves and the "black market." The reported number of transactions annually, in the entire market, seems to range between 5,000 - 6,000 dwelling units, mostly multi-family. Thus AREA's share of the annual transactions ranges between 1,250 and 1,500 sales. See Exhibit E.

Additional players in the real estate brokerage market are firms established from within the Housing and Inventory Departments of the Government, who perform the same functions as members of AREA. The reported reason for this unique arrangement are two-fold. First, to encourage competition and second, to allow government employees job opportunities when the departments are reorganized or disbanded.

The reporting and monitoring of the sales activities in the market is very basic and new. The two sources of data utilized come from (1) AREA for sale price levels, and (2) the Inventory office for the number of sales. For all practical purposes, there is no formal market monitoring system in place. It is my opinion that accurate information will be available when the real estate market is regulated through the enactment of the real estate license law and the establishment of settlement and recordation procedures similar to US practice. In the meantime, the expansion and the implementation of the ICMA initiative through AREA will be a practical and useful step. See Exhibit F.

In spite of the deplorable and severe economic condition of Armenia, the attitudes and actions of its people and Government are admirable. I find a great sense of hope, resolve, self-discipline, and dignity in the businessmen and the consumers. There is a genuine sense of gratitude towards the Government and the people of the United States of America. There is an urgent willingness on the part of all of the Armenians to listen, consider and embrace the ideas, concepts and proposals delivered by the technical assistance programs of USAID and ICMA. My experience in Armenia has intensified my trust in our great Country and its people, and it has reaffirmed my commitment to the objectives of USAID in Armenia.

However, I observed a great need for more time, communication and understanding in the "process" of the delivery of our technical service, so that the recipients may absorb what is delivered and may create their own ideas.

The following conclusions and recommendations are made based upon my review, assessment, observation and conversations during the very short "three week" period of my visit.

III. FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

A. PROFESSIONAL TRAINING OF AREA MEMBERS

Generally, professional training programs are most useful when the trainees have had a reasonable period of work experience. The real estate industry and its active members in Armenia are professionally young and immature. Therefore, the initial professional training program should be linked to the goal of certifying the existing members of AREA, pending the enactment of the Real Estate License Law. The initial program should be designed to include Ethics, License Law, Contract Law, and Valuation Techniques. The period of training and certification should be over 12 months, and each AREA member should be required to be certified.

In an effort to pave the way for this program, Mr. Anlian and myself met with Mr. Michael Kouchakdjian, Director of the American University, and discussed an extension program for the delivery of the training, with a future goal of formalizing a Real Estate Program under the Business Management and Administration Department. The Director is agreeable to work with AREA, ICMA and USAID to create such an extension program.

This effort will certify approximately seventy-five (75) individuals, and prepare at least three (3) trainers to continue the program. The trainers are identified in the Business Plan of AREA.

Comment: "When we were children we talked, walked, ate like children, but when we became adults we began eating solid food." It is my opinion that the American real estate business management and marketing training programs are premature by at least two years.

B. THE REAL ESTATE LICENSE LAW

The drafting and enactment of this law is crucial for the success of the real estate market and the association. The areas of technical assistance that may be provided are:

1. Assist to draft the law by a Committee consisting of Government and AREA members. Facilitate the translations, discussions, review and enactment as needed. The goal is to expose the professionals to the concept of self-governance.
2. Assist in the formation of the Real Estate Commission; the organization, management of the staff and the business of the commission.
3. Assist Government Officials to embrace the idea of allowing the public to govern itself.

C. THE MARKET MONITORING AND MULTIPLE LISTING SERVICE PROGRAMS OF AREA

The establishment of the Multiple Listing Service program should become the priority of AREA, so that the members begin to receive this essential service and justify payment of the higher membership dues required for self-sustaining the association. AREA is in the process of applying for financial and technical assistance for EERPF and EURASIA Foundation for this purpose. I am in direct communication with Mr. Van Huyck to facilitate the approval of this funding.

The current market monitoring and reporting program needs to be expanded next, to include other major cities and towns of Yerevan. The importance of this program will become more evident to the Government as the real estate privatization process nears completion and land use and taxation issues come into focus. It is recommended that the current AREA program be considered as a pilot program to be rolled over to the Department of Urban Policy in an expanded form and to be used for public policy as well as for industry.

D. THE PUBLIC RELATIONS PROGRAM OF AREA

Any effort to plan and implement a basic public relations program by AREA will produce significant results in building trust and confidence amongst the players of the real estate market, namely, the real estate professionals, the consumers and the Government. The focus of such a program should be in informing and educating the public at large on free market real estate operations.

Specifically, for obvious reasons, the media of Radio and Television should be utilized to inform the public on the association goals and activities including the code of ethics, the license law and other market transactions or contractual matters between consumers and the real estate professionals. In the absence of adequate printing and publication industries; with the minimal telecommunications network, and a weak postal service, radio and television broadcasting represents the cheapest and fastest way of informing the public on the real estate market place. Simple, short visual and narrative messages may be designed to deliver the desired information to the public. Obviously, AREA should be ready with a staff to execute such a public relations effort.

In conclusion, I believe the efforts of USAID and ICMA to extend to the Armenian people the much needed technical, financial and moral support is excellent and most appreciated. The direction of the programs in place, to assist the Armenian real estate industry in playing its vital role in the housing privatization process is on target. Much more assistance will be needed in the areas of effective management and maintenance of the existing housing stock, and in the production of new housing. The enormous sunk capital in incomplete housing construction is heartbreaking. I strongly recommend that USAID extend its assistance in developing strategies for the completion of these housing structures. The benefits are multiple in terms of employment, consumption, production and an active real estate industry. A task force, if not in place, is the first step towards this goal.

IV. TRAINING WORKSHOPS I, II, II

A. WORKSHOP I: THE FUNDAMENTALS OF REAL ESTATE BROKERAGE

The workshop was held on April 15, 1995 at the American University. It commenced at 10:00 am and ended at 4:30 pm. The Workshop was attended by over eighty (80) persons who represented almost all of the AREA member firms, Government officials for the Inventory Bureau and the Housing Division, and some graduate students.

The format of the workshop consisted of presentation of topics followed by participatory question and answer sessions. The attached Exhibit A represents the workshop book handed to the attendees translated into Armenian. The technique of delivery consisted of the simultaneous audio-visual overhead projection of the topics delivered. The attendees were encouraged to write down ideas and concepts as they heard and saw them.

Utmost care was employed to deliver simple, clear and exemplary concepts and ideas with the express purpose of posing salient questions, exposing opportunities and encouraging the attendees to derive their own conclusions at their own pace. (It has been quite scary for me to see myself being asked to think like a communist.)

The most challenging and thought provoking discussions centered around:

1. The role of the broker.
2. The vast opportunities available in the real estate business.
3. The law of agency.
4. The issues dealing with contract law. *(None of these have any experiential context to them.)*

The least amount of interest was demonstrated towards discussions dealing with organizing, opening and managing the real estate firm. The main reason for this lack of urgent interest in these discussions is the fact that each firm and broker is preoccupied by its basic daily survival needs. The main reason for the high interest in legal and contractual matters affecting their business is the fact that each firm and broker is focused on competing with a major black market, justifying its right to earn a commission as an intermediary, and getting paid.

B. WORKSHOP II: THE FUNDAMENTALS OF REAL ESTATE FINANCE AND APPRAISAL

The workshop was held on April 22, 1995 at the American University. It commenced at 12:30 pm and ended at 4:30 pm. The workshop was attended by over eighty (80) persons who represented almost all of the AREA member firms, Government officials from the Inventory Bureau and the Housing Division.

The same format and techniques of delivery were employed. The participants demonstrated great enthusiasm and keen interest in the topics discussed. The attached Exhibit B represents the workshop book delivered to the attendees.

The most challenging and thought provoking discussions centered around the three methods to estimating value. Some attendees were disappointed that mathematical formulas were not utilized in estimating values, reminding me the varied and highly educated background of the attendees, and their notion of market value.

The discussions on financing did not create much enthusiasm mainly due to the notion of borrowing money over a long amortization period; and due to the extremely high interest rates charged by banks. However, many understood the role and need for financing sources in sustaining a healthy housing market, where consumers are able to buy and sell real estate on an affordable and regular basis. They did understand that as values rise, buying and selling on all cash basis may become harder thus suffocating the tender housing market.

It is worthwhile to read the attached Exhibit E, News Paper Article on the Seminar. Besides poor translation, there is a lack of communication on this issue.

The seminar was followed by a closing ceremony. I presented the Board of Directors of AREA; promoted the goals of AREA; presented the American Flag to the President ; presented REALTOR memorabilia such as membership pins, T-shirts, etc. This was followed by a catered reception. Marketing of AREA had already begun.

C. WORKSHOP III: THE BASICS OF REAL ESTATE LICENSE LAW

This mini-workshop was held on April 27, 1995 at the offices of the Director of the Department of Urban Policy, Mr. Andranik Andreasian. It commenced at 10:00 am and ended at 12:30 pm. The workshop was attended by the representative AREA Board of Directors, The Department of Inventory, The Department of Housing and the Department of Urban Policy. See the attached Exhibit C.

The purpose of this workshop was to present and discuss the urgent need, the basic concept and the implementation process of the Real Estate License Law. The attendees were given a visual chart outlining the nature of the license law so that a consensus and an agreement may be reached at the workshop, for the drafting and enactment of the Real Estate License Law.

The Real Estate License Law is expected to:

1. Eliminate the pervasive black market.
2. Encourage the growth of a professional real estate brokerage industry.
3. Help stabilize volatile price levels.
4. Build trust in the private and free housing market.
5. Build trust in the Real Estate Association.
6. Establish trust between the Government and the private sector.
7. Introduce self-governance within the Real Estate Industry.

The issue of "trust" is big in Armenia, and specially amongst the consumers, the brokers, and those government officials who manage the housing privatization process. There are "brokerage firms" within the departments of Housing and Inventory, set up by government officials to compete with the public!

The Real Estate License Law, as proposed, will be self-governing and self-sustaining, an idea which is alien to both the private and the public sector. The Government fears losing control and the public fears responsibility and leadership. We were able to convince the attendees that they should support the proposals, in spite of the obvious difficulties, for no other reason than experimenting one democratic way of claiming accountability. Mr. Andreasian stated that a draft may be prepared within a month and enactment within six months.

V. ASSESSMENT OF THE STRUCTURE & OPERATIONS OF THE REAL ESTATE FIRMS

The purpose for visiting the real estate firms at their place of business was to see the physical environment of each firm and hear the needs first hand. This task was most difficult and yet most rewarding to me.

The typical size of a firm consisted of 4 - 5 persons, occupying one or two average size offices with bare furnishings, minimal communication lines or office equipment, generally dark and cold and often depressing, but always organized.

The typical firm is organized by a broker-owner with 3 - 5 assistants, agents or employees as they are called. There is usually a "floor dispatcher" who performs as the messenger/the processor/the office manager, especially when telephone communications fails. The broker-owner carries a "seal" in his pocket issued by the Government to do business with.

These firms, whose business life ranges between 3 months to 3 years, are the pioneers of the free real estate brokerage industry in Armenia. The individuals are all highly educated and sturdy, both physically and in spirit. They do not complain about their hardships. They have thought out the market place well, and they know all the basics of canvassing, targeting, prospecting, qualifying and selling. Their knowledge is gained through insight and a strong need to survive. If we can picture the early American settlers we can appreciate these firms well.

The needs of all the firms is similar:

1. Elimination of the black market.
2. Enactment of license and contract laws.
3. Office equipment, supplies and electricity.
4. Training in the basics of the business and the Code of Ethics for a civilized conduct.
5. Professional encouragement.

The most prevalent questions raised are:

1. How to convince consumers to enter into written listing agreements.
2. How to convince buyers and sellers to enter into written agreements.
3. How to assure the payment of the commission.
4. How to beat the black market.

I left all of these firms with lots of encouragement and support to become active members of AREA. Their attendance of both workshops in full force, and their repeated requests for more time with them leaves me to believe that they all appreciate and are truly grateful to the devoted people of the United State, USAID and all of the TDY's. The attached Exhibit D outlines the schedule of the visits and some basic information on each firm where available.

VI. ASSESSMENT OF THE MARKET MONITORING PROGRAMS OF AREA

The Market Monitoring Program of AREA is in a very embryonic stage. The ICMA and Steve Anlian's efforts have produced essential statistics very effectively, especially in the absence of ongoing information systems in the market place. I commend highly Mr. Anlian's insightful efforts to quickly create an embryo for growth.

I assisted Miss A. Hovhanissian, a statistics major, to develop a very simple format to report on market transactions and prices, by districts or zones for the City of Yerevan. The report includes narrative and visual components to assist firms and public officials to utilize the information for business and policy issues. The information may not always be accurate.

A great deal of work is needed to develop a comprehensive reporting system. AREA anticipates the implementation of such a system commencing with a "multiple listing" program in addition to the "transactions" report described earlier. Attached is Exhibit E, the draft report. See "Recommendations."

VII. ASSESSMENT OF THE PROFESSIONAL EDUCATION PROGRAM OF AREA

There is no formal Professional Education Program in place, but it is expected that there will be one (see Section III A). While the need for an ongoing education and training program is indisputable, the timing and the extent of such programs must be considered carefully. The typical firm and its members are focused on one goal today. That goal is to survive daily as individuals and as a company. As it is discussed fully in "Recommendations," the goals of AREA should focus on:

1. Teaching the Code of Ethics, to build a moral foundation for the industry.
2. Teaching the basic License Law, to produce trained professionals.
3. Teaching the basic Contract Law, to assist in the daily business of "selling and buying."

None of these three areas require a legal background. All of these areas are essential to create a trusting, uniform and predictable market place behavior by all participants.

VIII. ASSESSMENT OF THE PUBLIC RELATIONS PROGRAM OF AREA

There is no formal Public Relations Program of AREA, and it is important that there be one as soon as possible. In the absence of written and printed publications that inform the AREA members, the public and the government about the real estate market; in the absence of a reliable telecommunications media, the short term focus should be the development of a public relations program via the radio and the television media. The specific goals of the program should be:

1. The promotion of AREA and aspects of the Business Plan.
2. The Code of Ethics, and its benefits.
3. The License Law, and its importance.

Therefore, informing the consumer how the real estate market functions should gradually weaken the black market, and encourage buyers and sellers to seek professional help. See "Recommendations."

IX. THE AREA BUSINESS PLAN IMPLEMENTATION, APPLICATION TO EERPF AND EURASIA FOUNDATION FOR FUNDING

The work of Mr. N. Flynn, the President of EERPF in Yerevan, has already produced results that will be remembered for a long time. The AREA Business Plan was reviewed and discussed by myself and a small group of AREA Board members. Having been briefed by Mr. Van Huyck, EVP of EERPF, prior to my trip to Armenia, I was successful in focusing on those business goals that will produce the most results with the least amount of initial funding. The attached Exhibit H is a copy of this plan.

Essentially, the Business Plan calls for the Mission of the AREA to focus on creating a professional real estate association who is dedicated to a civilized, trusting real estate market place.

The initial funding requested from EERPF/EURASIA Foundation should produce the following results:

1. Establish a simple Multiple Listing Service Program.
2. Establish a simple market monitoring program.
3. Provide standardized transaction forms for use by AREA members.
4. Certify all of the members of AREA by training a core of trainees in the areas of:
 - a. Code of Ethics.
 - b. License Law.
 - c. Contract Law.
 - d. Evaluation.
 - e. Business Management.

The certification shall precede the enactment and implementation of the National Real Estate License Law and it shall become a voluntary demonstration of commitment to the public and the government. See "Recommendations."

**EXHIBIT A - THE FUNDAMENTALS OF REAL ESTATE BROKERAGE AND
LIST OF ATTENDEES**

USAID Urban Development Housing Development
&
ICMA International City/County Management Association

PRESENTS
A
WORKSHOP

THE FUNDAMENTALS
OF
REAL ESTATE
BROKERAGE

BY

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Anton Yergat is the founder and president of AYRE INC., a multi-service service corporation set up for the purpose of providing real estate development; marketing, selling, leasing; and property management services to joint ventures and partnerships of its own account; and selected owners and investors.

Anton Yergat's formal training and educational discipline consists of Architectural Engineering, Urban Planning and Economics, Marketing, Finance, Real Estate Appraisal and Real Estate Brokerage.

HOW TO GET THE MOST OUT OF THIS SEMINAR

The real value of a seminar is in what you take from it. What you gain depends on you, as well as on us. Here are a few simple guidelines to help you make the most of this learning opportunity.

1. **Know what you are after.** Establish some clear goals before the program begins. Write them down and keep them in mind as you participate.
2. **Get involved.** Do not hesitate to ask questions or share information. Your participation will increase your own ability to retain what you learn.
3. **Enjoy learning.** Relax. Focus entirely on the program and what you can gain from it. Keep a positive attitude and an open mind.
4. **Take notes.** Make them as clear and complete as you can. The process will help set the information firmly in your mind. It will also make it possible to share what you have learned with your co-workers or boss, or give yourself a refresher course later.
5. **Meet others.** Take advantage of this opportunity to get acquainted with others in your field and build you network of contacts. Find out about other attendees' special areas of expertise. Exchange business cards.
6. **Make an action plan.** Take time during the seminar to make a list of specific ways you can make use of the new ideas and information you have obtained. Begin right away to make use of what you have learned. You may wish to use the following sheet to start your action plan.

ACTION PLAN

A formal action plan will help you to implement the ideas you gain from this seminar. When you hear something that sparks an idea, write it down. The purpose is to immediately capture your ideas so that you can get started on them right away.

1. IDEA _____
Principal Benefit _____
Major Problem _____
Timeline _____
Approach _____

2. IDEA _____
Principal Benefit _____
Major Problem _____
Timeline _____
Approach _____

3. IDEA _____
Principal Benefit _____
Major Problem _____
Timeline _____
Approach _____

4. IDEA _____
Principal Benefit _____
Major Problem _____
Timeline _____
Approach _____

5. IDEA _____
Principal Benefit _____
Major Problem _____
Timeline _____
Approach _____

6. IDEA _____
Principal Benefit _____
Major Problem _____
Timeline _____
Approach _____

SECTION I

REAL ESTATE BROKERAGE IN PERSPECTIVE

I. Who is a broker?

“A broker is one who offers to buy and offers to sell for another for compensation or arranges for the negotiation of contracts of various types.”

II. Who needs a broker?

“The seller who represents himself has a fool for a client.”

- a. _____
- b. _____
- c. _____
- d. _____
- e. _____
- f. _____

III. The Real Estate Market and The Brokerage Industry, Opportunities.

- a. Existing Housing Stock, Approximately _____ Dwelling Units
- b. New Housing Demand, Approximately _____ Dwelling Units
- c. _____
- d. _____
- e. Residential
 - _____
 - _____
 - _____
- f. _____

- g. _____
- h. _____
- i. _____
- j. _____
- k. _____
- l. _____
- m. _____
- n. _____
- o. _____
- p. _____
- q. _____
- r. _____
- s. _____
- t. _____
- u. _____

IV. Response to Change: Privatization; Complexity of Decision Making.

- a. _____
- b. _____
- c. _____
- d. _____
- e. _____
- f. _____
- g. _____
- h. _____

i. _____

V. Real Estate Brokers: The Marketplace for Real Property Transactions.

a. _____

b. _____

c. _____

d. _____

e. _____

A REAL ESTATE TRANSACTION

Property Owner Wants to Sell

Licensed
Real Estate Agent

Identify the Property

LISTING AGREEMENT

Value the Property

Advertise

Buyer Evaluates Property

**OFFER
and
ACCEPTANCE**

Contract Law

Mortgage, Deed of Trust

FINANCING

Sources of Financing
No Money, No Sale

Deed Preparation
Title Examination

CLOSING

Insurance, Taxes, Title,
Land Use

OWNERSHIP

Fee Simple, Co-Op, Condo, Lease, Option, Contracts, Rights

WELCOME TO THE COMPLEX WORLD OF REAL ESTATE

Referral

SECTION II

ORGANIZING THE BROKERAGE INDUSTRY

I. The Law of Agency

a. _____

b. _____

c. Partly Statutory: Enact Statutes of Fraud

- _____

- _____

- _____

d. Partly Administratively Regulated

- _____

- Adopt rules and regulations governing all phases of the industry

 - _____

 - _____

 - _____

 - _____

 - _____

II. The Agency Relationship

a. Creation of an Agency

- _____

b. Principal: _____

- _____

c. Agent: _____

d. Listing Agreement: _____

e. Responsibilities and Obligations: Realtors Code of Ethics

- Fiduciary: _____

- Utmost care: _____

- Obedience: _____

- _____

- Loyalty: _____

- Advice: _____

- Prompt Notice: _____

f. Broker extends his Agency Relationship to his subagents

- _____

- _____

III. The Listing Agreement: Example

a. _____

b. _____

c. _____

d. _____

e. _____

f. _____

g. Brokers duties to other Brokers

- Multiple Listing (MLS): _____

- _____

- _____

IV. Types of Listing Agreements

- a. _____
- b. _____
- c. _____
- d. _____

V. Protecting the Broker Commission

- a. _____
- b. _____

VI. The Contract: Example

- a. Expressed Contract: _____
- b. Implied Contract: _____
- c. How a Contract is created to be Legally Valid
 - _____
 - _____
 - _____
 - _____
 - _____
 - _____
 - _____

VII. Performance and Discharge of Contracts

- a. _____
- b. _____
- c. _____

VIII. Breach of Contract

a. Failure to perform without a legally recognizable reason

- _____
- _____
- _____
- _____
- _____

IX. Practicing Law: Who should write the Contract?

a. Historical: _____

b. Current: _____

c. The Real Estate License is not a permit to practice law.

SECTION III

REQUIREMENTS FOR THE SUCCESS OF THE BROKERAGE INDUSTRY

I. The Real Estate Association

a. Objectives

- _____
- _____
- _____
- _____
- _____
- _____
- _____

b. Jurisdiction

c. Membership Categories

d. Election and Qualifications for Membership

e. Privileges and Obligations of the members

f. Professional Standards and Arbitration

- _____
- _____
- _____
- _____

II. Formal Continuing Professional Education; Who will provide it?

a. _____

b. _____

c. _____

III. Technical and Managerial Assistance to the Industry

IV. A Real Estate Financing Market

SECTION IV

**ORGANIZING, OPENING AND MANAGING AN OFFICE
THE REAL ESTATE FIRM**

I. Establish a Business Plan

- a. _____
- b. _____
- c. _____
- d. _____
- e. _____
- f. _____
- g. _____

II. Organizing and Opening the Office

- a. _____
- b. _____
- c. _____
- d. _____
- e. _____
- f. **Budget, Books and Records**
 - _____
 - _____

III. On-going Sales Management

- a. _____
- b. _____
- c. _____
- d. _____

IV. Hiring Sales Associates

a. Recruitment

- _____
- _____

- b. _____
- c. _____

V. On-going Training Sales Associates

- a. _____
- b. _____
- c. _____
- d. _____
- e. _____

VI. Advertising and Promotion

- a. _____
- b. _____
- c. _____
- d. _____

VII. Miscellaneous

**EXHIBIT B - THE FUNDAMENTALS OF REAL ESTATE FINANCE AND
APPRAISAL AND LIST OF ATTENDEES**

USAID Urban Development Housing Development
&
ICMA International City/County Management Association

PRESENTS
A
WORKSHOP

THE FUNDAMENTALS
OF
REAL ESTATE
FINANCE & APPRAISAL

PART I

SECTION I

REAL ESTATE FINANCE & THE BROKERAGE BUSINESS

I. The Importance of Financing: Sources of funds to buy Real Estate.

a. _____

b. _____

c. _____

d. Buyer's Perspective:

- _____
- _____
- _____
- _____
- _____

e. Seller's Perspective:

- _____
- _____
- _____

II. The Role of the Broker

a. Identify and introduce to buyer available sources of financing to close the sale and earn the commission.

b. Qualify the buyer for capability:

- _____
- _____
- _____
- _____

PART I

SECTION II

METHODS OF FINANCING REAL ESTATE

I. Promissory Notes & Security Instruments, The Mortgage

a. Promissory Note:

- _____
- _____
- _____
- _____
- _____

b. Deeds of Trust:

- _____
- _____
- _____
- _____
- _____

II. Types of Promissory Notes

- a. Straight Note: _____
- b. Amortized Note: _____
- c. Hybrid Notes: _____
- _____

III. Promissory Notes and Deeds of Trust Agreements are enforceable by Law.

IV. First, Second, Third, Junior Mortgages and Deeds of Trust

a. The order of security interest and subordination.

- _____
- _____

b. Foreclosure Issues, Satisfaction according to priority, default on Junior Trusts;
Sale Proceeds inadequate.

c. Other Provisions found in Promissory Notes and Deeds of Trust:

- _____
- _____
- _____
- _____
- _____
- _____
- _____

V. Alternative Instruments of Financing, Under Inflationary and Volatile Markets

a. Variable Rate Mortgages

- The Economy: _____
- Lenders Perspective: _____
- Borrowers Perspective: _____

b. Renegotiable Rate Mortgages

- _____
- _____

c. Graduated Payment Mortgages

- _____
- _____

d. Flexible Loan Insurance Mortgages

- _____
- _____

e. Private Sources of Money

- _____
- _____
- _____
- _____
- _____

f. Institutional Sources

g. Government Backed/Guaranteed Financing

PART II

SECTION I

THE BASICS OF REAL ESTATE APPRAISAL

I. The Appraisal Process; Perspective.

a. Market Value: Is it Fair? Whose opinion?

- _____
- _____
- _____
- _____

b. Principals of Value

- _____
- _____
- _____

c. Market Forces Create Market Value

d. Buyers and Sellers Create Market Value

e. Professional Appraisal Societies and Their Role

- _____
- _____

f. Professional Brokers and Their Role

PART II

SECTION II

METHODS OF APPRAISAL

I. The Market Comparison Approach, Example:

- a. _____
- b. _____
- c. _____
- d. _____
- e. _____
- f. _____
- g. _____
- h. _____
- i. _____
- j. _____
- k. _____
- l. _____
- m. _____
- n. _____

II. Cost Approach, Example:

- a. _____
- b. _____
- c. _____

d. _____

e. _____

III. Income Approach, Example:

a. _____

b. _____

c. _____

d. _____

e. _____

f. _____

IV. Gross Rent Multipliers and the Weakness of GRMs

a. _____

b. _____

V. Market Approach to Vacant Land

a. _____

b. _____

VI. Condominium, Apartment and Cooperative Appraisal

a. _____

b. _____

PART II

SECTION III

APPLICATIONS AND CONSIDERATIONS

I. Depreciation

- a. _____
- b. _____

II. Choice of Approaches, and Developing the Appraiser

- a. _____
- b. _____

III. Appraiser's Best Estimate

- a. _____
- b. _____

IV. The Appraisal Report

- a. _____
- b. _____
- c. _____
- d. _____
- e. _____
- f. _____

V. Professional Liability

- a. _____
- b. _____

VI. Condominium, Apartment and Cooperative Appraisal

- a. _____
- b. _____

**EXHIBIT C - THE BASICS OF THE REAL ESTATE LICENSE LAW AND
LIST OF ATTENDEES**

ԱՆՇԱՐԺ ԳՈՒՅՔԻ ԱՐՏՈՆԱԳՐԱԿՆ ՕՐԵՆՔԻ ՀԻՄՆԱԳՐՈՒԹՅՆԵՐԸ

Մշակված Անտոն Երկաթի կողմից ապրիլի 26, 1995 թ.

ՕՐԵՆՔՈՎ ԱԱՀՄԱՆՎՈՂ ԻՆՔՆԱԿԱՌԱՎԱՐՈՒՄ

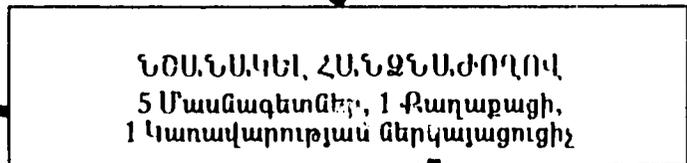
- ԿԱՌԱՎԱՐՈՒԹՅՈՒՆ. ԻՐ ԻԾԽԱՆՈՒԹՅԱՄԻ



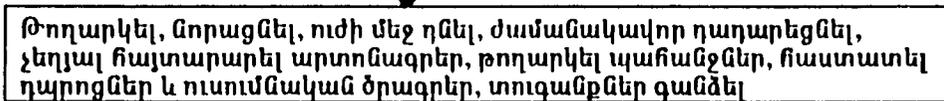
- ՆՊԱՏԱԿԸ.

Անշարժ գույքի բոլոր գործարքներում հասարակությանը պաշտպանել խարդախությունից, անազնվությունից, սխալ ներկայացնելու փաստերից և ոչ իրավասու մոտեցումներից

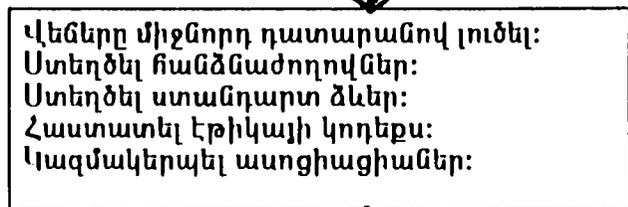
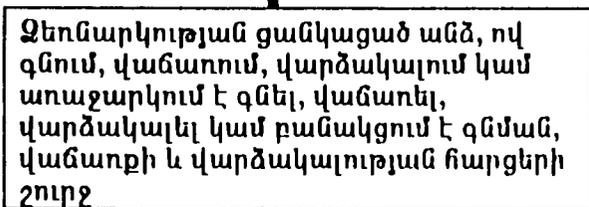
- ՆԱԽԱԳԱՀ/ՎԱՐՉՄ.ՊՆՏ/ՆԱԽԱՐԱՐ



- ԻՐԱՎԱՍՈՒՒՆ

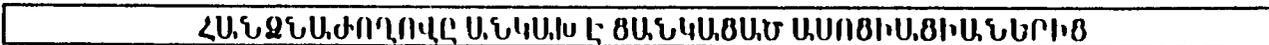
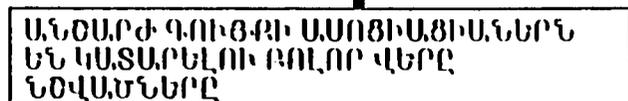
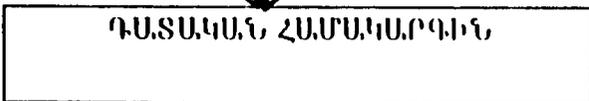


Ո՞վ պետք է ստանա արտոնագիր



- ԱՅՆ ՁԻ ԿԱՐՈՂ

ԱՌԱՆՑ ԱՐՏՈՆԱԳՐԻ ԳՈՐԾՈՒՆԵՆՈՒԹՅՈՒՆ ՄԱՎԱԼՈՂ, ԱՆՁԱՆՑ ՀԱՐՑԵՐՈՎ, ՀԱՆՁՆԱԺՈՂՈՎԸ ԳԻՄՈՒՄ Է:



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1 month / license law / Assistance - to get up

THE BASICS OF REAL ESTATE LICENSE LAW
 Prepared by USAID/ICMA, Anton Yergat, April 26, 1995
 SELF-GOVERNANCE BY LAW

- GOVERNMENT: UNDER ITS POLICE POWER

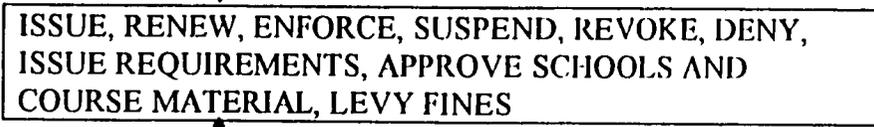
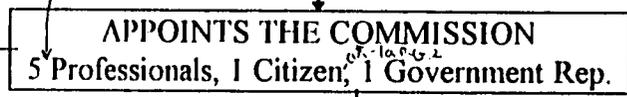


- PURPOSE: To protect the public interest against fraud, dishonesty, misrepresentation and incompetence on all real estate transactions

- PRESIDENT/PRIME MINISTER/MINISTER

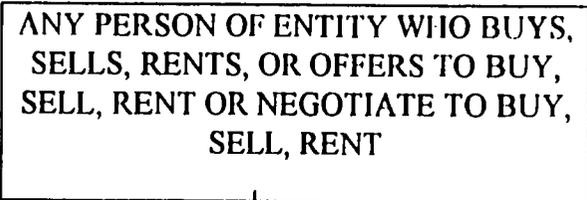
(private sector)

- HAS THE AUTHORITY

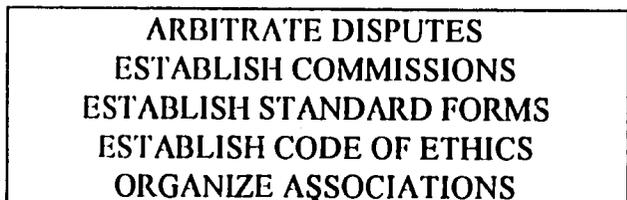
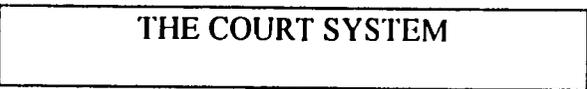


- IT DOES NOT

WHO IS REQUIRED TO BECOME LICENSED



THE COMMISSION REFERS OPERATORS WITHOUT LICENSE TO



THE COMMISSION IS INDEPENDENT OF ANY ASSOCIATIONS

EXHIBIT D - THE SCHEDULE OF MEETINGS AND THE LIST OF FIRMS

EXHIBIT D

THE SCHEDULE OF MEETINGS AND CONTEXT

APRIL 10, 1995

Met with Mr. S. Anlian and Mr. E. Sienkiewicz to discuss my trip mission, schedule of events, meetings and received insight on the market place.

Met with the property management team of the "Triangle" demonstration project and received indepth understanding of the issues. I suggested that additional housing units should be included to obtain better scale economies in the demonstration.

APRIL 11, 1995

Met with the Board of Directors on AREA and Government Officials of the Inventory and Housing Department and discussed in detail ICMA goals, objectives, tasks and interests for my mission. The most important discussion rested on the identity of the Real Estate and Stock Exchange and its relationship to AREA. It became apparent to me that in order for AREA to succeed in the long run, it will be necessary to dissolve definitively The Real Estate Stock Exchange. It is my belief that this will take place soon. The issue is one of conflict of interest between the majority share holders of the firms that made up the Real Estate Stock Exchange, and who dominate the Board of AREA. I believe the Board will attempt to move to inclusion and openness so that new firms may join AREA.

APRIL 12, 1995

Met with Caloria Ltd. and Fort Ltd. The Caloria staff consists of five agents and one principal broker. The company has a "floor dispatcher," part-time accountant, ten to fifteen students acting as referral agents to procure listings of "Homes for Sale" from the black market and identifying buyers. The visit lasted for most of the day and I witnessed the operations of a typical firm.

APRIL 13, 1995

Met with the Real Estate Stock exchange, the only remaining company who bears this name. This firm was set up to coordinate the public relations, advertising and training functions of the Exchange. The firm does not coordinate any longer these functions and it is expected to change its name.

APRIL 14, 1995

Met with the Chief and Deputy Chief of the Department of Inventory and Registry of the City. The department has established a real estate brokerage firm for the purpose of competing with the market place.

Met with Compact Ltd.

APRIL 17, 1995

Met with Tigris and 'TVT' which are two to four person firms housed in the same building sharing space, desks and telephones.

APRIL 18, 1995

Met with Kapital president, Vladimir Galstian. The firm has laid off all of its agents temporarily for lack of business. It became apparent that this firm is reorganizing to focus on real estate development.

Met with AGAT and DIA, two small firms, consisting of five to six agents. Neither of these firms are members of AREA because of differences with the AREA Board on certain issues. They stated that they would join AREA when a multiple listing service is offered.

Met with PAS and the Director of Yerevan Department of Housing. PAS is another hybrid public-private real estate firm, formed under the supervision of the Department. The Director states that when all of the housing stock is privatized, everybody in the Department will need employment for a living, hence PAS.

APRIL 19, 1995

Attended the weekly meeting of the members of the Real Estate Stock Exchange. The purpose of the meeting was to exchange information on listings and buyers. This weekly meeting is very practical because of the absence of a multiple listing service program and adequate telecommunication systems in the Country.

Met with the president and the vice president of AREA Board to finalize the AREA Business Plan. The meeting produced the specific programs for which AREA is seeking funding.

Met with Gloria, Brokservice and Lota in the afternoon.

APRIL 20, 1995

Mr. Anlian and myself met with Mr. Andreasian, Director of Urban Policy. I briefed the Director on the need and the mechanism for enacting the Real Estate License Law.

Met with Mr. Vahram Avannisian, Deputy Minister of Finance. I briefed the Deputy Minister on the need and the mechanism for enacting the Real Estate License Law.

Both of these meetings were conducted to prepare for the mini-workshop on the Basics of Real Estate License Law in a joint session of AREA Board members and Government Officials.

Both officials expressed concern over the self-governance and collection of fees from the licensing activity.

APRIL 21, 1995

Met Yans, a three month old firm with three agents, which set up an office in a ground floor dark apartment. The owner appeared to be very bright and motivated. Like all other firms, his motto is to stay alive till the break of dawn! The office condition was very poor and unhealthy.

45

APRIL 26, 1995

Attended the AREA Board of Directors meeting and took part in the discussions and subsequent approval of the Business Plan, and the programs for submission to EERPF for funding.

APRIL 27, 1995

The mini-workshop was attended well by AREA Board Members, Government Officials from the City Housing Department and the Inventory Department. This workshop will set the basis for the drafting and enactment of the Real Estate License Law. More effort should be placed in this type of public-private cooperation.

Mr. Anlian and myself met with Mr. Michael Kouchakdjian, the Director of the American University of Armenia, and presented the idea of establishing an extension program for the purpose of certifying the members of AREA. The idea was fully endorsed by the Director. The next step for ICMA is to prepare a proposal for discussion.

Mr. Anlian and myself met with Mr. Ray Morton, General Development Director of USAID. The purpose of the meeting was to deliver my oral exit debriefing report. I summarized the scope of my work and my accomplishments, together with general observations and insights into the effective delivery of technical assistance to Armenia. Mr. Morton offered to write a letter of endorsement of the Business Plan Funding requests from EERPF and EURASIA Foundation.

APRIL 28, 1995

Met with Mr. Anlian and reviewed the trip mission and tasks. The remaining time was spent wrapping of last minute paperwork and documentation.

The attached lists the companies, addresses and telephone numbers.

List of the Real Estate Companies Anton Yergat Has Met With

COMPANY NAME	PRINCIPAL BROKER	DATE OF MEETING	ADDRESS PHONE
1. "Caloria" Ltd. *	Artak Abrahamian	April 12	Nairy Zarian 22 25-12-14
2. "Fort" Ltd.	Levon Karapetian	April 12	Nairy Zarian 22 25-25-97
3. Training Dpt, RE Stock Exchange	Alexander Gheltkehim	April 13	Nairy Zarian 22 25-25-97
4. "Compact" Ltd. *	Tigran Kocherian	April 14	Nairy Zarian 22 25-12-96
5. City Inventory * Department	Ara Bagratian Armen Amakelian	April 14	Byuzand Street 1/3 58-51-76
6. "Tigris" Ltd	Vardan Saponjian	April 17	Abovian 8 Room# 22
7. "TVI" Ltd	Vahan Teroumian	April 17	Terim 62, Room #63, 58-78-47
8. "Capital"	Mladimir Gal'tian	April 18	Byuzand Street 1/3 56-26-66
9. "Pas" Ltd	Samsar Popikian	April 18	G. Lousavorich 5 58-99-92
10. "Agat" Ltd.	Ghevorg Avngban	April 18	"Yerevan" Hotel #313 56-15-49
11. "Dia" Ltd	Erik Mesropian	April 18	47 Nalbandian, #10, 52-18-98
12. "Gloria" Ltd *	Gagrik Gilgroun	April 19	Nairy Zarian 22 25-31-56
13. "Brokservice" *	Arthur Poghosian	April 19	Nairy Zarian 22 25-31-56
14. "Lota" *	Levon Martirosian	April 19	Nairy Zarian 22 52-28-57
15. "Yevs" Ltd.	Minas Mikaelian	April 21	3 Kievino, Room #9, 27-15-33

* Real Estate Association members

" "

*List of Other Real Estate Organizations in the City of Yerevan **

NAME OF ORGANIZATION	Address	Phone
"KAPITAL" (REAL ESTATE STOCK EXCHANGE)	1/3 F. Bjuzandi Str, VI-fl.	562-666, 561-491, 580-543
"TIGRIS" LTD.	8 Abovian Str., room 22	582-352, 561-403
"PAS" LTD	5 G. Lousavorich Str.	589-992, 528-962
"AGAT" LTD.	Hotel "Yerevan"	561-549
"ARMBROK" LTD.	53 Manushian Str.	252-786
"AR-2000" LTD.	14 Pushkin Str.	253-460
"AKCERN" LTD.	22 N. Zarian Str.	
"TANS" LTD.	3 Kievian Str., apt. 9	271-533
"AYAS" LTD	1 Tamanian Str.	
"AGA" LTD.	20 Atcharian Str.	254-698
"SEPTAREAL" LTD.	53/8 S. Partev Str.	254-667
"M-1" LTD.		251-296
"M-4" LTD.	22 N. Zarian Str.	255-093
"TVT" LTD.	62 Terian Str., Apt. 63	587-847

* need to clarify what "other" means -

not Area members or

not already scheduled to meet with Anton or

?

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EXHIBIT E - THE MARKET MONITORING REPORT

DRAFT

THE HOUSING AND LAND MARKET MONITORING
City of Yerevan

March 1995
First quarter 1995; October 1994 - March 1995 (six month overview)
A Joint Project with the Armenian Real Estate Association
USAID/ICMA

~~GRAPHIS~~ PREPARED BY:
ARMINE HOVHANNISSIAN

YEREVAN
1995

TABLE OF CONTENTS

A. PURPOSE OF THE HOUSING MARKET STUDY	3
B. METHODOLOGY	3
C. ANALYSES AND CONCLUSIONS	4
D. EXHIBITS	5-15
E. SOURCE OF DATA	16
F. MAP OF VALUATION ZONES	17

A. THE PURPOSE OF THE HOUSING MARKET STUDY

1. To develop monthly , quarterly , and semiannual reports on the number of transactions of housing units and on sale prices .
2. To analyze and make conclusions based on the periodic reports .
3. To determine the factors affecting the sale price .

B. THE METHODOLOGY

1. To use multiple linear regression analyses to determine the significant variables affecting sales price .
2. To use sales data obtained from the AREA member brokers and translation data from the inventory bureau ^{or} transaction
3. To employ graphic~~l~~ illustrations to communicate the results .

C. ANALYSES AND CONCLUSIONS

1. Analysis of transactions by zones , six months (October 1994 - March 1995).

Based on the analysis of Figures 13 and 14, zone 3 contained 990 transactions , representing 18 % of the total reported market transactions . This is followed by zone 5, 887 transactions , representing 19 % of the total market transactions . Zone 7 contained the least number of transactions 433 , representing 9% of the total transactions .

2. Analysis of transactions by type of housing units , six months (October 1994 - March 1995) .

Analyses of the results for the month of March 1995 and the first quarter 1995 (January , February , March), indicates that zone 5 ranked first in number of transactions , followed by zone 5 . The least number of transactions took place in zone 7.

3. Analyses of transactions by type of housing units and prices ..

Based on the analysis of Figures 1,2, and 5 , the price levels of transactions by zones and type of housing units , the price level in a zone is not related to the number of transactions. For example , price level in zone 3 ranged between \$5000 - \$13000 for 1 to 3 room housing units , and in zone 5 it ranged between \$3200 - \$6400 , while the number of transactions in both zones was approximately the same .

The distributions of transactions by types of housing units indicates that 1 room , 2 room , and 3 room units were 36 % , 32 % , and 29 % consecutively . Four room units and single family units represented 3 % .

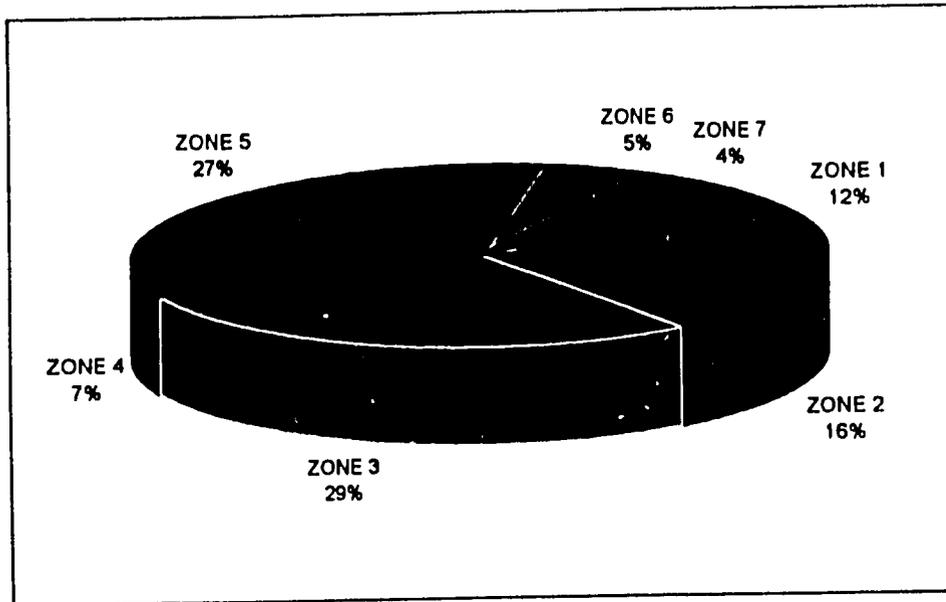
Analyses of transactions by type of housing units and prices indicate that the average price of 1 room units ranged between \$ 2500 to \$ 6400, 2 room units ranged between \$ 4000 to \$12,700 , and 3 room units ranged between \$6000 to \$22,100 .

4. Finally, analyses of Figure 18 , the average sale (\$) per 1 sq. m . Zones 5,6, and 7 indicate \$69 per 1 sq. m , \$ 53 per 1 sq. m , and \$ 78 per 1 sq. m

The results of this report ^{do not} provide conclusive evidence of the market place for average price levels and average sq. m values because the sales data represent only 10 % of the transactions , and the period of reporting is only for six months .

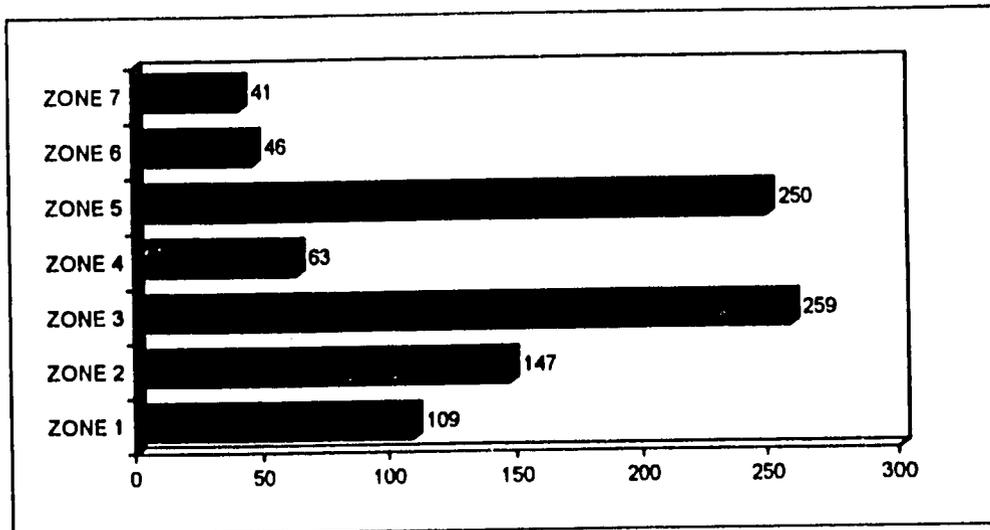
D. EXHIBITS

FIG.1 PERCENTAGE DISTRIBUTION OF TRANSACTIONS BY ZONES
MARCH 1995



Source : Inventory Bureau

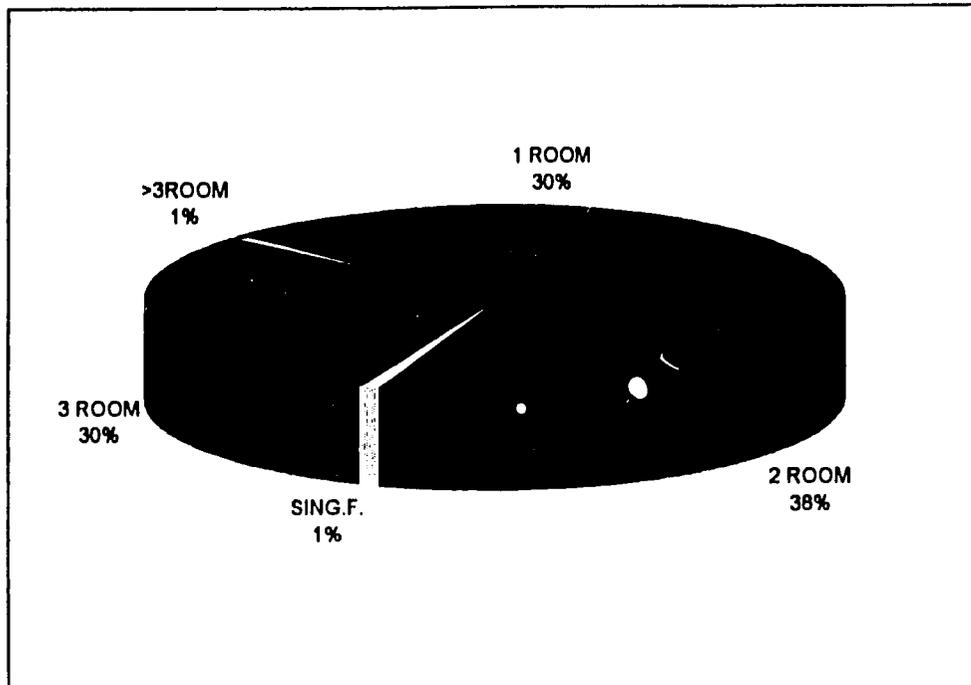
FIG.2 NUMBER OF TRANSACTIONS BY ZONES
MARCH 1995



Total reported at Yerevan Inventory Bureau : 916

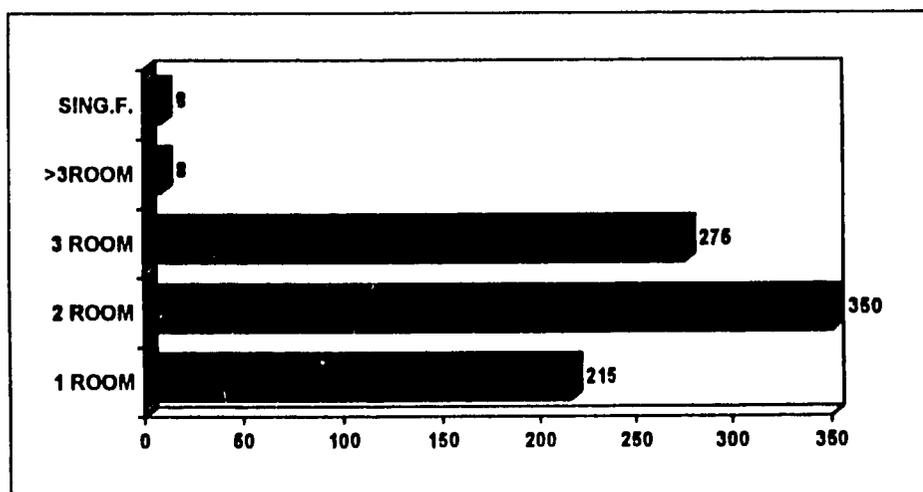
Source : Inventory Bureau

**FIG.3 PERCENTAGE DISTRIBUTION OF TRANSACTIONS BY ZONES
MARCH 1995**



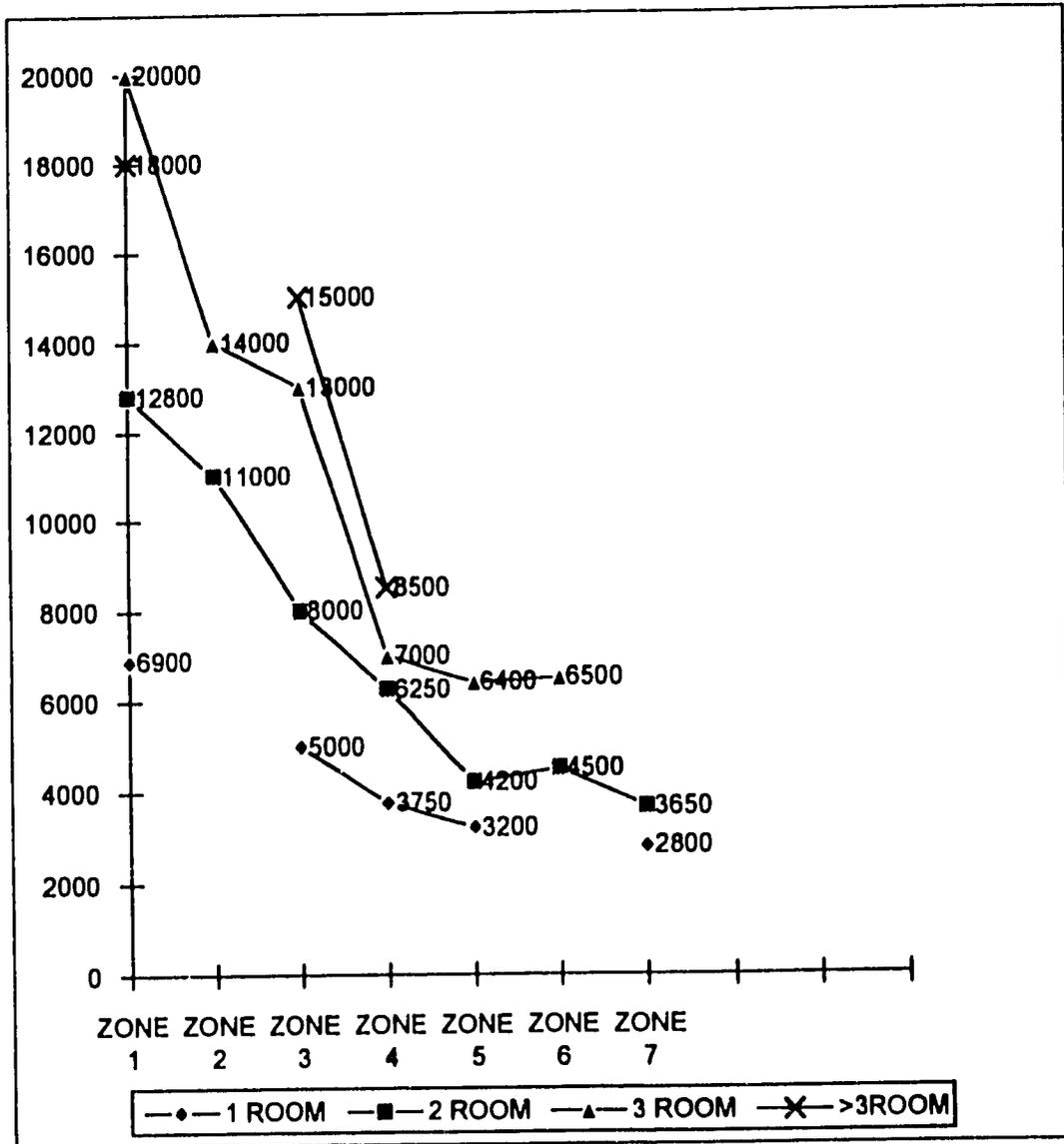
Source : Inventory Bureau

**FIG.4 NUMBER OF TRANSACTIONS BY TYPES OF HOUSING UNITS
MARCH 1995**



Source : Inventory Bureau

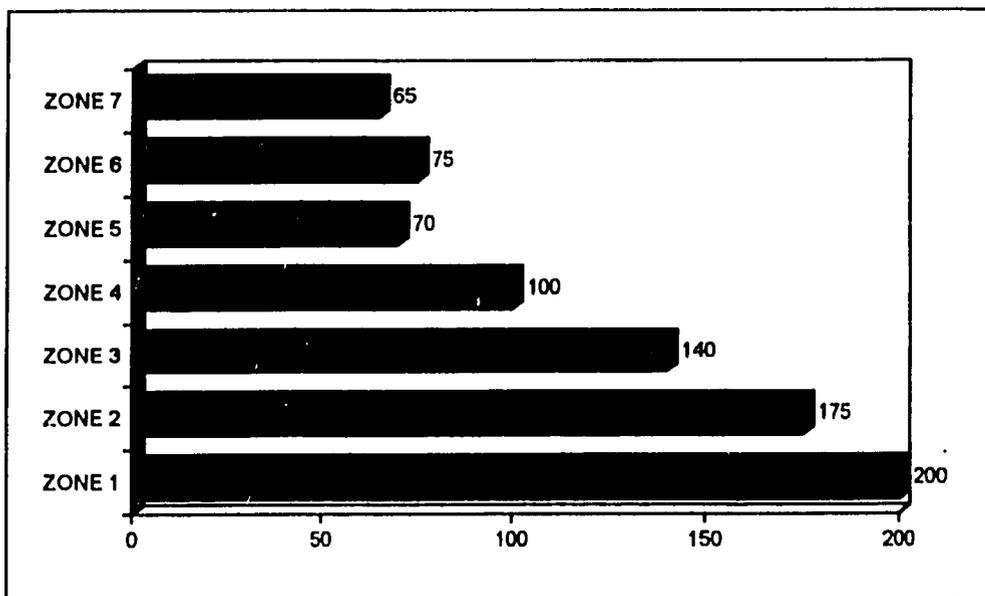
FIG. 5 THE AVERAGE SALE PRICE (\$) BY ZONES AND TYPES OF HOUSING UNITS - MARCH 1995



Note : Prices not shown in a particular zone indicate that no information forms were submitted for this category ; it does not necessarily indicate "0" activity .Therefore lines may be partial or interrupted ("broken")

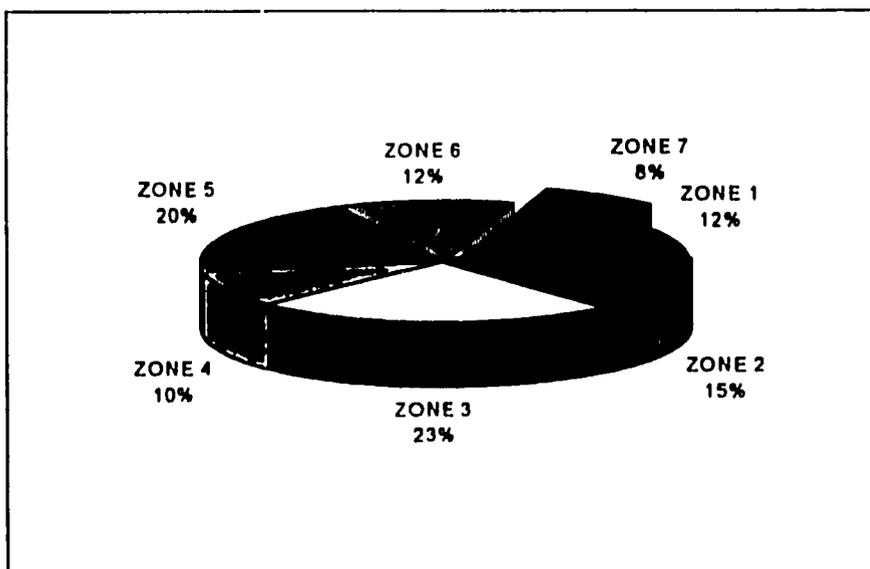
Source : Armenian Real Estate Association

**FIG. 6 THE AVERAGE SALE PRICE (\$) PER 1 SQ. M BY ZONES
MARCH - 1995**



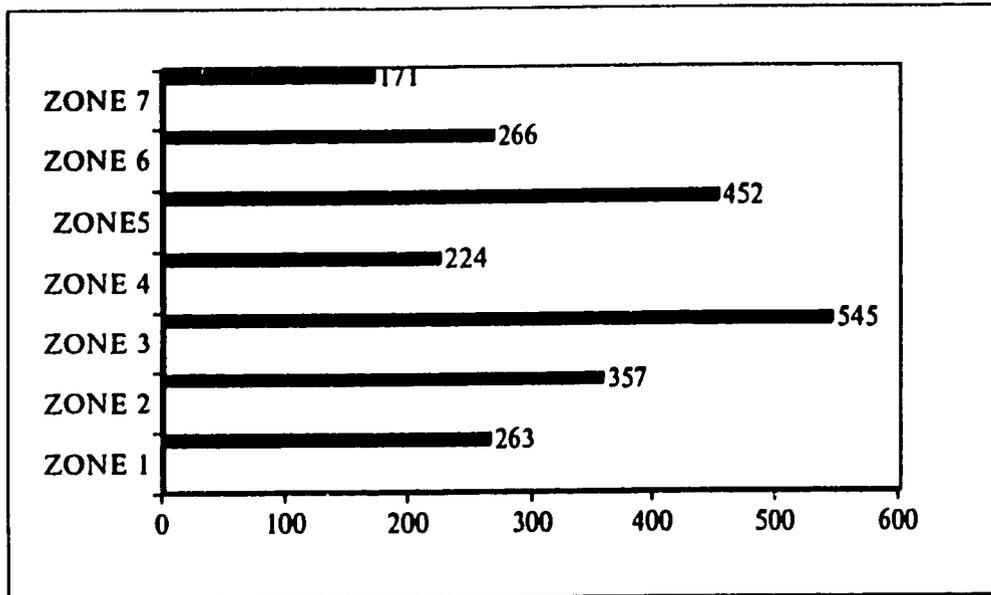
Source : Armenian Real Estate Association

**FIG.7 PERCENTAGE DISTRIBUTION OF TRANSACTIONS BY ZONES
FIRST QUARTER 1995**



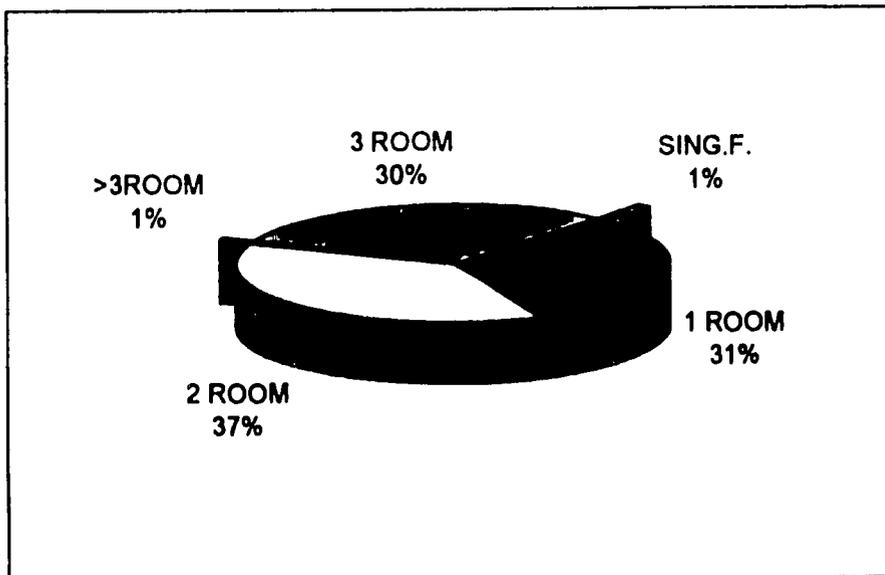
Source : Inventory Bureau

**FIG.8 NUMBER OF TRANSACTIONS BY ZONES
FIRST QUARTER 1995**



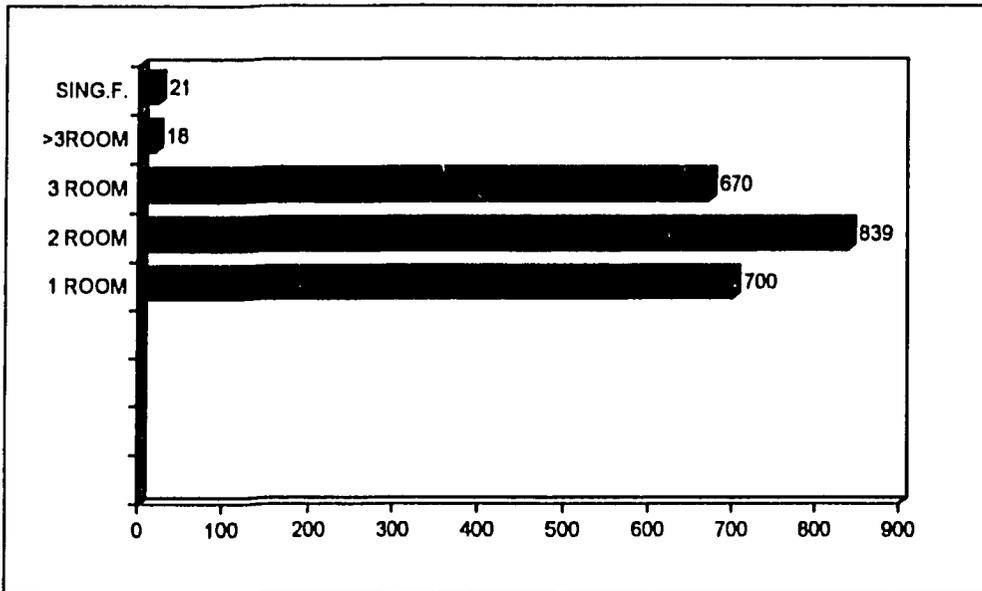
Source : Inventory Bureau

**FIG.9 PERCENTAGE DISTRIBUTION OF TRANSACTIONS BY TYPES
OF HOUSING UNITS, FIRST QUARTER 1995**



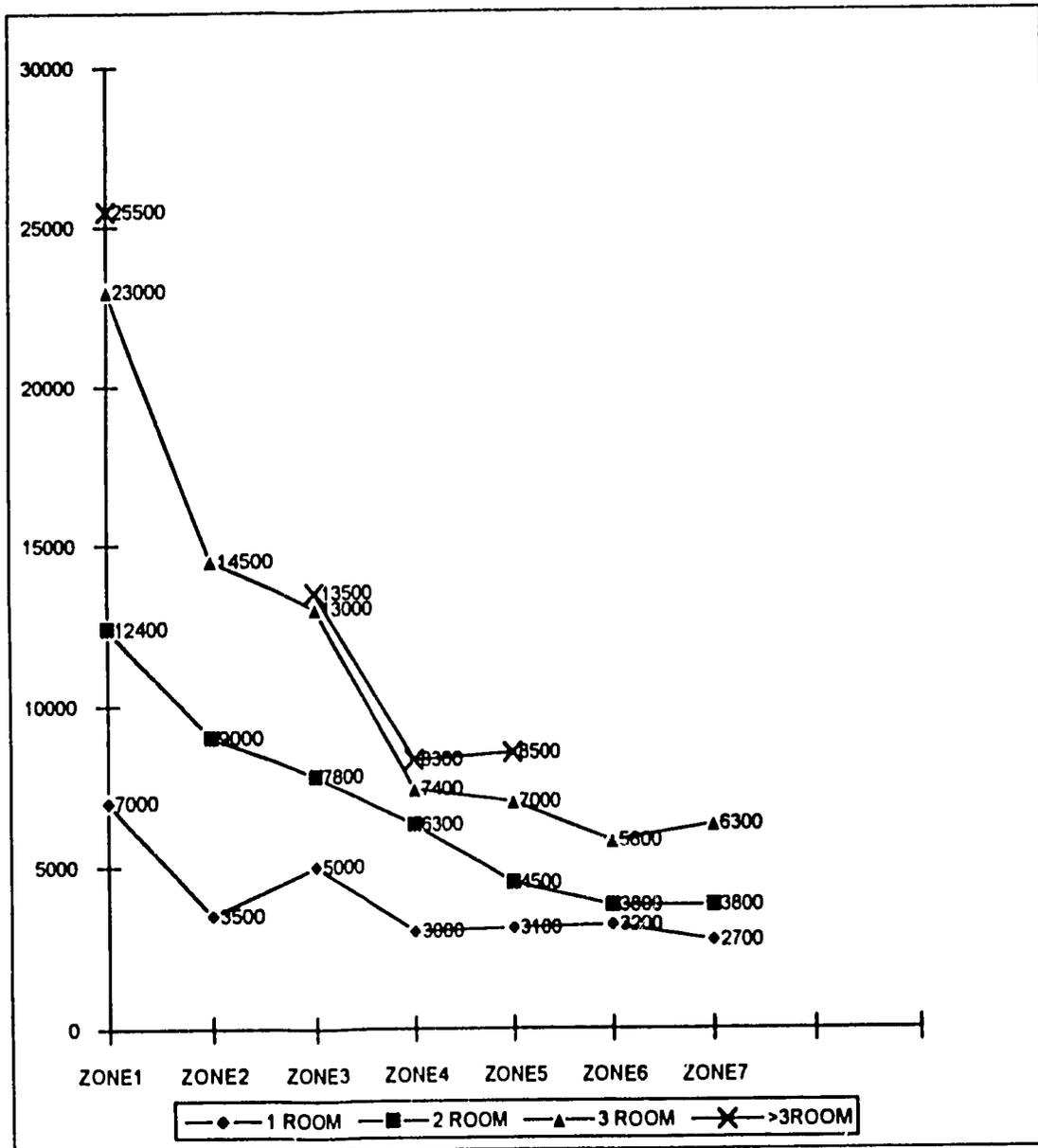
Source : Inventory Bureau

FIG.10 NUMBER OF TRANSACTIONS BY TYPES OF HOUSING UNITS
FIRST QUARTER 1995



Source : Inventory Bureau

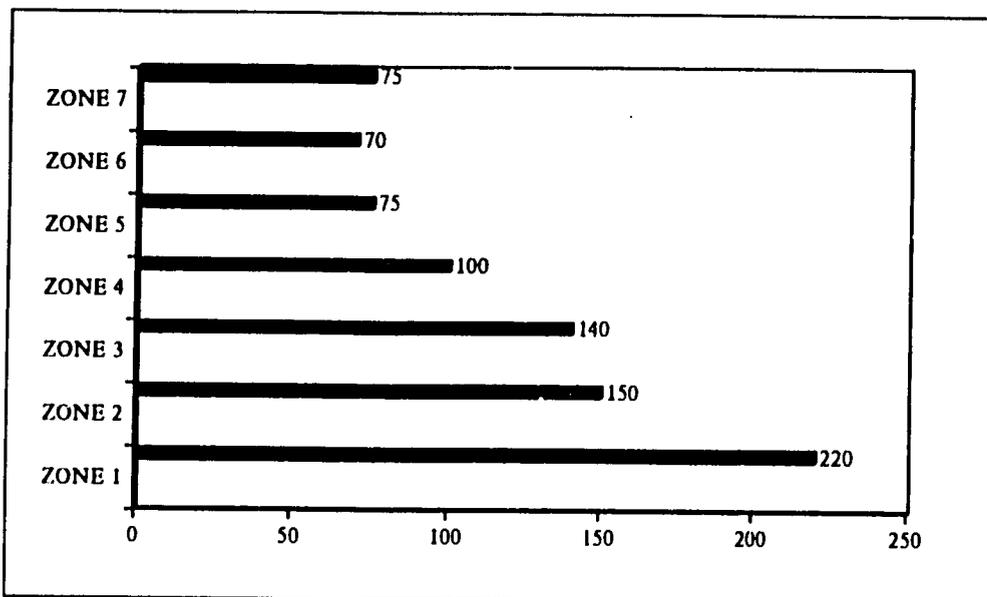
FIG.11. THE AVERAGE SALE PRICE (\$) BY TYPES OF HOUSING UNITS AND ZONES - FIRST QUARTER 1995



Note : Prices not shown in a particular zone indicate that no information forms were submitted for this category ; it does not necessarily indicate "0" activity . Therefore lines may be partial or interrupted ("broken") .

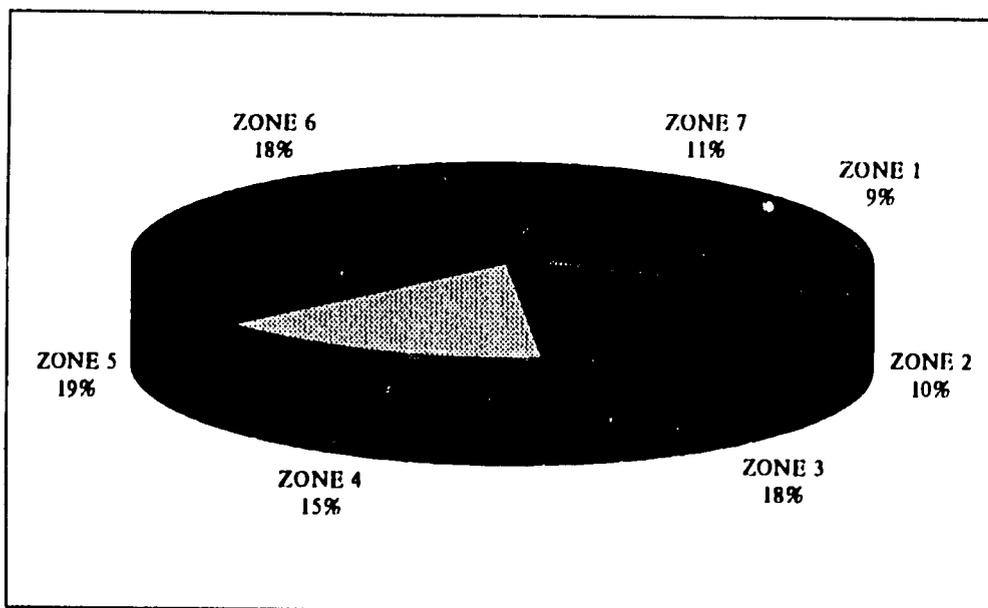
Source : Armenian Real Estate Association

FIG. 12 THE AVERAGE SALE PRICE (\$) PER 1 SQ. M BY ZONES
FIRST QUARTER 1995



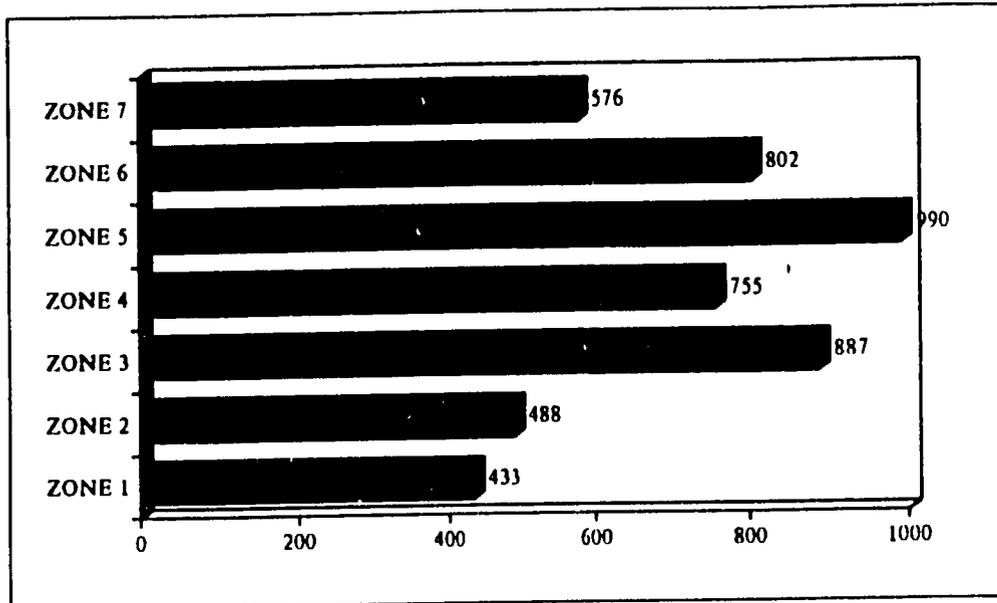
Source : Armenian Real Estate Association

FIG. 13 PERCENTAGE DISTRIBUTION OF TRANSACTIONS BY ZONES
SIX MONTH - OCTOBER 1994-MARCH 1995



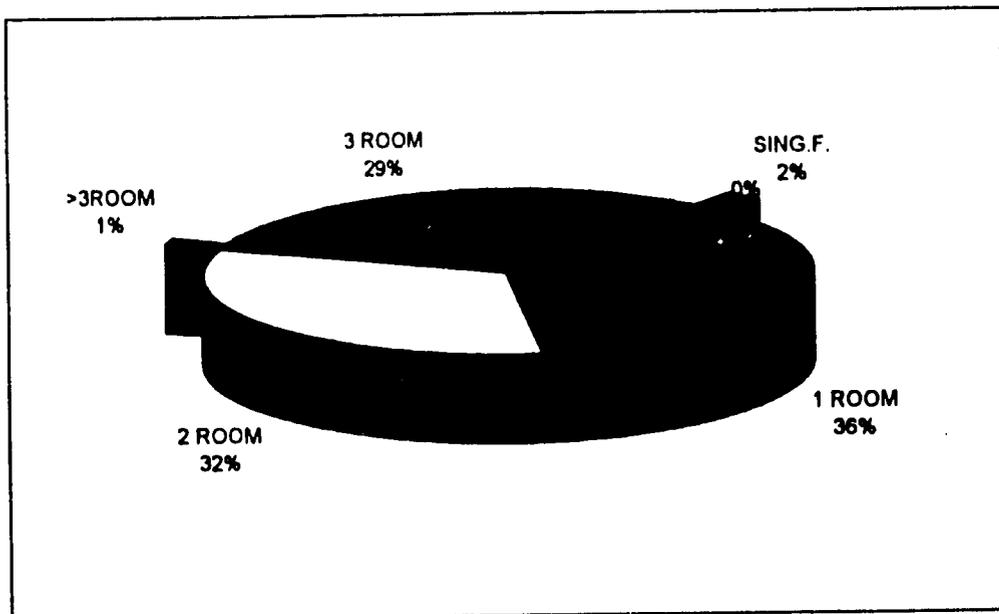
Source : Inventory Bureau

**FIG.14 NUMBER OF TRANSACTIONS BY ZONES
SIX MONTHS - OCTOBER 1994-MARCH 1995**



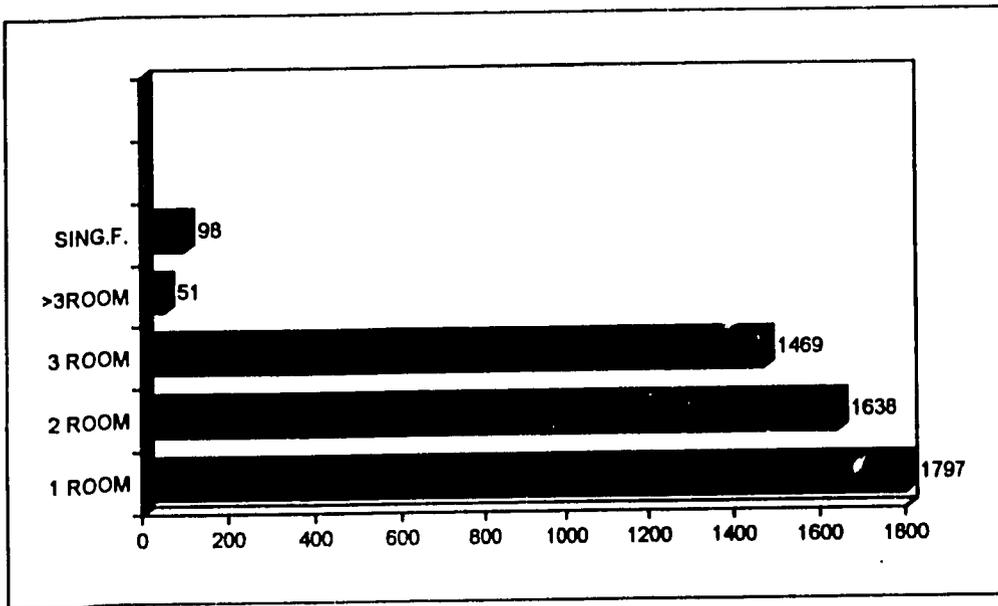
Source : Inventory Bureau

**FIG.15 PERCENTAGE DISTRIBUTION OF TRANSACTIONS BY TYPES OF
HOUSING UNITS, SIX MONTHS - OCTOBER 1994-MARCH 1995**



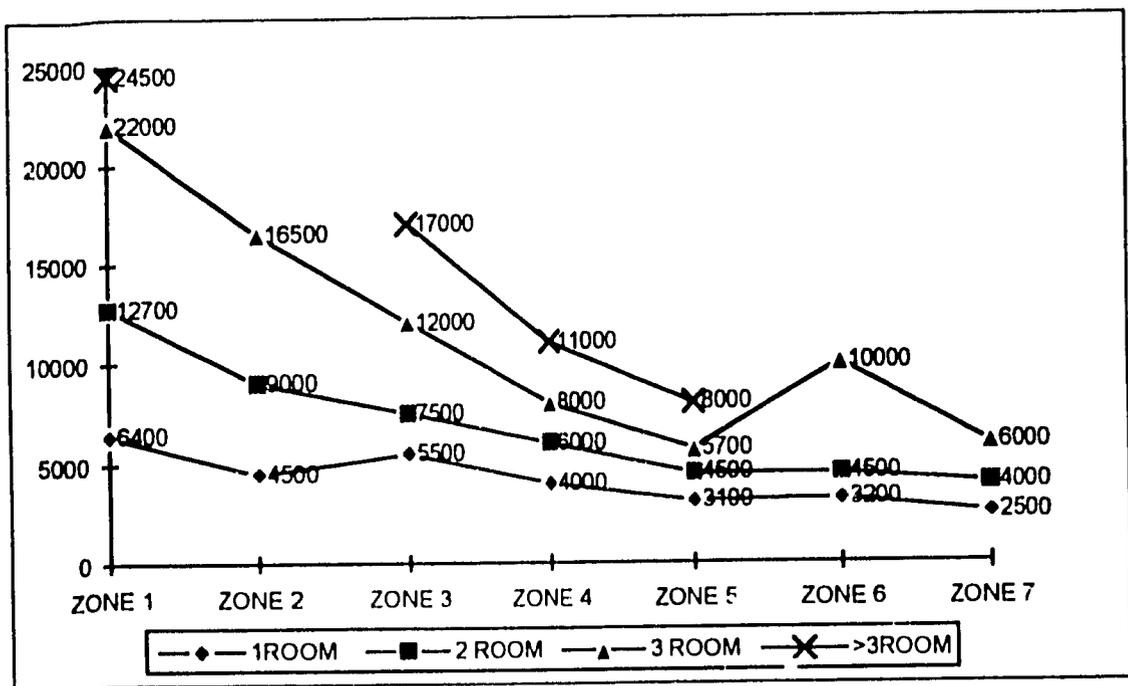
Source : Inventory Bureau

**FIG. 16 NUMBER OF TRANSACTIONS BY TYPES OF HOUSING UNITS
SIX MONTHS - OCTOBER 1994-MARCH 1995**



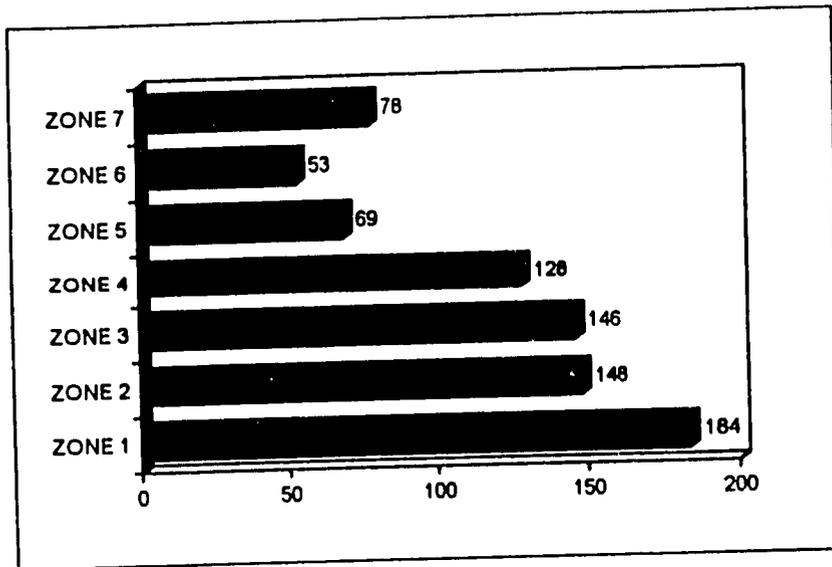
Source : Inventory Bureau

**FIG. 17. THE AVERAGE SALE PRICE (\$) BY TYPES OF HOUSING UNITS
AND ZONES , SIX MONTHS - OCTOBER 1994-MARCH 1995**



Source : Armenian Real Estate Association

FIG.18 THE AVERAGE SALE PRICE (\$) PER 1 SQ. M BY ZONES
SIX MONTHS- OCTOBER 1994-MARCH 1995



Source : Armenian Real Estate Association

F. SOURCE OF DATA

These monitoring reports employ two sources of information for the data base used to construct the graphic illustrations:

1. Yerevan Inventory Bureau for overall quantities of transactions , their location, and types of residential units. These calculations are based on the total number of transactions registered at the Inventory Bureau during the month reported .
Total number of transactions is 916 march 1995 , 2248 first quarter of 1995 , 4930 six months (october 1994-march 1995)
2. Armenian Real Estate Association (AREA) for information on actual prices of transactions , by types of residential units and location . These calculations are based on a sampling of total transactions as reported by information forms submitted by individual brokerage firms .
Total number of transactions is 92 march 1995 , 213 first quarter of 1995 , 350 six months (october 1994 - march 1995)

Note: Designated zones , shown on the map at the end of this report , do not represent official municipal /legal districting, but are dictated by valuation patterns as delineated by the Armenian Real Estate Association .

EXHIBIT F - THE AREA BUSINESS PLAN AND APPLICATIONS

BUSINESS PLAN
FOR
ARMENIAN REAL ESTATE ASSOCIATION
FOR 1995 AND 1996

ENGLISH TRANSLATION BY :

ICMA (USAID Contractor)
Real Estate Investment Regulation Section
Gov. Apparatus Dept. of the Economy
Republic of Armenia
Government House, Room 77
Republic Square, Yerevan
Armenia, 375010

Local Tel.: (8852)-52-56-93
Intern. (Tel/Fax): 011-7-8852-151-350
Mailing Address:
Steven J. Anlian, ICMA Advisor, "C"
USAID/Yerevan
Department of State
Washington, DC 20521-7020

A. External environment

1. Will the economic conditions improve in the next three years?
 - 1.1. It will improve because of the following factors:
 - 1.1.1. Positive changes in the Karabakh conflict;
 - 1.1.2. Resuming the operation of the Armenian Nuclear Power Station in the midst 1995;
 - 1.1.3. In 1994 GNP has increased by 0.5% compared with 1993;
 - 1.1.4. There is a trend of decrease in banking loans;
 - 1.1.5. Stability of the Armenian national currency - dram, inflation rate of which is 10% per year.
 - 1.2. Impeding factors:
 - 1.2.1. Low level of employment;
 - 1.2.2. Strength of bureaucracy;
 - 1.2.3. Low level of income of the population;
 - 1.2.4. Banking loans are targeted to short-term commerce transactions;
2. Will the process of privatization improve and will it continue in the next three years?
 - 2.1. It will improve because of the following factors:
 - 2.1.1. Adoption of a program of privatization and its implementation started at the end of 1994 and in 1995. More than 300 small enterprises were privatized during this period;
 - 2.1.2. The process of distribution of vouchers to people has finished;
 - 2.1.3. The process of privatization of big enterprises has started.
 - 2.2. Impeding factors:
 - 2.2.1. The legislation provides huge differences for:
 - a) privatization of big enterprises;
 - b) privatization of small enterprises;
 - c) privatization of state-owned enterprises to the lessee;

Privatization of group (a) is much less expensive that of the groups (b) and (c). In group (c) the market structures turned out to be the least protected.
3. Will the number of transactions with real estate increase during the next three years?
 - 3.1. It will increase because of the following factors:
 - 3.1.1. In Yerevan, 2,723 transactions with apartments and private single-family houses were registered in 1991, 3,606 in 1992, 5,360 in 1993 and 7,290 in 1994, and the average increase of prices of apartments was 12.3% per year;
 - 3.1.2. Positive economic changes;
 - 3.1.3. Initiation of privatization of the housing stock;
 - 3.1.4. People become more accustomed to the market conditions;

- 3.1.5. Significant demand for housing which cannot be satisfied because of not affordability of prices.
- 3.2. Impeding factors:
 - 3.2.1. Extremely bad legislative, legal and regulatory basis;
 - 3.2.2. Extremely low level of implementation of new mechanisms [construction of new units ?] both in residential and non-residential housing;
 - 3.2.3. Low income level of population.
- 4. Potential members of the association
 - 4.1. At the beginning stage, in 1995 and 1996, the association will accomplish services in the area of transactions with residential housing stock. As the privatization process goes on and the market develops, the area of influence of the association will expand and include transactions with non-residential housing stock, as well as with land.
 - 4.2. At the present time, the association has 22 members.
 - 4.2.1. All association members are legal entities (firms) according to the definition of membership in the association's charter.
 - 4.3. Potentially, in Yerevan, there about 30 firms which operate in the area of real estate brokerage.
 - 4.4. There is a trend of increase of the number of real estate brokerage firms.
 - 4.4.1. The number of real estate brokerage firms will increase;
 - 4.4.2. Some of the firms will expand and include new spheres of activities in the real estate area;
 - 4.4.3. Poorly organized firms will terminate.
 - 4.5. Present and potential barriers impeding development of business in the real estate area.
 - 4.5.1. Lack of the necessary legal basis;
 - 4.5.2. Low level of professionalism;
 - 4.5.3. People are not psychologically prepared to satisfy their needs with the help of real estate brokerage firms;
 - 4.5.4. Insufficient advertising and marketing activities;
 - 4.5.5. Insufficient material and technical provision.
- 5. Legal, regulatory and juridical basis
 - 5.1. Juridical barriers.
 - 5.1.1. Extremely high tax rate for real estate transactions - 10% of the price of each transaction;
 - 5.1.2. Necessity of change of old laws and regulations which regulate the process of transactions with real estate and first of all with notary contracts on transactions;
 - 5.1.3. Lack of the mortgage law and law on collaterals;
 - 5.1.4. It is necessary for the Central Bank of the Republic of Armenia to make a decision about permitting to accomplish real estate transactions with any currency;

- 5.1.5. It is necessary to change the regulation about registration procedures of citizens (“propiskas”);
- 5.1.6. It is necessary to find an optimal tax rate for real estate transactions;
- 5.1.7. It is necessary to develop a method of real estate assessment.
- 5.2. Licensed professions
 - 5.2.1. Real estate brokerage activity is not licensed in the Republic of Armenia;
 - 5.2.2. Not licensing of this profession has created the situation in which many brokers operate independently in the market, do not pay taxes, which is really harmful for the image of the profession.
- 5.3. Legal proceedings
 - 5.3.1. Taking into consideration the fact that a part of laws and regulations has been adopted during the socialist period and are against the market relations, and the other part has market orientation, it becomes obvious that the first part is in conflict with the second one. As a result, since there is no appropriate system of required market-oriented laws and regulations the existing system of legal proceedings is ineffective.
- 6. Attitude of the community and geographical conditions
 - 6.1. Attitude of the community to real estate professionals
 - 6.1.1. There is a certain trend of increase of respect towards activities of real estate professionals in the community;
 - 6.1.2. In order to increase prestige of the profession, licensing of the real estate professions is necessary.
 - 6.2. Activities aimed at increase of the number of real estate transactions on a professional level.
 - 6.2.1. Create and implement training capacity for brokers;
 - 6.2.2. Create a computer network;
 - 6.2.3. Provide necessary advertising campaign;
 - 6.2.4. Solve numerous legal problems (laws and regulations of the Republic of Armenia).
 - 6.3. At the present time, it is reasonable to be involved in real estate brokerage activities only within Yerevan.
 - 6.4. What kind of houses are more preferred in the market (organized in the descending order: from the highest to the lowest priority)?
 - 6.4.1. Apartments in stone-made buildings with concrete-made walls, floors and ceilings, and improved planning, where the height of the ceiling is at least 2.75 meters;
 - 6.4.2. Apartments in stone-made buildings with wood-made walls, floors and ceilings, and improved planning;
 - 6.4.3. High-rise buildings;
 - 6.4.4. Stone made buildings with insufficient planning level and low ceilings - 2.5 meters.

- 6.4.5. Cassette [?] buildings.
- 6.5. What kind of services do the clients want from the real estate professionals?
 - 6.5.1. Select real estate units which correspond to their needs;
 - 6.5.2. Provide necessary documentation after closing the transaction;
 - 6.5.3. Assess a real estate unit;
 - 6.5.4. Guarantee closing of a transaction according to the terms of the contract;
 - 6.5.5. Provide consultations to clients on issues related to trends of changes in prices of real estate, legal issues, seismic stability of buildings, insulation of apartments, and so on.
- 7. The most essential factors of the external environment on which the association can positively influence (organized in the order of the highest to the lowest priority).
 - 7.1. Create the necessary legal basis;
 - 7.2. Increase the professional level of brokers;
 - 7.3. Decrease the taxes on activities in real estate area;
 - 7.4. License the real estate profession;
 - 7.5. Improve the image of the association members.

B. Internal Environment of the Association

- 1. Property of the association
 - 1.1. At the present time, the association is temporarily located in the building which belongs to the Armenian Real Estate and Stock Exchange;
 - 1.2. For normal operation of the association it is necessary to rent space with the area of 200 to 250 square meters;
 - 1.3. The association needs tables, chairs, cabinets, computers, copying equipment, and so on.
- 2. Condition of the staff
 - 2.1. At the present time, the Board of Directors is in the process of selection of a candidate for the position of association's manager, which should be a full-time employee. Before the manager is hired the Board of Directors will temporarily accomplish the functions of the manager.
 - 2.2. Hired staff of the association
 - 2.2.1. The executive manager of the association (manager);
 - 2.2.2. Secretary;
 - 2.2.3. Information department (2 employees);
 - 2.2.4. Planning department (2 employees);
 - 2.2.5. Legal service (1 employee);
 - 2.2.6. Accountant (1 employee);
 - 2.2.7. Technical staff (1 employee);
- 3. Volunteers of the association

- 3.1. Volunteers of the association are employees of companies and organizations that are members of the association;
- 3.2. Volunteers of the association mainly accomplish one-time orders of the Board of Directors. In the future, when committees are organized in the association, the volunteers will be involved in specific activities of committees.
- 3.3. What committees should be organized to satisfy the needs of the association?
 - 3.3.1. Arbitration committee which will regulate relations between the association members;
 - 3.3.2. Legal committee which will lobby the governmental and legal structures of the Republic of Armenia on behalf of the association members.
4. Services of the association
 - 4.1. What kind of services should the association provide to its members?
 - 4.1.1. Information on real estate transactions;
 - 4.1.2. Information on leased real estate units;
 - 4.1.3. Marketing research of the real estate market;
 - 4.1.4. Training to the association members;
 - 4.1.5. Lobbying legal and governmental structures on behalf of the association members;
 - 4.1.6. Information to the association members on legal changes in the real estate sphere;
 - 4.1.7. Provision of work space to the association members.
5. The most essential factors of the internal environment
 - 5.1. Building and offices of the association;
 - 5.2. Creation of an information center for the association with concrete mechanisms of use of information;
 - 5.3. Provision of the association members with results of the marketing research;
 - 5.4. Provision of the association members with documentation (forms and certificates) which will allow to accomplish real estate transactions within the framework of the current legislation;
 - 5.5. Provision of the association members with legal consultation.

Description of the Programs of Armenian Real Estate Association

1. Strategic Objective # 1.

- 1.1. Support creation of the necessary legal basis.
- 1.2. Program.
 - 1.2.1. Reduce the State tax on real estate transactions from 10.0% to 1.0%
 - 1.2.2. Develop and implement a methodology of assessment of the housing stock.
- 1.3. Description.
 - 1.3.1. At present, people avoid registration of real estate transaction prices because of high tax rates on real estate transactions and lack of methodology of assessment of the market value of the housing stock. As a result, the State loses significant amounts of money, the firms cannot register the real prices of transactions, and this creates conflicts with the legislation;
- 1.4. Actions.
 - 1.4.1. Fulfill analysis of selling and buying transactions of the housing stock for the period of 1991 to 1994;
 - 1.4.2. Select sources of information about the number of sold apartments and about the market prices for smaller time periods within the above mentioned period;
 - 1.4.3. Provide reliability of information about the prices of the sold housing units;
 - 1.4.4. Determine the factors which have impact on prices (price-determining factors);
 - 1.4.5. Develop a methodology of assessment of the housing stock and an appropriate computer software;
 - 1.4.6. Create the balance of actual cash inflow into the budget for the current tax rate, and perspective cash inflow if the tax rate is reduced and the methodology of real estate assessment is implemented.
- 1.5. Results of the program.
 - 1.5.1. The association will play the role of an organization which accurately assesses the market value of real estate units, and these value is accepted by the government. This service is provided for fee.
 - 1.5.2. Reduction of the State tax will allow to generate revenues for the State budget, and will not allow citizens and organizations to violate the law.
- 1.6. Terms.
 - 1.6.1. Program 1.2.1 and items 1.4.1, 1.4.2, and 1.4.6. will be accomplished in 6 months;

1.6.2. Program 1.2.2 and items 1.4.3, 1.4.4., 1.4.5, and 1.4.6. will be accomplished in 6 months:

2. Strategic Objective # 2

- 2.1. Provision of multiple-listing service and informational-advertising activities of the association.
- 2.2. Program.
 - 2.2.1. Publishing of a weekly newspaper for presenting real estate related issues.
 - 2.2.2. Collection, processing and dissemination of information in order to increase effectiveness of cooperation of the association members.
- 2.3. Description
 - 2.3.1. The program is designed to provide presentation and promotion of real estate related issues by the association members and the association itself, and creation of a unified information basis for increasing effectiveness of cooperation of the association members.
- 2.4. Actions.
 - 2.4.1. Collection of a staff for the newspaper "Real Estate of Armenia", which will include an editor, three correspondents, an operator, two assistants, and an accountant;
 - 2.4.2. Purchase of paper for 4,000 copies of the weekly newspaper consisting of four pages;
 - 2.4.3. Covering the publication expenses of the newspaper;
 - 2.4.4. Payment of the salaries of the newspaper staff;
 - 2.4.5. Creation of an appropriate department (information department) which will collect, analyze and disseminate information;
 - 2.4.6. Development of necessary forms for reports, which will be distributed among the interested association members for collection of information;
 - 2.4.7. Development of ethical norms of conduct regulating relations between partners in brokerage operations and in information exchange;
 - 2.4.8. Development of computer software which will provide effective search of necessary information.
 - 2.4.9. Provision of classification of the collected information on transactions and real estate lease;
 - 2.4.10. Lease of space of 150 square meters for the press-office;
 - 2.4.11. Provision of 3 computers, from which one to the press-office; two copying machines, from which one to the press-office; one scanner for common use; two laser printers, from which one to the press-office; a fax machine of common use; ten phones, from which one to the press-office;
 - 2.4.12. Purchase of office equipment: 17 desks, from which 7 to the press-office, 60 chairs, 6 book-shelves - 2 to the press-office, 80 meters

of curtain material - 20 meters to the press-office, 3 saves - one to the press-office.

2.4.13. Office supply.

2.5. Results of the program.

2.5.1. The association, through its newspaper will act as a regulating reliable source of information on all aspects of the real estate area.

2.5.2. In a year the newspaper will become completely self-sustainable.

2.5.3. The association and its members will get the opportunity to organize advertising campaigns for a very low price or for free.

2.5.4. The association will act as an organization which will help effective operation of the association members.

2.6. Terms.

2.6.1. Items 2.4.1., 2.4.11., 2.4.12., and 2.4.13. will be accomplished in 1 month;

2.6.2. Item 2.4.2. will be accomplished in 1 year;

2.6.3. Item 2.4.3. will be accomplished in 9 month;

2.6.4. Item 2.4.4. will be accomplished in 6 months;

2.6.5. Item 2.4.5. will be accomplished in 1 month;

2.6.6. Item 2.4.6. will be accomplished in 1.5 months;

2.6.7. Item 2.4.8. will be accomplished in 2 months with further development of the program;

2.6.8. Item 2.4.9. will be accomplished in 1 months;

2.6.9. Item 2.4.10. will be accomplished in 1 year.

3. Strategic Objective #3

3.1. Information about the condition of the real estate market.

3.2. Program.

3.2.1. Analysis of the real estate market.

3.3. Description.

3.3.1. Necessity of this program is dictated by the fact that many financial institutions, in order to increase reliability, turn to real estate firms for assessment and prognosing of prices of real estate units, being sold or bought.

3.4. Actions.

3.4.1. Creation and providing salaries to the appropriate department of AREA - Department of Planning.

3.4.2. Analysis of changes in prices of real estate in Yerevan during the period of 1991 to 1994;

3.4.3. Quantitative analysis of sold real estate units in Yerevan during the period of 1991 to 1994;

3.4.4. Trends of changes in prices of real estate and number of sold units in Yerevan during the period of 1991 to 1994;

3.4.5. Analysis and trend of changes of factors affecting prices (price-determining factors) in Yerevan during the period of 1991 to 1994;

- 3.4.6. Analysis of groups of buyers working in the Republic and outside of it, taking into consideration dynamics of development of the economy;
- 3.4.7. Analysis and trends of changes in economic indicators;
- 3.4.8. Solution of the Karabakh conflict, energetic problem and the blockade.
- 3.5. Results of the program.
 - 3.5.1. The association will provide confidential information to its members about trends of changes in prices of real estate (housing stock), which will have positive impact on the financial situation of real estate firms and on their prestige.
- 3.6. Terms.
 - 3.6.1. Items 3.4.1. to 3.4.8. will be accomplished in 1 year and further.
- 4. Strategic Objective #4**
 - 4.1. Provide basic norms and principles of the profession and opportunities of increasing professional level and training.
 - 4.2. Program.
 - 4.2.1. Develop and implement a Code of Professional Ethics;
 - 4.2.2. Implement a methodology of real estate appraisal;
 - 4.2.3. Develop a training program for association members
 - 4.3. Description.
 - 4.3.1. This program will be accomplished mainly by the specialists of the ROA, using materials and experience of the U.S., taking into consideration the existing local conditions and traditions. For this strategic objective, besides organizing training courses in Armenia, also some training or study tours will be organized to other countries, which will help the association members to get familiar to achievements of other countries.
 - 4.4. Actions.
 - 4.4.1. Study of the codes of ethics of real estate associations in the U.S.
 - 4.4.2. Development and adoption of the Code of Professional Ethics (CPE) by the general meeting of the association.
 - 4.4.3. Promotion of the CPE of the association in mass media.
 - 4.4.4. Presentation and clarification of cases of violation of the CPE of AREA in the mass media, indicating the names of persons who failed to meet the requirements of the Code.
 - 4.4.5. Study of the methodologies of real estate (housing stock) appraisal.
 - 4.4.6. Periodical (once per month) presentation of general price indicators for one square meter of housing for all territorial zones of Yerevan by all association members.
 - 4.4.7. Organization of courses for getting familiar to the principles of the CPE of AREA.

- 4.4.8. Organization of courses for getting familiar to various methodologies of real estate appraisal, including housing stock appraisal methodology developed by AREA.
- 4.4.9. Study of the regulations having direct relation to real estate transactions in the Republic of Armenia;
- 4.4.10. Study of the regulations having indirect relation to real estate transactions in the Republic of Armenia;
- 4.4.11. Study of the legal practice methods in foreign countries in the area of real estate transactions;
- 4.4.12. Study of the regulations of the Republic of Armenia related to construction and reconstruction;
- 4.4.13. Study of the tax legislation of the Republic of Armenia;
- 4.4.14. Organization and planning of real estate firms, and development of business plans;
- 4.4.15. Organization of meetings with colleagues from other countries, business tours;
- 4.4.16. Training of Realtors to make contracts on a universal basis.
- 4.4.17. Provision of the members of AREA with copies of recently adopted laws and regulations of the ROA related to real estate area.
- 4.5. Results of the program.
 - 4.5.1. Providing the highest degree of integration of real estate firms (offices) and increasing their image in the public.
 - 4.5.2. Providing stability, clear objectives and legal basis to the association members.
- 4.6. Terms.
 - 4.6.1. Items 4.4.1., 4.4.2. and 4.4.3. will be accomplished in 2 months;
 - 4.6.2. Items 4.4.4. to 4.4.17. will be accomplished in 1 year and will be continued further.

5. Strategic Objective #5

- 5.1. Accomplishment of real estate transactions in all spheres on a universal basis.
- 5.2. Program.
 - 5.2.1. Development of document which will allow to conduct any real estate transactions within the framework of the current legislation of the Republic of Armenia and on the entire territory of Armenia.
- 5.3. Description.
 - 5.3.1. At the present time, the situation in the area of legal registration of documentation is chaotic.
- 5.4. Actions.
 - 5.4.1. Development of all kinds of forms and certificates for privatization of residential and non-residential housing stock (taking land into consideration);

- 5.4.2. Development of all kinds of forms for transactions of exchange of residential and non-residential housing stock (taking land into consideration);
- 5.4.3. Development of all kinds of forms for transactions of inheriting of residential and non-residential housing stock (taking land into consideration);
- 5.4.4. Development of all kinds of forms for transactions of alienation of residential and non-residential housing stock (taking land into consideration);
- 5.4.5. Development of model contracts for transactions, lease, and exchange of real estate.
- 5.5. Results of the program.
 - 5.5.1. Development and implementation of these forms, blanks and certificates will provide normal functioning and elimination of anarchy in the above mentioned area of activities.

Form #1

**Two-Year Budget of Armenian Real Estate Association
(in US Dollars)**

Budget Article	1995	1996	1997
Salaries of the management staff			
Executive Director of the Association	840	980	1,100
Secretary	420	490	560
Head of Information Department	560	600	650
Operator	280	320	350
Head of Planning Department	560	600	650
Economist	490	530	550
Accountant	560	690	750
Lawyer	560	690	750
Technical assistant	250	280	350
Total salary	4,520	5,180	5,170
Lawyer			
Technical Assistant			
Total salary			
Administrative expenses			
Rent of the office space (300 sq.meters) including 50 sq. meters for press-office	4,800	4,800	4,800
Charge for use of 10 telephones	450	900	900
Distance calls	200	200	300
Subscribed press	160	180	200
Advertising	700	800	1,000
Business trips	5,000	5,000	5,000
Unexpected expenses	1,000	1,000	1,000
Total administrative expenses	12,310	12,880	13,200

Form #2

**Budgets for Strategic Goals of Armenian Real Estate Association
(in US Dollars)**

Budgets of programs, actions according to each strategic goal and comments	1995	1996	1997
Strategic Goal #1			
Budget of Actions for Sections 1.4.1, 1.4.2, 1.4.3 and 1.4.6 is formed from salaries of Planning Department	-	-	-
Section 1.2.1	-	-	-
Sections 1.4.4 and 1.4.5	1,500		
Total budget of Program 1.2.1	1,500		
Strategic Objective #2			
Budget of Actions			
Section 2.4.2 - paper 5,000 kilos	6,500	-	4,000
Section 2.4.3	4,400	5,000	5,500
Section 2.4.4	2,600	3,000	3,500
Section 2.4.6 and 2.4.7. is formed from salaries of Planning Department (Form #1) Section 2.4.8. Section 2.4.9 is formed from of salaries of Information Department (Form #1) Section 2.4.10. considered in administrative expenses (Form #1) Sections 2.4.11., 2.4.12., and 2.4.13. considered in capital expenses (Form #2)	1,500	500	-
Total budget of program	18,000	8,500	13,00
Strategic Goal #3			
Sections 3.4.1, 3.4.2, 3.4.3, 3.4.4, 3.4.7 - is formed from salaries of Planning Department	-	-	-
Total Budget of Program 3.2.1 is completely formed from salaries of Planning Department	-	-	-
Strategic Goal #4			
Budget of Actions			
4.4.1. Specialists of the ROA	400	-	-
4.4.2. and 4.4.3. the association newspaper	-	-	-
4.4.6. from administrative expenses	-	-	-
4.4.7. Specialists of the ROA	300	300	300

4.4.8. Specialists of the ROA	300	300	300
4.4.9. and 4.4.10. Specialists of the ROA	400	400	400
4.4.11. Business trips are considered in administrative expenses	-	-	-
4.4.12. Specialists of the ROA	400	400	400
4.4.13. Specialists of the ROA	400	400	400
4.4.14. Specialists of the ROA	350	350	350
4.4.15. Business trips are considered in administrative expenses	-	-	
4.4.16. Specialists of the ROA	300	300	300
4.4.17. From the funds allocated for accounting and legal services (Form #1)	-	-	
The Total Budget of program 4.2.1 is formed at the cost of salaries of Planning Dept.	2,850	2,450	2,450
Strategic Goal #5.			
Budget of Actions			
Sections 5.4.1, 5.4.2, 5.4.3, 5.4.4. and 5.4.5. - Specialists of the ROA	1,500	500	-
Total Budget of the program	1,500	500	-
Total Budget of all programs	23,850	11,450	15,450

	Capital Expenses	1995	1996	1997
1.	5 computers	3,000	2,000	-
2.	2 copying machines	2,000	-	-
3.	1 laser printer	2,400	-	-
4.	1 scanner	1,300	-	-
5.	1 fax machine	700	-	-
6.	10 phones	150	150	-
7.	Office equipment including equipment for the press-office (17 desks, 1 big table for meetings, 60 chairs, 6 book-shelves, 3 saves)	5,000		
8.	Office supply	1,500	1,800	2,000
	Total Capital Expenses	16,050	3,950	2,000
	Total Expenses	39,900	15,400	17,450
	Grand total	56,730	33,460	36,360

Form #3

**Balance of Incomes and Forthcoming Expenses
of Armenian Real Estate Association
(in US Dollars)**

Budget Articles	1995	1996	1997
1. Income			
1.1. Membership fees	4,000	6,000	8,000
1.2. Admission fees	800	2,000	3,000
Income generated from implementation of programs			
Objective #1			
a. Services of real estate appraisal	1,000	2,000	3,000
b. Legal and accounting consultations	1,000	2,500	4,000
Objective #2: Publishing	5,000	8,000	12,000
Objective #4: Training courses (for brokers and appraisers)	1,000	2,500	3,000
Objective #5: Sales of packages of documentation	500	500	500
Total Income	13,300	23,500	31,500
Total Expenses	56,730	33,460	36,360
Net Income	(43,430)	(9,960)	(4,860)



U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
MISSION FOR THE CAUCASUS

May 5, 1995

Mr. Laurent Ayvazian
Regional Director, The Caucasus
The Eurasia Foundation
22 Yezhakian St., Apt 9
Yerevan, Armenia

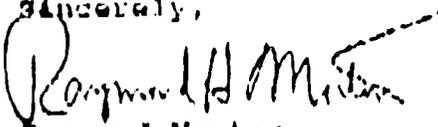
Dear Mr. Ayvazian,

This letter is written in support of an application being submitted by the Armenian Real Estate Association (AREA) to the Eurasia Foundation for funding.

USAID sponsored the initial development and establishment of AREA in collaboration with the American University of Armenia and International City/Country Management Association (ICMA) and has since provide technical assistance through ICMA to AREA.

We have discussed the substance of the proposed project to be funded, specifically, development of a credible information system for real property market monitoring, information sharing to the professional real estate community, and ultimately establishment of a Western-type MLS (Multiple Listing Service). These activities are ideally integral to USAID's technical assistance strategy for Armenia, under our current program promoting transparent land and property rights, valuation, and registration.

We believe that AREA, as an organization, has the strength and commitment to carry out the proposed project and satisfy any obligations of Eurasia for administration and management of the funds. Thank you.

Sincerely,

Raymond Horton
General Development Officer
USAID Mission for the Caucasus

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EASTERN EUROPEAN REAL PROPERTY FOUNDATION FINANCIAL SUPPORT APPLICATION

Submit the Financial Support Application in English (the Foundation will pay for the translation upon submission of an invoice) to the Following Address:

Alfred P. Van Huyck
Executive Vice President
Eastern European Real Property Foundation
Suite 550, 700 11th Street, NW
Washington DC 20001
Phone 202-383-1296 or Fax 202-383-7549



DATE OF APPLICATION: April 27, 1995

NAME OF THE ASSOCIATION: Armenian Real Estate Association

ADDRESS OF THE ASSOCIATION: Nairy Zarian 22
Yerevan 375051, Armenia.

FAX NUMBER: 25 49 95 PHONE: 25 47 92, 25 27 89

NAME OF CONTACT PERSON: Artyom Pribilsky, Vice President.

LIST BANK ACCOUNT INFORMATION TO FACILITATE WIRE TRANSFERS (print clearly to avoid mistakes):

Bank Name: "Prometers" AKB

Bank Address: Kochar Street 19, Yerevan, Armenia.

Name of Account: ROA Central Bank, 7001094505 code 370101705

Account Number: 1081119

SWIFT Code (optional): _____



✓CHECK CATEGORY OF FINANCIAL SUPPORT REQUEST:

- Direct Administrative Support
- Financial Support for Association Program Activities
- Financial Support for Association Professional Development
- Financial Support for Special Purpose Activities

TITLE OF THE PROJECT: Accomplishment of all kind of real estate transactions on a universal basis.

OBJECTIVES OF THE PROJECT RELATED TO THE BUSINESS PLAN: Development
of documents which will allow to accomplish
any real estate transaction within the framework of the
current legislation.
DESCRIPTION OF THE PROJECT: At present, the situation in the
area of creation of documentation is chaotic.

HOW WILL THE PROJECT BENEFIT THE MEMBERS OF THE ASSOCIATION (be specific in terms of numbers of persons benefiting):

Realtors' activities will significantly become easier,
order and legitimacy will be provided. All 80
association members will benefit from this process.

DETAILS OF THE PROPOSED PROJECT

DESCRIBE THE OUTPUT OR PRODUCT OF THE PROJECT: Development and
implementation of forms and certificates approved by
the Ministry of Justice of ROA.

HOW LONG WILL IT TAKE TO COMPLETE THE PROJECT IN CALENDAR DAYS OR MONTHS:

3 months for the development, approval and implementation
(printing) of the forms and certificates.

IDENTIFY THE PHASES OF THE PROJECT IN MEASURABLE TERMS (these phases will be used to determine when financial payments will be made by the Foundation, include expected date of phase completion and a brief description of the project status at the conclusion of the phase)

Phase One: Develop forms and certificates - 1.5 months

Phase Two: Approval of the developed forms and certificates by the Ministry of Justice - 1 month

Phase Three: Distribution of forms and certificates to all interested parties, including state organisations.

Phase Four: _____

LIST PERSONS WHO WILL WORK ON THE PROJECT FOR THE ASSOCIATION (list names and level of effort in person days of work, indicate if the contribution is for pay or volunteer):

- Artyam Pribilsky - volunteer - 3 months
- Rudik Hounanian - employee - 60 days
- Rubik Deghoyan - " - 50 days
- Petros Matinian - " - 45
- Artak Abrahamian - " - 45 days

INDICATE WHAT PROFESSIONAL SUPPORT, IF ANY, IS DESIRED FROM THE FOUNDATION FOR THE PROJECT:

DESCRIBE HOW THE ASSOCIATION WILL EVALUATE THE PROJECT UPON COMPLETION:

If the project succeeds, all participants will get bonuses and acknowledgement.

FINANCIAL DATA

WHAT IS THE TOTAL FINANCIAL REQUEST IN US DOLLARS:

\$ 2900

WHAT IS THE TOTAL CASH CONTRIBUTION OF THE ASSOCIATION IN LOCAL CURRENCY: (use US\$ dollar equivalent using the current exchange rate)

\$

LIST IN KIND CONTRIBUTIONS OF THE ASSOCIATION WILL MAKE, IF ANY (in kind contributions include donated materials, equipment, supplies, or services)

Four horizontal lines for listing in-kind contributions.

WHAT REVENUES WILL THE PROJECT GENERATE FOR THE USE OF THE ASSOCIATION (include the calculations by which the revenue estimates are generated)

Five horizontal lines for listing project revenues and calculations.

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FILL IN THE PROJECT BUDGET TABLE

ITEM	US DOLLARS (to be provided by Foundation)	LOCAL CURRENCY (use US\$ equivalents) (to be provided by Asscc.)
------	--	--

PROFESSIONAL SERVICES
(days x daily rate)

<u>60 · 10</u>	<u>600 \$</u>	
<u>50 · 5</u>	<u>250</u>	
<u>45 · 7,2</u>	<u>324</u>	
<u>45 · 7,2</u>	<u>324</u>	

DIRECT COSTS FOR PROJECT

Travel Costs	<u> </u>	<u> </u>
Hotel and Meals	<u> </u>	<u> </u>
Translator Services	<u> </u>	<u> </u>
Interpreters	<u> </u>	<u> </u>
Material Purchases (list)		
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

SUB TOTAL DIRECT COSTS 1500 \$

GENERAL ADMINISTRATIVE COSTS (related to the project application only)

Rent

500 \$

Postage

Phones and Fax

Office Supplies

600 \$

Library

Printing Costs

300 \$

Accounting and Legal Services

Other Costs (list)

SUBTOTAL ADMINISTRATION

1400 \$

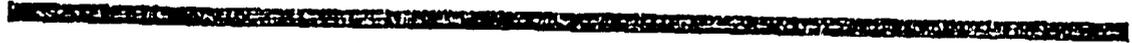
GRAND TOTAL FOR PROJECT

NOTES ON THE BUDGET CALCULATIONS (indicate the assumptions underlying the budget total listed above use additional pages as needed)

EASTERN EUROPEAN REAL PROPERTY FOUNDATION FINANCIAL SUPPORT APPLICATION

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Phone 202-383-1296 or Fax 202-383-7549



DATE OF APPLICATION: April 27, 1995

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ADDRESS OF THE ASSOCIATION: Nairy Zarian 22
Yerevan 375051, Armenia

FAX NUMBER: 25 49 95 PHONE: 25 47 92, 25 27 89

NAME OF CONTACT PERSON: Artyom Pribitsky, Vice President

LIST BANK ACCOUNT INFORMATION TO FACILITATE WIRE TRANSFERS (print clearly to avoid mistakes):

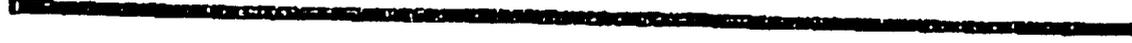
Bank Name: "Prometers" AKB

Bank Address: Kochas Street 19, Yerevan, Armenia.

Name of Account: ROA Central Bank. 7001094505 code 370101705

Account Number: 1081119

SWIFT Code (optional): _____



✓CHECK CATEGORY OF FINANCIAL SUPPORT REQUEST:

- Direct Administrative Support
- Financial Support for Association Program Activities
- Financial Support for Association Professional Development
- Financial Support for Special Purpose Activities

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TITLE OF THE PROJECT: Strategic Objective #4 of the Business Plan.
Creation of basic norms and principles of the profession and
provision of opportunities of professional growth and

OBJECTIVES OF THE PROJECT RELATED TO THE BUSINESS PLAN: 1. Develop and implement Code of Professional Ethics. 2. Training courses on the methods of real estate appraisal. 3. Training courses for the AREA members.

DESCRIPTION OF THE PROJECT: In the initial stage of the project implementation ROA specialists are supposed to be involved. In future, attendees of the previous courses may conduct training. The project also offers exchange of experience with foreign colleagues.

HOW WILL THE PROJECT BENEFIT THE MEMBERS OF THE ASSOCIATION (be specific in terms of numbers of persons benefiting):

Professional growth of the realtors.
About 70 to 80 people will get training.

DETAILS OF THE PROPOSED PROJECT

DESCRIBE THE OUTPUT OR PRODUCT OF THE PROJECT: Professional growth of the realtors and administration. The best attendees will be selected to provide further training.

HOW LONG WILL IT TAKE TO COMPLETE THE PROJECT IN CALENDAR DAYS OR MONTHS:

Will be accomplished permanently

IDENTIFY THE PHASES OF THE PROJECT IN MEASURABLE TERMS (these phases will be used to determine when financial payments will be made by the Foundation, include expected date of phase completion and a brief description of the project status at the conclusion of the phase)

Phase One: Development and implementation of the Code of Professional Ethics (CPE) of AREA. Output: decision of the general meeting of AREA about the adoption of the CPE.

Phase Two: Development of methodology for real estate appraisal, and study of the methodology used in the USA. Output: Institutionalize appraisal - one year.

Phase Three: Increase professional level of real estate companies. Output: Passing an exam and getting permission to continue activities - one year.

Phase Four: _____

LIST PERSONS WHO WILL WORK ON THE PROJECT FOR THE ASSOCIATION (list names and level of effort in person days of work, indicate if the contribution is for pay or volunteer):

Alexander Ghaltakhchian

Armen Arakelian

Rubic Degoyan

Sanasar Papikian, Petros Makian

INDICATE WHAT PROFESSIONAL SUPPORT, IF ANY, IS DESIRED FROM THE FOUNDATION FOR THE PROJECT:

1. Study the CPE of the US
2. Study the methodology of the real estate appraisal in the U.S.
3. Taxation of the brokerage companies

DESCRIBE HOW THE ASSOCIATION WILL EVALUATE THE PROJECT UPON COMPLETION:

Training will be provided permanently

FINANCIAL DATA

WHAT IS THE TOTAL FINANCIAL REQUEST IN US DOLLARS:

(15900 - 4000) = 11900

WHAT IS THE TOTAL CASH CONTRIBUTION OF THE ASSOCIATION IN LOCAL CURRENCY: (use US\$ dollar equivalent using the current exchange rate)

\$ 4000

LIST IN KIND CONTRIBUTIONS OF THE ASSOCIATION WILL MAKE, IF ANY (in kind contributions include donated materials, equipment, supplies, or services)

WHAT REVENUES WILL THE PROJECT GENERATE FOR THE USE OF THE ASSOCIATION (Include the calculations by which the revenue estimates are generated)

4000

FILL IN THE PROJECT BUDGET TABLE

ITEM	US DOLLARS (to be provided by Foundation)	LOCAL CURRENCY (use USS equivalents) (to be provided by Asscc.)
PROFESSIONAL SERVICES		
(days x daily rate)		
1. (50 x 20) . 4	—	400
2. (15 x 10) . 2	—	300
3. (20 x 10) . 2	—	400
4. (20 x 10) . 2	—	400
5. (20 x 10) . 2	—	—
6. (15 x 10) . 2	—	300
7. (15 x 10) . 2	—	300
8. (250 x 2) . 4	—	500
DIRECT COSTS FOR PROJECT		
Travel Costs	_____	_____
Hotel and Meals	_____	_____
Translator Services	_____	_____
Interpreters	_____	_____
Material Purchases (list)		
1. Computer	1000 \$	_____
2. Copy machine	1000 \$	_____
3. Office equipment	2000 \$	1000 \$
_____	_____	_____
SUB TOTAL DIRECT COSTS	7800	4000

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FAX NUMBER: 25-49-95 PHONE: 25-47-92, 25-27-89

NAME OF CONTACT PERSON: Artyom Pribilsky, Vice President

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Account Number: 1081119

SWIFT Code (optional): _____

✓ CHECK CATEGORY OF FINANCIAL SUPPORT REQUEST:

- Direct Administrative Support
- Financial Support for Association Program Activities
- Financial Support for Association Professional Development
- Financial Support for Special Purpose Activities

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TITLE OF THE PROJECT: Strategic Objective #2 of the Business Plan.
Provision of Informat...

98

OBJECTIVES OF THE PROJECT RELATED TO THE BUSINESS PLAN: 1. Publishing of a weekly newspaper for presenting real estate related issues. 2. Collection, processing, dissemination of information to increase effectiveness of cooperation of the association members.

DESCRIPTION OF THE PROJECT: Presentation and promotion of real estate related issues by the association members and the association itself, and creation of a unified information basis for increasing effectiveness of cooperation of the association members.

HOW WILL THE PROJECT BENEFIT THE MEMBERS OF THE ASSOCIATION (be specific in terms of numbers of persons benefiting):

1. Free advertising of properties that should be transferred. 2. Exchange of information between the scattered real estate companies will considerably increase the number of transactions all 20 members of the association will benefit from the implementation of this project.

DETAILS OF THE PROPOSED PROJECT

DESCRIBE THE OUTPUT OR PRODUCT OF THE PROJECT: 1. Publication of a weekly newspaper 2. Informational and business cooperation of the association members under AREA activities.

HOW LONG WILL IT TAKE TO COMPLETE THE PROJECT IN CALENDAR DAYS OR MONTHS:

On-going

IDENTIFY THE PHASES OF THE PROJECT IN MEASURABLE TERMS (these phases will be used to determine when financial payments will be made by the Foundation, include expected date of phase completion and a brief description of the project status at the conclusion of the phase)

- Phase One: 1. Creation of a material-technical basis
(capital expenses). 2 months starting from the day of
- Phase Two: funding. Establish: a) newspaper publication
b) Information Department. 2 months starting from the day
- Phase Three: Develop computer software and forms for
the information entry.
- Phase Four: _____

LIST PERSONS WHO WILL WORK ON THE PROJECT FOR THE ASSOCIATION (list names and level of effort in person days of work, indicate if the contribution is for pay or volunteer):

- 1. Newspaper chief editor Nagdalian Edward
(in the present on a voluntary basis).
- 2. Information Department. Head of the Department
Sarkissian Hrachia (in the present on a voluntary basis).

INDICATE WHAT PROFESSIONAL SUPPORT, IF ANY, IS DESIRED FROM THE FOUNDATION FOR THE PROJECT:

DESCRIBE HOW THE ASSOCIATION WILL EVALUATE THE PROJECT UPON COMPLETION:

If the project succeeds the personnel of the press-office and Information Department will get bonuses and acknowledgement.

FINANCIAL DATA

WHAT IS THE TOTAL FINANCIAL REQUEST IN US DOLLARS:

$\$ (24175 - 5050) = 19125$

WHAT IS THE TOTAL CASH CONTRIBUTION OF THE ASSOCIATION IN LOCAL CURRENCY: (use US\$ dollar equivalent using the current exchange rate)

$\$ 5050$

LIST IN KIND CONTRIBUTIONS OF THE ASSOCIATION WILL MAKE, IF ANY (in kind contributions include donated materials, equipment, supplies, or services)

WHAT REVENUES WILL THE PROJECT GENERATE FOR THE USE OF THE ASSOCIATION (Include the calculations by which the revenue estimates are generated)

- 1. Publishing activities - 5000#
- 2. With the integration of realtors' companies the income will increase and this will recruit new members.

FILL IN THE PROJECT BUDGET TABLE

ITEM	US DOLLARS (to be provided by Foundation)	LOCAL CURRENCY (use US\$ equivalents) (to be provided by Asscc.)
PROFESSIONAL SERVICES		
(days x daily rate)		
1. $(250 \times 1.9\$)$ • 5 people ^{Press-office} salaries	2375 \$	
2. $(100 \times 1.5\$)$ • 2 people ^{Info Dept} salaries	300 \$	
3. $(50 \times 10\$)$ • 3 people Development of special forms.	1000 \$	500 \$
DIRECT COSTS FOR PROJECT		
Travel Costs	-	500 \$
Hotel and Meals	-	-
Translator Services	-	-
Interpreters	-	-
Publication Costs	3000 \$	1400 \$
Material Purchases (list)		
1. Paper for weekly publication. For 2 years 5000 kg.	6500 \$	-
2. Two computers	2000 \$	1000 \$
3. Copy machine	1000 \$	-
4. Laser printer	1200 \$	-
5. Scanner	1300 \$	-
6. Office equipment	2500 \$	1500 \$
7. Telephones	-	150 \$
SUB TOTAL DIRECT COSTS	21175	5050 \$

EXHIBIT G - THE NEWS ARTICLE

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April 28 - May 6, 1995

"Pas" #16

ANEW COMES FROM WEST

Anton Yergat, founder and chairman of AYRE INC (cooperation of Providing Services) conducted the seminar on "Financing Methods and Evaluation Principles of the Real Estate" which was held in the American University of Armenia in April 22.

During the first part of the seminar, Mr. Yergat emphasized the principle differences which are present today between the United States of America and Republic of Armenia in the field of real estate sell-purchase. The speaker noted that the above differences mainly concern the financing of the real estate sell-purchase. If in Armenia the sale is carried out by cash and exclusively by bilateral basis through brokers or brokers' companies, in United States the crediting banks are actively participating in the process. The credits are short-term and long-term. However, the long-term credits with low interest rates are prevailing. Such financing policy provides encouraging conditions for all parties participating in the deal both for the owner and buyer/future owner, brokering association and crediting bank. Particularly, every American family which is recognized solvent after checking, can obtain housing due to the long-term credit, paying only a smaller part of the current prices of the housing approximately 10-20% at the time of the deal. The remaining part is paid by the crediting bank which afterwards, during 10-25 years exacts the rates of the paid amount from the house owner. More than one banks can participate in the deal. In this case, based on the succession of promissory notes, the priority in exacting the interest rates is given to the bank which paid the greater part of the housing price.

Mr. Yergat pointed that such financing policy not only establishes opportunity to circulate the capital, but it is a sort of humanitarian action because it enables people to have home, to organize their living based on which the productivity of work is increased. In a result, the invested amounts with the relevant supplementaries, are being paid back to banks and again enter to the circulation.

The speaker noted that such financing policy is not an issue for Republic of Armenia of today. So far as the economy has not stabilized, the real estate market has not formed completely, the solvency of citizens has not been evaluated, etc., it will remain an issue for the future. However, for the nearest future, because according to his data, certain financial enterprises are open to make serious investments in the sphere of real estate sell-purchase even today.

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After the break (it is worth mentioning that seminars were organized on the extremely high level: simultaneous translation, ear-phones, microphones, slides demonstration during the break-hospitable café, excellent a la fursbet, etc.). Mr. Yergat spoke about the evaluation principles of housing, cottages, land plots. Here we do not have principle differences, stated he, the difference may be is in the professionalism, time duration (period) and payment. The registered brokers or representatives of brokering companies have a right to evaluate the real estate in the United States. The studies and evaluation of the real estate takes a long time and is expensive. It should be mentioned that the evaluation can be done not only for the real estate selling or buying purposes but also in making up the wills in checking the solvency of citizens and etc. In Armenian also, noted the speaker, parallel to the complete formation of the real estate market, people will have more and more serious attitude towards the evaluation, and the professionalism of the process will increase.

Concluding the sections of seminar, Mr. Yergat kindly gave detailed answers to the participants' questions and at the same he tried to summarize his considerations about the mentioned sphere in Armenia. The seminar was ended by the unanimous willingness to conduct such activities periodically and more often.

EXHIBIT H - SCOPE OF WORK

Attachment A

SCOPE OF WORK

Short-term Advisor on Real Estate Brokerage

Background

Over the summer of 1994, ICMA's Long-term Advisor Steve Anlian assisted a group of Armenian graduate students in business administration from the American University of Armenia in their efforts to form a professional association of real estate professionals. Although they initially focused on the nascent property management industry, they shifted their attention to the somewhat more developed real estate brokerage community where they received an enthusiastic response. Assistance was provided in initial feasibility studies and business planning, culminating in the formation of the Armenian Real Estate Association (AREA) in early November.

The Association was formally registered as an NGO in late 1994 with 21 founding member firms.

ID/ EERPF/ UDH
USAID/UDH and ICMA also obtained an agreement with the Eastern European Real Property Foundation (EERPF) to explore adding Armenia to its program, beginning with an exploratory assessment mission and training event which occurred earlier this month. If EERPF concludes that AREA has good prospects for success, it will provide the Association with additional business planning assistance, possible seed money towards cost of staff, equipment, and operating costs, the nucleus of a real estate library, and access to the real estate information system maintained by the National Association of Realtors for its membership.

In addition to this assistance for the Association itself, the member brokerage companies have requested introductory training in the business of brokerage itself and in the fundamentals of real estate finance. Anton Yergat, an Armenian American real estate broker who heads a full service real estate development and brokerage services firm, has been identified to deliver this training.

Objective

To assist in the development of a nucleus of trained real estate professionals who can provide a vehicle for institutionalizing training of other professionals and who can support real estate market growth and operation.

Tasks

1. In consultation with LTA Anlian, develop and present two Saturday workshops, sponsored by the Association for its members and other interested professionals. Topics may include:
 - Valuation techniques for residential properties;
 - "Prospecting" for clients;
 - Fundamentals of real estate finance.
 - Legislative issues of concern.
2. During the week, meet with individual brokerage firms on a one-to-one basis. Topics for discussion may include:
 - Managing and Motivating Salespeople
 - Managing Information
 - Developing a Market Identity and Reputation
 - Professional Ethics
 - Managing and Encouraging Growth
3. Review AREA's market monitoring program and make recommendations for improvements in collection and dissemination.
4. Review AREA's public education and public relations program, if any, and make recommendations for improvement or establishment.
5. If AREA members are invited to participate in EERPF's June conference in Krakow on "Expanding Real Estate Markets," assist these members in preparing for the conference.

Reporting

1. Provide outline(s) and visuals for any workshops presented. Include the topic of the training, the date and location, and the names/titles of all participants.
2. Provide summary of each day's meetings with individual firms. In particular, note areas of common concerns which might provide opportunity for future training.
3. Provide brief memoranda on findings and recommendations about market monitoring and public education/public relations programs.
4. USAID Briefings/Exit Report. The Advisor will be available, if requested, to meet with the USAID Mission in the field on arrival and/or departure from Yerevan and to brief USAID in Washington on the results of the TDY. A brief Exit Report for the Mission (for inclusion or expansion in the final trip report) will be prepared for any exit briefing. Any meetings with the Mission or with senior government counterparts should be coordinated through LTA Anlian, including advance review of the exit report.
5. Trip Report. Within ten working days of completing the TDY,

the Advisor will prepare a trip report to USAID/ENI/EEUD/UDH and ICMA describing the work accomplished during the TDY, the extent to which the objectives were accomplished, any significant findings and advice not appropriate for inclusion in reports to counterparts. The trip report will contain any exhibit identifying persons with whom meetings were held. (Note that Items 1-4 above may be included as Attachments to the trip report.)

Candidate for this Assignment

ICMA proposes that Anton Yergat, an Armenian American with extensive real estate development and brokerage experience, undertake this assignment. His resume and biographical data form are attached.

text).

I've prepared supplementary report on my activities to attach as part of weekly. Dale, you'll be interested in City report.

Wallace included projected activities for April (instead of monthly) ; make sure Steve does same next week.

4. MATERIAL REQUESTS. ANTON

(a) BROKERAGE LICENSING met. with First Deputy Minister of Finance Vahram Avnessian. He mentioned that his staff will be drawing up licensing requirements for real estate brokers and I volunteered to send materials. (He reads English; not sure about his staff who might be working on this).

My suggestion is that Anton Yergat (Spelling) bring material with him and Steve try to set up meeting for him with Vahram and whomever he chooses to assign this work to. Let's help assemble this material. Some examples may be in files (the plastic bag of handouts from EERPF I believe I gave Dale; also we collected a lot of examples of licensing ordinances for Wallace and copies (I hope against hope) may be in briefing material file.

DALE: In briefing Yergat please encourage him to think about what in our system of regulation/certification he would modify if advising Armenia. In particular, we should be careful NOT to replicate our absurd and confusing designation of the broker as the seller's agent (even when engaged in helping the buyer shop for a home).

(Note: you'll note the key on my computer for the first vowel in the alphabet hs just broken. Seems to come nd go. I'll use circumlocutions to elude the problem letter if possible. Follow-up note: "a" seems to be coming and going. Have tried to go back and put back in where missing.)

Might ask EERPF if they have any examples of good ordinances. Suggest, if possible, Anton bring copies of (1) licensing laws AND regulations governing brokerage activity (2) actual exam or handouts describing testing/certification requirements, (3) realtor association ethical standards.

Also bring copies of similar info for appraisers (those who put \$ on property). If can't find easily,

License
Reg
Exam
Certification
②

As mentioned in Anlian's report, our meeting with the Mayor and Deputy Mayor's appeared to confirm that moving forward with the creation of the office remains a high priority for the City. The Mayor has assigned Robert Nazarian, a newly appointed Deputy Mayor, to coordinate work with us in the areas of housing and housing maintenance privatization. On brief acquaintance he seems to be bright and willing to get involved in the details of making programs work.

We discussed with the Mayor the Government's recent Decision authorizing land auctions and the possibility of earmarking proceeds to support implementation of housing privatization policy. He expressed interest in assistance in this area and asked for written materials to review prior to further discussions.

5. MINISTRY OF FINANCE/ LICENSING OF REALTORS ANTON

Jim Christian and I had a two hour meeting with First Deputy of Minister of Finance Vahram Avanesian. Most of the meeting was spent discussing the status of overall financial system restructuring, plans to promote securities markets, and integration of plans for housing finance with overall reform efforts in these areas. Emerging tax policy as it may affect the housing sector was also touched upon. (Details in Christian's report)

In passing, Avanesian mentioned that his office will shortly be drawing up licensing requirements/regulations for real estate brokers. I volunteered to send him some model documents to review. We will send these with Anton Yergar during his forthcoming TDY and have him consult briefly with the Finance Ministry on their applicability to the Armenian context.

6. TAX INSPECTORATE AND PROPERTY TAX LAW IMPLEMENTATION.

I had two meetings with Deputy Director of the Tax Inspectorate, Armen Alaverdian concerning implementation of the recently enacted property tax law. (We sent Alaverdian to Lincoln Land Institute last year and he seems well informed about market-oriented tax concepts. A Mr. Mkrtchian sat in on our second meeting. He has recently been assigned to head up the staff charged with administering the property tax, but has had little chance to educate himself thus far.) Alaverdian and the Inspectorate's Director are eager to have Amy return in April to assist them.