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**CONDOMINIUM HOUSING
FORMATION
IN THE REPUBLIC OF ARMENIA**

REPORT AND EXHIBITS

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By

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ABSTRACT

On May 6, 1995, the Republic of Armenia adopted a Government Decision on Co-Ownership Entities mandating the cities to implement a program to convert the multifamily housing stock to condominium ownership by the end of 1995. The cities were provided with assistance in complying with the mandate through a series of USAID/ICMA sponsored seminars held during July 1995, for seven of the largest cities in Armenia. This paper summarizes the preparations for the seminars and provides a record of the responses to a series of questions posed to the cities during the seminar. The materials developed under this task order are included as exhibits and are intended for use by Armenian instructors, who were trained in their use, and who are charged with the responsibility to continue the training for 19 additional cities by year end.

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ACKNOWLEDGMENTS

The program to encourage the formation of housing condominiums throughout the Republic of Armenia relied heavily on the work underway by USAID/ICMA in the Republic of Kazakhstan. Although many individuals and agencies have contributed to the success of the program and to this report, certain individuals have had a direct involvement in the program as set forth in this report and deserve recognition. In addition to those individuals listed below, we wish to thank the ICMA staff in Almaty, Kazakhstan for their assistance in sharing their experiences with ICMA Armenia, and to the faculty and students at the Yerevan State University, condominium program, for the foundation work they have been performing for the previous three years which enabled the seminars to build on their efforts, and by their continued interest assure that the work reported herein will continue. We acknowledge the contributions of:

Steven J. Anlian, ICMA Resident Advisor
Eugene Sienkiewicz, ICMA TDY Advisor
Diana Avetian, Project Manager
Haik Kazapetian, Instructor
Suren Koshetsian, Instructor
Norik Vardanian, Instructor
Anahit Kazapetian, Translator
Melik Kazapetian, Office Manager

I. EXECUTIVE SUMMARY

Since the adoption of the first housing privatization act in 1989, the Republic of Armenia and its major cities have been steadily moving to privatize the housing stock. At the close of 1994, a total of 149,000 housing units of the 750,000 dwelling units in the republic have been privatized. In the capital city of Yerevan, 92,700 units out of a total of 309,000 have been privatized.¹ Current estimates are that approximately 51 percent of the housing in Yerevan has been privatized.² Although the privatization of housing in Armenia has not progressed as rapidly as in other republics of the former Soviet Union, the republic has established a sound foundation upon which to develop a program to encourage the formation of housing condominium associations. Among the elements in place that will accelerate the formation of condominiums in Armenia is a program of study at the Yerevan State University, which has developed an introductory one day course in the basics of condominium ownership, and a one day course for officers of newly formed condominiums. The local availability of quality professional training, coupled with the Government Decision of May, 1995, establishing a national condominium law that mandates the formation of condominium associations under certain conditions, places the republic in an advantageous position. Experience in other republics has shown that it is important to have the concept of condominium ownership established in law. In addition, it has been found that support for condominium associations is stronger when the residents connect the privatization of their apartments to the establishment of the cooperative. With all of the key elements in place, Armenia is in an excellent position to successfully accelerate their privatization efforts.

This report is a detailed account of the work accomplished during a two-week assignment in Armenia where the author, as an ICMA TDY consultant, along with another ICMA TDY consultant, Gene Sienkiewicz, and the staff of the ICMA office in Yerevan, conducted six seminars for seven cities on the basics of the program to encourage the formation of residential condominium associations. A goal of the training was to develop a seminar "package" that will be used by resident trainers who have completed the condominium training at the Yerevan State University. It will be the responsibility of the resident trainers to continue the training begun under this task order by providing the condominium formation training to the remaining 19 largest cities within the republic.

The approach taken to this task order fulfills a goal of the USAID mission in Armenia to have ICMA phase down its role in the condominium program by the end of 1995, and while doing so, to assure that properly trained local individuals are provided with the materials and teaching aids necessary to enable them to continue the important work of encouraging condominium formation without a dependency on USAID/ICMA. The goals of the mission and the objectives of the task order have been successfully completed.

¹About 300,000 single family homes representing 40 percent of Armenia's total housing stock is not included in these numbers. The single family homes were built by the owners on land owned by the state but registered to the owners, therefore, the homes were privately owned prior to the first housing privatization law.

²During the seminar for the City of Yerevan, it was reported that 51 percent of the housing has been privatized. This would translate into 157,590 units privatized. During the same seminar, Steve Anlian, ICMA resident advisor, stated that 51 percent of the housing in the republic has been privatized. This total number supports the previous statement by including the single family homes in the total of privatized units.

II. BACKGROUND

In December 1988, a major earthquake struck northwestern Armenia, killing over 25,000 people and destroying or severely damaging most of the factories and the housing, leaving over 500,000 homeless. Numerous countries responded with aid to construct new, and rebuild salvageable elements of the cities including: hospitals, factories, schools and dwellings. The assistance continues today with assistance from USAID, World Bank, and numerous other countries and philanthropic organizations.

An embargo imposed by Armenia's northeastern neighbor, Azerbaijan, is an outgrowth of a conflict which has been going on since 1988, sparked by a dispute over the sovereignty of the Nagorno-Karabakh region, an area within Azerbaijan populated by ethnic Armenians. The difficulty in moving goods and materials in and out of Armenia through the traditional northern routes to Georgia has severely limited economic expansion. Limited by a lack of a consistent supply of fuel from other countries, Armenia is producing only 30 percent of the electricity needed to operate the country. On September 23, 1991, Armenia declared its independence, providing the opportunity for sweeping economic reforms to create a free market economy.

A key element of the economic reforms is the housing reform efforts that have been underway for the past four years. The privatization of the housing stock, which began in June 1993, has resulted with 51 percent of the housing now owned by families who, prior to the reform, were tenants of the government. The conferring of ownership of the single-family homes and individual apartments to the people did not include the common areas such as the yards and common stairways serving the multifamily dwellings. Economic pressures on the young republic and its cities required that legislation be introduced to transfer the ownership of the common areas to the private owners, and to require that the owners assume, over time, the responsibility for the maintenance and management of the privately owned dwellings. Two governmental decisions were initiated in 1995 that moved the housing reform program closer to that goal: the removal of subsidies for communal services provided by the government, and the mandate that the multifamily housing stock be converted to condominium ownership.

III. SEMINAR ORGANIZATION

The training materials used in this task order built upon a successful workshop held in December 1994 in Almaty, Kazakhstan for seven cities within the republic. The Almaty workshop was designed to train city officials who would have a direct and active role in implementing a presidential decree directing the privatization of the republic's housing stock and maintenance services by the end of the century. In early 1995, the ICMA staff in Almaty began a series of follow-up on-site seminars in cities who attended the 1994 workshop and who had made measurable progress in implementing the formation of housing cooperatives. This second workshop built on the fall workshop and was designed to work directly with the local government officials on their "turf;" thereby, localizing the program to encourage the cities to form cooperatives by addressing the concerns of the local community in a setting that permits a greater participation by the agency most affected by the program, the city maintenance department.

The condominium law adopted in Armenia in May, 1995 obligates the cities to form and register condominiums in all buildings that have private owners in 50 percent or more of the total apartments within the building. The law further requires that the cities allow condominiums to be formed voluntarily when a building has at least one privatized owner in addition to the state-owned apartment units. The conversion process must be completed by the end of the century. This compressed time

schedule caused ICMA Yerevan to initiate a round of city visits to the six largest cities in the republic. The training program was assisted through funding from USAID who, under a contract with ICMA and the Yerevan State University, have been working for three years to develop the political support base for the condominium conversion program, and the implementation of a series of training courses designed for government officials and residents. Michael Kucharzak, a ICMA TDY consultant who helped organize and present the training program in Kazakhstan, was selected to travel to Yerevan in July 1995, and coordinate the development and presentation of a series of training seminars for local government officials. In addition to providing training to the larger cities, Kucharzak was charged with the task of training four graduates from the Yerevan State University condominium program, who will be responsible for continuing the training after this task order is completed.

The materials developed for use in Kazakhstan provided an excellent base from which the Armenian condominium training program could be developed. After a careful review of the condominium law, a series of overhead transparencies were first developed in English and then translated into Armenian. While the overheads are usually sufficient to provide the necessary "talking points" for a trained and knowledgeable speaker to address the material, the need to have a consistent presentation required that Kucharzak write out the basic text for the five-hour training session. The presentation was first introduced in a workshop for the city of Yerevan. The capital city was chosen as the start for the training program because it is home for one-third of the population of the republic. The second reason to begin in Yerevan was to acknowledge that the city and the republic had been working closely with USAID/ICMA to develop the condominium program, and the initiation of the training was the closing down of the planning phase and the beginning of the implementation phase of the program.

Beginning with the city of Yerevan, the training program was offered to a different city each day for a week. For all but the last two days, the Project Director, Diana Avetian participated in the training. English-Armenian translations were performed by Anahit Kazapetian, and at least two Armenian instructors participated in all of the city training visits.

Kucharzak presented the material for the first two seminars in order to demonstrate to the local instructors, the order of training and to allow them to hear the material presented in a consistent manner at least twice. By the third presentation, the project director began to assume some responsibility for the presentations, and by the fourth city seminar, the project director and one or two of the local instructors were assuming ever increasing responsibility for presenting the material. By the final presentation, the local instructors were presenting the entire seminar without direct involvement from the TDYs.

The training materials have proven to be valuable in providing basic training on the condominium process and the requirements of the Governmental Decision. Having utilized the training in three independent republics of the former Soviet Union, ICMA and other USAID contracts could introduce the training into other NIS republics undertaking a condominium conversion program. Once the cities' staffs have been trained and begin to implement the program, it will be necessary to introduce the two training courses offered by Yerevan State University to assist the officers of the emerging condominium associations in acquiring the skills needed to manage their condominiums.

A complete set of the overhead transparency text and the accompanying presentation notes are included in this report as an exhibit. Copies of the materials in Armenian are available from ICMA.

IV. THE CITY SEMINARS

A. SEMINAR FOR THE CITY OF YEREVAN

Sunday, July, 30, 1995
Retreat at Lake Sevan

The workshop was conducted in a hotel at Lake Sevan in order to provide a retreat-like setting for the 20 city and republic officials gathered for the day. Yerevan was chosen as the "kick-off" city to acknowledge the three years of preparatory work accomplished by USAID/ICMA and the city, progressing the program to encourage the formation of condominiums to the training phase being initiated today. Among the key officials in attendance were the Director of the Center of City Management, Artashes Arakelian; Head of the Department of Maintenance (*Zshek*) Kamo Khachatryan; Head of the Department of Residential and Non-Residential Property, Samvel Hakobian; Head of Department of Inventory, Arsen Bagratian; Legal Consultant, Center of City Management, and a trainer for this program to encourage the formation of condominium associations, Haik Karapetian; Head of the Department of Consideration of Letters and Community Liaisons, Suren Koshetsian, and a trainer for the remaining phase of the condominium program to encourage the formation of condominiums. The other participants were the ICMA staff or others who hold positions within the government and will have an indirect role in the implementation of the condominium program, or are individuals who previously have given of their talents to help USAID/ICMA in developing the program.

Steven J. Anlian, ICMA resident advisor, provided the welcome and introduced Condominium Project Manager, Diana Avetian, and the ICMA team present. Since the Mayor, and deputy mayor had not arrived, it was decided that we would begin with the presentations. After a few delays caused by overloads to the electrical system, Kucharzak began the first session. Speaking in English with simultaneous translations by Anahit Karapetian, Kucharzak gave the first session of the presentation, holding closely to the prepared text. The topics presented were:

- The General Concepts Of Condominiums
- The Goals Of The Program To Encourage The Formation of Housing Condominium Associations.
- The Legal Basis Mandating The Formation Of Condominium Associations.
- The Role Of The City And The Maintenance Organizations.
- A Discussion Of The Rights And Responsibilities Of Condominium Associations.
- A Review Of The Basic Documents Required For The Formation And Registration Of A Condominium Association.
- A Discussion Of Possible Incentives That Could Be Considered To Encourage The Formation Of Condominiums.

At the scheduled break following the first session, the Mayor of Yerevan, Vahagn Khachatryan, and the Deputy Mayor of Maintenance, Robert Nazarian, and the Deputy Mayor of Construction, Hrach Torosian arrived.

The seminar resumed with Anlian introducing the mayor, and again acknowledging the work that had gone on before, and praising the close working relationship that exists between the city and USAID/ICMA. The mayor stated that the problem that led to the decision to support the program to encourage the formation of condominiums stems from the difficulty that the city has in trying to provide basic maintenance services to the citizens of Yerevan. He stated that the city cannot operate as it has in the past. According to the mayor, Yerevan has worked through most of their problems and concerns regarding the condominium program and will be able to determine, in about a week, the staff and structure of the office of condominium services. The city has suggested that a demonstration of the condominium program be initiated on several sites throughout the city. It is hoped that a successful demonstration would help establishing the condominium program throughout the city.

Among the problems that the mayor said must still be addressed is the problem of the changing role of the *Zshek*, the city housing maintenance agency. He made a strong statement supporting the condominium program, stating in part that "the encouragement of condominiums is the goal and the responsibility of the city, and the discussions we will have today, at the seminar are an important part of the city's efforts to prepare themselves to undertake the program." he went on to say that as a result of the directives and guidance set forth in the government decision, the program to establish condominiums is a reality. The city is proceeding on completing a draft condominium law, and will complete the review in time to have the proposed legislation before the council for consideration by August 11, 1995.

Steven Anlian followed the mayor's remarks with a brief presentation on the importance of the USAID program to assist in housing reform. Steven connected the efforts on housing reform as integral to the economic reform of Armenia. He stated that cities benefit when residents become owners and take more of an interest in their city than they did as renters. He stressed that housing reform and the elements of privatization and condominium development are a most significant transfer of wealth. Housing is the largest single personal asset in free economies; it is the basis of capital stock for accrual for the future. He stated that the Decision is a start, and with the transfer of the housing stock to private ownership must also come the transfer for the responsibility for the housing services to the private owners. Privatized owners are managers, maintenance people, owners, and brokers on their behalf. Housing is a basic stimulus to democratization, for housing privatization has an impact on all levels of society. Homeownership results in a sense of security and encourages self-help initiatives.

Steve went on to review the evolution of the housing reform programs in Armenia. He first cited the June 1993 privatization law that was implemented in September of the same year. Steve stated that as a result of the law, 51 percent of the housing is now privatized, when you consider the number of single family units that were privatized prior to the law, you have a considerable amount of the housing privatized in Armenia, and in the city of Yerevan. Now, with the majority of the housing privatized, we are in the final phase of the condominium program, that being the training phase sponsored by USAID/ICMA. The training that Yerevan is undergoing today will also be held in twenty five other cities through-out the republic during the next five months. Anlian emphasized the importance of Yerevan, since Yerevan has one third of the population of the republic. He acknowledged that over half of the group gathered for the seminar have participated in study tours to the United States, to Eastern Europe, and to other republics of the former Soviet Union. He stressed the importance of this training phase of the program and the active role that USAID will play in the training until the end of the year, and a support role in 1996. Anlian stressed the importance of the city establishing the office of condominium services within the city government, and staffing the office with capable people, who with the assistance from the Yerevan State University, will be able to complete the program by continuing the training of owners in emerging condominiums and to offer additional assistance to facilitate the

registration of condominiums. Anlian encouraged the city to revisit the city council decision of July 9, 1991, establishing a program to restructure the operation of the housing maintenance organization. The decision, which was never acted on due to a lack of a national decision, is worth revisiting in light of the May 1995 decision on condominiums. The July 1991 decision provided incentives to encourage the "spin-off" of private enterprises to perform the maintenance duties that remains today a government responsibility, but will, out of necessity, have to follow the course set forth in 1991 as all of the housing in the republic comes under private ownership.

Kucharzak then continued with the seminar by presenting the second session of the program addressing the following topics:

- Getting Started -- Planning For The Program
- The Need For The City To Organize To Fulfill Their Leadership Role
- Planning And Organizing For The Program
- A Discussion Of Possible ICMA Assistance
- A Primer On Resident Organization
- Goal Setting For Success

After the completion of the second session, the group was divided into two groups to work for 45 minutes on a series of study questions prepared by ICMA TDY consultant, Gene Sienkiewicz. In providing instructions to the small groups Sienkiewicz invited all to actively participate in answering the questions, and to select from among themselves, a spokesperson who will report out to the full seminar immediately following the lunch break.

The following is a summary of the responses given by the two groups to the questions given to them following the morning sessions which included the following topics:

- **The General Concepts Of Condominiums**
- The Goals Of The Program To Encourage The Formation of Housing Condominium Associations.
- The Legal Basis Mandating The Formation Of Condominium Associations.
- The Role Of The City And The Maintenance Organizations.
- A Discussion Of The Rights And Responsibilities Of Condominium Associations.
- A Review Of The Basic Documents Required For The Formation And Registration Of A Condominium Association.
- A Discussion Of Possible Incentives That Could Be Considered To Encourage The Formation Of Condominiums..

Session 1 Getting Started

1. What are the benefits that residents will experience by forming a condominium? List them.

Group 1.

- a). Better level of service.
- b). The condominiums will take over some responsibilities. Owners will have to come to some agreement among themselves and with the city.
- c). The charter will establish rules regulating common areas.
- d). Private companies will emerge to take over the maintenance duties. The owners will be able to control the quality.

Group 2.

- a). Servicing trash removal, heating. Transfer the responsibility to owners to monitor activities and improve services.
- b). Owner will establish priority list for maintenance; possibility with an emphasis on the common areas. The owners will have to decide who will perform the work, private or government employees.

2. What benefits will your city government experience when residential buildings form condominiums? List them.

Group 1.

Most important, the city will step aside and no longer perform routine maintenance; now the owners will perform. This will permit the city to use limited resources to perform major capital repairs.

Group 2.

Owners will be involved in the operations of the condominium. They should be encouraged to save money through their contracting and establish a reserve for other repairs they will decide to make. Perhaps the condominiums will be more effective in collecting the rents.

3. What are the rights and obligations of the members of a condominium association?

List the rights below. List the obligations below.

Group 1.

The charter/bylaws will state more clearly the rights and obligations.

Group 2.

The duties and rights are set forth in the documents adopted by the association and filed with the registration.

4. Approximately what percentage of the housing units in your city have been privatized? How many units is that?

Group 1.

Approximately 51 percent of the housing units in Yerevan are privatized. There are 110,000 units in 1,500 multifamily buildings.

Group 2.

Over 51 percent of the multifamily housing is privatized. Actually, if you include the single family inventory, the total is closer to 66 percent privatized. There are a total of 5,500 buildings in the city of Yerevan.

5. Approximately how many buildings have at least 50 percent of their units privatized? According to the Condominium Decision and Regulations, these must form condominiums.

Group 1.

Some buildings are 60-70 percent privatized, some less. It is estimated that 30 percent of the multifamily buildings have at least 50 percent of their units privatized.

Group 2.

This group concurred with the numbers reported by the first group.

6. Approximately how many buildings have at least one privatized unit, but less than 50 percent? These may be able to form condominiums voluntarily.

Group 1.

No multifamily building is without at least one privatized unit.

Group 2.

No building is without at least one privatized unit. Approximately 4,000 buildings are included in this category.

7. List the ways in which your city government can assist residents in forming condominiums

Group 1

- a). The city should initially budget for condominium formation to allow time for the condominiums to form and gain experience. The city could direct collect allowances to assist emerging condominiums.
- b). Initially, loans will be needed to help the condominium associations.
- c). The city should allocate office space for the office of condominium services.
- d). The city should establish a data bank on condominiums to help them get information on the work of other condominiums.

Group 2.

- a). Create an independent office of condominiums within the city government. Once the office is set-up, they should be available to prepare simple documents and maintain the data base.
- b). Discount on property taxes for established condominiums.

8. List the ways in which your city can educate residents about condominiums and their benefits.

Group 1.

- a). City office to provide information to other city personnel and to the residents.
- b). Use all mass media.

Group 2.

- a). City office of condominium services to provide information.
- b). Use mass media.
- c). City office of condominium services will be a client of Yerevan State University, condominium program.

Prior to the reporting out of the second small group session, the mayor, who had to leave at 4:00, asked if he could make some remarks prior to his departure for Yerevan. He said he would like other cities to know what Yerevan is doing. He stated that the content of the seminar did not provide any new material, but it is important that Yerevan "hear it all." He stated that the working groups provide their recommendations and conclusions to the city staff. Condominium formation will be a different but interesting program. It is most important that the resident owners feel they can trust the city, and the city will trust them. The mayor went on to say that the program will result in a new and significant change, the most important of which will be that the residents will no longer work with the city or the republic in managing their housing; owners will make their own housing decisions. This changes the role of the city staff to that of a facilitator, to help the owners make the right decisions. He stated that we are past the initial stage of the program, and now it is necessary that we present the concepts to the people using the mass media. The role of educating and supporting the program will be the agenda of all the city structure. The mayor closed by acknowledging that we had a lot of work to do, and not everything is clear to us, but this meeting, and future meetings will help us clarify the concerns. He stated, "we can improve the housing conditions in Yerevan, we must, for it is the only way out of our dilemma."

With the conclusion of the mayor's remarks, the two groups reported out on the second round of study questions.

Session 2--Difficult Issues

1. List some of the attitudes and beliefs, common among residents, that can make organizing a condominium association difficult.

Group 1.

The residents are frightened of the program. They fear that under the new system of condominiums, they will be "in the same boat," whereby, they will pay the condominium as they currently pay the *Zshek*, but nothing will be done.

Group 2.

At a social level, the residents are insolvent, and this will be an obstacle to condominium formation. The residents have no experience in forming communities. The deteriorated physical conditions of some of the buildings will lead some to determine that they do not want to form a condominium association.

2. For each of these listed in question #1, list a fact or argument which should answer the concern and show that a condominium association is beneficial.

Group 1

The association will benefit by the protections stated in the regulations and the charter of the condominium. The resident's audit committee will also provide additional protections.

Group 2.

- a). The residents are insolvent and therefore, housing allowances must be established.
- b). Efforts should be undertaken to eliminate obstacles through training of the residents.
- c). The contracting out of maintenance services to private companies will be perceived as a benefit by the residents wanting to improve their buildings.

3. A realistic budget is very important to the success of a condominium association.

List all the possible sources of income for a condominium.
(Just the categories, not actual dram amounts.)

Group 1

The sources of income for a condominium are: utility fees, rents for common spaces, additional service fees (special assessments), donations, local government or bank loans, possible funding by international funds,

Group 2.

All of the areas listed by Group 1 plus interest on deposits held for 15 days (this coincides with the time owners have to pay for utility charges.)

List all the possible expenses which a condominium might have.
(Again, just the categories.)

Group 1

The expenses a condominium will incur are: maintenance expenses, utility expenses, management expenses, routine maintenance, taxes and duties.

Group 2

We had the same expenses listed by our group.

4. Condominiums and state maintenance organizations must decide how to divide up responsibility for various maintenance and repair tasks.

List the tasks which you feel it is fair and realistic for the condominiums to assume responsibility for.

Group 1.

- a). The condominium should be responsible for the management of the property, and the control of communal services (utilities)
- b). The collection of fees from the owners and the performance of necessary accounting tasks.
- c). To defend and pursue legal issues between condominium and other legal entities.

Group 2.

- a). The condominium should be responsible for the collection of fees and the paying of obligations on part of the condominium.
- b). The condominium should be empowered to control all activities on the property of the condominium.
- c). The association should be responsible for all management activities related to the condominium.

List the tasks which you believe the state maintenance organization should continue to do.

Group 1.

- a). The city should initially be responsible for significant repairs, (capital repairs).
- b). The city maintenance department must control all construction standards, architectural issues, and functions of passport control.
- c). The city should be responsible for all utility services.

Group 2.

The city should be responsible for the maintenance of common areas. This is because of a technical issue. The utility service system crisscrosses the common areas and does not affect only one building, but neighboring buildings as well.

List those tasks which you are finding it very difficult to decide on.

Group 1

The city should be responsible for maintenance of other structures within condominium boundaries. It is not clear how to handle this concern, but city should allow condominium to collect fees from this secondary use.

Group 2.

The issue on who should be responsible for pest control and heating maintenance has not been resolved.

5. What special incentives can your city government offer residents to form condominiums? List them.

Group 1.

Perhaps the city could provide loans to emerging condominiums. The rent will have to be higher than the property tax. The tax structure may have to be revised so that condominiums pay less.

Group 2.

The city should consider performing capital repairs for owners who have converted to a condominium operation. A second incentive would be to extend electrical service to established condominiums.

6. The city's facilitator has the job of helping residents to form working condominium associations. List all of the things that a facilitator must help them do.

Group 1.

- a). The office of condominium associations should be established within the city government.
- b). The proper training for the facilitators should be undertaken.
- c). The facilitator should begin a campaign for public advertising of the program using all mass media, in addition, the facilitator should prepare an informational package for residents.

Group 2.

- a). The facilitator should conduct meetings for residents and city staff.
- b). The facilitator should help in the development of the documents needed for registering and administering the condominiums.
- c). The facilitator should coordinate the assistance from other expert specialists.
- d). The facilitator should help the condominiums understand the accounting responsibilities.

7. How long on average, do you think a facilitator must work with a group of residents before they have a working association?

A few days? A few weeks? A few months? Longer?

Group 1.

Initially, a few months will be necessary. It will depend upon the number of buildings requesting, or eligible condominium status. Volume could require at least three months. A lot of work will have to be performed helping the owners get organized.

Group 2.

A few weeks will be necessary.

Session 3--Wrap Up

1. What are the next steps that you and your city government colleagues must do to begin forming condominiums?

List them in the order in which they must be done, what person or persons should be responsible for them, and approximately how much time it should take to accomplish them.

Group 1.

- a). Set-up office of condominium services.
- b). Develop package of documents.
- c). Privatize city maintenance departments.
- d). Conduct demonstration project within the city.
- e). Be ready with "technical things": appraisals, property assessments, registration procedures.

Group 2.

- a). Execute the city decision on condominiums.
- b). Clarify organizational issues so condominiums can be properly registered as non-profits.
- c). Determine liabilities, rights, duties and obligations of condominiums.

2. What specific technical assistance(not funding!) would your city need or wish to receive from ICMA? List them.

- a). Establish a method for exchanging experiences. It would be helpful if ICMA would provide technical assistance, computer hardware, and advisors and consultants. "Import and export" expertise.
- b). Among the materials needed would be a description of how condominiums are operating in other countries. Legal documents from other countries that could be used for comparison in developing ours.

B. SEMINAR FOR THE CITY OF ECHMIADZIN

Monday, July 31, 1995

The ICMA team consisting of Kucharzak, Diana Avetian, Norik Varanian and Anahit Karapetian arrived at the city office of the Mayor of Echmiadzin on time at 9:30. After a brief delay, we were met by the Deputy Mayor for Maintenance, Gevorg Sargsian. The deputy mayor indicated that the mayor had not arrived and he would prefer to wait. This is a protocol issue. Officials from outside of the city, especially visitors from out of the country offering advise and counsel to the city, are invited into the mayor's office for a few moments of discussion during which the mayor tells the visitors about the city, and the progress made in the program under study. The welcoming remarks include statements of gratitude for the assistance being offered. The visiting advisor is expected to acknowledge the work accomplished and offer the assistance in an effort to enhance the success of the programs adopted by the city, or the republic. This is an important first step in beginning the on-site consulting work of USAID/ICMA programs, and care must be taken so as not to offend. Therefore, recognizing the deputy mayor's dilemma, the ICMA team agreed to leave and come back in an hour. At 10:45, we again visited

the office of the mayor, and although he had not arrived, the deputy mayor called the participants together, which included the Deputy Mayor for Energy Gevorg Zohrabian, the city attorney, the city engineer and the heads of the city *Zshecke*.

With only eight participants, and no electricity, the presentation was modified from that given to the Yerevan contingent. Kucharzak presented the material in a more informal manner, relying on copies of the text that would have been used on the overhead projector, while addressing the group in a more conversational mode. This helped the resident presenters see the material on the transparencies as "talking points," allowing the speaker to deliver the basic material in a style that best suits their comfort level.

The workshop at Echmiadzin was the second time the prepared material was presented. To improve the flow of the presentations, a change in the clustering of the presentations was made. Instead of presenting a four part series with distinct breaks, the material was clustered so that the first and second parts were presented as one session followed by the small group discussions. Following a lunch break, the second two parts were presented as one afternoon session again followed by the small group breakout session. The Echmiadzin group of eight addressed the following questions, and their responses are recorded below.

Session 1 Getting Started

1. What are the benefits that residents will experience by forming a condominium? List them.

- a). To maintain the housing stock; to prevent the housing from getting deteriorated.
- b). The resident members of the condominium will establish the priority of activities, address the problems, and resolve them.

2. What benefits will your city government experience when residential buildings form condominiums? List them.

- a). The above response works here as well. In addition, the city will have a direct relationship with the community, and the condominium owners will know who is responsible for what.
- b). The city budget will be helped through the condominium process. There will be a psychological change: the residents will begin to act like owners; they will monitor their costs to save money, and conserve energy; and they will make the decisions affecting their housing.

3. What are the rights and obligations of the members of a condominium association?

List the rights below. List the obligations below.

- a). Obligation -- The condominium will be obligated to maintain the housing stock.
- b). Rights -- The condominium will be able to utilize the housing stock as their one property.

4. Approximately what percent of the housing units in your city have been privatized? How many units is that?

There are 4,600 privatized units out of 7,000, which is 70 percent privatized. There are 180 people employed in housing maintenance.

5. Approximately how many buildings have at least 50 percent of their units privatized? According to the Condominium Decision and Regulations, these must form condominiums.

120 buildings have at least 50 percent of the units privatized.

6. Approximately how many buildings have at least one privatized unit, but less than 50 percent? These may be able to form condominiums voluntarily.

In all buildings we have privatized units.

7. List the ways in which your city government can assist residents in forming condominiums.

a). First, identify leaders in the housing community who could successfully form condominiums.

b). Among the incentives that should be considered are:

1). Discounts on taxes and duties.

2). Residents given the right to manage common areas and land.

3). Residents given the right to collect rents and use receipts and income from common area uses for any purpose of the condominium.

4). The right to privatize and use basements and other storage areas. This is a major problem. The republic is encouraging the privatization of basements and storage areas before the cities can implement the condominium program. The republic should place a moratorium on the privatization of the basements and storage spaces until the mandatory condominium formation period has passed. The emerging condominiums should have the ability to include all spaces. Commercial spaces must be made part of the condominium.

8. List the ways in which your city can educate residents about condominiums and their benefits.

a). By direct communication with the residents including the development and distribution of a "booklet" describing the program.

b). Use of all mass media. Access national publicity campaign and supplement with local publicity.

Session 2--Difficult Issues

1. List some of the attitudes and beliefs, common among residents, that can make organizing a condominium association difficult.

People do not have faith in any official action of the government. They pay their fees, but do not know who benefits, they do not know about the financial activities of operating their buildings.

2. For each of these listed in question #1, list a fact or argument which should answer the concern and show that a condominium association is beneficial.

The examples presented on short term goals that could be accomplished without major financial incentives, but can be achieved and the people feel a sense of accomplishment and success.

3. A realistic budget is very important to the success of a condominium association.

List all the possible sources of income for a condominium. (Just the categories, not actual dollar amounts.)

Private financial assistance to condominium associations. "we do not know what kind of assistance, but we know this to be a major issue.

List all the possible expenses which a condominium might have. (Again, just the categories.)

Since we have not established a condominium as of yet, it is difficult for us to estimate budget elements. We would only be guessing. The budget will differ for each condominium. The owners will decide expenses.

4. Condominiums and state maintenance organizations must decide how to divide up responsibility for various maintenance and repair tasks.

List the tasks which you feel it is fair and realistic for the condominiums to assume responsibility for. Short term goals as discussed in the seminar.

List the tasks which you believe the state maintenance organization should continue to do.

Implement the projects that the owners are interested in having the city perform.

a). Provide heat in the wintertime.

b). The government should work to be seen as operating as a government, and deal with issues from a "humanity view point."

List those tasks which you are finding it very difficult to decide on.

Assistance will be needed from the government of Armenia to help the residents and the city with major repairs. Money needs to be allocated to the cities during this transition period.

5. What special incentives can your city government offer residents to form condominiums? List them.

The city should address the repairs needed to prepare the homes for winter. This is the best incentive the city could offer.

6. The city's facilitator has the job of helping residents to form working condominium associations. List all of the things that a facilitator must help them do.

The facilitator should develop a program that will help the residents change. A successful program will prove to the people that they can change their living conditions.

7. How long on average, do you think a facilitator must work with a group of residents before they have a working association?

A few days? A few weeks? A few months? Longer?

Difficult to say, we have no experience.

Session 3--Wrap Up

1. What are the next steps that you and your city government colleagues must do to begin forming condominiums?

List them in the order in which they must be done, what person or persons should be responsible for them, and approximately how much time it should take to accomplish them.

We do not know the detail of the steps to be taken. We would do the first step and then take an immediate steps necessary.

2. What specific technical assistance(not funding!) would your city need or wish to receive from ICMA? List them.

Any assistance ICMA could provide would be appreciated. We are appreciative of your efforts today.

Author's notes:

Echmiadzin expressed the following concerns.

1. That the government decision should be supplemented with a national condominium law. They said, "it is better to have an imperfect law than a government decision."

2. The city expressed concern that the republic is actively encouraging the privatization of basement and storage space. They request a moratorium on privatization of storage and basement space to allow cities to establish their condominium program and give the associations an opportunity to include the spaces as part of the condominium property.

Following the seminar, the ICMA team and the deputy mayors met with the Mayor of Echmiadzin, Yervand Aghvastian. The mayor expressed his appreciation to ICMA for visiting the city and offering the seminar. He stated that the city is committed to fulfilling the obligations of the

Government Decision on the formation of condominiums. We acknowledged the excellent reception to the seminar that the city team displayed. We offered the assistance of ICMA Yerevan and offered our appreciation for the warm hospitality the city had shown to us.

Echmiadzin has accomplished the following:

The city has adopted the resolution supporting condominiums. A copy was provided to ICMA project manager. The resolution is not included since it is not currently available in English.

C. SEMINAR FOR THE CITY OF HRAZDAN

Tuesday, August 1, 1995

The ICMA city team consisting of Kucharzak, Sienkiewicz, Diana Avetian, Norik Vardanian, Suren Koshetsian and Anahit Karapetian arrived at the city offices at 9:30 and met with the mayor of Hrazdan, Garegin Khachatrian. This was the second meeting with the mayor for Kucharzak and Avetian regarding the condominium seminar. A meeting with the mayor and the three deputy mayors was held at the mayor's request last week to help the city determine if they would participate in the condominium training session. This first meeting was more of an information exchange with the mayor informing us of the history and demographics of the city, and the ICMA team describing the goals and format of the training program. The meeting lasted about an hour, and when it was concluded, the mayor signed the agreement that ICMA provided as a condition before the seminar would be scheduled.

Having had the opportunity to visit with the mayor last week, the morning meeting of the day of the seminar was an opportunity to chat informally while the seminar participants were assembling. The mayor was preoccupied with a problem that began the previous day, the lack of water service. The city offices were without electricity at this time, but the lack of water service was an unscheduled interruption that had to be corrected.

Following the meeting with the mayor, we were led to the room where the seminar was to be held. Assembled were 53 employees of the city and one person from the state registrar's office. Most of the attendees are employed by the *Zshek*. The mayor offered greetings and stated that the seminar is intended to assist the city in implementing the Government Decision on condominiums. He stated that the problems with the water supply are demanding his time and apologized for not being able to participate in the seminar.

Kucharzak presented the first session. Because of the large number of participants, Kucharzak's attempted to get account of the make up of the participants; however, his efforts were blocked by the deputy mayor who interrupted the "show-of-hands" survey by stating that the group consists of "engineers, accountants, *Zshek* employees and a person from the state registrar's office. He went on to say that the group is familiar with the basics of the condominium program because he has been meeting with them to discuss implementing the government decision on condominiums."

Format of Presentations

Diana Avetian gave the first presentation on the objectives of the program to encourage the formation of condominiums and the objectives of the seminar. Kucharzak gave the second presentation on leadership and resident organizing. Norik Sardinian, a property manager at a ICMA assisted housing

demonstration site, in Yerevan, and a designated instructor for the condominium training program, conducted the small group session.

The large group was divided into four groups to address the first set of questions. Their responses are as follows:

Session 1 Getting Started

1. What are the benefits that residents will experience by forming a condominium? List them.

Group 1.

- a). The condominiums will achieve a high level of self sufficiency.
- b). They will be able to select their own maintenance contractors.

Group 2.

- a). Independent, self sufficient owners.
- b). The owners will be able to maintain their buildings and keep them from deteriorating.

Group 3.

- a). When the people are employed, they will have enough money to pay for the maintenance.

Group 4.

- b). The condominium program will encourage owners to become more independent.

2. What benefits will your city government experience when residential buildings form condominiums? List them.

Group 1.

- a). The formation of condominiums will make it easier for city maintenance department.
- b). The city will reorganize the maintenance department and we will all lose our jobs.

Group 2.

- c). To facilitate activities of local government.

Group 3.

The city budget will be helped.

Group 4.

The program will make it easier for the city council.

3. What are the rights and obligations of the members of a condominium association?

List the rights below. List the obligations below.

Group 1.

The answers are found in the government decision on condominiums.

Group 2.

To be able to choose the maintenance companies on their own.

Group 3.

We see this as an organizational issue. The association will have to work with the city in organizing work procedures.

Group 4

This question is addressed in the regulations.

4. Approximately what percent of the housing units in your city have been privatized? How many units is that?

Group 1.

Approximately 73 percent of the housing is privatized.

Group 2., 3.

Approximately 70 percent privatized.

Group 4.

Approximately 80 percent privatized.

5. Approximately how many buildings have at least 50 percent of their units privatized? According to the Condominium Decision and Regulations, these must form condominiums.

Group 1., 2., 3., 4.

Almost all buildings have achieved over 50 percent privatization.

6. Approximately how many buildings have at least one privatized unit, but less than 50 percent privatized? These may be able to form condominiums voluntarily.

Group 1., 2., 3., 4.

We do not have any buildings in this category

7. List the ways in which your city government can assist residents in forming condominiums.

Group 1.

- a). To provide some subsidies during this initial transition period.
- b). To revise the tax structure so that condominium owners get a discount.
- c). The city should be responsible for paying a portion of the communal services fees.

Group 2.

- a). Create some tax privileges for owners of condominiums.
- b). Consider a discount in fees for registered condominiums.

Group 3.

Create some tax privileges.

Group 4

The owner's should begin condominium program activities without assistance from the city.

8. List the ways in which your city can educate residents about condominiums and their benefits.

Group 1., 2., 3, 4.

We will use all mass media for promoting the program.

The city officials hosted a lunch at a restaurant on the outskirts of town. The luncheon provided a forum for the city to discuss background material on the city and the republic that they thought the visiting TDY's should know, and provided an opportunity for the city staff and the presenters to "bond" and come to understand and accept one another. Unfortunately, polite attempts to close the lunch and return to the seminar were blocked by additional courses of food, or the obligatory toasts. As a result, when we returned three hours later, only 12 of the original 54 attendees were present. The ICMA staff decided that in following sessions, attempts would be made to cover as much material as possible before the lunch break. As will be recorded later, we were successful in delaying the city appreciation meal until the seminar material was presented. In one city, the luncheon held to the one hour time allotment, and in the last two city visits, all of the seminar material was presented and then the meal followed.

The first part of the afternoon session addressing the structure of the condominium association was presented by Diana Avetian. The second part of the same session was presented by Suren Koshetsian, an employee of the city of Yerevan, and a designated instructor for the ICMA condominium training program. The last part of the afternoon session addressing the questions and problems most often raised by cities and possible incentives for the city to consider, was presented by Kucharzak.

Session 2--Difficult Issues

1. List some of the attitudes and beliefs, common among residents, that can make organizing a condominium association difficult.

Group 1.

The residents lack the financial means to manage their property.

Group 2.

Improve the level of the income of the population.

2. For each of these listed in question #1, list a fact or argument which should answer the concern and show that a condominium association is beneficial.

Group 1

Nothing at all!

Group 2.

No example of things that will improve.

3. A realistic budget is very important to the success of a condominium association.

List all the possible sources of income for a condominium.
(Just the categories, not actual dram amounts.)

Group 1.

The income that will be generated by the different activities of operating as a business.

Group 2.

a).Basements and storage spaces.

b).Penalties that could be applied, (late fees etc.)

List all the possible expenses which a condominium might have.
(Again, just the categories.)

Group 1.

Cannot answer, no experience.

Group 2.

a). Capital repairs.

- b). Current repairs.
- c). Extraordinary repairs.
- d). Emergency conditions.

4. Condominiums and state maintenance organizations must decide how to divide up responsibility for various maintenance and repair tasks.

List the tasks which you feel it is fair and realistic for the condominiums to assume responsibility for.

Group 1

- a). The condominium should be able to handle their fiscal affairs: collect money, and pay bills.
- b). Condominium should collect money and transfer it to the *Zshek* who will then maintain the building.

Group 2

Current repair.

List the tasks which you believe the state maintenance organization should continue to do.

Group 1.

- a). City to perform capital repairs.
- b). The city should maintain commercial spaces.
- c). The city should perform major construction projects.

Group 2.

- a). Elevator maintenance.
- b). Maintenance of infrastructure.

List those tasks which you are finding it very difficult to decide on.

Group 1.

This portion of the question was not addressed.

Group 2.

Hard to respond to this question, perhaps the maintenance of common areas.

5. What special incentives can your city government offer residents to form condominiums? List them.

Group 1.

Assistance in the financial aspects of operating the condominium, and guidance on operating as a business person in the market.

Group 2.

a).Employment opportunities.

b).Encourage the condominiums to seek additional sources of income.

6. The city's facilitator has the job of helping residents to form working condominium associations. List all of the things that a facilitator must help them do.

Group 1.

a). organize the condominiums.

b). Provide assistance in completing the required documents.

Group 2

Establish legal norms for condominium operations.

7. How long on average, do you think a facilitator must work with a group of residents before they have a working association?

A few days? A few weeks? A few months? Longer?

Group 1.

Longer than the stated time; it will take 10 years!

Group 2.

Hard to say, a long time.

Session 3—Wrap Up

1. What are the next steps that you and your city government colleagues must do to begin forming condominiums?

List them in the order in which they must be done, what person or persons should be responsible for them, and approximately how much time it should take to accomplish them.

Group 1.

We do not have enough experience to answer.

Group 2.

We have no experience and therefore cannot answer the question.

2. What specific technical assistance(not funding!) would your city need or wish to receive from ICMA? List them.

Group 1

No answer-do not have the experience.

Group 2

Provide the technical assistance that is required.

The Deputy Mayor for Maintenance, Gagik Arakelian closed the seminar by expressing his appreciation to the ICMA team. He stated that the city would do what is necessary to implement the Government Decision on condominiums within the city.

Author's notes:

As the seminar progressed, it became obvious that the *Zshek* employees were not in favor of the condominium program, which they saw as eventually eliminating their agency and their jobs. Kucharzak was informed later that the deputy mayor for maintenance told Avetian, ICMA project director, that he does not believe in the privatization effort, and that we do not know where all of the housing reforms are headed, and that he keeps his membership card in the Communist party, "just in case. It is the author's belief that the requested meeting of last week to discuss the seminar prior to the city's committing to it, was intended to appease concerns of the deputy mayor for maintenance, who is the person that the mayor has designated as the facilitator to promote and administer the condominium program for the city.

Hrazdan has accomplished the following:

- a). They have adopted the city resolution supporting the condominium program.
- b). They have designated Deputy Mayor for Maintenance, Gagik Arakelian as Facilitator for the condominium program.

D. Seminar for the City of Abovian

Wednesday, August 2, 1995

The ICMA team of Kucharzak, Avetian, Suren and Karapetian arrived at the office of the mayor at 9:30. Mayor Vosherchian was not in, but arrived shortly thereafter. The mayor met with us and explained that they expected us at 11:00, but while we met, the attendees would be assembled.

The explained that Abovian is a young city, incorporated in 1965. Prior to achieving city status, Abovian was a small village with a population of approximately 2000. Today Abovian has a population of 66,500. The rapid growth was a result of the once thriving electronics industry that attracted people to the good paying jobs. Although no specific number was given, the mayor said that unemployment is very high, and he is concerned that the lack of employment will interfere with the implementation of the condominium program. He is hopeful that some day the city will again have the factories operating a full capacity, and the residents will willing support programs to improve their housing conditions.

As part of the city's program of housing reform, a system of master metering electricity and water has been introduced. According to the mayor, the program has met with a great deal of resistance. The city is hoping that the introduction of condominium ownership will encourage the owners to pay for the services that they are consuming. More than 70 percent of the housing in Abovian is privatized. The city believes that the maintenance of the housing stock, much of which was constructed within the last five years, will be improved when owners are able to contract for their own maintenance services. The mayor then introduced Deputy Mayor for Communal Services, Khachatur Ghaplanian. In addition to the deputy mayor, the Head of the Maintenance Department, Robert Saroyan; the Head of the Housing Department, Khambek Sargsian; the City Attorney, Grigor Danielian; the City Engineer, Stepan Stepanian; and the heads of the five city and two rural district *Zshek* will be attending the seminar.

The seminar was opened by Kucharzak and the first half of the first session was presented by Suren Koshetsian and the second half by Diana Avetian. The small group session was introduced by Sienkiewicz who divided the participants into two groups of six. When the group reassembled to report, a single report was given for the two teams. Apparently one team had difficulty identifying someone who would be comfortable reporting out before the full group. The responses to the questions are as follows:

Session 1 Getting Started

1. What are the benefits that residents will experience by forming a condominium? List them.

To assure the maintenance of the property.

2. What benefits will your city government experience when residential buildings form condominiums? List them.

Make things easier for the city and provide funds for capital repairs, social welfare programs, etc.

3. What are the rights and obligations of the members of a condominium association?

List the rights below. List the obligations below.

The condominium association will be able to control funds.

4. Approximately what percent of the housing units in your city have been privatized? How many units is that?

Approximately 55 percent of the housing is privatized. This represents 6,600 units. (note: this number is less than the 70 percent privatized stated by the mayor; however, the number of dwelling units stated would represent just over half of the total number of units the mayor said were in the city. The error may be a problem of translation.)

5. Approximately how many buildings have at least 50 percent of their units privatized? According to the Condominium Decision and Regulations, these must form condominiums.

Fifty buildings.

6. Approximately how many buildings have at least one privatized unit, but less than 50 percent? These may be able to form condominiums voluntarily.

There are 162 buildings in this category.

7. List the ways in which your city government can assist residents in forming condominiums.

- a). Promotion and publicity of the condominium program.
- b). By initiating a demonstration program involving three sites within the city.

8. List the ways in which your city can educate residents about condominiums and their benefits.

- a). Through the use of mass media.
- b). By recruiting leader for the program by explaining the program to recognized community leaders.

After a break for lunch, Avetian presented part three and Koshetsian presented part four of the seminar. Sienkiewicz again presented the questions, which were answered as follows:

Session 2--Difficult Issues

1. List some of the attitudes and beliefs, common among residents, that can make organizing a condominium association difficult.

- a). The lack of an "owner's mentality."
- b). Initially the owner's will not accept private maintenance companies.

2. For each of these listed in question #1, list a fact or argument which should answer the concern and show that a condominium association is beneficial.

The population is having difficulty getting adjusted to a market economy.

3. A realistic budget is very important to the success of a condominium association.

List all the possible sources of income for a condominium.
(Just the categories, not actual dram amounts.)

- a). Contributions of the members.
- b). Additional income from business enterprises.

List all the possible expenses which a condominium might have.
(Again, just the categories.)

Timely payment for all provided services.

4. Condominiums and state maintenance organizations must decide how to divide up responsibility for various maintenance and repair tasks.

List the tasks which you feel it is fair and realistic for the condominiums to assume responsibility for.

- a). Levy the necessary fees to the owners.

List the tasks which you believe the state maintenance organization should continue to do.

- a). Maintain common areas.
- b). Capital repairs
- c). Refuse services.
- d). Maintain utility distribution system.
- e). Establish a fund for major repair.

List those tasks which you are finding it very difficult to decide on.

No record was made of this question.

5. What special incentives can your city government offer residents to form condominiums? List them.

Provide additional spaces to the condominium such as the basement space, or the right to establish commercial uses on the premises

6. The city's facilitator has the job of helping residents to form working condominium associations. List all of the things that a facilitator must help them do.

a). Provide publicity about the program setting forth the advantages and disadvantages of forming condominiums.

b). Provide copies of model charter and documents.

7. How long on average, do you think a facilitator must work with a group of residents before they have a working association?

A few days? A few weeks? A few months? Longer?

More than a couple of months.

Session 3--Wrap Up

1. What are the next steps that you and your city government colleagues must do to begin forming condominiums?

List them in the order in which they must be done, what person or persons should be responsible for them, and approximately how much time it should take to accomplish them.

conduct more workshops and develop a system for technical exchange between condominium associations.

2. What specific technical assistance(not funding!) would your city need or wish to receive from ICMA? List them.

There is a shortage of needed mechanics in the city to meet the need for maintenance services.

The deputy mayor expressed his appreciation for the seminar and the work of the ICMA team. He stated that the seminar provided a needed basis, a starting ground to help the city get started on the program to encourage the formation of condominiums. He said that he hopes that in the near future, the city will have the program elements in place. The city will review the materials presented and will select a person to serve as facilitator. As the city progresses on the program, they will be in contact with ICMA and the city of Yerevan for additional assistance.

Author's notes:

The city of Abovian has an excellent political team to begin and sustain the program. The relative newness of the city and the buildings, coupled with a commitment on the part of the city officials to do the job well, makes Abovian a prime candidate for further assistance from ICMA and the Yerevan State University programs.

E. SEMINAR FOR THE CITY OF GIUMRY

Thursday, August 3, 1995

The ICMA team consisting of Kucharzak, Sienkiewicz, Haik Karapetian, Norik Varanian, and Anahit Karapetian arrived at the city offices at 9:30 AM. The deputy mayor for maintenance was meeting with a delegation from France so we met first with the Head of the Department of Construction, Albert Markarian. Markarian described a World Bank financed new, multifamily construction project that is nearing completion and ready for occupancy. Markarian asked how best to establish the complex as a condominium when the owners have not moved into their apartments, and therefore, do not know one another so as to form a General Assembly and elect officers and file the necessary registration papers. Kucharzak praised the foresight of the city in anticipating the benefits of introducing the condominium ownership concept before the residents move in. He suggested that the city could certify that the building is fully privatized due to the World Bank financing of the sale of the apartments to private owners. The Government Decision mandates that the city register the building as a condominium, and the Decision of the City Council, rather than the Decision of the General Assembly would be filed with the State Registrar. The application and model bylaws could be submitted by the city in consultation with the known owners. When the residents move in, and certainly within a stipulated period of time, the owners would be required to hold a General Assembly and elect their officers and executive committee. The deputy mayor then asked if the city could hire a temporary property manager to perform the duties normally assigned to the president of the association until the elections are held. Haik said that would be acceptable noting the need to have the election requirement met as soon as possible.

We then met with the Deputy Mayor for Construction, Hounan Mazmania. The deputy mayor provided background information on the city. He stated that from 1994 to the present, four factories are being constructed by World Bank to help reestablish an industrial base which was lost during the devastating earthquake in 1988. Currently, there are 38 factories in the city, two of which are not operating. Approximately 30 percent of the population is employed in what we would term as light industry, mostly textile related products: socks, clothing, and fabrics. Tool making and light fabrication completes the product list. The factories are only operating at 30 percent of capacity. The products produced by the factories are intended for export but the blockade established by Azerbaijan prevents free movement of goods through the normal northern route. (The city center is approximately 8 kilometers from the border with Turkey.) Most of the people who are employed are working in earthquake recovery construction, financed by the World Bank and foreign aid programs. Current industrial wages are low, 2,000-2,500 drams per month (about \$5 per month), but construction wages are 55,000 drams per month (\$132 per month). Before the blockade and the earthquake, it was easy to live in Giumry.

We were shown the meeting room where the presentation will be held. It was necessary for the city electricians to bring a temporary power feed into the room to enable us to use the overhead projector. The 11 participants began assembling at 11:20, and we lost electrical service!

Kucharzak presented the first two sessions, and Norik presented the instructions for the small group exercises.

Giumry has a population of 217,000. The earthquake destroyed about 70 percent of the city's housing stock, and today, 35,000 people are without housing. In the past seven years, 7,500 dwelling units have been constructed or rehabilitated.

Before we broke into small groups, a number of questions were raised by the previous presentation. A reoccurring question that again appeared in Giumry is: "why is ICMA promoting condominiums?" The participants in Giumry were, like most of the city seminars we visited, employed the *Zshek* and were very threatened by the Government Decision on condominiums and the related ICMA training. As one compares the small group responses to the questions from city to city, a pattern of less support for the program emerges from respondents who are employed by the *Zshek*.

Session 1 Getting Started

1. What are the benefits that residents will experience by forming a condominium? List them.

Group 1.

- a). There are no benefits to the community by forming condominium associations, especially in Giumry where people do not have money for housing maintenance. Actual cost for housing, including utilities would be 10,000 drams per month. This is 19 times the minimum salary of 540 drams.
- b). Cooperatives did not work and condominiums will not work; it is a psychological problem. Cooperative housing needs emergency repair today because the government did not maintain them in the past.

Group 2.

The owners will develop a "owner's mentality."

2. What benefits will your city government experience when residential buildings form condominiums? List them.

Group 1.

- a). The residents now bring city will bring their housing complaints to the city. With the formation of condominium associations, the city will tell the residents to bring their complaints to the association officers.
- b). The central government will no longer provide communal services.
- c). Local taxes will be the only money that the city will have available for maintenance.

Group 2.

Condominiums will eliminate a huge cost item to the city budget.

3. What are the rights and obligations of the members of a condominium association?

List the rights below.

List the obligations below.

Group 1.

This question cannot be answered, we have no experience.

Group 2.

- a). Condominiums will be able to control their own funds.
- b). The condominiums will make payments for communal services in a timely manner.

4. Approximately what percent of the housing units in your city have been privatized? How many units is that?

Group 1.

- a). Approximately 12 percent of the housing is privatized, 1,300 units. Giumry has a low rate of privatization due to the aftermath of the earthquake. The damage to many of the structures resulted in an emergency law that prevented privatization. Now a new law allows privatization.
- b). People are afraid to privatize their units. Some 10-15 percent of the needed housing services are provided by the city. The owners do not trust private enterprise.

Group 2.

About 12 percent.

5. Approximately how many buildings have at least 50 percent of their units privatized? According to the Condominium Decision and Regulations, these must form condominiums.

Group 1, 2

There are no buildings in this category.

6. Approximately how many buildings have at least one privatized unit, but less than 50 percent? These may be able to form condominiums voluntarily.

We do not have this information.

7. List the ways in which your city government can assist residents in forming condominiums.

Group 1.

- a). The city has to "promise" and provide loans to registered condominiums. If not, things will only get worse and worse.
- b). Major repairs must be provided by the city, or provide the funds for the owners to do so.

Group 2.

Conduct meetings for residents with specialists and experts discussing the advantages, or even the disadvantages.

8. List the ways in which your city can educate residents about condominiums and their benefits.

Group 1.

- a). Through a publicity program to help them understand the benefits. The city must be responsible for the promotion.
- b). Use mass media, especially TV during specific hours when power is available.
- c). Provide registration documents at no cost.

Group 2.

Use the mass media.

After the small group sharing, the spokesperson from group 1. stated that the example Kucharzak used whereby condominium owners may make the installation of new metal entrance doors a short-term goal, is not going to work. He went on to say that last year the city installed over 200 wooden doors. The doors were stolen and burned as fuel. Perhaps the condominium owners will work together to protect their property.

Session 2--Difficult Issues

1. List some of the attitudes and beliefs, common among residents, that can make organizing a condominium association difficult.

Group 1., 2.

- a). People are insolvent and do not trust the program.
- b). The period for free privatization will expire then the residents who did not privatize will lose their housing.

2. For each of these listed in question #1, list a fact or argument which should answer the concern and show that a condominium association is beneficial.

Group 1., 2.

Market problems. Some people are overhoused, living in an apartment what is larger than they need. As the costs for maintaining the housing increase, they will move to a smaller apartment that they can afford.

3. A realistic budget is very important to the success of a condominium association.

List all the possible sources of income for a condominium.
(Just the categories, not actual dram amounts.)

Group 1'

a). Condominium association fees.

b). Donations.

Group 2.

If someone is insolvent, perhaps they could exchange services for fees. This of course would depend on the skill level of the person, and the condominium's need for the services.

List all the possible expenses which a condominium might have.
(Again, just the categories.)

4. Condominiums and state maintenance organizations must decide how to divide up responsibility for various maintenance and repair tasks.

List the tasks which you feel it is fair and realistic for the condominiums to assume responsibility for.

Group 1.

a). General maintenance. revenue will be enough to allow the condominium owners to perform general repairs, but will not be sufficient to allow for the needed deferred maintenance that is required.

b). Major part of current repair. The city has different categories of buildings following the earthquake damage assessments. Some of the buildings cannot be privatized because of their damage classification. The government should reinforce the building then allow for the privatization.

Group 2.

The residents should be expected to take care of their own units, and the common areas should be maintained by the whole community.

List the tasks which you believe the state maintenance organization should continue to do.

Group 1.

Provide all necessary maintenance for the buildings.

Group 2.

Maintain the common property.

List those tasks which you are finding it very difficult to decide on.

Group 1., 2.

Not clear who is responsible for repairs to the individual units.

5. What special incentives can your city government offer residents to form condominiums? List them.

Group 1., 2

- a). Long term loans. Presently there are available 25 year loans for owners purchasing newly constructed single family homes. Condominiums will need similar loans with a 30 year term.
- b). Provide a system whereby technical assistance and equipment is available to the owners to perform at least minimal maintenance services.

6. The city's facilitator has the job of helping residents to form working condominium associations. List all of the things that a facilitator must help them do.

Group 1., 2

Explain the advantages of the condominium program and encourage people to participate.

7. How long on average, do you think a facilitator must work with a group of residents before they have a working association?

A few days? A few weeks? A few months? Longer?

Group 1.

Only mandatory formation of condominiums will occur in Giumry, no voluntary formation will occur. It will take a longer period of time than the question presents. It will take years.

Group 2.

Several months.

Session 3--Wrap Up

1. What are the next steps that you and your city government colleagues must do to begin forming condominiums?

List them in the order in which they must be done, what person or persons should be responsible for them, and approximately how much time it should take to accomplish them.

Group 1.

We did not answer this question.

Group 2.

- a). Provide an explanation that the owners are responsible for the maintenance of common areas.
- b). Change the thinking of the residents and help them develop "owner thinking."

2. What specific technical assistance(not funding!) would your city need or wish to receive from ICMA? List them.

Group 1,

We did not answer this question.

Group 2.

No financial assistance is required.

Author's Note: The Giumry city team was hostile to the concept of forming condominiums. The city has received assistance from several countries and funding entities to help them recover from the 1988 earthquake, and much remains to be done. Many families are living in temporary housing, literally metal shacks erected seven years ago as an emergency measure. The recovery effort needs to be the focus of attention for the city, and it is obvious to the author that the city employees we met with do not want to take on the task of forming condominiums with other pressing housing issues. The mayor and deputy mayor may be committed to fulfilling the Government Decision, but do not have the support of their employees.

F. SEMINAR FOR THE CITIES OF VANADZOR AND STEPANAVAN

Friday, August 4, 1995

A joint meeting of representatives from the cities of Vanadzor and Stepanavan was held on Friday August 4, 1995, at the Vanadzor municipal offices. The ICMA team consisting of Kucharzak, Haik Karapetian, Norik Sardinian and Anahit Karapetian arrived at 9:30, and met with the Deputy Mayor for Maintenance, Armen Hovanissian. The deputy mayor explained that the mayor is out of the city and that he will represent the mayor as well as his area of responsibility during the seminar. He stated that the city is an industrial city of 175,000. He stated that the difficult economic times have resulted in many people being unemployed. He acknowledged the assistance that the city has received from the World Bank in helping the community recover from the destruction resulting from the 1988 earthquake. The mayor explained that the city has experience in the condominium model having an operating condominium that was formed in a newly constructed multifamily building. He went on to say that although they have had some experience, they are anxious to learn as much as they can about the process of implementing the Government Decision on Condominiums.

The seminar began at 10:30 with nine representatives from the city of Vanadzor in attendance. The five Stepanavan representatives arrived at 11:15. Haik Karapetian presented the first part of the morning session, and Norik Sardinian presented the second part. Haik Karapetian divided the attendees by city into two groups to address the questions. When the attendees were again assembled, it was decided that the presentations would continue without a lunch break and that after the second set of questions have been addressed, the group would come together and report on all of the questions. The answers provided were as follows:

Session 1 Getting Started

1. What are the benefits that residents will experience by forming a condominium? List them.

Vanadzor

- a). A close relationship with the city maintenance operations and the private maintenance companies will be established.
- b). The private maintenance companies will be independent operations.
- c). The owners will become self sufficient.
- d). A rational method of paying for maintenance expenses will evolve.
- e). A rational system for the use of adjoining grounds will emerge.
- f). The owners will determine their own maintenance fees.

Stepanavan

- a). Centralize maintenance under one entity (the associations), this will improve the quality of the response.
- b). The formation of the condominiums will liberate the residents from additional expenses.

2. What benefits will your city government experience when residential buildings form condominiums? List them.

Vanadzor

- a). Decentralize maintenance and property management. Owners will develop owner mentality.
- b). Those who own will take care of what they own.
- c). Raise the level of the quality of maintenance.
- d). A reorganized city maintenance department will learn how to do more with less.
- e). The city will benefit by a full participation of the property owners in maintenance and management activities.

Stepanavan

If the owners will take over the maintenance activities, the city staff will have more time for other responsibilities.

3. What are the rights and obligations of the members of a condominium association?

List the rights below. List the obligations below.

Vanadzor

1. Rights.

- a). Participate in activities of the condominium association.
- b). Right to be elected as an officer of the association.
- c). Right to control fiscal activities.
- d). Right to make their own independent decisions affecting their housing.

2. Responsibilities.

- a). Perform duties as determined by the decision of the General Assembly.
- b). To act within the bylaws.
- c). To form activities to benefit the condominium association and not make obstacles for the members.

Stepanavan

1. Rights.

The right to elect, vote, hold office, and to audit their operations.

2. Responsibilities.

- a). Participate in the General Assembly.
- b). Pay fees assessed by the association.
- c). Maintain the associated grounds,

4. Approximately what percent of the housing units in your city have been privatized? How many units is that?

Vanadzor

Approximately 25 percent. This is 5,300 units.

Stepanavan

Approximately 540 units or 44 percent.

5. Approximately how many buildings have at least 50 percent of their units privatized? According to the Condominium Decision and Regulations, these must form condominiums.

Vanadzor

Approximately 80 buildings.

Stepanavan

Approximately 70 buildings.

6. Approximately how many buildings have at least one privatized unit, but less than 50 percent? These may be able to form condominiums voluntarily.

Vanadzor

Approximately 632 buildings.

Stepanavan

Approximately 61 buildings.

7. List the ways in which your city government can assist residents in forming condominiums.

Vanadzor

- a). To execute all of the legal incentives to eliminate obstacles.
- b). Provide funding from the city budget to assist condominiums.
- c). Provide a percentage of utility fees as income to condominiums.
- d). Promote the condominium program.

Stepanavan

Rely on the city maintenance department and the city officials of each community.

8. List the ways in which your city can educate residents about condominiums and their benefits.

Vanadzor

- a). Through the use of mass media.
- b). Conduct a radio/TV interview program three times a week with participants in the condominium program.

- c). Open ten condominium program satellite locations to help disseminate information about the program.
- d). Establish and staff city office that will be responsible for coordinating the condominium program.

Stepanavan

- a). Utilize local TV and press to promote the program and educate the citizenry.
- b). Utilize the Yerevan State University condominium training courses.
- c). Encourage positive sharing of information about the program -- "word of mouth."

Session 2--Difficult Issues

1. List some of the attitudes and beliefs, common among residents, that can make organizing a condominium association difficult.

Vanadzor

- a). People do not believe in success.
- b). People do not have required knowledge, therefore are uncertain about the concept.
- c). The lack of financial means to support an adequate maintenance program.
- d). The need for capital repair of earthquake damaged buildings classified as "emergency."

Stepanavan

The afford ability problem of the general citizenry.

2. For each of these listed in question #1, list a fact or argument which should answer the concern and show that a condominium association is beneficial.

Vanadzor

- a). The successful activities that have been accomplished by the Vanadzor community.
- b). The model condominium community opening in Vanadzor.
- c). Once the owners have some experience working with the private sector in managing and maintaining their properties, this will demonstrate the advantages of the condominium program.
- d). All of the housing fees currently being paid to the city are not being utilized properly. he condominium associations will be able to target their fees to their maintenance activities, therefore, more will be accomplished.

e). The city should perform capital renovations.

Stepanavan

Each tenant or group of tenants cannot perform the maintenance of the common areas.

3. A realistic budget is very important to the success of a condominium association.

List all the possible sources of income for a condominium.
(Just the categories, not actual dram amounts.)

Vanadzor

- a). Condominium fees.
- b). Commercial rents.
- c). Additional funding from city budget.
- d). Income from paid services (utilities).
- e). Donations/grants.
- f). Bank interest/dividends.
- g). Service fee percentage from utility fee processing.

Stepanavan

- a). Levied fees of the condominium association.
- b). Financial assistance from the local government.
- c). Donations/grants.
- d). Income generated from enterprise activities.

List all the possible expenses which a condominium might have.
(Again, just the categories.)

Vanadzor

- a). Maintenance costs.
- b). Current repair costs.
- c). Capital repairs costs,
- d). Grounds keeping expenses.

- e). Sanitation and pest control expenses.
- f). Preventative maintenance costs.
- g). Administrative expenses.

Stepanavan

- a). Roof repair.
- b). Earthquake reinforcement measures.
- c). Maintenance and repair of infrastructure
(utility supply systems.)

4. Condominiums and state maintenance organizations must decide how to divide up responsibility for various maintenance and repair tasks.

List the tasks which you feel it is fair and realistic for the condominiums to assume responsibility for.

Vanadzor

- a). Routine maintenance
- b). Sanitation and pest control.
- c). Preventative maintenance.
- d). Administrative duties.

Stepanavan

The condominiums should be responsible for maintenance and repair of the buildings.

List the tasks which you believe the state maintenance organization should continue to do.

Vanadzor

- a). Capital renovation.
- b). Reinforcement work associated with third category buildings. (this is a classification of earthquake damaged buildings that must have extensive repair work performed before the buildings can be converted to condominium ownership.)
- c). External infrastructure.
- d). Correct emergency conditions.
- e). Refuse disposal from the property.

f). Paving of roadways and parking areas.

Stepanavan

The condominiums should have a professional contractual arrangement with the city maintenance operations that would have the city maintain the buildings.

List those tasks which you are finding it very difficult to decide on.

Vanadzor

- a). The interrelationship of the publicly held apartments. Perhaps the condominium should gain ownership of the publicly held units to eliminate concerns.
- b). The rights to access the basements spaces within condominium buildings.

Stepanavan

- a). Ground keeping
- b). Refuse removal.
- c). The provision of electrical service. (the author believes this is a reference to the responsibility to maintain the distribution system.)

5. What special incentives can your city government offer residents to form condominiums? List them.

Vanadzor

- a). Additional use of grounds.
- b). Provide financial assistance to condominiums.
- c). Discount for communal services (utilities and city provided maintenance tasks.)

Stepanavan

Provide initial financial assistance to help transition emerging condominiums to assume maintenance duties.

6. The city's facilitator has the job of helping residents to form working condominium associations. List all of the things that a facilitator must help them do.

Vanadzor

- a). Use the mass media to promote the program.
- b). Provide assistance in developing documents for condominium associations.

- c). Initiate organizational meeting for the proposed condominium.
- d). Assist in bid procedures for maintenance work,

Stepanavan

Explain the role of the condominium associations and its benefits to the general public.

7. How long on average, do you think a facilitator must work with a group of residents before they have a working association?

A few days? A few weeks? A few months? Longer?

Vanadzor

A few weeks.

Stepanavan

A few months.

Session 3--Wrap Up

1. What are the next steps that you and your city government colleagues must do to begin forming condominiums?

List them in the order in which they must be done, what person or persons should be responsible for them, and approximately how much time it should take to accomplish them.

Vanadzor

- a). Survey to discover existing problems.
- b). Address the problems identified and provide an explanation.
- c). Develop a plan to combine buildings that are physically close in to one condominium.
- d). Review status of existing condominium (established for the world bank funded building), and utilize their experience.
- e). Plan a timetable to complete the obligations of the city by the year end as directed by the Government Decision.
- f). It would take about one month to accomplish the required tasks.

Stepanavan

- a). Begin public promotional and education program.

- b). Begin to organize the residents.
- c). Help the residents elect their Board and the president of the association.

2. What specific technical assistance(not funding!) would your city need or wish to receive from ICMA? List them.

Vanadzor

- a). Technical assistance.
- b). Training materials.

Stepanavan

- a). Assistance in conducting a survey/study.
- b). Assistance with the expenses. (This was not made clear.)
- c). Provision of equipment such as computers.

The deputy mayor then addressed the group and expressed the appreciation of the city to ICMA for bringing the seminar to Vanadzor. He thanked the representatives from Stepanavan for traveling to Vanadzor to participate in the seminar.

The deputy mayor acknowledged that the point that they are at today is the result of 70 years of problems in managing and maintaining the housing stock. He said that the ICMA assistance is most important, because without guidance, they could make some serious mistakes. In closing he stated his hope that in Vanadzor, the program will be successful, and the city will work with ICMA to make the program a collaborative effort.

V. RECOMMENDATIONS

The city seminars revealed distinct differences among the cities in their approach to implementing the Government Decree on condominiums. In each of the cities, the mayor, or in the case of Giumry and Vanadzor where the mayor was not available, the deputy mayor, voiced support for the program. In some cities the support was not as evident among the city maintenance staffs (*Zshek*). The reception by the *Zshek* employees was most hostile in the city of Giumry and less than favorable in the city of Hrazdan. Recognizing that Yerevan is receptive to the program having been involved in developing the program and received more attention from ICMA and the Yerevan State University, the next best reception for the program was evidenced by the city of Vanadzor, followed by the city of Echmiadzin, followed by the city of Abovian. Each of the receptive cities has strong leadership with a mayor and deputy mayors who are not only politic enough to understand the importance of fulfilling the mandate of the Government Decision, but who have the intelligence and motivation to adapt the program to meet the needs of the citizenry, while helping reduce their city's financial obligations for maintaining the housing stock.

Having a team of training experts visit a city and meet with the local officials and housing technicians on their turf is the best way to assess the level of commitment and the potential of success for the program. The limited time available to provide the training to the remaining cities will require that the training be offered on a regional basis with several cities being invited to participate in a training seminar held in, or close to their city. To further assure that all of the cities with populations of 50,000 or more receive the training in time to implement the Government Decision by the year 2000, it will be necessary to have two teams of two instructors each offering the training at different sites on the same day. The completion of the basic training as quickly as possible will assure that knowledgeable staff are available to provide the one-on-one assistance the cities and the emerging condominiums will need once the publicity program begins. The experience in Kazakhstan has demonstrated that owners will form resident associations provided that there is a quality public information program underway, and the city has opened and adequately staffed an office of condominium services to act as an information center and a "one-stop" condominium office. At the time of the writing of this report, none of the cities have opened an office of condominium services, and although several cities have identified a person to staff the office, the skills level of the individuals is not known. ICMA has invited ten people who are directly involved in the training program, or who are local government officials with a direct role in the program, to participate in a study tour in the United States to receive additional training.

There were several recommendations made by the participants in the seminars that warrant restatement here, and consideration by the proper agency. First is the often raised concern regarding the national policy to encourage the privatization of commercial and storage spaces before the cities can work with the residents in forming condominium associations. Access to storage spaces and participation in the condominium by commercial enterprises within the building are important incentives to encourage the conversion to condominium ownership, and potential sources of income to help the association manage and maintain the building. The suggestion to petition the republic to place a moratorium on the privatization of commercial and storage spaces until the end of the condominium conversion period as set forth in the Government Decision has merit and should be pursued. The second recommendation that came from the seminars was a need for a clearinghouse on condominiums, a resource center where cities and the public could obtain information on condominiums. The suggestions went so far as to not only encourage a data bank on the condominium efforts within Armenia, but to provide data on the condominium efforts in other countries as well. Perhaps the Yerevan State University would be a logical choice for an information center. The need for current information and training could be further met by encouraging the formation of a national industry association similar to the professional housing associations operating in the United States and elsewhere. Similar needs have been expressed in other republics, and if the national associations could be formed with similar goals, it would be possible to encourage international symposiums on housing reform issues that would provide a forum for sharing information, experiences and ideas. Thirdly, the apprehension evidenced by the city maintenance personnel in several cities should be addressed. The restructuring of the maintenance functions will result in a significant loss of jobs in an already struggling economy. Measures should be undertaken to begin job retraining programs to help skilled maintenance personnel establish private enterprise maintenance companies capable of responding to the requests for services that will result from the privatization efforts. In addition, as more and more condominium associations are formed, a property management industry will have to emerge to assist the owners in fulfilling the responsibilities of managing an active association. Lastly, in several of the seminars it was stated that the condominiums will not have the tools and equipment needed to perform proper maintenance to the buildings. While basic tools for routine maintenance are needed, fledgling condominiums may lack the financial resources to purchase the basic equipment and materials needed, and may require a grant or loan in order to properly equip the facility. Specialty tools such as air compressors, floor sanders, tar pots and the like,

will be needed on occasion by the association, or more likely, by the contractors hired by the association, who have the skills, but lack the equipment to perform the tasks. To meet this need we suggest that the city or another large not-for-profit entity acquire the equipment and operate a tool loan, similar to the tool loans that were operated in some large cities in the United States in the 1940's-1950's.

VI. CONCLUSIONS

The program to encourage the formation of condominiums in Armenia is off to an excellent start. Although the goal to accomplish the conversion to condominium ownership by the end of 1995 is rather ambitious, the need to reduce the cost to the governments by privatizing housing maintenance and management services demands immediate attention. The national spirit of the Armenian people, who have been tested and prevailed through many hardships, will complement the program objectives and provide a basis for success that will ultimately result in better housing and a stronger economy as jobs and businesses are created to meet the demand for labor and materials to preserve the housing stock. The methodology undertaken by USAID/ICMA to assist the Republic of Armenia and the local government leadership in the 26 largest cities, in implementing the Government Decision on the formation of condominiums, is a sound program of education and assistance that will assure that the mutual goal of the republic and the USAID mission to have the conversion to condominium ownership introduced, implemented and completed by the end of 1995, is accomplished.

EXHIBITS

**The Following Exhibits Were Used In
Conducting The City Seminars.**

EXHIBIT A.

**CONDOMINIUM ASSOCIATIONS
WORKSHOP FOR CITY ADMINISTRATORS**

***SPONSORED BY
USAID/ICMA ARMENIAN REPUBLIC WIDE HOUSING COMMUNAL SERVICES***

JULY, 1995

FOREWORD

The following is a suggested text to accompany the overhead transparencies specifically modified by ICMA to be used in encouraging the formation of resident condominium associations throughout the Republic of Armenia. The suggested text closely follows the six presentations made during July 1995 by ICMA TDY advisor Michael E. Kucharzak, with assistance from ICMA TDY advisor, Gene Sienkiewicz; and resident trainers and staff from the ICMA office in Yerevan, Armenia.

The text has been prepared to serve as a basis for resident presenters who will continue the effort to bring the introductory seminar to interested cities within the republic. The text and the accompanying study questions are suitable as a training aid for residents of a building considering forming a condominium association. It is important to note, that the materials provided herein are only suggested materials that the author has found to be successful in providing and introduction of the program to encourage the formation of condominium associations. The page breaks and the paragraph breaks are intended to help the presenter in presenting the text; however, the presenter should be comfortable in modifying the materials to conform to his/her manner of presenting, or to incorporate changes in the law or in the program as established for the city in which the training is being provided.

Additional assistance may be obtained by contacting the ICMA office in Yerevan, (52-56-93), or by contacting the Yerevan State University--Condominium Training Program.(55-17-29).

SLIDE 2
RESIDENT CONDOMINIUMS

THE TERM IS USED TO DESCRIBE A GROUP OF RESIDENTS WHO FORM AN ASSOCIATION UNDER A GOVERNMENT DECISION, WHICH ALLOWS CO-OWNERSHIP ENTITIES, (CONDOMINIUMS) TO ASSUME RESPONSIBILITY FOR THE MANAGEMENT AND MAINTENANCE OF THEIR BUILDING.

PLEASE NOTE THAT THE MAY 1995 GOVERNMENT DECISION ESTABLISHING REGULATIONS FOR THE FORMATION OF CO-OWNERSHIP ENTITIES (CONDOMINIUMS), USES THE TERMS HOMEOWNER ASSOCIATIONS, CO-OWNERSHIP ENTITIES AND CONDOMINIUMS. DURING TODAY'S SEMINAR, WE WILL USE THE TERM CONDOMINIUM.

SLIDE 3
OBJECTIVE OF PROGRAM

THERE ARE THREE PRINCIPAL OBJECTIVES FOR THE PROGRAM TO ENCOURAGE THE FORMATION OF RESIDENT CONDOMINIUM ASSOCIATIONS. THE OBJECTIVES ARE:

FIRSTLY, TO ENCOURAGE THE FORMATION OF RESIDENT CONDOMINIUM ASSOCIATIONS.

SECONDLY, TO ENCOURAGE OWNERS TO ASSUME RESPONSIBILITY FOR SOME OF THE MANAGEMENT AND MAINTENANCE FUNCTIONS THAT ARE CURRENTLY THE RESPONSIBILITY OF LOCAL GOVERNMENTS., AND

THIRDLY, TO TRAIN INDIVIDUALS WITHIN EACH CITY WHO WILL FUNCTION AS TRAINERS FOR OTHER CITY OFFICIALS AND RESIDENTS.

IT IS THE GOAL OF ICMA TO COMPLETE A SERIES OF SIX TRAINING SESSIONS SUCH AS THIS WITHIN THE NEXT WEEK.

OUR GOAL IS TO DEVELOP WITHIN ARMENIA, BY THE END OF THE YEAR, SUFFICIENT SKILLS SO THAT ARMENIANS, WITH LITTLE ASSISTANCE REQUIRED FROM OUTSIDE CONSULTANTS CAN CONTINUE TO EDUCATE OWNERS OF PRIVATIZED APARTMENTS ABOUT THE CONDOMINIUM PROGRAM, THEREBY MAKING CERTAIN THAT THE GOAL OF THE GOVERNMENT DECISION TO ENCOURAGE THE FORMATION AND REGISTRATION OF CONDOMINIUMS WILL BE MET.

IN OTHER WORDS, WE WILL BE VISITING CITIES WITHIN THE REPUBLIC TO TRAIN INDIVIDUALS WHO WILL THEN TRAIN OTHERS.

SLIDE 4
SEMINAR OBJECTIVES

THE GOALS FOR TODAY'S SEMINAR ARE

FIRSTLY, TO ASSIST LOCAL GOVERNMENT OFFICIALS AND RESIDENTS IN COMPLYING WITH THE NEW CONDOMINIUM REGULATIONS BY PROVIDING YOU WITH THE BASIC INFORMATION AND MODEL DOCUMENTS YOU WILL NEED TO PROPERLY REGISTER NEWLY FORMED CONDOMINIUMS, AND,

SECONDLY, TO ASSIST CONDOMINIUMS ASSUME CERTAIN AREAS OF RESPONSIBLY FOR BUILDING MAINTENANCE TASKS.

SLIDE 5
WORKSHOP PARTICIPANTS

INVITED TO PARTICIPATE TODAY ARE THE KEY GOVERNMENT OFFICIALS WHO WILL BE RESPONSIBLE FOR IMPLEMENTING THE PROGRAM TO ENCOURAGE THE FORMATION OF RESIDENT CONDOMINIUM ASSOCIATIONS IN YOUR CITY.

IN ADDITION TO FORMALIZING YOUR CITIES COMMITMENT TO THE PROGRAM, WE ARE ASKING YOU TO:

- IDENTIFY AND ADOPT INCENTIVES TO ENCOURAGE THE FORMATION OF CONDOMINIUMS
- COMMIT TO PROVIDING CITY RESOURCES TO HELP RESIDENTS WHO ARE TRYING TO FORM CONDOMINIUMS. THIS MAY TAKE A NUMBER OF FORMS:

SOME CITIES OFFER MODEST CLERICAL ASSISTANCE SUCH AS LIMITED ACCESS TO A PHOTOCOPY MACHINE FOR THE PRODUCTION OF NOTICES TO RESIDENTS OR TO PRODUCE A QUESTIONNAIRE.

OTHER CITIES HAVE OFFERED MEETING SPACE AT NO COST TO ENABLE THE OWNERS OF A BUILDING TO COME TOGETHER FOR INFORMATIONAL AND ORGANIZATIONAL MEETINGS.

- LASTLY, AND MOST IMPORTANTLY, WE ASK YOU TO COMMIT TO IDENTIFYING OR HIRING FACILITATORS WHO WILL STAFF AN OFFICE OF RESIDENT CONDOMINIUM ASSOCIATIONS, OR "OFFICE OF CONDOMINIUM SERVICES.

THIS IMPORTANT STAFF PERSON WILL BE THE ONE PERSON, OR PERSONS, THE CITY OFFICIALS AND THE CITIZENS CAN COME TO FOR INFORMATION ABOUT THE PROGRAM AND ASSISTANCE IN FORMING A CONDOMINIUM ASSOCIATION.

**SLIDE 6
CITY TEAM**

THE KEY CITY OFFICIALS WHO WILL HAVE DISTINCT AND IMPORTANT ROLES IN THE OPERATION OF THE PROGRAM HAVE BEEN INVITED TO PARTICIPATE IN THIS SEMINAR, THEY ARE:

- THE MAYOR, AND/OR VICE-MAYOR IN CHARGE OF HOUSING MAINTENANCE
- THE SPECIALIST RESPONSIBLE FOR REGISTERING LEGAL ENTITIES
- CITY HOUSING MAINTENANCE EXPERTS
- AND INDIVIDUALS WHO WILL BE TRAINED AS PROGRAM FACILITATORS

**SLIDE 7
SEMINAR AGENDA**

THIS FIRST SESSION IS DESIGNED TO PROVIDE:

- PRESENTATIONS ON THE GENERAL CONCEPTS OF CONDOMINIUMS
- THE GOALS OF THE PROGRAM
- THE LEGAL BASIS MANDATING THE FORMATION OF CONDOMINIUMS
- THE ROLE OF THE CITY/MAINTENANCE ORGANIZATIONS
- A DISCUSSION OF THE RIGHTS AND RESPONSIBILITIES OF CONDOMINIUM ASSOCIATIONS.
- A REVIEW OF THE BASIC DOCUMENTS REQUIRED FOR THE FORMATION AND REGISTRATION OF A CONDOMINIUM ASSOCIATION.

**SLIDE 7
(CONTINUED)**

THE SECOND SESSION WILL PROVIDE:

- AN INTRODUCTION TO THE PLANNING AND PREPARATION FOR IMPLEMENTING THE PROGRAM
- AN INTRODUCTION TO THE TECHNIQUES FOR ORGANIZING THE RESIDENTS
- LONG AND SHORT TERM GOAL SETTING.

**SLIDE 8
(CONTINUED)**

THE THIRD SESSION WILL PROVIDE AN OPPORTUNITY TO:

- A DISCUSSION OF THE STRUCTURE OF THE CONDOMINIUM
- ESTABLISHING AN AGREEMENT AS TO THE RESPONSIBILITIES OF THE CITY AND THE CONDOMINIUM ASSOCIATION.
- A REVIEW OF THE MAINTENANCE AREAS THAT WILL REQUIRE TRANSITION TO CONDOMINIUM RESPONSIBILITY.
- A DISCUSSION OF THE OPTIONS FOR MANAGING THE ESTABLISHED CONDOMINIUM.
- A REVIEW OF THE REGULATIONS AFFECTING THE CONDOMINIUM. DISCUSS ISSUES AND PROBLEMS YOU MAY ANTICIPATE, OR SOME OF THE PROCEDURES YOU MAY USE IN IMPLEMENTING THE PROGRAM.
- IN THE SMALL GROUP SESSIONS, WE WILL ENCOURAGE YOU TO SHARE WITH US SPECIFIC MEASURES THE CITY TEAM WILL TAKE TO BEGIN TO IMPLEMENT THE PROGRAM.

THE LAST SESSION WILL ADDRESS:

- DIFFICULT ISSUES THAT MAY ARISE IN ESTABLISHING AND OPERATING THE PROGRAM.
- INCENTIVES THAT THE CITY MAY ADOPT TO ENCOURAGE THE FORMATION OF CONDOMINIUM ASSOCIATIONS.

SLIDE 9
A DISCUSSION OF FOUR KEY TOPIC AREAS

WE WILL NOW LOOK IN MORE DEPTH TO THE ROLE THE MAYOR AND/OR DEPUTY MAYOR WILL HAVE IN THE SUCCESS OF THE PROGRAM. WE WILL ALSO EXPLORE THE RESPONSIBILITIES OF THE LEGAL ENTITY FORMATION SPECIALISTS, THE MAINTENANCE SPECIALISTS, AND THE PROGRAM FACILITATORS.

OUR LIMITED TIME TODAY WILL ONLY PERMIT A BRIEF DISCUSSION OF EACH OF THESE IMPORTANT ROLES, HOWEVER AS YOU DEVELOP QUESTIONS REGARDING YOUR ROLE, AND YOUR LEVEL OF SPECIALIZATION, THE ICMA STAFF WILL BE AVAILABLE TO YOU TO HELP YOU DEVELOP A COMFORTABLE WORKING KNOWLEDGE OF YOUR ROLE AND RESPONSIBILITIES TO THE SUCCESS OF THE PROGRAM.

SLIDE 10
MAYORS/DEPUTY MAYORS

THE OFFICE OF THE MAYOR AND DEPUTY MAYOR FOR MAINTENANCE WILL BE RESPONSIBLE FOR COORDINATING THE LEGAL REVIEW OF LOCAL ENABLING RESOLUTIONS AND OTHER DOCUMENTS NECESSARY TO AUTHORIZE THE CREATION OF CONDOMINIUMS WITHIN THE CITY.

ALTHOUGH THE NATIONAL DECISION ALREADY PERMITS OWNERS TO FORM CONDOMINIUMS, LOCAL RESOLUTIONS WILL SET FORTH THE PROCESS OF REGISTERING THE CONDOMINIUMS, AND WILL FORMALLY ESTABLISH THE INCENTIVES YOU WILL OFFER TO ENCOURAGE CONDOMINIUM FORMATION.

SLIDE 11
CONDOMINIUM REGISTRATION SPECIALISTS

THE PRIMARY GOAL OF THE CONDOMINIUM REGISTRATION SPECIALISTS WILL BE:

- TO FACILITATE PROMPT REGISTRATION OF CONDOMINIUM ASSOCIATIONS,
- TO REVIEW REGISTRATION PROCEDURES AND TO HELP PROMOTE THE REGISTRATION OF CONDOMINIUM ASSOCIATIONS.

A INTERNAL REVIEW OF REGISTRATION PROCEDURE SHOULD BE UNDERTAKEN TO EXPEDITE THE PROCESS AND MAKE CERTAIN THE PAPERWORK MOVES ACROSS THE DESKS.

SLIDE 12
REGISTERING THE CONDOMINIUM

THE DOCUMENTS REQUIRED FOR THE REGISTRATION OF CONDOMINIUMS DIFFERS SLIGHTLY DEPENDING ON THE NUMBER OF UNITS PRIVATIZED IN THE BUILDING. IF LESS THAN 50 PERCENT OF THE APARTMENTS IN THE BUILDING ARE PRIVATIZED, THEN THE FORMATION OF THE CONDOMINIUM IS VOLUNTARY, AND THE DOCUMENTS REQUIRED FOR THE REGISTRATION TO BE SUBMITTED TO THE STATE REGISTRAR ARE:

- APPLICATION
- CHARTER
- DECISION OF OWNERS.

IF THE BUILDING HAS 50 PERCENT OR MORE OF THE APARTMENTS PRIVATIZED, THEN THE FORMATION OF THE CONDOMINIUM IS MANDATORY ACCORDING TO THE GOVERNMENT DECISION, AND THE FOLLOWING DOCUMENTS MUST BE PRESENTED TO THE STATE REGISTRAR:

- APPLICATION
- CHARTER
- DECISION OF THE LOCAL GOVERNMENT.

SLIDE 13
MAINTENANCE SPECIALISTS

THE PRINCIPAL GOAL OF THE MAINTENANCE SPECIALISTS WILL BE TO DETERMINE THE SEPARATION OF DUTIES AND TASKS BETWEEN THE CITY MAINTENANCE PERSONNEL AND THE CONDOMINIUM OWNERS, AND FORMALIZE THE AREAS OF RESPONSIBILITY INTO A FORMAL AGREEMENT. SECONDLY, WILL BE THE ESTABLISHMENT OF AN AGREEMENT DETERMINING THE SHARE OF THE RESIDENTS PAYMENTS DUE TO THE CITY FOR MAINTENANCE AND UTILITY SERVICES, AND THE FEES THAT THE CONDOMINIUM ASSOCIATION MAY CHARGE RESIDENTS FOR ITS OPERATION.

SLIDE 14
FACILITATORS

THE GOAL FOR THE CITY WILL BE TO IDENTIFY THE SKILLS NEEDED TO FULFILL THIS IMPORTANT POSITION, AND TO THEN RECRUIT PEOPLE WHO HAVE THE SKILLS NECESSARY TO:

- FIRST, OPERATE THE PROGRAM FOR THE CITY AND,
- SECONDLY, TRAIN RESIDENTS AND CITY STAFF ON THE VARIOUS ASPECTS OF THE PROGRAM.

THE CITY SHOULD BE CERTAIN THAT THE PERSON, OR PERSONS HIRED AS FACILITATORS HAVE THE SKILLS NEEDED TO OPERATE AN INFORMATION AND PUBLICITY PROGRAM TO PROMOTE THE PROGRAM AND TO DEVELOP ORIENTATION PROGRAMS FOR CITY RESIDENTS, TO AUGMENT THE FORMAL TRAINING COURSES OFFERED AT YEREVAN STATE UNIVERSITY.

SLIDE 15
WHAT IS EXPECTED OF YOU

ICMA WILL EXPECT THE PARTICIPANTS IN THIS PROGRAM TO ACCOMPLISH CERTAIN TASKS AS A DEMONSTRATION OF THEIR COMMITMENT TO THE PROGRAM. WITH THE LIMITED TIME ICMA CAN DEVOTE TO EACH CITY, IT IS IMPORTANT THAT WE PROVIDE ASSISTANCE TO THOSE CITIES WHO ARE GENUINELY INTERESTED IN FULFILLING THE GOALS OF THE GOVERNMENTAL DECISION, AND NOT SPEND TIME WITH CITIES WHO ARE NOT COMMITTED TO THE TASK. OF COURSE, NO ONE IS OBLIGATED TO ACCEPT ICMA'S OFFER OF ASSISTANCE. IF A CITY RATHER RESPOND TO THE GOVERNMENTAL DECISION ON ITS OWN, WE RESPECT THAT DECISION AND OFFER TODAY'S TRAINING AND THE HANDOUTS AS OUR CONTRIBUTION TO YOUR EFFORT.

THAT SAID, THE THREE TASKS ICMA WOULD EXPECT A CITY TO HAVE ACCOMPLISHED BEFORE A REQUEST FOR ASSISTANCE IS MADE ARE:

- THE ADOPTION OF THE NECESSARY ENABLING RESOLUTIONS, AND WITHIN A MONTH FOLLOWING THIS SEMINAR, AND,
- OPEN AND STAFF THE OFFICE OF CONDOMINIUM SERVICES.
- ADVERTISE FOR RESIDENT PARTICIPATION. ICMA WILL BE DEVELOPING SAMPLE PROMOTIONAL MATERIALS THAT YOU CAN SUBMIT TO YOUR LOCAL MEDIA.

SLIDE 16
(CONTINUED)

ONCE A CITY HAS NOTIFIED ICMA THAT THEY HAVE ACCOMPLISHED THE TASKS AND HAD TRANSMITTED A COPY OF THE CITY ADOPTED RESOLUTIONS, ICMA RESIDENT STAFF WILL CONTACT YOU AND DISCUSS AND PROBLEMS OR ISSUES THAT YOU NEED TO RESOLVE. WHEN NECESSARY, ICMA RESIDENT STAFF WILL CONDUCT WORKSHOPS FOR INTERESTED RESIDENTS GROUPS WITHIN YOUR CITY, AND FOR THOSE KEY CITY PERSONNEL THAT WE IDENTIFIED EARLIER: THE MAYORS STAFF, THE REGISTER OF CONDOMINIUMS, MAINTENANCE PERSONNEL, AND THE FACILITATORS.

SLIDE 17
(CONTINUED)

CITIES WHO ARE MOVING THE PROGRAM ALONG SUCCESSFULLY MAY RECEIVE SPECIAL ASSISTANCE FROM ICMA WHICH MAY INCLUDE:

- UP TO FIVE MONTHS ASSISTANCE IN PREPARING DOCUMENTS AND PROMOTION OF THE PROGRAM,
- TRAINING COURSE FOR CITY STAFF FACILITATORS (TWO COURSES ARE CURRENTLY AVAILABLE FROM YEREVAN STATE UNIVERSITY),
- TRAINING COURSE FOR DIRECTORS OF THE NEW CONDOMINIUM ASSOCIATIONS (ONE COURSE IS AVAILABLE).

NOTE: THE FOLLOWING UNDERLINED MATERIAL IS NOT RELEVANT FOR YEREVAN.

IF YOU EXPRESS AN INTEREST IN THE COURSES, YEREVAN STATE UNIVERSITY STAFF WILL COME TO YOUR CITY TO CONDUCT THE TRAINING.

THE USAID FUNDED TRAINING WILL BE OFFERED AT NO COST TO THE CITIES UNTIL DECEMBER 30, 1995. AFTER THAT DATE A MODEST FEE WILL BE CHARGED FOR THE COURSES. USAID HAS PROVIDED A SUBSIDY TO ASSURE THAT THE COST IS AFFORDABLE TO THE CITIES.

IF SUFFICIENT INTEREST IS GENERATED, ASSISTANCE IN FORMING AN ASSOCIATION OF CONDOMINIUM ASSOCIATIONS AS A INDUSTRY ORGANIZATION TO FACILITATE TRAINING AND SUPPORT TO CONDOMINIUM ASSOCIATION THROUGHOUT THE REPUBLIC.

SECOND SESSION

GETTING STARTED

SLIDE 19 CREATING A ROAD MAP

AS WE BEGIN TO CONSIDER UNDERTAKING A PROGRAM TO ENCOURAGE THE FORMATION OF HOUSING CONDOMINIUM ASSOCIATIONS, WE MUST PLAN OUR PROGRAM CAREFULLY. WE HAVE TO KNOW WHAT WE ARE TRYING TO ACCOMPLISH, HOW BEST TO ACHIEVE OUR GOAL, CONSIDER THE TIME IT WILL TAKE BEFORE WE BEGIN TO SEE THE RESULTS OF OUR EFFORTS, AND BE CERTAIN THAT WE COLLECTIVELY HAVE SUFFICIENT TIME, ENERGY AND RESOURCES TO DO AN EFFECTIVE JOB OF PROMOTING AND OPERATING THE PROGRAM.

SLIDE 20 LEADERSHIP

BEFORE WE CAN BEGIN TO ORGANIZE OUR RESIDENTS, WE MUST FIRST ORGANIZE OURSELVES.

A NUMBER OF STEPS MUST BE TAKEN BY THE CITY BEFORE OUR RESIDENTS WILL BE ABLE TO REGISTER THEIR CONDOMINIUM. AN ORGANIZED CITY COMMITTED TO THE PROGRAM WILL BE SUCCESSFUL.

YOUR PRESENCE HERE TODAY IS EVIDENCE OF YOUR COMMITMENT TO THE PROGRAM AND YOUR INTEREST TO HELP YOUR RESIDENTS IMPROVE THEIR HOUSING CONDITIONS.

WE HAVE SOME HARD WORK AHEAD OF US IF WE ARE TO SUCCEED. THE DECISION IS OURS. OUR RESIDENTS WILL SUCCEED OR FAIL BASED UPON OUR EFFORTS.

SLIDE 21
WHAT NEEDS TO BE DONE

PLANNING AND ORGANIZING FOR THE PROGRAM WILL REQUIRE:

1. ADVERTISING THE PROGRAM IN NEWSPAPERS, ON THE RADIO AND TV. USAID WILL BE DOING THIS ON A NATION-WIDE BASIS UNTIL THE END OF THE YEAR, BUT CITIES WILL NEED TO SUPPLEMENT THIS EFFORT TO ASSURE A SUCCESSFUL PUBLICITY CAMPAIGN.
2. ADOPT THE CITY RESOLUTION AUTHORIZING AND SUPPORTING CONDOMINIUMS IN YOUR CITY.
3. COMMIT TO THE STAFFING AND SUPPORT OF THE PROGRAM.
4. COMMIT TO MOVING THE NECESSARY PAPERS PAST THE PROPER "DESKS" IN A TIMELY MANNER.
5. ESTABLISH A PLAN TO RESPOND TO RESIDENT INQUIRIES
6. ESTABLISH THE DATE FOR THE NEXT VISIT BY THE TRAINERS FROM ICMA OR THE YEREVAN STATE UNIVERSITY.
7. HAVE AN IDEA OF WHERE YOU WOULD LIKE TO BEGIN ORGANIZING RESIDENTS, AND HAVE AN INFORMATIONAL PACKET AVAILABLE TO PRESENT TO THE RESIDENTS.

ALL OF THESE TASKS SHOULD BE THE SOLE, DEDICATED PURPOSE OF THE OFFICE OF CONDOMINIUM SERVICES.

SLIDE 22

ICMA WILL PROVIDE LIMITED ASSISTANCE TO EMERGING CONDOMINIUMS, PROVIDED THE CITIES MEET THE MINIMUM EXPECTATIONS BY PROVIDING ICMA WITH THE FOLLOWING AS EVIDENCE OF THEIR COMMITMENT TO THE PROGRAM TO FORM CONDOMINIUMS AND HAVE TAKEN ACTIONS TO BEGIN THE PROGRAM:

- COPY OF THE ADOPTED CITY RESOLUTION SUPPORTING THE FORMATION OF CONDOMINIUM ASSOCIATIONS.
- NAME, QUALIFICATIONS AND TELEPHONE NUMBERS OF FACILITATORS.
- DESCRIPTION OF PROCESS FOR MOVING CONDOMINIUM REGISTRATION REQUESTS ACROSS THE "DESKS."
- A IDEA OF WHERE YOU WOULD LIKE TO BEGIN ORGANIZING, AND A PUBLICITY PLAN.

SLIDE 23 RESIDENT TRAINING

FOR THIS NEXT SESSION, ASSUME THAT YOU ARE THE FACILITATOR HIRED BY THE CITY TO STAFF THE OFFICE OF CONDOMINIUM SERVICES. LISTEN TO THE MATERIAL PRESENTED AS IF YOU WERE CONTACTING OWNERS AND HELPING THEM FORM A CONDOMINIUM ASSOCIATION.

ORGANIZING CAN BE DEFINED AS "PEOPLE WORKING TOGETHER TO GET THINGS DONE." ANOTHER DEFINITION IS "ORGANIZING IS HELPING PEOPLE SPEAK FOR THEMSELVES."

WHAT ARE SOME OF THE BENEFITS OF ORGANIZING?

- TO GET THINGS DONE!
- TO SOLVE COMMUNITY PROBLEMS
- TO BECOME MORE SELF SUFFICIENT
- TO USE EXISTING ABILITIES AND TALENTS AND TO LEARN NEW SKILLS.

SLIDE 24
THE FIRST STEP

AS YOU BEGIN TO ORGANIZE THE RESIDENTS, IT IS IMPORTANT THAT YOU DISCOVER WHAT ISSUES ARE OF MAJOR IMPORTANCE TO THE RESIDENTS OF THE WHOLE RESIDENTIAL COMMUNITY. OFTEN WHAT IS IMPORTANT TO THEM ARE THE NEEDS THAT ARE NOT BEING MET. IT IS IMPORTANT THAT YOU DO NOT TRY TO GUESS WHAT IS IMPORTANT TO THEM, BUT THAT YOU TAKE SOME MEASURES TO FIND OUT WHAT THEIR CONCERNS ARE.

AN USEFUL TOOL IN DETERMINING THE ATTITUDES OF THE RESIDENTS IS THE USE OF A SURVEY INSTRUMENT OR A QUESTIONNAIRE. A CAREFULLY DESIGNED QUESTIONNAIRE WILL HELP YOU DETERMINE WHAT IS IMPORTANT TO THE RESIDENTS, AND IF YOU HELP THEM SOLVE PROBLEMS THAT ARE IMPORTANT TO THEM, YOUR EFFORTS TO ORGANIZE THEM INTO A WORKING CONDOMINIUM ASSOCIATION WILL BE GREATLY ENHANCED.

OWNERS WHO ARE ASSUMING LEADERSHIP ROLES IN THE EMERGING CONDOMINIUM ASSOCIATION SHOULD CONSIDER RECRUITING A FEW RESIDENTS TO HELP KNOCK ON APARTMENT DOORS AND INTERVIEW THE RESIDENTS.

REMEMBER WHEN THE CONTACTS ARE BEING MADE, IT IS IMPORTANT TO ASK THE RESIDENTS:

- WHAT IS IMPORTANT TO THEM?
- WHAT NEEDS DO THEY HAVE THAT ARE NOT BEING MET?
- WHAT DO THEY WANT OR EXPECT FROM THE CONDOMINIUM ASSOCIATION?
- HOW ARE THEY WILLING TO HELP IN FORMING THE CONDOMINIUM ASSOCIATION?
- DO NOT JUST TALK ABOUT PROBLEMS, INCLUDE IN YOUR QUESTIONNAIRE SOME QUESTIONS THAT WILL ELICIT A POSITIVE RESPONSE, AN EXAMPLE WOULD BE A QUESTION SUCH AS: "WHAT DO YOU LIKE ABOUT YOUR RESIDENTIAL COMMUNITY?"

SLIDE 25
SOME SUGGESTIONS FOR SUCCESS

ENCOURAGE EMERGING LEADERS WITHIN APARTMENT COMPLEXES TO SEEK OUT AND RECRUIT PEOPLE WHO YOU KNOW ARE INTERESTED IN THE OVERALL BUILDING, RESIDENTS OR WHO HAVE BEEN ACTIVE IN MAKING CHANGES IN THE PAST. AVOID THE TROUBLE MAKERS AND THE GOSSIPS, IT WILL ONLY HURT YOUR PROGRAM.

BE SPECIFIC AND CONCRETE IN YOUR GOALS. FOR EXAMPLE: "WE ARE ENCOURAGING A CONDOMINIUM ASSOCIATION TO IMPROVE THE MAINTENANCE OF THE STAIRWELLS AND COMMON AREAS."

BE CERTAIN TO SET BOTH SHORT TERM AND LONG TERM GOALS. WORK TO ACCOMPLISH SHORT TERM GOALS FIRST. THIS WILL GIVE THE RESIDENTS A SENSE OF ACCOMPLISHMENT.

AN EXAMPLE OF A SHORT TERM GOAL THAT MANY APARTMENT RESIDENTS ARE ALREADY DOING IS TO ORGANIZE THE RESIDENTS INTO A SCHEDULE OF SWEEPING THE STAIRWELLS ON A DAILY BASIS, AND HIRING A PERSON TO SCRUB DOWN THE STAIRS ONCE A WEEK.

IF THEY ARE SUCCESSFUL IN MEETING THIS GOAL, THEY MAY BE MOTIVATED TO RAISE ADDITIONAL MONEY THROUGH A SPECIAL ASSESSMENT IN ORDER TO REPLACE THE EXTERIOR DOORS WITH SECURE, LOCKABLE METAL DOORS. PEOPLE WILL LOSE INTEREST IF GOALS ARE TOO FAR REACHING OR ARE NEVER ACCOMPLISHED.

**SLIDE 26
(CONTINUED)**

ONCE THE RESIDENTS HAVE ACHIEVED A COUPLE OF SHORT TERM GOALS, THEY WILL HAVE A FEELING OF SUCCESS AND EMPOWERMENT, AND WILL BE WILLING TO WORK TO SET LONG TERM GOALS.

ESTABLISHING LONG TERM GOALS AND SEEING THEM COMPLETED WILL SUSTAIN THE INTEREST OF THE RESIDENTS AND KEEP THEM INVOLVED.

REMEMBER TO SET REALISTIC TIME FRAMES FOR ALL GOALS. IF PEOPLE EXPECTED QUICK RESULTS IN ACHIEVING A GOAL, AND THE TIME WAS UNREALISTIC TO ACHIEVE THE TASK, THEY MAY FEEL AS IF THEY WERE MISLEAD, AND MAY NOT GET INVOLVED IN FUTURE PROJECTS.

IT WILL BE VERY IMPORTANT THAT THE RESIDENTS UNDERSTAND THAT THE CONDOMINIUM ASSOCIATION WILL NOT BE ABLE TO SOLVE THE PROBLEMS OF UTILITY SERVICE INTERRUPTIONS, AND THAT IT MAY BE QUITE SOME TIME BEFORE THE ASSOCIATION WILL HAVE ENOUGH EXPERIENCE AND MONEY TO TACKLE CAPITAL REPAIR PROJECTS.

THEY MAY NOT LIKE WHAT YOU ARE TELLING THEM, BUT IT IS IMPORTANT THAT YOU DO NOT BUILD UP FALSE HOPES AND HELP THEM TO UNDERSTAND THAT THERE IS MUCH THAT THEY ARE ABLE TO ACCOMPLISH AND THAT THEY SHOULD NOT DWELL ON PROBLEMS THAT THE ASSOCIATION IS NOT EMPOWERED TO SOLVE.

**BREAK HERE FOR SMALL GROUP
SESSIONS FOR THE FIRST SET OF
QUESTIONS
ALLOW 1/2 TO ONE HOUR**

THIRD SESSION

SLIDE 28

STRUCTURE OF THE CONDOMINIUM MODEL

UNDER THE GOVERNMENT DECISION, RESIDENTS IN AN APARTMENT BUILDING WHERE THERE IS AT LEAST ONE PRIVATIZED UNIT IN ADDITION TO THE GOVERNMENT OWNERSHIP, THE RESIDENTS HAVE THE RIGHT TO FORM AN ASSOCIATION AND TO OPERATE THE CONDOMINIUM ASSOCIATION AS A NON-PROFIT BUSINESS.

THIS MEANS THE ASSOCIATION CAN:

- COLLECT MAINTENANCE FEES AND SPECIAL ASSESSMENTS FROM THE OWNERS, AND,
- ENTER INTO CONTRACTS WITH THE CITY MAINTENANCE DEPARTMENT, PRIVATE CONTRACTORS OR HIRE ITS OWN EMPLOYEES.

SLIDE 29
STRUCTURE OF THE CONDOMINIUM

THE GENERAL BODY:

THIS IS THE HIGHEST ORDER OF AUTHORITY IN THE CONDOMINIUM ASSOCIATION. THE GENERAL BODY IS THE COMING TOGETHER OF ALL OF THE MEMBERS (OWNERS) TO CONDUCT THE IMPORTANT AND NECESSARY BUSINESS OF OPERATING THE CONDOMINIUM.

THE GENERAL BODY SHOULD BE CONVENED AT LEAST ONCE A YEAR, AND MAY BE CALLED MORE OFTEN AS THE BUSINESS OF THE CONDOMINIUM DEMANDS.

DECISIONS OF THE GENERAL BODY ARE BY THE CASTING OF VOTES. EACH APARTMENT UNIT HAS ONE VOTE.

THE EXECUTIVE COMMITTEE

THE FIRST TIME THE OWNERS COME TOGETHER TO FORM THE CONDOMINIUM ASSOCIATION IS CALLED THE ORGANIZATIONAL MEETING.

AT THE ORGANIZATIONAL MEETING, THE OWNERS ELECT FROM AMONG THEMSELVES, AN EXECUTIVE COMMITTEE. THE PERSON ELECTED TO THE COMMITTEE RECEIVING THE HIGHEST NUMBER OF VOTES IS ELECTED CHAIRPERSON.

EXCEPT FOR POWERS EXCLUSIVELY RESERVED TO THE GENERAL ASSEMBLY IN THE CHARTER (BYLAWS), THE EXECUTIVE COMMITTEE MAY ACT ON BEHALF OF THE CONDOMINIUM IN MANAGING AND OPERATING THE CONDOMINIUM.

THE CHAIRPERSON IS THE SPOKESPERSON FOR THE ASSOCIATION. THE CHAIRPERSON IS AUTHORIZED TO EXECUTE CONTRACTS ON BEHALF OF THE OWNERS.

THE AUDITING COMMITTEE

AT THE GENERAL ASSEMBLY, THE OWNERS MAY DECIDE TO ELECT AN AUDIT COMMITTEE. THE DUTIES OF THE AUDIT COMMITTEE ARE TO AUDIT THE BOOKS OF THE ASSOCIATION AT LEAST ONCE PER QUARTER, AND MAY CONDUCT SPECIAL AUDITS AT THE REQUEST OF THE OWNERS.

SLIDE 29 CONTINUED
THE PROPERTY MANAGER

IS A HIRED EMPLOYEE OF THE ASSOCIATION RESPONSIBLE FOR THE DAY TO DAY ADMINISTRATION OF THE CONDOMINIUM ASSOCIATION. WE WILL DISCUSS LATER THE VARIOUS OPTIONS OF HIRING A PROPERTY MANAGER.

IF THE ASSOCIATION IS LARGE AND VERY ACTIVE, IT MAY CHOOSE TO FORM ADDITIONAL COMMITTEES, HOWEVER, PRACTICE HAS SHOWN THAT FEW OWNERS WILL WANT TO GET INVOLVED IN THE BUSINESS OF OPERATING THE CONDOMINIUM.

THE ASSOCIATION MAY HIRE PROFESSIONAL SERVICES, SUCH AS AN ATTORNEY; SKILLED WORKERS, SUCH AS ELECTRICIANS; OR DIRECT, FULL-TIME EMPLOYEES, SUCH AS JANITORS.

SLIDE 30
RESPONSIBILITIES OF THE CONDOMINIUM ASSOCIATION

THE MAJOR RESPONSIBILITY OF THE CONDOMINIUM ASSOCIATION ARE:

- TO PROTECT THE INVESTMENT AND ENHANCE THE VALUE OF THE PROPERTY.
- TO PROVIDE FOR THE PHYSICAL MAINTENANCE AND OPERATION OF THE BUILDING.
- TO ASSURE THAT THE FUNDS OF THE ASSOCIATION ARE USED WISELY,
- TO COLLECT MONEY FROM THE OWNERS AND PAY FOR COMMON SERVICES.

SLIDE 31
RESPONSIBILITIES OF THE CONDOMINIUM AND THE CITY

THE CITY AND THE CONDOMINIUM MUST DECIDE ON, AND SET FORTH IN WRITING, THE DUTIES OF THE PARTIES FOR THE FOLLOWING IS A POSSIBLE SCENARIO FOR MAINTENANCE ITEMS:

SLIDE 32
(CONTINUED)

CURRENT REPAIRS:

THIS INCLUDES ANY ORDINARY REPAIRS TO THE BUILDINGS AND ASSOCIATED SYSTEMS, STRUCTURES AND GROUNDS REQUIRED TO KEEP THE BUILDING IN GOOD WORKING ORDER.

CURRENT REPAIR INCLUDES REPLACEMENT OF BROKEN WINDOWS AND REPAIR OR REPLACEMENT OF STAIRS, LIGHTING FIXTURES AND RAILINGS IN THE COMMON AREAS OF THE BUILDINGS.

CURRENT REPAIR DOES NOT INCLUDE CAPITAL REPAIR OR EXTRAORDINARY MAINTENANCE, SUCH AS THE REPLACEMENT OF LIFTS, OR THE REPLACEMENT OF MAJOR BUILDING COMPONENTS.

EMERGENCIES

AN EMERGENCY IS ANY REPAIR THAT POSES AN IMMEDIATE THREAT TO THE SAFETY AND WELL BEING OF THE RESIDENTS OR THE GENERAL PUBLIC, INCLUDING ANY HAZARDOUS CONDITION INSIDE OR OUTSIDE OF THE BUILDINGS. AN EXAMPLE OF AN EMERGENCY CONDITION IS A GAS LEAK IN A FLAT OR A BUILDING. IT IS THE RESPONSIBILITY OF THE ASSOCIATION TO REPORT THE EMERGENCY TO THE ZSHEK, OR PRIVATE CONTRACTOR, DEPENDING ON THE WORK AGREEMENT, IMMEDIATELY UPON DISCOVERY. THE ZSHEK WILL BE RESPONSIBLE FOR DISPATCHING THE PROPER TECHNICIANS TO CORRECT THE DEFECTS AND ABATE THE EMERGENCY.

REFUSE AND LITTER REMOVAL:

THE CONDOMINIUM ASSOCIATION WILL BE RESPONSIBLE FOR ASSURING THAT REFUSE AND LITTER ARE PROPERLY STORED IN THE AREAS DESIGNATED FOR PICK-UP. IN ADDITION, ON A REGULARLY SCHEDULED BASIS, THE ASSOCIATION WILL CLEAN AND DISINFECT THE REFUSE DISPOSAL EQUIPMENT INCLUDING: CHUTES, BINS AND REFUSE CONTAINERS.

SLIDE 32 CONTINUED

JANITORIAL SERVICE:

THE ASSOCIATION WILL BE RESPONSIBLE FOR PERFORMING ROUTINE JANITORIAL TASKS, SUCH AS WASHING WINDOWS IN STAIRWELLS, SWEEPING AND WASHING THE STAIRWAYS AND ELEVATOR CABS, AND THE REPLACEMENT OF BULBS IN LIGHTING FIXTURES IN THE STAIRWELLS AND OTHER COMMON AREAS.

GROUNDS KEEPING:

THIS INCLUDES THE MAINTENANCE OF AN ATTRACTIVE APPEARANCE OF THE GROUNDS THROUGH REGULAR CLEANING AND MAINTAINING OF ANY PLANTINGS, PLAYGROUND EQUIPMENT, WALKWAYS AND PARKING AREAS; AND WHERE NECESSARY, PERFORM SEASONAL TASKS SUCH AS LEAF REMOVAL, SNOW AND ICE REMOVAL, PRUNING AND LAWN MAINTENANCE.

SELECTIVE PREVENTATIVE MAINTENANCE:

THE ASSOCIATION WILL BE RESPONSIBLE FOR PREVENTATIVE MAINTENANCE OF THE BUILDING AND REPAIRS TO THE MAJOR BUILDING COMPONENTS THAT ARE CONTAINED WITHIN THE BUILDING ENVELOPE. PREVENTATIVE MAINTENANCE IS DEFINED AS, THE PERFORMANCE OF REGULARLY SCHEDULED MAINTENANCE TO PREVENT AND DECREASE THE NEED FOR MORE COSTLY REPAIRS

OTHERS:

ADDITIONAL WORK ELEMENTS THAT THE PARTIES MUTUALLY AGREE SHOULD BE THE RESPONSIBILITY OF THE ASSOCIATION.

SLIDE 33
RESPONSIBILITIES OF THE CITY

THE FOLLOWING IS A POSSIBLE SCENARIO OF THE DUTIES THE CITY MAY RETAIN AS THEIR RESPONSIBILITIES.

THE CONDOMINIUM ASSOCIATION WILL NOT BE RESPONSIBLE FOR THE FOLLOWING:

CONTROL AND ASSURE THE PROPER REMOVAL OF REFUSE AND WASTE FROM THE PREMISES:

THE CITY REFUSE WORKERS WILL CONTINUE TO EMPTY THE REFUSE CONTAINERS PROPERLY STORED ON THE PROPERTY.

IN SO DOING, THE REFUSE HAULERS WILL TAKE CARE NOT TO STREW THE DEBRIS ON THE PROPERTY. SPILLAGE WILL BE GATHERED-UP BY THE REFUSE HAULERS AND REMOVED FROM THE PREMISES.

REPAIRS TO HEATING, PLUMBING AND ELECTRICAL SYSTEMS:

THE CITY UTILITY DEPARTMENTS SHALL CONTINUE TO SUPPLY ELECTRICITY, RUNNING WATER, HEAT AND WASTE WATER SERVICE TO THE BUILDINGS.

THE CITY SHALL MAINTAIN THE SUPPLY PORTION OF THE SYSTEMS OUTSIDE OF THE BUILDINGS, OR IN THE CASE OF ELECTRICITY, THAT PORTION OF THE SYSTEM BEFORE THE METER, IN GOOD REPAIR, SAFE FROM HAZARDS.

OTHER WORK ELEMENTS THAT THE PARTIES MUTUALLY AGREE SHOULD BE THE RESPONSIBILITY OF THE CITY.

SLIDE 34
WORK AREAS TO BE TRANSITIONED
TO CONDOMINIUM RESPONSIBILITY

THE FOLLOWING WORK AREAS REQUIRE SPECIAL CONSIDERATION AND A WELL THOUGHT OUT AND DESIGNED PROGRAM OF TRANSITIONS:

CAPITAL REPAIR:

CAPITAL REPAIRS ARE MAJOR OR EXTRAORDINARY REPAIRS SUCH AS THE INSTALLATION OF A NEW HEATING SYSTEM (THE CONDOMINIUM ASSOCIATION SHALL ASSIST THE CITY BY PROMPTLY REPORTING CONDITIONS THAT REQUIRE CAPITAL REPAIR.

SUGGESTIONS FROM THE ASSOCIATION TO THE CITY ON COURSES OF ACTION TO REPAIR OR REPLACE CAPITAL ITEMS ARE ENCOURAGED.

LIFTS, BUILDING FACADES AND BALCONIES:

THE PRESENT SYSTEM OF ASSESSING AND COLLECTING MAINTENANCE FEES FROM THE OWNERS DOES NOT PROVIDE SUFFICIENT FUNDS TO ENABLE THE ASSOCIATION TO PERFORM CAPITAL REPAIRS AT THIS TIME. IN ADDITION, THE LACK OF SUFFICIENT PRIVATE ENTERPRISES CONTRACTORS AND SUPPLIERS LIMITS THE ABILITY OF THE ASSOCIATION FROM CONTACTING WITH RELIABLE PRIVATE CONTRACTORS TO ACCOMPLISH MAJOR CAPITAL REPAIRS.

AS EXPERTISE IN MANAGING PROPERTY AND CONTRACTING FOR REPAIRS DEVELOPS, THE PARTIES TO THIS AGREEMENT SHALL CONSIDER AN AMENDED AGREEMENT TRANSFERRING THE RESPONSIBILITIES FOR MAINTENANCE OF THE FACADES AND THE LIFTS TO THE ASSOCIATION.

OTHERS:

THERE WILL BE OTHER DUTIES THAT EVENTUALLY SHOULD BE TRANSFERRED OVER TO THE OWNERS, BUT WILL REQUIRE A PERIOD OF TRANSITION TO ENABLE THE ASSOCIATION TO ACQUIRE THE SKILLS AND CAPITAL WITH WHICH TO PERFORM THE NEEDED MAINTENANCE AND REPAIRS.

SLIDE 35

FACTORS GOVERNING CONDOMINIUMS CHOICE OF MANAGEMENT:

THERE ARE SEVERAL APPROACHES THAT COULD BE TAKEN IN MANAGING A CONDOMINIUM. THE CHOICE OF ONE METHOD OVER ANOTHER WILL BE INFLUENCED BY:

- THE NUMBER OF APARTMENTS IN THE CONDOMINIUM
- THE PHYSICAL FEATURES OF THE PREMISES (SIZE OF COMMON YARDS, AND EXISTING BOUNDARIES) WHICH AMENITIES/FACILITIES ARE SHARED/OR BENEFIT SELECTED RESIDENTS.
- THE AMOUNT AND TYPE OF SERVICES THE CONDOMINIUM ASSOCIATION WOULD LIKE TO OFFER TO THE OWNERS.
- THE SKILLS OF THE RESIDENTS AND THE TIME THEY ARE WILLING TO DEVOTE TO MANAGEMENT DUTIES.
- THE FINANCIAL RESOURCES AVAILABLE.

SLIDE 36
OPTIONS FOR MANAGEMENT

THERE ARE THREE MAJOR METHODS USED IN PROVIDING MANAGEMENT STAFF TO THE CONDOMINIUM ASSOCIATION:

- SELF MANAGEMENT BY VOLUNTEER CONDOMINIUM MEMBERS

THIS IS THE CHEAPEST METHOD, BUT THE MOST DIFFICULT TO ACCOMPLISH SINCE FEW ASSOCIATIONS WILL HAVE THE EXPERTISE WITHIN THEIR MEMBERSHIP AND IF THEY DO, THE MEMBER MAY BE UNWILLING TO DONATE THE AMOUNT OF TIME NEEDED TO MANAGE THE PROPERTY WELL.

- MANAGEMENT BY PAID ASSOCIATION MEMBERS:

UNDER THIS METHOD, YOU HIRE ONE OF THE OWNERS TO SERVE AS YOUR MANAGEMENT EMPLOYEE. IF THE PERSON HAS THE NEEDED SKILLS, THE INCENTIVE OF COMPENSATION WILL MAKE THE JOB MORE ATTRACTIVE.

WE HAVE FOUND THAT THIS IS THE METHOD MOST FREQUENTLY ADOPTED IN OTHER REPUBLICS DEVELOPING CONDOMINIUMS.

- MANAGEMENT BY A PROFESSIONAL MANAGER OR MANAGEMENT FIRM:

THIS IS THE METHOD USED FOR LARGE CONDOMINIUMS WHO HAVE AN AGGRESSIVE PROGRAM OF REPAIRS AND MODERNIZATION.

AS MORE AND MORE CONDOMINIUMS ARE REGISTERED, THIS WILL BE A GROWING INDUSTRY WITHIN ARMENIA, AS MORE AND MORE CONDOMINIUM ASSOCIATION CHOSE TO HIRE PROFESSIONAL MANAGEMENT.

SLIDE 37
PAYMENTS TO CONDOMINIUMS

INITIALLY, THE CONDOMINIUM ASSOCIATION MAY COLLECT MAINTENANCE FEES THAT ARE CURRENTLY BEING PAID TO THE CITY.

REMEMBER, THAT YOUR CITY AS OWNERS OF SOME OF THE APARTMENTS, MUST CONTRIBUTE TO THE ASSOCIATION BY PAYING THE CONDOMINIUM FEES FOR EACH APARTMENT WHICH THE CITY STILL OWNS! THE RATE MAY BE DIFFERENT THAN THAT PAID BY A PRIVATIZED UNIT.

EVENTUALLY, THE ASSOCIATIONS MUST BE GRANTED THE AUTHORITY TO ESTABLISH THEIR OWN BUDGETS, DETERMINE THE AMOUNT OF FEES THEY WILL LEVY FOR THEIR COSTS IN PROVIDING THE BASIC MAINTENANCE SERVICES AND SPECIAL LEVIES FOR SPECIAL PROJECTS.

IT IS IMPORTANT THAT THE BANKS ARE PREPARED TO WORK WITH THE ASSOCIATIONS IN MANAGING THE MONEY OF THE ASSOCIATIONS.

SLIDE 38
REGULATIONS GOVERNING THE CONDOMINIUMS

FIRSTLY, THE FORMATION OF CONDOMINIUMS ARE REGULATED BY:

- THE GOVERNMENT DECISION OF MAY, 1995.
- THE OPERATION OF THE CONDOMINIUM IS REGULATED BY THE LAW OF THE REPUBLIC OF ARMENIA ON ENTERPRISES AND ENTREPRENEURIAL ACTIVITIES, AND,
- IS CLASSIFIED AS A NON-PROFIT LEGAL ENTITY.

SECONDLY, THE ASSOCIATIONS ARE GOVERNED BY THE CHARTER OF THE ASSOCIATION.

SLIDE 39
PARTICIPATION OF MEMBERS

EACH MEMBER IS ENCOURAGED TO BE INVOLVED. AT A MINIMUM, THEY SHOULD ATTEND THE GENERAL ASSEMBLY AND VOTE FOR THE OFFICERS AND ON ISSUES AFFECTING THE CONDOMINIUM MEMBERS.

ALL MEMBERS ARE ENCOURAGED TO JOIN COMMITTEES AND TO VOLUNTEER FOR PROJECTS UNDERTAKEN BY THE ASSOCIATION.

EACH MEMBER MUST MAKE THE ESTABLISHED PAYMENTS TO THE ASSOCIATION, AND THE NECESSARY LEGAL REMEDIES MUST EXIST TO ENABLE THE ASSOCIATION TO COLLECT ON DELINQUENT DEBTS AND TO TAKE COURT ACTION IF NECESSARY.

SLIDE 40
RESPONSIBILITIES OF THE EXECUTIVE BODY

THE PRINCIPAL RESPONSIBILITIES OF THE EXECUTIVE BODY ARE:

- THE FINANCIAL PLANNING AND BUDGETING FOR THE ASSOCIATION
- THE ACCOUNTING DUTIES
- THE COLLECTION OF THE MONTHLY CONTRIBUTION FOR ASSESSMENTS AND FEES
- MANAGEMENT AND MAINTENANCE OF THE PREMISES
- AND THE ESTABLISHMENT OF POLICIES IN AREAS SUCH AS:
PERSONNEL
 - GRIEVANCE AND APPEAL PROCEDURES
 - DELINQUENCY AND COLLECTION
 - ENTRY INTO APARTMENTS FOR NEEDED REPAIRS
 - ETC.

FOURTH SESSION

**SLIDE 41
DIFFICULT ISSUES AND INCENTIVES**

SLIDE 42

ISSUE 1 -- IS CONDOMINIUM FORMATION MANDATORY?

PRESENTLY, THE FORMATION OF CONDOMINIUMS IS MANDATORY IN MULTI-FAMILY STATE OR PUBLIC HOUSING RESIDENTIAL BUILDINGS WHERE AT LEAST 50 PERCENT OF THE UNITS ARE PRIVATIZED; AND,

IN MULTI-FAMILY RESIDENTIAL BUILDINGS WHERE, UPON THE EXPIRATION OF THE "FOR FREE" PRIVATIZATION PERIOD OF THE REPUBLIC OF ARMENIA'S LAW ON PRIVATIZATION OF THE REPUBLIC OF ARMENIA'S STATE AND PUBLIC HOUSING STOCK, AT LEAST ONE UNIT IS PRIVATIZED. NOTE THAT THE PERIOD "FOR FREE" PRIVATIZATION HAS BEEN EXTENDED TO SEPTEMBER 1, 1996

ISSUE 2 -- CAN CONDOMINIUMS BE FORMED VOLUNTARILY?

YES, IN MULTI-FAMILY RESIDENTIAL BUILDINGS WHERE AT LEAST TWO OWNERS ARE PRESENT. THIS MEANS THERE COULD BE ONE PRIVATIZED UNIT AND THE REMAINING UNITS OWNED BY THE EXECUTIVE COMMITTEE OF THE LOCAL COUNCIL OF DEPUTIES.

**SLIDE 43
(CONTINUED)**

ISSUE 3.--IN VOLUNTARY CONVERSIONS TO CONDOMINIUM OWNERSHIP, WHAT PERCENTAGE OF RESIDENTS HAVE TO AGREE TO CREATE A CONDOMINIUM?

WE WOULD ENCOURAGE YOU TO HELP OWNERS UNDERSTAND THAT IT WILL BE HELPFUL TO THEIR SUCCESS IF THEY TRY TO GAIN THE SUPPORT OF ALL OF THE OWNERS BEFORE REGISTERING THE CONDOMINIUM ASSOCIATION.

ISSUE 4 -- HOW SHOULD WE HANDLE COMMERCIAL SPACES?

THE EXISTING REGULATIONS DO NOT ADDRESS THE ISSUE OF COMMERCIAL SPACES OR BASEMENTS. OTHER REPUBLICS ALLOW PRIVATIZED COMMERCIAL SPACES TO JOIN IN THE CONDOMINIUM AS A MEMBER OWNER AND PAY CONDOMINIUM ASSOCIATION FEES TO THE ASSOCIATION. SOME REPUBLICS, KAZAKHSTAN IS AN EXAMPLE, ARE ALLOWING THE CONDOMINIUM ASSOCIATIONS TO COLLECT THE FEES PAID BY RENTERS OF COMMERCIAL SPACES AND BASEMENTS. THIS IS AN IMPORTANT ITEM TO CONSIDER FOR NON-PRIVATIZED SPACES AS AN INCENTIVE TO ENCOURAGE THE FORMATION OF CONDOMINIUMS.

**SLIDE 44
(CONTINUED)**

ISSUE 5 -- WHAT IS THE OPTIMAL SIZE OF A CONDOMINIUM?

THIS IS AN OFTEN ASKED BUT DIFFICULT TO ANSWER QUESTION. THE SUCCESS IN MANAGEMENT OF A CONDOMINIUM WILL DEPEND ON THE ECONOMICS OF THE SITUATION, THAT IS, LARGER CONDOMINIUMS WILL GENERATE MORE REVENUE, BUT ALSO HAVE MORE COSTS; AND IT WILL DEPEND UPON THE PHYSICAL CIRCUMSTANCES OF THE CONDOMINIUM PROPERTY. HOW LARGE ARE THE BUILDINGS? DO THEY HAVE LARGE YARDS THAT HAVE TO BE MAINTAINED? DO THEY HAVE A NATURAL PHYSICAL BOUNDARY IDENTIFYING THE COMMUNITY? RECENTLY, CONDOMINIUMS HAVE BEEN FORMED IN OTHER REPUBLICS WITH SIZES VARYING FROM SEVERAL HUNDRED UNITS TO SEVERAL THOUSAND UNITS.

**SLIDE 44
(CONTINUED)**

ISSUE 6 -- HOW DOES THE CONDOMINIUM ENFORCE ITS RIGHTS?

THE CONDOMINIUM ASSOCIATION MAY HAVE TO RELY ON THE COURT SYSTEM FOR ARBITRATION ASSISTANCE.

IN ORDER FOR THE CONDOMINIUM TO ENFORCE ITS RIGHTS, IT MUST HAVE THE SUPPORT OF THE CITY. OVER TIME ADDITIONAL LAWS AND LEGAL PROCEDURES WILL EMERGE THAT WILL ENHANCE THE SUCCESSFUL OPERATION OF THE CONDOMINIUMS.

**SLIDE 45
(CONTINUED)**

ISSUE 7 -- HOW DO RESIDENTS PAY FOR COMMUNAL SERVICES?

CONDOMINIUM ASSOCIATION COLLECTS MONEY AND PAYS SUPPLIER THROUGH BANK. SOME REPUBLICS HAVE THE RESIDENTS PAY THEIR UTILITIES DIRECTLY TO THE CITY. THIS WORKS WHERE UTILITIES ARE SEPARATELY METERED. THE MOST COMMON IS TO HAVE THE RESIDENTS PAY THE CONDOMINIUM ASSOCIATION, AND THE ASSOCIATION PAYS THE SUPPLIER.

**SLIDE 46
MEDIA**

AMONG THE METHODS YOU SHOULD CONSIDER UTILIZING TO PROMOTE THE FORMATION OF CONDOMINIUMS ARE:

- PRESS CONFERENCES
- NEWS RELEASES
- INTERVIEWS ON TV, RADIO, PRINT MEDIUM
- COMMERCIALS YOU PAY TO HAVE RUN ON TV AND RADIO

YOUR PUBLICITY EFFORTS WILL AUGMENT USAID'S PUBLIC RELATION PROGRAM TO BE INITIATED THIS FALL.

**SLIDE 46
(CONTINUED)**

RESIDENT TRAINING AND SUPPORT

THE CITY SHOULD HIRE THE FACILITATORS FOR THE PROGRAM AND MAKE CERTAIN THAT THEY PARTICIPATE IN THE AVAILABLE TRAINING. SECONDLY, THE CITY SHOULD REVIEW, MODIFY AND ADOPT THE APPROPRIATE FORMS OF IMPORTANT DOCUMENTS. LASTLY, THE CITY SHOULD UTILIZE THE INFORMATIONAL MATERIALS AND PROMOTIONAL MATERIALS AVAILABLE FROM ICMA.

**SLIDE 47
SUGGESTED INCENTIVES**

INCENTIVES CREATED BY THE CITY WILL BE VERY IMPORTANT TO ENCOURAGING THE FORMATION OF CONDOMINIUM ASSOCIATIONS. AMONG THE INCENTIVES THAT YOU MAY CONSIDER ARE:

- THE CITY MAY ALLOCATE COLLECTED RENTS FROM COMMERCIAL SPACES WITHIN THE BUILDING CONVERTED TO CONDOMINIUMS TO HOUSING MAINTENANCE ACTIVITIES WITHIN THE NEIGHBORHOODS WHERE THE CONDOMINIUMS ARE LOCATED. THIS IS TO ACHIEVE SOME FAIRNESS SINCE SOME BUILDINGS HAVE COMMERCIAL SPACES AND SOME DO NOT. THIS ASSISTANCE WOULD ONLY BE AVAILABLE TO BUILDINGS WHICH HAVE CONVERTED TO CONDOMINIUM OWNERSHIP.
- GRANT TO THE CONDOMINIUM THE RIGHT TO ADJACENT LAND PARCEL AND THE RIGHT TO CONDUCT ADDITIONAL USES WITHIN THE LEGAL FRAMEWORK, SUCH AS OPERATE A KIOSK, THE FUNDS GENERATED FROM SUCH OPERATIONS MUST BE USED ON THE BUILDINGS.
- GRANT THE CONDOMINIUMS THE RIGHT TO NON-PRIVATIZED BASEMENT AND OTHER STORAGE AREAS, WHICH THEY, IN TURN, CAN LEASE TO UNIT OWNERS AND RESIDENT TENANTS.
- AVAILABILITY OF MORE EXTENDED HOURS OF ELECTRICITY SERVICE FOR RESIDENTS WHO LIVE IN A CONDOMINIUM BUILDING. THE CONDOMINIUM ASSOCIATION MAY BE ASKED IN-TURN, TO "POLICE" THE RESIDENTS FOR ILLEGAL "LEFT LINES" AND OTHER CONTROLS.

WE NOW ENCOURAGE YOU TO GATHER AGAIN INTO SMALL GROUPS TO WORK ON SOME ADDITIONAL STUDY QUESTIONS. YOU WILL HAVE A (1/2 - ONE HOUR) PERIOD TO WORK ON THE QUESTIONS AFTER WHICH WE ASK YOU TO SHARE YOUR DELIBERATIONS AS YOUR DESIGNATED PERSON REPORTS OUT TO THE LARGER GROUP.

NOTE TO PRESENTER: AFTER THE REPORTS ARE GIVEN , PLEASE OFFER SOME CLOSING REMARKS AND ADJOURN.

EXHIBIT B
HANDOUT MATERIALS FOR SEMINARS

Application

Residents of the building (buildings) _____
(address)

have established “_____” co-ownership entity (condominium).

Please register the charter of the condominium and “_____” co-ownership entity (condominium).

Founders:

_____ (name)	_____ (signature)
_____	_____
_____	_____
_____	_____
_____	_____

Passport data: _____

Approved

In the meeting of the participants of
the "Condominium", Ltd.
on _____ " ____ " 199
Director: _____

**THE CHARTER OF THE "CONDOMINIUM"
NON-PROFIT LIMITED LIABILITY COMPANY.**

1. GENERAL PROVISIONS

- 1.1. The "Condominium" Non-profit Limited Liability Company (henceforth "Company") shall be founded by the Company members, who are the owners of the residential units of the multi-family residential buildings, for the purpose of joint execution of management, maintenance, and servicing of the aforementioned buildings.
- 1.2. The expenditures necessary for the maintenance and servicing of the parts of the common property of the residential building, for common use, (henceforth "common expenses") shall be provided at the expenses of the members of the Company.
- 1.3. If not provided otherwise by this Charter, "construction" shall mean a separate residential unit or a "non-residential space" of a residential building, which is owned individually by a citizen or organization and does not constitute a part of the "common property".
- 1.4. "Common property" shall mean all parts of a residential building, except the "constructions", and is under joint and indivisible possession, use, and disposal of the owners of the residential units (members of the Company). "Common property" shall include all parts of a residential building, which are not allocated for individual use (the foundation of the building, cellars, roof, staircases, galleries, elevators, utilities, improvements to the yard, and so on.)
- 1.5. "Non-residential space" shall be the space, other than "common property", allocated to a separate owner for use for purposes other than residence (e.g., a store, workshop, art studio, warehouse, and so on.)
- 1.6. "Common expenses" shall mean those expenditures or financial duties, other than the ones made by the owners of constructions separately for their own constructions, which are necessary for the maintenance, servicing, and improvement of the residential building.
- 1.7. The following data shall be contained in the appendices attached to the Foundation Agreement of the Company:
 - description of the residential building (where the constructions of the members of the Company are located);
 - description of each construction, including their numbers, location, size, and percentage share of each construction in the common property;
 - list of the owners at the moment of registration;
 - description of the common property and land, including those parts which are allocated to individual [unit-]owners for individual use (but not as ownership);
 - description of any restrictions on the rights to use and transfer the ownership of the construction.
- 1.8. The Company has been founded by the founders of the Company according to the Foundation Agreement dated _____ 199 .

- 1.9. The Company shall act in compliance with the Law of the Republic of Armenia "On Enterprises and Entrepreneurial Activities" dated March 14, 1992, other laws and legal acts prevailing in the Republic of Armenia, the Foundation Agreement, and this Charter.
- 1.10. The Company is a non-profit organization and is considered to be a legal entity (i.e., shall sign contracts on behalf of itself, obtain property rights and personal non-property rights, and bear obligations, appear before court, arbitration, and mediator court as a plaintiff or a defendant).
- 1.11. The Company shall be prohibited to gain profit from its property, and it may not hold membership in those economic unions of enterprises which are intended to generate profit. The Company may spend its income only for purposes related to activities authorized by its Charter.
- 1.12. The Company may found affiliates, in compliance with proper regulations, to provide for activities authorized by its Charter.
- 1.13. The following are the participants (members) of the Company:
- a) _____ (full name) _____
 _____ (passport, series, No.) _____
 _____ (issued by) _____
 _____ (permanently residing at) _____
- b) _____
- c) _____
- and _____ (full name of the legal entity) in the person of _____
 _____ (position and full name of the authorized person), address _____
 _____ (address of the legal entity) which acts
 _____ (document authorizing to act).
- 1.14. The Company shall not be liable for the obligations of its participants, and the participants of the Company shall not be liable for the obligations of the Company.
- The Company shall be liable for its own obligations only by its own property.
- 1.15. The Company has a seal bearing its name.
- 1.16. The Company shall have an operational and other accounts in banking institutions.
- 1.17. The postal address of the Company is:

2. THE FOUNDING CAPITAL AND THE RESOURCES OF THE COMPANY

- 2.1. The size of the founding capital of the Company is _____ drams. This capital is formed by the sum of the deposits of the founders of the Company.
- 2.2. The size of the deposits of the participants in the founding capital shall be determined according to Item 1.2. of this Charter (as a share in the "common expenses") and shall constitute:
- | | | |
|----------|-------|-------|
| a) _____ | _____ | drams |
| b) _____ | _____ | drams |
| c) _____ | _____ | drams |
| _____ | _____ | drams |
| _____ | _____ | drams |
| _____ | _____ | drams |
| _____ | _____ | drams |
| _____ | _____ | drams |
- 2.3. Alterations in the founding capital shall be made upon the consent of the participants and upon additional payments by them or receipt of other revenues.
- 2.4. The participant shall be obligated to deposit his share of the founding capital no later than the due date(s) established by the Foundation Agreement. In case of failure to meet this requirement, the participant shall pay a monthly penalty equal to 5% of not paid amount.

REMARK: The expenditures of the owners of the non-residential spaces for the use of the common property for manufacturing, trade, or other similar activities shall be covered by the owners thereof and not be included in the common area maintenance and service budget estimate.

- 2.5. The resources of the Company shall be formed from the deposits of the founders, periodical payments of the founders for the common expenses (on the due dates established by the Foundation Agreement), the amounts of which are determined by the general meeting of the Company according to the method defined in point 1.2 of this charter, revenues received from affiliates, credits, and resources received from other sources permitted by law.
- 2.6. The Company shall create an operational fund, as well as a reserve fund in the amount of _____% of the founding capital.

The operational and reserve funds shall be used exclusively for the objectives and functions of the Company as authorized by its Charter.

3. THE MANAGEMENT OF THE COMPANY

- 3.1. The highest body of the Company shall be the General Meeting of the members of the Company.

The General Meeting of the Company shall have a decision making authority provided at least half of the members are present.

The decisions shall be made by the simple majority (50% plus one vote) of the votes of the participants of the meeting, if not regulated otherwise by this Charter or the Foundation Agreement.

Each member of the Company shall be entitled to transfer, in the General Meeting, his authorities to another person or have a representative attending that Meeting.

3.2. The General Meeting of the Company shall be summoned at least once a year.

Extraordinary General Meetings shall be convened upon the request of the Director of the Company, its Executive Board, the Audit Commission, or at least 20% of the members of the Company.

3.3. The following shall constitute the exclusive authority of the General Meeting of the Company:

3.3.1 Confirmation of the Foundation Agreement of the Company and alteration thereof.

3.3.2 Elections and recalls of the Director of the Company, the members of the Executive Board, and the Audit Commission.

3.3.3 Adoption of the Company's activity program.

3.3.4 Approval of the annual report of the Executive Board of the Company.

3.3.5 Approval of the budget of the Company.

3.3.6 Consenting to receiving loans which exceed 10% of the expenditures as determined by the annual budget estimate.

3.3.7 Conveyance or mortgaging of the common property of the members of the Company.

3.3.8 Establishment and termination of affiliates of the Company.

3.3.9. Approval of the organizational structure of the Company.

3.3.10. Determination of the salary scales for the employed officials of the Company.

3.3.11. Determination of the necessity and the amount of additional payments to be made by the members of the Company.

3.3.12. Making decisions regarding the expulsion of a member of the Company.

3.3.13. Termination and dissolution of the Company.

3.3.14. Other issues.

3.4. The decision on the issue stated in Item 3.3.1 shall be made by the two-thirds majority of all the members.

3.5. The decisions on the issues stated in Items 3.3.2, 3.3.3, 3.3.4, 3.3.5, 3.3.8, 3.3.14 shall be made by a 75% majority of the votes of the members participating in the Meeting.

The members of the Company must be informed of the up-coming Meeting and of its agenda no later than 10 days before the day of the Meeting.

3.6. The General Meeting of the Company shall, in its founding session, elect an Executive body (i.e., the Executive Board and the Director of the Company).

The number of the members of the Executive Board of the Company, its staff, and their terms of appointments shall be determined by the General Meeting. The term of appointment [for any of these officials] cannot be less than one year.

The nominee who receives the most votes during the elections of the members of the Executive Board shall become the Director. In case of ties, a new election shall be held.

3.7. The Executive Board shall be the highest executive body of the Company, shall act in the periods between the General Meetings and perform all the powers of the Company, except those reserved exclusively for the General Meeting.

3.8. The Executive Board of the Company shall submit financial reports, for each fiscal year, to the General Meeting of the Company, including the annual budget estimate, sufficient for the maintenance and utilization of the common property. The budget estimate must foresee the creation and supplementing of the Reserve Fund.

3.9. The Director of the Company shall be entitled to represent the Company without a letter of attorney.

The Director of the Company, also, shall be the Chairman of the General Meeting.

3.10. The Audit Commission shall be elected by the General Meeting.

3.11. Any sphere of the financial activities of the Company shall be supervised by the Audit Commission of the Company.

The Audit Commission shall present conclusions on the annual report of the Executive Board of the Company and on the revenue and expenditure estimates. The members of the Executive Board of the Company and their family members cannot be, at the same time, members of the Audit Commission.

4. THE RIGHTS AND OBLIGATIONS OF THE MEMBERS OF THE COMPANY

4.1. Every member of the Company shall enjoy the right to:

4.1.1 Participate in the management of the Company in a manner established by this Charter.

4.1.2 Receive information about the activities of the Company, including its accounting, book-keeping, and other documents.

4.1.3 Receive a share of the remaining property of the Company, upon the dissolution of the Company.

4.1.4 Appeal to the court, in the event the decision of the General Meeting of the Company, its Executive Board, President, or Audit Commission contradict the law, Foundation Agreement, or this Charter as well as significantly encroach upon the rights of a member of the Company.

4.2. Every member of the Company shall be obligated to:

4.2.1 Deposit its share of the founding capital of the Company and pay the required fees in the time limits, amounts, and manner established by the Foundation Agreement or by this Charter.

4.2.2 Meet the requirements of the foundation documents.

4.2.3 Perform its obligations toward the Company and maintain the rules of due conduct in the residential building.

4.2.4 Support the execution of the objectives and functions of the Company.

4.2.5 Pay, beyond the established budget estimates, the expenses for the maintenance, use, and servicing of the non-residential space allocated to him.

4.2.6 Pay, upon the decision of the General Meeting or the Executive Board, the special purpose fees, not included in the budget, needed for unanticipated expenses.

4.2.7 Pay the penalties (fines) imposed for his failure to make timely payments of established fees.

4.2.8 A member of the Company may be expelled from the Company upon the decision of the General Meeting as defined in Item 3.4 of this Charter.

4.3. The owners of the constructions shall be entitled to sell, lease, will, mortgage, or in other ways dispose of their constructions subject to the acting legislation. The property right of the owners' share in the common property shall be inseparable from his ownership in the construction.

The fact of the construction owner's residence in another place as well as the fact of conveyance of the right to use the construction to another person shall not exempt the owner from his obligations.

4.4. Every owner of a construction shall be entitled to use the common property equally with the other owners.

4.5. The tenants of the constructions and other persons who are not owners cannot participate in the management of the Company.

5. THE MAINTENANCE, REPAIR, & IMPROVEMENT OF THE RESIDENTIAL BUILDING

- 5.1. The expenditures (common expenses) for the maintenance, repair, and improvement of the common property of the residential building shall be made at the expenses of the members of the Company. The shares of the members of the Company in common expenses shall be determined in a manner established by the point 1.2 of this charter.
- 5.2. Every member must consent, if necessary, to give access to his construction to a representative of Company for conducting inspection, repair, or replacement of equipment of the common property, which may be done only from the inside of his construction.
- 5.3. Ordinary improvements to the comfort and efficiency of the common property may be made on the basis of a decision adopted by the Company by a simple majority of the votes or a decision of the Executive Board.

Improvements (additions to the equipment and so on) may be made upon the decision approved by a 2/3 majority of the votes of the members.
- 5.4. Any improvement to a residential unit by its owner, that threatens or deteriorates the common property, may be made only upon the consent of all the members of the Company.
- 5.5. Alteration of boundaries between a construction and the common property may be made only upon the consent of 3/4 of the members of the Company.
- 5.6. If the owner of the construction or any other person acting on behalf of the owner damages the common property or any other construction, then he must repair the damage or cover the expenses of the repair.
- 5.7. Insurance of the construction shall be provided by the owner of the construction.
Insurance of the common property shall be provided by the Company.

6. THE TERMINATION OF THE COMPANY

The Company may be terminated in the following cases:

- 6.1. In the event the land parcel, on which the residential building is constructed, is taken for government or public needs;
- 6.2. Upon the decision of the Company, approved by the majority of 3/4 of members.
- 6.3. In other cases foreseen by law.
- 6.4. The property, remaining after the dissolution of the Company, shall be distributed among the members of the Company in proportion to their shares in the common property.

Draft Decision
of the Executive Committee of
_____ **Council of Deputies**

_____ on establishing a co-ownership entity (condominium) in building (buildings)

_____ (address)

According to the Government of Armenia's Decision #295, dated on May 30, 1995, On Condominiums, the Executive Committee decides:

1. To establish a co-ownership entity (condominium) in building (buildings)

_____ (address)

where more than 50% of apartments are privatized, and call it "_____".

2. Approve the Charter of "_____ " Condominium.

3. Assign the Department (subdivision) of

_____ (name of the executive committee)

to be responsible for the following:

a. Prepare necessary documents within a 10-day period and submit them to the

_____ office of State Registrar to register the Charter and the Condominium.

b. After registration of the Condominium, within a 15-day period, organize a General Meeting, elections of the President and administration.

4. After registration of the Condominium, within a 10-day period, allot for permanent use the land parcel (yard, pavements, drives, parks, etc.) attached to the building (buildings),

_____, according to Appendix 1.

Assign the Department (subdivision) of

_____ (name of the executive committee)

to be responsible for this.

5. Transfer not allotted basements, semi-basements, internal engineering communications, structures in the yard, mechanical, electrical, sewer, water and other facilities and parts of the building (buildings) from the current balance to the balance of the Condominium, according to the established method, as it is described in Appendix 2.

Assign the Department (subdivision) of

_____ (name of the executive committee)

to be responsible for this.

6. Assign _____ to be responsible for accomplishment of this Decision.

7. Assign _____ to be responsible for control of this Decision.

Head of the Council of Deputies _____

(signature)

**DESCRIPTION
of Real Property of
_____ Condominium**

Address _____
Date of construction _____ ; number of stories _____ ;
Number of entrances _____ ; number of elevators _____ ;
Total volume (in m³) _____ ; total area (in m²) _____ ;
Total residential area _____ ; number of apartments _____ ;
(number of 1-room apartments _____ ; 2-room apartments _____ ; 3-room apartments _____ ;
4-room apartments _____) ;
Description of non-residential area (specify total area)

Description of the facade of the building (specify total area)

Construction materials of the walls:

Water pipe system:

Sewerage:

Trash removal pipes:

Cleaned yard: _____, from which:
asphalt area: _____ ; green area: _____.

Description of Constructions (Units)
of _____ Condominium

#	TYPE OF THE UNIT	ADDRESS (including the floor # and number of rooms)	VOLUME AND AREA (total and residential)	INTEREST SHARE IN THE COMMON PROPERTY (expressed in area)	NAME AND PASSPORT NUMBER OF THE UNIT OWNER
1	2	3	4	5	6

**Description of the Common Area and the Land Parcel of _____ Condominium
(including parts allocated to separate unit owners for individual use)**

#	Name	Location	Description	Name of the User
1	2	3	4	5

What is a condominium?

A condominium is a form of joint ownership of multi-apartment residential buildings, part of which is in the form of individual apartments belonging to separate owners, with the remaining parts being joint common property of all apartment owners.

A condominium is also a form of property management: all residents belong to a condominium association which manages and maintains their joint property.

In order to manage the condominium property successfully, the residents association hires a management agent or a management firm. To provide maintenance of the building and yards the association makes a contract with a maintenance firm or firms. Usually, selection of the manager or the maintenance firm is accomplished by bidding.

Which buildings will become condominiums?

According to the Decision of the Government of Armenia #259 approved on May 30, 1995, residential buildings in which at least 50% of apartments are privatized will become condominiums.

Residential buildings in which less than 50% of apartments are privatized will become condominium if the majority of residents of the buildings select to do so.

According to the same decision, after expiration of the date of the Law on Privatization of the State and Public Housing Stock, buildings, where at least one apartment is privatized will become condominiums.

Why should you prefer a condominium form of management?

Because this is the most effective way of management of your property! Joining into an association will allow you to:

- Provide proper management of your house;
- Make maintenance and repair contracts with specialists or firms who can accomplish these works best of all and at the lowest possible cost;
- Effectively spend housing fees and control where the money is spent;

If not only your own apartment, but also the entrances of the building, the yard, and the land lot are in a good condition, this will increase the value of your apartment, and you'll get more money if you sell it.

What is the Office of Condominium Services?

Office of Condominium Services (OCS) is a department of the City Council of Deputies which was established to help residents to organize condominiums. The objective of the OCS is to provide assistance and consultation in issues that are related to organizing residents' associations, hiring management agents, contracting private maintenance firms, etc. This office will also provide sample standard documents which are required for condominium registration.

How can you start organizing a condominium in your building?

The Office of Condominium Services will provide you with facilitators who have been specially trained to help residents to organize community associations: that's why we call them community organizers. They will help you organize a general meeting, assist in developing a charter, and preparing other required documentation, they might also act as property managers for the initial setup period of your association, advise the executive board in financial matters, and so on.

Where and how can you register your condominium?

You can register your condominium in the bodies of the State registrar of the Republic of Armenia, in the manner established for registration of enterprises, and in the region of the location of the condominium. From the moment of registration your condominium will acquire the status of a legal entity.

What documentation should you provide to register your condominium?

A Charter must be submitted for registration along with an application form, and the decision of the General Meeting of the home-owners or the decision of the Executive Committee of the local Council of Deputies about creation of a condominium.

The Charter of a condominium must contain: information on the building where the condominium is being formed; the condominium name, structure, objectives, and functions; the description of each apartment and the list of the owners of apartments; the rights and obligations of the owners, and so on.

Where could you go for help?

As we mentioned before, you can always find assistance and consultation on all issues you are interested in at the Office of Condominium Services. Besides facilitators that will help you to organize your condominium association, the OCS office will also provide consultation to help settle legal issues, and provide you with a standard package of documents necessary for registration of your condominium.

Another source of information are the courses organized by the Yerevan State University. The first is the Condominium Training Course. This course is available to you on **(dates or days of the week)**, and is specially designed for association leaders and any other people who are related to condominium associations.

The second course is designed for facilitators/community organizers. Although this is a little bit more specific than the first course, it will be also useful for residents, association leaders, property managers, and other people.

Attending these courses will give you another advantage - a textbook, which will help you in many situation and problems that are common for condominiums.



Contact Telephones

Office of Condominium
Services:

Condominium Training 55-17-24
Center:

CALL US!



CONDOMINIUMS: Start Organizing Right Now!

Yerevan, 1995

**REGULATIONS
FOR CO-OWNERSHIP ENTITIES (CONDOMINIUMS)**

I. General Provisions

1. The regulations define the rules regarding the formation of home-owners' associations -- Co-ownership entities (Condominiums) in multi-family residential buildings, their authorities, and is intended to provide for the relations occurring during possession, use, and disposal of Common Property in multi-family residential buildings.
2. Co-owned (condominium) property in multi-family residential buildings means a form of property in boundaries of which each of the owners owns a residential unit and other real estate owned by the owners as a joint property.
Operation of a Co-ownership entity is regulated by the Law of the Republic of Armenia "On Enterprises and Entrepreneurial Activities", and is a non-profit legal entity.
3. Terms used in the regulations:
 - a) "Co-ownership" is a form of *joint* ownership in a multi-family residential building, in which each of the owners owns residential (apartment, room) or non-residential space, as well as an interest share of the common joint property of all owners which is directly related to the multi-family residential building, and has rights and obligations proportionate to this share. Members of a Co-ownership entity shall not be involved in profit-generation activities.
 - b) "Multi-family residential building" means a residential building with more than one individual units.
 - c) "Construction" is a part of a multi-family residential building intended for individual ownership and can be a residential unit or non-residential space. The surfaces of ceilings, floors, and walls of constructions shall constitute the boundaries of each construction, taking into consideration thickness of construction materials.
 - d) "Residential unit" means a separate construction which is used exclusively for residence.
 - e) "Non-residential space" means a separate construction which is used not for residence.
 - f) Owners' Joint Common Property are considered the staircases between floors, stairs, elevators, elevator and other shafts, hallways, roof, technical stories, foundation of the building, bearing walls, cellars not privatized in the established manner, garrets, internal utility facilities and structures, improvements in the yard, as well as mechanical, electrical, sanitary and other facilities, which are outside or inside the residential units and serve to more than one owner, as well as those individual (separate) units related directly to the residential building and

comprising a joint complex, which have prospective use by the owners in the residential system.

- g) "Owner in the Co-ownership entity" means one or several persons and legal entities who have individual ownership in a construction of a multi-family residential building.
- h) "Land area" means a land allocated to the building for common and permanent use to provide its maintenance and use.
- i) "Common expenses" are the expenditures of the members of a Co-ownership entity together with the financial duties rising from these expenditures anticipated by the annual revenue and expenditure budget-estimate and necessary for the maintenance and utilization of the building as well as other expenses approved by the General Meeting of the Co-ownership entity.
- j) "Founder" means the owner (owners) of a construction in a multi-family residential building or the body authorized by them on behalf of whom or upon whose order the foundation contract is being registered.

Shares of the Common Property

- 4. The share in the Common Property shall be determined as the ratio of the total area of a construction to the total area of all constructions;
- 5. In the event new constructions attached to the Co-ownership entity are being developed or added the shares in the Common Property shall be recalculated in an established by this law manner;
- 6. A construction, belonging to several owners, shall constitute a unified share in the Common Property with joint liability for common obligations;
- 7. "Owner's share in Common Property" means the share of each member of a Co-ownership entity in Common Property which is inseparable from the Common Property, which is not detached from the separated ownership in a construction, and which gives the right to vote in the Co-ownership entity. The share of an owner in the Common Property shall be proportional to the ratio of the area of his own construction to the total area of all constructions and shall be determined as a percentage or as a part from the whole. The whole real estate acquired by Co-ownership entity, in the order defined by law, is the common property of Co-ownership entity owners.

Land Allotment and Use

- 8. Land under the multi-family residential buildings and structures, and land required for their servicing (yards, pavements, drives, roads, recreational and green areas, economic and sports grounds, and so on) shall be allotted to the Co-ownership entity by the local councils of deputies for permanent use according to the established manner.
- 9. Boundaries of lots commonly used by several Co-ownership entities are determined by these Co-ownership entities. Possible conflicts are settled by the executive committees of local councils of deputies.

II. THE ESTABLISHMENT OF A CO-OWNERSHIP ENTITY

The Conditions for Establishment of a Co-ownership entity

10. Co-ownership entities may be created in those multi-family residential buildings where at least two owners are available.
11. A Co-ownership entity can have one or more founders.
12. Co-ownership entities are mandatory formed:
 - a) In multi-family residential buildings in State or public housing stock where at least fifty percent (50%) of the units is privatized
 - b) In multi-family residential buildings where, upon the completion of execution of the Republic of Armenia's law "On Privatization of the Republic of Armenia's State and Public Housing Stock", at least one unit is privatized.
In those buildings a founder of a Co-ownership entity may be the Executive Committee of the Local Council of Deputies on the balance sheet of which the building is included or in the territory of which the building is located, or a person authorized by that Committee; as for the buildings in the public housing stock, public organizations may be the founder for those buildings .
13. The Co-ownership entities shall be mandatorily formed in a manner established by the Executive Committees of Local Councils of Deputies.
14. Upon the completion of Co-ownership entity foundation all construction owners in this building become Co-ownership entity members.

The Registration of a Co-ownership entity

15. A Co-ownership entity shall obtain the status of a legal entity from the moment of its registration. The State registration shall be implemented by the bodies of the State registrar of the Republic of Armenia, in the manner established for registration of Enterprises. A Charter must be submitted for registration together with an application, and the decision of the General Meeting of the home-owners or the decision of the Executive Committee of the Local Council of Deputies about establishment of a Co-ownership entity.

The Charter of a Co-ownership entity

16. The Charter of a Co-ownership entity must contain:
 - a. the description of the building where the Co-ownership entity is being formed and its address;
 - b. the complete name of the Co-ownership entity;
 - c. the Co-ownership entity structure, objectives, and functions;
 - d. the description of each construction, including its number, size, as well as an indication of the share, as a percentage or part from the whole, of each construction owner in the Common Property;
 - e. the list of the owners of constructions;
 - f. the contents of the rights and obligations of the owners of the constructions;

- g. information regarding the annual estimate budget of revenues and expenses, and the manner of collection of monthly fees from the Co-ownership members;
- h. the Co-ownership entity Administrative bodies and their rights;
- i. the manner of supervision upon the Administrative bodies of the Co-ownership entity;
- j. the manner of alteration and amendments in the Co-ownership entity Charter;
- k. the manner of making decisions in the Administrative bodies of the Co-ownership entity;
- l. the manner of termination of the Co-ownership entity; and
- m. any other issues that the General Meeting may find suitable to be included in it.

III. THE ADMINISTRATIVE BODIES OF A CO-OWNERSHIP ENTITY

The General Meeting of a Co-ownership entity

- 17. The General Meeting of the home-owners' or their authorized representatives shall be the highest administrative body of the Co-ownership entity.
- 18. The following shall be within the exclusive authority of the General Meeting:
 - a) alterations of and amendments to the Foundation Document, as well as adoption of the Co-ownership entity regulations;
 - b) election of the President, the Executive Board, and the Audit Commission of the Co-ownership entity;
If the General Meeting of the Co-ownership entity does not elect an Executive Board, then a new extraordinary General Meeting shall be held within a 15-days period. In the case if the Executive Board is not elected at this extraordinary meeting the authorities of the Co-ownership Executive Board shall transfer to the Executive Committee of the Local Council of Deputies till the Executive Board is elected.
 - c) approval of the annual report of the Executive Board and the Audit Commission of the Co-ownership entity;
 - d) confirmation of the revenues and expenditures budget estimates including the amount of the home-owners' monthly payments;
 - e) giving its consent to taking a loan;
 - f) alienation or mortgaging of the Common Property.
 - g) decision on issues regarding the payment of the Executive Board members and the President of the Co-ownership entity.
 - h) other issues related to the activities and the management of the Co-ownership entity.
- 19. Decisions of the General Meeting shall be adopted by a simple majority of votes of the Co-ownership entity members present at the meeting, if not provided otherwise by this by-laws or by the Charter.
- 20. Each owner of a construction shall enjoy the right to vote equal to his share in the Common Property.

21. At least seventy-five percent (75%) of the Co-ownership entity members' votes shall be required for decisions to be made on points a, d, e and f.

The Regulations for the General Meetings of a Co-ownership entity

22. General Meetings of a Co-ownership entity shall be held at least once a year not later than February 1 of current year.
23. In event the General Meeting is not held in the predetermined time slots, or if there is no quorum at the meeting a new meeting can be held within 15 days after the last meeting date. If the new meeting is not held or there is no quorum authorities of the Co-ownership entity General Meeting are transferred to the Executive Committee of the Local Council of Deputies before a General Meeting is convened.
24. Extraordinary Meetings shall be convened upon the decision of the Executive Board as well as upon the request of the Audit Commission or at least twenty-five percent (25%) of the members of the Co-ownership entity.
25. The members of the Co-ownership entity must be informed of convening the up-coming General Meeting no later than ten (10) days before the Meeting. A quorum for the General Meeting shall constitute the presence of not less than seventy-five percent (75%) of the members (authorized representatives) of the Co-ownership entity. Decisions must be adopted by secret ballot upon the request of any participant in the Meeting.

The Executive Board of a Co-ownership entity

26. The Executive board of a Co-ownership entity has the authority to resolve all those issues, which are promoted by the home-owners and established by the Charter of the Co-ownership entity except of the issues that are exclusive authority of the General Meeting. The number of members and the limits of the authorities of the Executive Board of the Co-ownership entity shall be established by the Charter of the Co-ownership entity.
27. Co-ownership entity Executive Board implements:
 - a) the management of the Co-ownership entity in periods between General Meetings.
 - b) collects obligatory fees from the Co-ownership entity members.
 - c) creates accounting and other reports.
 - d) considers the applications and complaints of the Co-ownership entity members.
 - e) exercises all powers, except those included in the exclusive jurisdiction of the General Meeting of the Co-ownership entity, and shall report to the General Meeting
28. The sessions of the Executive Board of the Co-ownership entity are held at least once a three-months, and the extraordinary meetings are called by the President of the Co-ownership entity, by suggestion of the President, a member, Audit Commission or the Executive Committee of the local Council of Deputies. If no extraordinary meetings are held within 5 days after its suggestion, then the initiators have the right to convene it themselves.
29. In the event the General Meeting does not approve the annual budget estimate, the power to approve the budget estimate shall transfer from the General Meeting of the Co-ownership entity to the Executive Board, provided the estimated yearly expenditures do

not exceed the estimated expenditures for the previous year in comparable prices. In event the first draft of budget estimate is not approved at the General Meeting the Executive Board creates and approves it.

Co-ownership entity President.

30. The person, receiving the most votes at the election of the members of the Executive Board, shall be considered the President of the Co-ownership entity. The President of the Co-ownership entity shall at the same time be the President of the Executive Board as well as shall preside over the sessions of the General Meeting.
31. The President of the Co-ownership entity:
 - a) organizes sessions of the Executive Board;
 - b) administers work of the Executive Board;
 - c) represents the Co-ownership entity in relations with the Government, at the courts and arbitration, with organizations, enterprises and institutions.
 - d) makes contracts, conducts fiscal transactions;
 - e) hires and dismisses Co-ownership entity employees;
 - f) exercises other authorities given by the Co-ownership entity General Meeting and the Executive Board.

The Audit Commission

32. The Audit Commission is body that audits the implementation of the decisions made by Co-ownership entity owners and the Executive Board, controls the maintenance of property, other activities determined by the Charter, as well as audits the Co-ownership entity documentation. The number of members and the limits of the authorities of the Audit Commission shall be established by the Charter of the Co-ownership entity. The Audit Commission shall be entitled to conduct a financial inspection of any activity of the Co-ownership entity.
33. The Audit Commission shall give a conclusion on the annual report of the Executive Board and on the budget estimate for revenues and expenditures submitted by the Executive Board.
34. The members of the Executive Board may not, at the same time, be members of the Audit Commission.

IV. THE GENERAL RIGHTS AND OBLIGATIONS OF THE MEMBERS OF A CO-OWNERSHIP ENTITY

Co-ownership entity membership

35. A Co-ownership entity member can be only the owner (owners) of the construction in a given multi-family residential building.

36. In the case co-ownership of a construction the Co-ownership entity member will be the person elected or assigned by the construction owners.
37. Each construction owner who has interest share in the Common Property is considered to be a Co-ownership entity member.
38. Termination of the right of construction ownership leads to termination of Co-ownership entity membership.

The Rights and Obligations of a Construction Owner

39. A Co-ownership entity member shall be entitled:
 - a) to own, use and dispose the construction owned by him, according the Legislation of the Republic of Armenia in force.
 - b) elect and be elected in the administrative bodies of the Co-ownership entity.
 - c) get information on any issues related to Co-ownership entity activities.
 - d) be entitled to use the Common Property in a manner determined by the Legislation of ROA (any restrictions may be established only by the Charter or by the decision of the owners of constructions adopted by a 75% majority of votes).
 - e) be, at the same time, a member of other Co-ownership entities.
 - f) appeal decisions of the General Meeting or the Executive Board at the court.
40. A Co-ownership entity member shall be obliged:
 - a) to fulfill the requirements of the administrative bodies of the Co-ownership entity, including the payments defined by the annual budget of revenues and expenditures of the Co-ownership entity, accurately and on the timely basis.
 - b) treat carefully the Common Property, not damage or spoil it.
 - c) participate in occasions organized by the Co-ownership entity administration.
41. The fact of the construction owner's not using residential and non-residential units or refusing to use the objects of the Common Property does not partially or completely exempt the owner from his obligations of paying fees for the maintenance, repair, reconstruction and utilization of the Co-ownership entity, if the Legislation or the Co-ownership entity Charter do not define otherwise.
42. The fact of the construction owner's residence in another place as well as the fact of conveyance of the right to use the construction to another person shall not exempt the owner from his obligations imposed on him by this law or by the Charter. The new owner of a construction shall become a member of the Co-ownership entity mandatorily. The Co-ownership entity member can have other rights and obligations defined by the Charter of the Co-ownership entity.

The Rights and Obligations of the Local Government Body as the Owner of a Construction

43. Until the privatization of all constructions the local government body shall remain as the owner of non-privatized constructions and the corresponding shares in the Common Property and shall enjoy all the rights and undertake all the obligations related to the above-mentioned ownership.

The Rights and Obligations of Non-owners of Constructions

44. The tenants of Constructions, as well as other residents shall be obligated to observe the uniform rules and norms applicable for the utilization, repair, and servicing of the housing stock and common for all residents of the Co-ownership entity.

The Guarantee for the Protection of Lawful Interests of the Members of a Co-ownership entity

45. Protection of property, rights and interests of a Co-ownership entity and its members is guaranteed by the Legislation of the Republic of Armenia.

**V. THE MAINTENANCE, REPAIR, AND RECONSTRUCTION
OF A MULTI-FAMILY RESIDENTIAL BUILDING**

Uniform Rules and Norms Applicable to the Utilization, Repair, and Servicing of the Housing Stock

46. The normative documents (i.e. rules, norms, or instructions) related to the maintenance and use of the residential stock shall be developed and adopted by the appropriate agencies of the State administration.

The Maintenance of Separate Constructions.

47. Each owner of a construction shall be obligated to maintain his premises at his own expense.

The Renovation and Improvement of the Common Property

48. Ordinary improvements to the comfort and efficiency of the Common Property may be made after the approval, by the General Meeting of the Co-ownership entity, of the annual budget estimate for revenues and expenditures of the Co-ownership entity.
49. Significant improvements or renovations of the Common Property (including additions to the equipment, renovation of the system of engineering communications, large scale construction activities, and so on) may be made upon the approval, by the General Meeting of the Co-ownership entity, of the annual budget estimate for the revenues and expenditures of the Co-ownership entity.

The Alteration of Boundaries between Adjoining Constructions as well as between a Construction and the Common Property

50. The alteration of boundaries between adjoining constructions may be made upon the agreement of the owners of those constructions. In such a case, the shares of the

constructions shall be recalculated making appropriate changes to the Charter and without the consent of the General Meeting.

51. The alteration of boundaries between a construction and the Common Property may be made only by amending the Charter respectively and upon the consent of the members of the Co-ownership entity having at least seventy-five percent (75%) of total votes at the General Meeting of the Co-ownership entity.

The Consequences of Causing Damages to the Common Property or Others' Construction

52. If the owner of the construction or any other person acting on behalf of the owner damages any part of the Common Property or any other construction, then he must repair the damage or compensate the expenses of the repair in the manner established by the law.

Issue of the Technical Passport and Control over the Technical Condition of a Multi-family Residential Building

53. Periodical studies of the technical condition of a multi-family residential building and issuance of its technical passport shall be conducted by appropriate specialized organizations, on a contractual basis, in an established manner, at least once every five years at the expense of the Co-ownership entity on a contractual basis. The results of the studies shall be summarized in the appropriate expert conclusions and acts, one copy of which shall be submitted to the agency of the Executive Committee of the Local Council of Deputies in charge of technical condition inspections. In case of non-issuance of the technical passport of a residential building within the established time-limit, the Executive Committee of the Local Council of Deputies shall act as a client ordering the actions necessary for the issuance of the technical passport and shall collect, under court proceedings, from the Co-ownership entity the financial resources necessary for the issuance of the technical passport along with a forfeit of twenty percent (20%) of the above-mentioned resources.
54. Multi-family residential buildings, the technical passports of which have not been issued at the moment of the formation of the Co-ownership entity, shall be subject to the first issuance of the technical passport at the expense of the Executive Committee of the Local Council of Deputies.

Insurance

55. Insurance of the construction shall be provided by the owner of the construction and insurance of the Common Property shall be provided by the Co-ownership entity.

VI. THE COMMON EXPENSES OF A CO-OWNERSHIP ENTITY

The Annual Budget Estimate of Revenues and Expenditures

56. For each fiscal year, the Executive Board shall submit to the General Meeting of the Co-ownership entity financial reports including the annual budget estimate of revenues and expenditures sufficient to cover the expected expenses for the maintenance and utilization of the Common Property.
57. The Legislation of the ROA may anticipate mandatory measures for the maintenance and utilization of the housing stock, the expenses necessary for the implementation of which as well as the mandatory payments of those expenses by the appropriate owners must be necessarily foreseen in the annual budget estimate of revenues and expenditures of the Co-ownership entity. The estimate must also provide for a reserve fund.

The Participation of the Members of a Co-ownership entity in the Expenses Anticipated in the Annual Budget Estimate of Revenues and Expenditures (Common Expenses)

58. The Co-ownership entity shall dispose the fees paid by the Co-ownership entity members for maintenance, repair, construction and reconstruction of real estate, for payment of borrowed loans and salaries of the Co-ownership entity hired staff.
59. The Co-ownership entity members shall be obligated to participate in annual common expenses in proportion to their share in the Common Property. The payments of the members of the Co-ownership entity anticipated by the annual budget estimate of revenues and expenditures shall be made every month no later than the tenth (10th) of the succeeding month.
60. Expenses of the members of the Co-ownership entity, related to the use of parts of the Common Property or land parcel assigned to their individual use shall be covered by the above-mentioned members of the Co-ownership entity at their own expense beyond the annual budget estimate of revenues and expenditures.

The Consequences of Breach of Obligations Related to the Participation in Common Expenses

61. The members of the Co-ownership entity shall be responsible for the obligations of the Co-ownership entity within the limits of their share for payments as anticipated by the annual budget estimate of revenues and expenditures
62. In case of delay of the payments anticipated by the annual budget estimate of revenues and expenditures a fine for each day of delay shall be imposed, according to the amount of the debt, at a rate determined by the Charter, which shall not exceed the twice amount of debt.
63. In case of non-payment of the debt by the Co-ownership entity member within three months from the due date of payment, the Co-ownership entity shall be entitled to appeal to a court of law to disburse the debt.

VII. THE TERMINATION OF A CO-OWNERSHIP ENTITY

64. A Co-ownership entity operation may be terminated by the court.
65. The manner of termination of the Co-ownership entity shall be established by the Legislation of the ROA.
66. A Co-ownership entity may be terminated in the following cases:
 - a) if the land parcel is taken back for State or public needs;
 - b) if a single owner remains in a multi-family residential building;
 - c) if the multi-family residential building physically stops to exist; and

**Error! Reference source not found. ENGLISH
TRANSLATION BY :**

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ICMA PRINTING DATE: August 17, 1995

SAMPLE RESOLUTION

Statement by Head of _____ City Administration

On the formation of condominiums in privatized buildings owners in the city of _____.

In accordance with the May 30, 1995 Government Decision "On Approval of Regulations for Co-Ownership Entities (Condominiums); the Head of _____ City Administration decrees:

1. Dept. of Maintenance of buildings and structures, shall organize the work to encourage the creation of condominium associations.
2. The legal status of condominium associations shall be defined pursuant to the Law On Enterprises and Entrepreneurial Activities, and the bylaws of the condominium association.
3. The City Council, as the owners of municipal housing stock, shall be entitled to transfer apartment buildings [having at least 50 percent of privatized apartments] to the resident condominium association for the balance value of such buildings.
4. The Bureau of Technical Inventory shall conduct an inventory of apartment buildings being transferred to the ownership of condominium associations.
5. The City Architects Office shall fix the boundaries of land parcels to be transferred for the use of condominium associations and present to the City Council for approval for permanent use of these parcels.
6. The State Registrar of the Republic of Armenia shall register the charter and application of condominium associations.
7. For the transitional period (to be determined by the City) as an incentive for newly created condominium associations, there shall be provided special privileges and/or targeted subsidies from the city budget for some specified communal services.
8. Supervision of the fulfillment of the present Resolution shall be provided by _____, [Deputy Head of the City Administration.]

[Signature]_____.

Protocol

of the General Meeting of unit owners of the building (buildings)

_____ (address)

Date:

City:

Participants of the Meeting: owners of the building (buildings)

_____ (address)

Non-privatized apartments were represented by _____ (name and position)

of the Regional Council of Deputies.

Agenda of the Meeting:

1. To establish a co-ownership entity (condominium) association of unit owners in building (buildings)

_____ (address)

2. To give a name to the condominium.
3. To approve the Charter of the condominium.

The following was discussed at the Meeting:

1. _____ made a presentation on the first and second issues of the agenda. He (she) suggested to establish a condominium association of unit owners of the above mentioned buildings, according to the Government Decision #295, dated on May 30, 1995, and name it "_____".

2. _____ made a presentation on the third issue of the agenda. He (she) presented the contents and basic issues of the Charter.

The following decisions were made at the Meeting:

1. To establish a co-ownership entity (condominium) association of unit owners in building (buildings)

_____ (address)

2. To give the name of "_____ " to the co-ownership entity.
3. To submit an application to the local office of the State Registrar to register the Charter and the co-ownership entity.

Chairman: _____

Secretary: _____

**MEMORANDUM OF UNDERSTANDING BETWEEN
THE _____ CONDOMINIUM ASSOCIATION
AND THE CITY OF _____**

GENERAL

The following is a general description of the separation of duties between the condominium association (owners) and the [city maintenance department]. While it is difficult to anticipate all of the work tasks that may be assigned to either party to this memorandum of understanding, the parties to this memorandum have attempted to set forth the areas of responsibility for each party so as to accomplish the goals of the condominium program, thereby shifting the routine maintenance of the buildings to the owners acting together as the condominium association, while assuring that the basic services such as utilities and elevator maintenance are maintained by the city.

THE FOLLOWING TASKS ARE THE PURVIEW OF THE CONDOMINIUM ASSOCIATION MEMBERSHIP:

1. CURRENT REPAIR. This includes any ordinary repair to buildings and associated systems, structures and grounds required to keep the building in good working order. Current repair includes replacement of broken windows and repair or replacement of stairs, lighting fixtures and railings in the common areas of the buildings. Current repair does not include capital repair or extraordinary maintenance, such as the replacement of lifts, or replacement of major building components.
2. EMERGENCIES. an emergency is any repair that poses an immediate threat to the safety and well being of the residents or the general public, including any hazardous condition inside or outside of the buildings. An example of an emergency condition is a gas leak in a flat or a building. It is the responsibly of the Association to report the emergency to the Zshek immediately upon discovery. The Zshek will be responsible for dispatching the proper technicians to correct the defects and abate the emergency.
3. REFUSE AND LITTER REMOVAL. The Condominium association will be responsible for assuring that refuse and litter are properly stored in the areas designated for city pick up. In addition, on a regularly scheduled basis, the Association will clean and disinfect the refuse disposal equipment including chutes, bins and refuse containers.
4. JANITORIAL SERVICE. The Association will be responsible for performing routine janitorial tasks such as washing windows in stairways, sweeping and washing the stairways and elevator cab, and the replacement of bulbs in lighting fixtures in the stairways and other common areas.
5. GROUNDS KEEPING. This includes the maintenance of an attractive appearance of the grounds through regular cleaning and maintaining of any plantings, playground equipment, walkways and parking areas. And where necessary, performance of seasonal tasks such as leaf removal, snow and ice removal, pruning and lawn maintenance.
6. SELECTIVE PREVENTATIVE MAINTENANCE. The Association will be responsible for preventative maintenance of the building and repairs to the major system components that are

contained within the building envelope. Preventative maintenance is the performance of regularly scheduled maintenance to prevent and decrease the need for more costly repairs.

7. OTHERS?

THE CONDOMINIUM ASSOCIATION WILL NOT BE RESPONSIBLE FOR THE FOLLOWING:

1. REMOVAL OF REFUSE AND WASTE FROM THE PREMISES. The city refuse workers will continue to empty the refuse containers property stored on the property. In so doing, the refuse haulers will take care not to strew the debris on the property. Spillage will be gathered-up by the refuse haulers and removed from the premises
2. REPAIRS TO HEATING, PLUMBING AND ELECTRICAL SYSTEMS. The city utility departments shall continue to supply electricity, hot and cold running water, heat and waste water service to the building(s). The city shall maintain the supply portion of the systems outside of the buildings, or in the case of electricity, that portion of the system before the meter, in good repair, safe from hazards.
3. OTHERS?

TO BE DETERMINED (REQUIRES SPECIAL CONSIDERATIONS AND WELL-DESIGNED PROGRAM OF TRANSITION):

1. CAPITAL REPAIR. Capital repairs are major or extraordinary repairs such as installation of a new heating system (The Association shall assist the City by promptly reporting conditions that require capital repair. Suggestions from the Association to the City on courses of action to repair or replace capital items are encouraged.
2. LIFTS, BUILDING FACADES/BALCONIES. The present system of assessing and collecting maintenance fees from the owners does not provide sufficient funds to enable the Association to perform capital repairs at this time. In addition, the lack of sufficient private enterprises contractors and suppliers limits the ability of the Association from contracting with reliable private contractors to accomplish major capital repairs. As expertise in managing property and contracting for repairs develops, the parties to this agreement shall consider an amended agreement transferring the responsibilities for maintenance of the facades and the lifts to the Association.
3. OTHERS?

EXHIBIT C.

**OVERHEAD TRANSPARENCIES
FOR CITY SEMINARS**

CONDOMINIUM ASSOCIATIONS

Workshop for City Administrators

SPONSORED BY:

USAID/ICMA

**ARMENIAN REPUBLIC WIDE HOUSING COMMUNAL SERVICES
CORPORATION**

021-

Resident Condominiums

IS USED TO DESCRIBE A GROUP OF RESIDENTS WHO FORM AN ASSOCIATION UNDER THE GOVERNMENT DECISION-- REGULATIONS FOR CO-OWNERSHIP ENTITIES, (CONDOMINIUMS) TO ASSUME RESPONSIBILITY FOR THE MANAGEMENT AND MAINTENANCE OF THEIR BUILDING.

The May 1995 Government Decision establishing regulations for the formation of co-ownership entities (condominiums), uses the terms homeowner associations, co-ownership entities and condominiums. This seminar we will use the term condominium.

OBJECTIVE OF PROGRAM

- 1. TO ENCOURAGE THE FORMATION OF RESIDENT CONDOMINIUM ASSOCIATIONS**
- 2. TO RESPONSIBILITY FOR SOME OF THE MANAGEMENT AND MAINTENANCE FUNCTIONS THAT ARE CURRENTLY THE RESPONSIBILITY OF LOCAL GOVERNMENTS**
- 3. TRAIN INDIVIDUALS WITHIN EACH CITY WHO WILL FUNCTION AS TRAINERS FOR OTHER CITY OFFICIALS AND RESIDENTS**

SEMINAR OBJECTIVES

- 1. ASSIST LOCAL GOVERNMENT OFFICIALS AND RESIDENTS IN COMPLYING WITH THE NEW CONDOMINIUM REGULATIONS BY REGISTERING CONDOMINIUM ASSOCIATIONS AND ASSUMING RESPONSIBILITY FOR BUILDING MAINTENANCE TASKS**
- 2. TO PROVIDE PARTICIPATING CITIES WITH THE DOCUMENTS AND OTHER MATERIALS NECESSARY TO DEVELOP AND IMPLEMENT THE CONDOMINIUM ASSOCIATION PROGRAM**

WORKSHOP PARTICIPANTS

**CITY ADMINISTRATORS WHO HAVE
AGREED TO IMPLEMENT A PROGRAM TO
ENCOURAGE THE FORMATION OF
CONDOMINIUM ASSOCIATIONS**

**ADDITIONAL COMMITMENTS FROM
PARTICIPATING CITIES**

ADOPT INCENTIVES

PROVIDE CITY RESOURCES

HIRE FACILITATORS

CITY TEAM

**MAYOR AND/OR DEPUTY MAYOR IN CHARGE
OF MAINTENANCE**

**SPECIALIST ON FORMATION OF LEGAL
ENTITIES**

HOUSING MAINTENANCE EXPERTS

**INDIVIDUALS TO BE TRAINED AS
FACILITATORS**

SEMINAR AGENDA

FIRST SESSION

PRESENTATIONS ON GENERAL CONCEPTS

GOALS OF PROJECT

**LEGAL BASIS MANDATING THE FORMATION
OF CONDOMINIUMS**

**ROLE OF CITY/MAINTENANCE
ORGANIZATION**

**RIGHTS AND RESPONSIBILITIES OF
CONDOMINIUM ASSOCIATIONS**

DOCUMENT REVIEW--INCENTIVES

SECOND SESSION

FOUR KEY TOPIC AREAS

**PROVIDING AN INTRODUCTION FOR THE
FOLLOWING KEY PARTICIPANTS:**

MAYORS AND/OR DEPUTY MAYORS

LEGAL ENTITY FORMATION SPECIALISTS

MAINTENANCE SPECIALISTS

FACILITATORS

THIRD SESSION

GENERAL DISCUSSION AND WRAP-UP

**OPPORTUNITY FOR CITY TEAM TO DISCUSS
ISSUES, PROBLEMS, OR PROCEDURES
TO BE USED IN IMPLEMENTING THE
CONDOMINIUM PROGRAM**

**DISCUSSION OF STEPS TO BE TAKEN BY
EACH TEAM MEMBER FOLLOWING THE
SEMINAR**

MAYORS AND/OR DEPUTY-MAYORS

**REVIEW OF LOCAL ENABLING
RESOLUTIONS AND OTHER DOCUMENTS
NECESSARY TO AUTHORIZE THE CREATION
OF CONDOMINIUM ASSOCIATIONS**

REVIEW OF INCENTIVES

METHOD OF REGISTERING CONDOMINIUMS

CONDOMINIUM REGISTRATION SPECIALISTS

**GOAL: TO FACILITATE PROMPT
REGISTRATION OF CONDOMINIUM
ASSOCIATIONS**

**REVIEW OF REGISTRATION
PROCEDURES**

**DEVELOPMENT OF FORMS AND
EXPEDITED PROCEDURES**

REGISTERING THE CONDOMINIUM

LESS THAN 50 PERCENT

50 PERCENT OR MORE

PRIVATIZED

PRIVATIZED

VOLUNTARY FORMATION

MANDATORY FORMATION

SUBMIT TO STATE REGISTRAR

1. APPLICATION

1. APPLICATION

2. CHARTER

2. CHARTER

3. DECISION OF
OWNERS AT
THE GENERAL
ASSEMBLY

3. DECISION OF
LOCAL GOVERNMENT

MAINTENANCE SPECIALISTS

**GOAL: TO DETERMINE
RESPONSIBILITIES AND TASKS FOR
CITY MAINTENANCE AND
CONDOMINIUM OWNERS**

**ESTABLISH A DIVISION OF PAYMENTS
AGREEMENT**

**ESTABLISH AN AGREEMENT DELINEATING
AREAS OF MAINTENANCE AND REPAIR
RESPONSIBILITY FOR OWNERS.**

FACILITATORS

GOAL: TO IDENTIFY SKILLS NEEDED TO RECRUIT STAFF PEOPLE HAVING THE SKILLS NECESSARY TO CONDUCT THE PROGRAM AND TO TRAIN RESIDENTS AND CITY STAFF

IDENTIFY SKILLS NEEDED

OUTLINE A PROMOTION AND INFORMATION PROGRAM AND A METHOD FOR TRAINING RESIDENTS

WHAT IS EXPECTED

**ADOPT NECESSARY ENABLING
RESOLUTIONS**

**DURING THE MONTH FOLLOWING THE
SEMINAR, ADVERTISE FOR RESIDENT
PARTICIPATION.**

**(Seminar will result in the development of TV
and print media promotional materials)**

**ICMA TEAM WILL WORK WITH EACH CITY
THAT HAS SUCCESSFULLY FULFILLED ITS
WORK TASKS.**

ICMA TEAM WILL WORK WITH EACH CITY
THAT HAS SUCCESSFULLY FULFILLED ITS
WORK TASKS.

THEY WILL MEET WITH ALL MEMBERS OF
THE CITY TEAM TO DISCUSS ANY
PROBLEMS OR OTHER ISSUES.

CONDUCT WORKSHOPS

FOR INTERESTED RESIDENT GROUPS

**FOR CITY AND MAINTENANCE
PERSONNEL**

POSSIBLE USAID/ICMA ASSISTANCE

**UP TO 5 MONTHS ASSISTANCE IN PREPARING
OF DOCUMENTS AND ADVERTISING.**

**FOLLOW-UP SITE VISITS BY INTERNATIONAL
EXPERTS.**

**ABILITY TO SHARE EXPERIENCES OF OTHER
PARTICIPATING CITIES.**

**HELP IN FORMING AN "ASSOCIATION OF
ASSOCIATIONS"**

CONDOMINIUM MANAGEMENT SEMINAR

Getting Started

ICMA

CREATING A ROAD MAP

Where are we trying to go?

How are we going to get there?

What is our time line?

Do we have enough energy for the task?

LEADERSHIP

**Before we can begin to organize the residents,
we must first organize ourselves.**

**Before we can solicit the leadership within
apartment communities, we must first have
the commitment of our local government
leaders.**

**THE RESIDENTS WILL SUCCEED OR FAIL
BASED UPON OUR EFFORTS.**

WHAT NEEDS TO BE DONE

- 1. Advertise the program.**
- 2. Adopt the City resolution authorizing and supporting condominiums.**
- 3. Commit to the staffing and support of the program.**
- 4. Commit to moving the necessary papers past the proper "desks" in a timely manner.**
- 5. Establish a plan to respond to resident inquiries.**
- 6. Establish the date for the ICMA site visit.**

ICMA VISITS & ASSISTANCE

Minimum Expectations

Submit to ICMA the following:

Copy of the adopted resolution.

Name, qualifications and telephone number of Facilitators.

Description of process for moving condominium registration requests across the "desks."

A idea of where you would like to begin organizing, and a publicity plan.

RESIDENT TRAINING

Organizing: People working together to get things done. Organizing is helping people speak for themselves.

What are the benefits of organizing?

Get things done!

Solve community problems

Involve people in decisions

Become more self sufficient

Use existing abilities and learn new skills

THE FIRST STEP

Is to find out what issues and activities are important to the whole apartment community, and what needs, if any, are not being met. Use a survey instrument or questionnaire.

Recruit a few residents to help conduct the survey.

What is important to the residents?

What needs are not being met?

What do they want from the condominium?

How are they willing to help?

SOME SUGGESTIONS FOR SUCCESS

Recruit people who you know are interested in the overall building, or who have been active in making changes in the past.

Be concrete in your goals: For example, "We are encouraging a Condominium Association to improve the maintenance of the stairways and common areas."

Set short term and long term goals. Accomplish short term goals first. People will lose interest if goals are too far reaching or are never accomplished.

Once the residents have achieved a couple of short term goals, the residents can set long term goals. Establishing long term goals and seeing them completed will sustain the interest of the residents and keep them involved.

Set realistic time frames for all goals.

CONDOMINIUM ASSOCIATIONS

Basics of Condominium Model

ICMA

STRUCTURE OF MODEL

Residents form condominium and pay money to association.

Condominium hires contractors or employees to maintain the building.

STRUCTURE OF THE CONDOMINIUM

General Assembly

Executive Committee

Auditing Committee

Property Manager

Other Committees

Professional Services

Skilled Workers

Employees

RESPONSIBILITIES OF THE CONDOMINIUM ASSOCIATION

The major responsibility of the Condominium:

- to protect the investment and enhance the value of the property.**
- Providing for the physical maintenance and operation of the building.**
- Using the funds of the Association effectively.**
- Collect money and pay for common services**

RESPONSIBILITIES OF THE CONDOMINIUM AND THE CITY

The City and the Condominium must decide and set forth in writing the duties of the parties for the following maintenance items:

RESPONSIBILITIES OF THE CONDOMINIUM

- 1. CURRENT REPAIR**
- 2. EMERGENCIES**
- 3. REFUSE AND LITTER DISPOSAL INTO
CONTAINERS**
- 4. JANITORIAL SERVICE**
- 5. GROUNDS KEEPING**
- 6. SELECTIVE PREVENTIVE
MAINTENANCE**
- 7. OTHERS**

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RESPONSIBILITIES OF THE CITY:

- 1. COMMUNAL SERVICES**
- 2. REPAIRS TO UTILITY SYSTEMS**
- 3. CONTROL AND INSURER PROPER REFUSE PICK-UP FROM PROPERTY**
- 4. OTHER WORK ELEMENTS MUTUALLY AGREED UPON**

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WORK AREAS TO BE TRANSITIONED OVER TIME TO CONDOMINIUM RESPONSIBILITY

1. CAPITAL REPAIRS -- Major or Extraordinary Repairs

Internal Utility Systems

Lifts, facades, balconys, etc.

2. OTHER AREAS THAT REQUIRE A PERIOD OF TRANSITION TO CONDOMINIUM RESPONSIBILITY

FACTORS AFFECTING CHOICE OF MANAGEMENT

Number of living units in Condominium.

The size and boundaries of buildings and common grounds.

Services provided to the residents.

Skills of the residents and time they are willing to devote to management duties,

Financial resources available.

OPTIONS FOR MANAGEMENT

- 1. Self Management by volunteer condominium members.**
- 2. Management by paid condominium members.**
- 3. Management by a professional management firm.**

PAYMENTS TO CONDOMINIUMS

**Initially the same as maintenance fees
currently paid to the city.**

**Eventually, the Condominium Association
must be granted the authority to set own
budget and maintain own funds.**

REGULATIONS GOVERNING THE RESIDENT CONDOMINIUM

Legislation of the Republic of Armenia.

Bylaws of the Condominium Association

PARTICIPATION OF MEMBERS

Each member is encouraged to be involved; at a minimum, they should attend the General Assembly and vote for the officers and on issues affecting the Condominium.

Members are encouraged to join committees and volunteer for projects.

Each member must make the established payments to the Condominium Association

RESPONSIBILITIES OF THE EXECUTIVE BODY

The principal responsibilities are:

Financial planning and budgeting.

Accounting.

Collecting the monthly contribution for assessments and fees.

Management and maintenance of the Premises.

Establish policies: personnel, grievance procedures, delinquency penalties, entry for repair, etc..

RESIDENT CONDOMINIUMS

Difficult Issues and Incentives

ICMA

ISSUE 1. IS CONDOMINIUM FORMATION MANDATORY?

Presently, it is in state or public, multi family buildings in which at least 50% of the units have been privatized.

ISSUE 2. CAN CONDOMINIUMS BE FORMED VOLUNTARILY?

Yes, in multi-family residential buildings where there are at least two owners, one of which may be the city.

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ISSUE 3. IN VOLUNTARY CONVERSIONS, (<50%) WHAT PERCENTAGE OF RESIDENTS HAVE TO AGREE TO CREATE A CONDOMINIUM?

All of the owner's have to agree.

ISSUE 4. How To Handle Commercial Spaces?

**Owner, whether the city or private, is a member
of the Condominium:**

**Pays condominium fees to the Condominium
Association**

ISSUE 5. WHAT IS THE OPTIMAL SIZE OF A CONDOMINIUM ASSOCIATION/STRUCTURE?

It depends on physical circumstances and economics.

Is there a physical boundary?

Is there a number of apartments that are economically feasible?

ISSUE 6 How Does The Condominium Enforce Its Rights?

Through the court system (arbitration)

It must Have The Support From The City.

ISSUE 7. HOW DO RESIDENTS PAY FOR COMMUNAL SERVICES?

Condominium Association collects money and pays supplier through bank

(Some Cities may chose to use this method for electricity, and water service).

Condominium collects money and pays directly to supplier

(Some Cities may chose to use this method for gas service).

MEDIA

Press conferences

News releases

Interviews (TV, radio and print)

Commercials

RESIDENT TRAINING AND SUPPORT

Facilitator

Forms of Important Documents such as bylaws.

**Informational materials such as booklet and
video.**

SUGGESTED INCENTIVES:

Give condominium the right to assess and collect rents from additional commercial spaces.

Give condominium the right to land parcel and right to additional uses within the legal framework.

Provide discount on communal service fees charged to condominium.

Give condominium the right to basement and other storage areas.