

**LOCAL GOVERNMENT  
ASSISTANCE PROGRAM  
TECHNICAL ASSISTANCE  
PROJECT**

**LAW OF THE REPUBLIC OF  
ARMENIA ON APARTMENT  
BUILDING MANAGEMENT**

Prepared for



Armenia Local Government Program  
United States Agency for International Development  
Contract No. EEU-I-00-99-00015-00, Task Order No. 807



**THE URBAN INSTITUTE**  
2100 M Street, NW  
Washington, DC 20037  
(202) 833-7200  
[www.urban.org](http://www.urban.org)

Prepared by

Carol S. Rabenhorst  
*Urban Institute*

May 2002  
UI Project 06901-008

# LAW OF THE REPUBLIC OF ARMENIA ON APARTMENT BUILDING MANAGEMENT

Adopted on May 7, 2002

## *Article 1. Scope of the law*

The present law regulates the relations for management of common shared property of apartment buildings and defines the procedure of common shared property management by apartment building owners, the forms of management, authorities of governing bodies of the building, the procedure of formation of governing bodies, activities and termination thereof, as well as their relationships with State and local government bodies and organizations.

## *Article 2. Definitions used in this law*

In this law the following definitions apply:

***Apartment*** is a space in the building designed and intended for residence of physical entities with a separate code and number assigned to it by the authorized agency responsible for State registration of rights.

***Non-residential space*** is a space other than the apartment in the building with a separate code and number assigned to it by the authorized agency responsible for State registration of rights.

***Apartment building*** is the building with apartments and/or non-residential spaces (hereinafter structure) owned by more than one owner and where owners have their interest in the title to the common property of the building.

***Apartment building structure owner*** is the person with the right of ownership to the structure within the apartment building (hereinafter to be referred to as Structure owner)

***Common shared property of apartment building*** includes spaces, structures, property and other property rights designed and intended for common and full service and maintenance of the apartment building and are held with the right of ownership by all structure owners.

***The owner's interest in common shared ownership of the apartment building*** is the ratio (expressed through percentage) between the entire floor area of the owner's structure held with the right of ownership and the total floor area of all structures of the building.

***Boundaries of apartment building structures and the common property*** are the surfaces of inter-floor coverings (ceilings, floors) and inner surface of load-bearing structures, including the thickness of finishing materials.

***The property of the apartment building structure owner*** includes the whole inner space of the structure, the doors, the windows, inner constructions other than load-bearing structures, all entrances designed and intended to serve only a given structure, stairs, staircases, elevators, elevator and other wells and ducts, mechanical, electrical, sanitary, technical and other devices, as well as inner surfaces of other walls, the floor and the ceiling of the structure, including the thickness of finishing materials.

***Management of common shared property of the apartment building*** means implementation by common shared property owners of their rights, responsibilities and obligations stipulated by the law, other legal acts as well as a contract.

***Article 3. Legislation on apartment building management***

1. Apartment building management relations are regulated by the legislation of the Republic of Armenia, and international agreements of the Republic of Armenia.
2. In the event if the international agreements of the Republic of Armenia define norms other than this law, norms stipulated by international agreements should be enforced.

***Article 4. Sphere of application of this law***

The law applies to structure owners of apartment buildings.

***Article 5. The rights of ownership in a residential apartment building***

1. A structure owner within an apartment building may be any physical or legal entity, the Republic of Armenia and communities (hereinafter person).
2. A structure can be owned by one or more than one persons with the right of common joint or common shared ownership.
3. Structure owners shall possess, dispose and use the structures in accordance with general norms of the Civil Code.
4. Should a structure owner sell his/her structure the other structure owners of the apartment building shall not enjoy the right of first refusal to the respective structure.

***Article 6. Common shared property hold by apartment building structure owners***

Structure owners of apartment buildings may hold with the right of common shared ownership the load-bearing structures, inter-floor coverings (ceilings and floors), basements of the building, the attic, technical floors, the roof, the land under the building, as well as entrances, stairs, staircases, elevators, elevator and other wells and ducts, mechanical, electrical, technical and sanitary devices and spaces serving more than one structure and designed for the unified and full service of the apartment building that are not deemed to be the property of other persons due to the procedure stipulated by the law.

Structure owners of apartment buildings may hold with the right of common shared ownership residential or non-residential spaces located in a given or another building, as well as land and any other movable, immovable any other property.

***Article 7. Rights of structure owners to common shared property***

1. A structure owner shall dispose, possess and use his/her common shared property in accordance with the procedure established by this law.
2. In accordance with the decision of the apartment building structure owners, taken pursuant to the procedure stipulated by this Law, an apartment or non-residential space or a part thereof, which according to the ratio envisaged by this law shall be considered common shared property of structure owners may be alienated.  
In accordance with the decision of the apartment building structure owners taken pursuant to the procedure stipulated by this Law the separated part of the building common shared property may be alienated.
3. A structure owner shall not be authorized to individually alienate his/her interest in the common shared ownership or perform other actions leading to transfer of his/her interest to another person independent from the right of ownership to the structure.
4. A structure owner shall not be authorized to claim disposal or usage of a portion in the common property equal to his/her interest thereto or distribution of the common shared property.
5. A common shared property may be alienated, provided for disposal, possession or easement, if the property is to be used in accordance with its designation and not hampering or creating danger for structure owners in possessing, disposing and using their structures.
6. Financial resources received from possession, disposal and use of the common shared property of the apartment building shall be included in the structure of the common property and shall be distributed among participants of shared property equal to their interests.
7. Improvements that can be separated from the common shared property shall pass to the ownership of those structure owners who made the improvements unless decided otherwise by the decision of the owners' meeting.
8. The building structure owner shall be authorized to use inner walls of his/her structure in accordance with the defined norms without agreement or permission of other owners.
9. The building structure owner, upon a prior notice to the building governing body or structure owners, shall be authorized to independently eliminate defects of the common shared property, representing immediate danger to the common shared property, the structure owners' or others' property, people's life, health and the environment. Expenses directed at elimination of such defects shall be indemnified by the building structure owners to the extent they are grounded, even and not exceeding the possible damage should the flows be not eliminated.

***Article 8. Changes of real property or boundaries thereof within an apartment building***

1. The structure owner, when acquiring the neighboring structure or part thereof with the right of ownership, or only at the consent of the owner of the neighboring structure may eliminate or move any separating inside wall or make openings in them or in the walls (including cases when such inside walls fully or partially represent common shared property).
2. The structure owner shall be authorized to, without receiving the consent of the other owners and for not commercial purposes, open or close windows, doors or entrances within his/her structure walls, chimneys, other wall openings, staircases, stairs, as well as

perform other planning activities on inner or external walls of the structure or attached thereto (including cases when the walls fully or partially represent common shared property).

3. The structure owner shall be authorized, without receiving the consent of other structure owners, to install mechanical, electrical, sanitary and technical as well as other communications (including cases when they are fully or partially passing through/over/ or by using the common shared property), if such actions (a) do not weaken the building load-bearing capacity; (b) do not hamper the normal functioning of the engineering communications, the building mechanical and other devices, and (c) if the rights of other structure owners of the building to dispose, possess and use their structures as well as to make use of the common shared property are respected.
4. Boundaries between neighboring structures may be moved or existing structures may be divided into two or more structures without the consent of other structure owners, if such movements or changes do not result in the change of the structure owners' interests.
5. Actions described in clauses 1 to 4 of this Article can be performed by the structure owners only in accordance with rules and norms stipulated by the legislations and upon a notice to the governing body of the building.
6. If performance of actions described in this Article lead to violation of other structure owners' right of disposal, possession or use of their structures or their right of making use of common property, then the structure owner may perform such actions at the consent of other structure owners and by indemnifying the damage caused to them.

Disputes between structure owners in regard with actions mentioned in this clause and the amount of indemnification should be resolved in legal manner.

#### ***Article 9. Owners' responsibilities in regard with common shared property***

1. Owners' responsibilities in regard with common shared property shall assume their responsibility to maintain and use such property in accordance with the law and other legal acts.
2. Every owner of common shared property shall participate, to the extent of his/her interest, in expenses, taxes, duties and other payments directed at performance of mandatory norms and requirements as well as in expenses connected with property maintenance and use.
3. Any irrelevant expense made by the structure owner, the community, the local government or any other person, without the consent of owners as required by this law, shall not be indemnified by the owners.
4. The structure owner's failure to use his/ her structure or waive of using the common shared property shall not be considered as a ground for his/her full or partial exemption from participation in expenses defined for performance of mandatory norms.

#### ***Article 10. Maintenance of common shared property***

1. The structure owners shall be obliged to perform measures and other activities directed at maintenance of common shared property (hereinafter mandatory norms) default of which

may cause a direct danger to the common shared property, structure owners' and other persons' property, health, life or the environment.

2. The mandatory norms include fire control, sanitary, urban development, utilities and other measures.

The list of mandatory norms shall be defined by the Government of the Republic of Armenia.

3. All structure owners shall, in accordance with norms defined at the structure owners meeting as stipulated in this law, make relevant payments or meet requirements of mandatory norms at their own expenses.
4. The rate of payment to be made by the structure owner for the works stipulated in this Article shall be established based on his/her interest in the common shared property. The building governing body shall be responsible for giving a prior notice in accordance with the procedure stipulated in this law to the structure owners on the amount, timeframe and the procedure of payment.
5. If the structure owner fails to pay on time the amounts directed at performance of mandatory norms more than twice, the building governing body shall be authorized to apply to the court for forced levy upon a prior written notice to the structure owner. Besides, the building governing body shall be authorized to finance the performance of mandatory norm from other sources and require the non-payers to indemnify the damage caused to him/her and other structure owners.
6. If the failure to perform mandatory norms by structure owners or the governing body inflicts a direct danger to persons' life, health, the property or environment, the Chief of the respective Community shall, for the purpose of control or upon an alarm, be obliged to eliminate the danger at his own expenses upon a prior notice to the structure owners and the governing body.  
The fact of the direct danger must be confirmed by the State authorized body in a given field.  
Expenses for implementation of activities described in this clause shall be indemnified by the building structure owners to the extent they are justified, evenly distributed and not exceeding the possible damage should the flows be not eliminated.  
Disputes connected with the indemnification amount shall be resolved in legal manner.
7. General supervision over the enforcement of standard norms shall be performed by the Chief of a given community.

### ***Article 11. Management of common shared property***

1. The meeting of all owners of the structures (hereinafter meeting) is the highest governing body of the management of common shared property. The meeting shall enjoy the right of final decision on any issue related to the management of common shared property of the apartment building, except for issues that according to this law are considered the exclusive authority of the governing body.
2. The meeting shall be convened at least once a year. Any structure owner and the governing body of the building shall be authorized to convene the meeting. Any structure owner and the Chief of given a community shall be authorized to convene a meeting for the election of a governing body.

3. Any structure owner shall have votes equal to his/her interest in the common shared property.
4. If the structure is held with the right of common joint ownership by more than one person, one of the co-owners shall act in the meeting on behalf of the others at their consent.  
If the structure is held with the right of common shared ownership by more than one person, each of the co-owners shall act in the meeting to the extent of his/her interest or one of the co-owners authorized by the others may be participating in the meeting.
5. The decision made by the meeting within the powers provided for in this law and with the required number of votes, shall be mandatory for all structure owners of the apartment building, including those, regardless of reasons, failed to participate in the voting or voted against.
6. The meeting decisions may be adopted through convening a meeting, inquiries (distant voting) as well as through notices.  
Decisions may be adopted through notices only in cases provided by this law.
7. The meeting is competent to:
  - a. Elect the form of management of the apartment building and the governing body;
  - b. Termination of the powers of the governing body of the apartment building;
  - c. Approve the list of other powers ascribed to a governing body of the apartment building in addition to those prescribed by this law;
  - d. Adopt decisions on alienation or pledge of the entire shared movable property;
  - e. Adopt decision on alienation, pledge of a part of immovable shared property, or separating a part thereof;
  - f. Adopt decision on alienation, pledge of a part of movable shared property, or separating a part thereof;
  - g. Coordinate conducting of substantial transactions;
  - h. Adopt decisions on free transfer of a part of common shared property for use;
  - i. Adopt decisions on payable transfer of a part of common shared property for use;
  - j. Adopt decisions on building up or amendment of entire common shared property or a part thereof;
  - k. Adopt decisions of transactions for acquisition of property rights (of use, lease, etc.);
  - l. Adopt decisions on installation of ads on the common shared property or its use in some other way for commercial purposes, informing citizens and choosing a place to attach such notices;
  - m. Setting tariffs for the issue of statements to structure owners on behalf of the governing body or delivery of other services, which cannot exceed the actual costs incurred for such acts;
  - n. Define the payment procedure and deadlines for obligatory payments charged from owners under the established norms;
  - o. Define the payment procedure and deadlines for payments, other than obligatory, charged from owners;
  - p. Define the procedure of making use of common shared property by owners and/or residents of the apartment building;
  - q. Define the procedure of use of common shared property by structure owners and/or residents of the apartment building;

- r. Adopt annual budget for the common shared property management of the apartment building
  - s. Conduct annual audits at the expense of the budget designed for the monitoring of the governing body activities;
  - t. Issue other decisions on management of common shared property, including signing of contracts with utility providers by the building governing body.
8. The decisions envisaged in the sub-clauses 'd' and 'e' of the Clause 7 of this Article shall be adopted unanimously.
  9. The decisions envisaged in the sub-clauses 'g' and 't' of the Clause 7 of this Article shall be adopted at minimum two third of votes of the owners of the apartment building.
  10. The decisions envisaged in the sub-clause 'c' of the Clause 7 of this Article shall be adopted at votes envisaged by this Article for the conduct of relevant transactions.
  11. The decisions envisaged in all other sub-clauses of the Clause 7 of this Article shall be adopted at the more than half.
  12. The decisions on issues stipulated in the Clause 7 of this Article may be adopted by virtue of convening a meeting or conducting a poll, while those on 'f', 'g', 'm', 'n', 'o', 'p', 'q', 'r' may be taken through notices as well. If the apartment building management is performed through a condominium association, then decisions on issues provided for in sub-clauses 'f', 'm', 'n', 'o', 'p', 'q', 'r' of the Clause 7 of this Article shall be adopted in accordance with the procedure stipulated in the Law on Condominiums, unless another decisions has been taken by virtue of convening a meeting or conducting a poll.
  13. In cases provided for in the legislation, the decisions, or issued authorizations (powers), taken on implementation of other than mandatory norms shall be notarized.
  14. If the initiators have ensured more than 50% of votes for issuing a decision on management of common shared property, but failed to ensure the number of votes defined by this Article, and if such a decision aims at maintenance of common shared property or is of benefit to all the owners of an apartment building, the initiators shall have the right to solve the problem judicially.

***Article 12. Taking decisions through convening a meeting***

1. An owner of a structure of an apartment building, governing body or, in cases provided for in this law, the head of community, shall have the right to submit their proposals for discussion through convening a meeting of owners of the building. In this case the initiator has to notify owners about the meeting agenda. Notices shall be delivered by placing the notice in the most observable location at each entrance or in dedicated places, or personally submit it to each owner of the apartment building. The Agenda shall be submitted also to the governing body of the building.
2. At the demand of the owner of the building structure, the governing body shall send to him the agenda at the specified address. In this case, the costs incurred on communicating the agenda to the owner shall be covered by the latter.
3. An initiator of the meeting (the governing body of the building in cases provided for in this Article, Clause 2) shall have to reimburse the losses to the owner of the building incurred by him as a consequence of improper submission or correspondence of the agenda.



4. The agenda shall reflect the name of the person convening the meeting, signature (the seal as well, if the initiator is a legal entity or governing body), his/her residence or current address, his/her share (if he/she is a co-owner of the building), the date, time and place of the meeting, the deadline and place for submission of proposals on the agenda, the list of issues raised for discussion, the number of votes required for issuing a decision on the issues in the agenda, as well as other necessary information.
5. The invitation shall be delivered no later than 7 days prior to the date of the meeting.
6. The convened meeting shall be valid if the present owners or their proxies represent more than half of the total votes of owners.
7. A representative of governing body shall moderate the meeting (authorized manager), or, in his absence, the initiator of the meeting. The protocol of the meeting shall be compiled by the secretary of the meeting elected at the meeting.
8. The meeting shall not be able to discuss issues not reflected in the agenda. Decisions on issues not properly stipulated in the agenda, however, discussed by the meeting, shall be invalid.  
A meeting shall be invalid also in cases, when its agenda has not been properly submitted to more than 10 percent of the owners of the building structures.
9. Governing body of the apartment building (the initiator in the absence of the former) shall have to communicate, within a period of two days, copies of the decisions taken by the meeting to the owners of the building structures, and, in case the meeting has not been held, notify the owners on the fact as provided for in this Article.

***Article 13. Procedure of taking decisions through inquiry / distant voting (balloting)***

1. An owner of apartment building structure, governing body of the apartment building or, in cases provided for in this law, the head of community shall have the right to submit their proposals for discussion through inquiry by owners of the building structures. An initiator shall have to submit the drafts of decisions (drafts of respective authorizations and/or contracts for decisions envisaging application of functions by governing bodies or other persons) to each owner or send copies of such drafts thereto.  
Draft decision shall be formulated as one single document.  
Copies of documents provided for in this Clause shall be submitted to the governing body of the apartment building for information as well.
2. At the demand of an owner of apartment building structure, the governing body of the building shall send the documents envisaged in the Clause 1 of this Article or their copies to the specified address. In this case, the costs incurred on communicating such document or their copies to the owner shall be covered by the latter.
3. An initiator of the meeting (the governing body of the building in cases provided for in this Article, Clause 2) shall have to reimburse the losses to the owner of the building incurred by him as a consequence of improper submission or correspondence of the agenda.
4. The draft decision of the meeting shall reflect the name of the person convening the meeting, signature (the seal as well, if the initiator is a legal entity or governing body of the building), his/her residence or current address, his/her share (if he/she is a co-owner

of the building), the date, time and place of the meeting, the deadline and place for submission of proposals on the draft decision, the list of decisions to be taken, place of voting, the number of votes required for issuing a decision on the issues in the draft, the period defined for voting which may not be shorter than 5 days, as well as other necessary information.

5. The owners of the apartment building structure shall have to vote (for, against, or abstained) by signing on the original draft decision with regard to each proposed decision.

Adopted shall be deemed such decisions, which will have enjoyed the relevant number of votes provided for in this law.

6. When voting on a draft decision, it is prohibited to introduce amendments and additions therein. If during voting a need occurs to introduce an amendment and/or addition, a new draft shall be compiled. Decisions taken with amendments and additions shall be invalid. An adopted draft decision shall be invalid also in cases, when such draft has not been properly submitted to more than 10 percent of the owners of the building structures.
7. The initiator of the meeting shall have to communicate, within a period of two days, copies of the decisions taken the owners of the building structures in accordance with the defined procedure and providing the names of those voted against.

#### ***Article 14. Procedure of taking decisions through notice***

1. The apartment building structure owners, the governing body of the building or in cases stipulated by this Law the Chief of community shall have the right to submit his/her initiative to the discussion by other owners through notice in cases provided for in this law. In these cases the initiator shall have to attach the draft of the decision on each entrance of the building in a most observable places, or a place specified by the meeting. The draft decision shall contain the name of the author of the initiative, signature (the seal as well, if the initiator is a legal entity or governing body), his/her residence or current address, his/her share if he/she is a co-owner of the building, the deadline for discussing the notice, date and place for submission of the proposals, date and place for discussion of the proposals, as well as other necessary information.
2. At the demand of the owner of a building structure text of a notice may be submitted to him/her in person, and the charge collectable shall be costs of photocopying only. At the demand of the owner of a building structure, the governing body of the building shall send the notice to the specified address. In this case the owner of a building structure shall reimburse the costs incurred by the governing body on the transaction.
3. Notice shall be deemed submitted, if the final version of the information stipulated in this Article has remained attached for no less than 7 consecutive days. The deadline for discussing the draft decision of the meeting to be taken under the notice mechanism may not be less than 10 days.
4. Such owners of building structures, who have not opposed to the draft decision of the notice meeting in writing or verbally shall be deemed to have voted for the decision, if during the given period the owners have not taken other decision on the issue through

convening a meeting or distant voting. To this end, the decision taken through convening a meeting or distant voting, or its copy shall be submitted to the initiator of the notice no later than on the second day after the period envisaged for notice mechanism has completed.

5. Draft decision of a meeting submitted and/or adopted in breach of the requirements of this Article shall be invalid.
6. In case of adoption of refusal of the draft decision, the initiator shall have to duly notify the structure owners on the fact within a period of two days and attach the list of those voted against.

***Article 15. Rights and obligations of owners of apartment building structures in terms of building management***

1. The owners of the building structure owners shall have the right to:
  - a. Receive information on activities of the governing body of the building, as well as take part in the process of taking decision by the governing body of the building according to the established procedure;
  - b. Ascribe powers to the governing body of the building at any time or recall powers given to such body;
  - c. Ascribe management powers to persons other than governing body at any point in time (save the powers ascribed by this law exclusively to the governing body), or recall the powers from such persons;
  - d. Receive information on activities of governing body of the building according to the established procedure;
  - e. Submit proposals to the governing body of the building on management of common shared property;
  - f. Take part in the management of common shared property of the apartment building.
2. Owners of the building structure shall have to:
  - a. Perform mandatory payments, as well as other payments provided for in this law;
  - b. Maintain the established regulations on use of the common shared property of the apartment building;
  - c. Treat properly the common shared property of the apartment building, respect mandatory norms in operating and maintaining the apartment building.
  - d. Implement decisions made by the meeting of the owners and the governing body.

***Article 16. Responsibilities of the owners of apartment building structures***

1. Apartment building structure owner shall bear responsibility for breaching the mandatory norms of maintenance of the structure or common shared property as envisaged by the legislation.
2. Apartment building structure owner shall assume the damage to other structures or common shared property that might have been caused personally by him or persons

residing with him, as well as by those residing under a rent contract or any other arrangement of an apartment building structure owner.

3. The structure owner who suffered damage shall have the legal right to demand relevant compensation.

***Article 17. Types of bodies governing (managing) common shared property of the building***

1. Building structure owners shall have to elect a governing body of the building with the objective to carry out management of common shared property of an apartment building in the framework of maintaining mandatory norms. In the buildings with up to 4 owners, ensuring mandatory norms may be enforced through meeting as well.
2. Apartment building structure owners shall have the right to autonomously elect a type of governing body for management of common shared property.
3. Management of common shared property of apartment buildings may be enforced via:
  - a. A legal entity, i.e. condominium, established by owners of building structures;
  - b. An authorized manager (proxy);
  - c. A trustee manager.

Management of common shared property of one building may be carried out by only one governing body in terms of maintaining the mandatory norms.

4. Apartment building structure owners shall have the right to ascribe, in accordance with this law, the implementation of management of common shared property to an elected governing body of the building, physical persons, as well as legal entities, other issues relating to management of common shared property in addition to the management in terms of maintaining the mandatory norms. Authority to implement other relevant issues may be ascribed to other parties exclusively by virtue of compiling legitimate documents (contracts, letters of authorization, etc.).
5. In the area of management of common shared property local governments are entitled to exercise only the powers provided for in this law.
6. A physical person or a legal entity can be the authorized manager or a trustee manager. The physical person implementing powers of a manager, who carries out these activities as entrepreneurial, shall have to register as an individual businessman.
7. Governing body of the building must have a round seal bearing the address of the respective building, bearing words “governing body”, as well as a stamp and a letterhead. Management transactions of the condominium building shall be performed by the seal, stamp and the letterhead.
8. The decision on election of a governing body of the building shall contain the definitions of its powers, rights and duties, responsibilities and terms of activities of the governing body.
9. Newly elected governing body of the building shall have to notify in writing the head of the respective community within two days after its election.

Governing body of the building shall attach to the above notification the copies of the decision of the meeting on election of a governing body of the building and respective contract or authorization.

Head of the community shall conduct a Registrar of governing bodies of apartment building common shared property of the concerned community in accordance with the above documents submitted by the governing body of the building.

***Article 18. A Condominium***

1. Owners of a structure are entitled to establish a legal entity, legally formulated as condominium for the purpose of maintenance of the mandatory norms of common shared property.
2. Any condominium shall be construed on the basis of the RA Civil Code and the Law on Condominiums.  
The decision on establishment of a condominium shall contain the names, surnames, residence addresses (current addresses), their interest in the common property, signatures of the members, address of the structure, clear listing of its powers and their deadlines.
3. The decision shall reflect the list of works designed to ensure implementation of mandatory norms, as well as other powers ascribed by the owners of the structures.
4. A condominium shall carry out its powers and transactions in accordance with the procedure defined in the Civil Code of Armenia, in its own name.

***Article 19. An authorized manager (proxy)***

1. Authorized (representational) management is the carrying out management of the common shared property of a building according to this Law, a written authorization issued by the owners and a signed Authorized Management Contract.
2. The authorization for authorized management is issued and the Contract is signed in a written form.  
The authorization and the Contract shall contain the names, surnames, residence addresses (current addresses), their size of interest in the common property, signatures of the authorizing persons and the Contract parties, address of the structure, clear listing of the ascribed powers, as well as the name, surname, address of residence of the authorized manager and the deadlines of the ascribed powers.
3. The authorization and the Contract shall contain the list of works designed to ensure implementation of mandatory norms, as well as other powers given by the owners of the building.  
In respect of transactions requiring notary authentication, the authorization and the Contract shall be ratified by the Notary Service, save the cases provided for in the legislation.
4. Authorized manager shall carry out their powers and transacts in accordance with the Civil Code of Armenia, in the name of the owners of the building.
5. Any authorization or a Contract performed in breach of the law or these articles, as well as under clauses, shall be deemed invalid.

***Article 20. A trustee manager***

1. Trustee management of the common shared property of a building shall be carried out in accordance with the Trustee Management or Paid Service Contract concluded between the owners of the common shared property and trustee manager.
2. Trustee Management or Paid Service Contract shall be signed in writing, and shall be subject to notary authentication in cases prescribed by the legislation.
3. The Trustee or Paid Service contract for management of common shared property of the building shall contain the names, surnames, residence addresses (current addresses), interest in the common property, and signatures of the persons co-signing the trustee contract, address of the structure, clear listing of the ascribed powers, as well as the name, surname and address of residence (current address) of the trustee manager, and the deadline set for his/her powers.  
The contract shall contain the list of works designed to ensure implementation of mandatory norms, as well as other powers given by the owners of the building.
4. Trustee manager shall carry out his/her powers and transacts in accordance with the Civil Code of Armenia, in his/her own name.
5. Any contract concluded in breach of the law or these articles, as well as under clauses, shall be deemed invalid.

***Article 21. Functions of local government bodies in the sphere of apartment building management***

1. Maintenance of the common shared property of the apartment building shall be carried out by local government bodies in cases and manner stipulated by this law.
2. Local government bodies shall implement its functions and conclude transactions in accordance with the procedure stipulated by the RA Civil Code on their name.
3. Any transaction concluded by local government bodies in breach of the law or these articles shall be deemed invalid.

***Article 22. Authorities of the governing body***

1. Governing body of the building shall:
  - a. Ensure performance under the mandatory norms set for maintenance of common shared property of the building;
  - b. Charge mandatory payments, as well as other prescribed fees, from the owners of the apartment building structures in accordance with the procedure of this law;
  - c. Sue the owners with the case of confiscation of the mandatory payments, which the owners failed to perform in accordance with the legislation;
  - d. Submit monthly, annual and other reports and notifications to the owners of the building as envisaged by the legislation;
  - e. Compile the estimates of the works designed to ensure implementation of mandatory norms to be carried out to the owners of the building for discussion in accordance with the respective procedure of this law;

- f. Conclude contracts within the limits of his powers, or in the name of the owners of the building and in conformity with the terms and funds defined in the budget of the management of the common shared property;
- g. Take part in inspections undertaken in accordance with the stipulated procedure and co-sign the inspection reports (protocols);
- h. Take part in discussion of issues relating to the building and/or adjacent areas held in the national and local governments;
- i. Issue opinions or conclusions in the name of the owners of the building structures during public discussions on the building urban development and environmental problems;
- j. Submit proposals, in the name of the owners of the building structures, to national and local authorities on the issues of improvement of their building and adjacent areas;
- k. Within the limits of defined powers, represent and/or protect the rights and legal interests of the owners of the building structures in the national (including judicial) and local governments and organizations;
- l. Issue statistical reports in respect of common shared property or the building structure owners in accordance with the legislation;
- m. Address the Notary Service for maintaining the rights of inherited property with the objective to protect the rights of heirs of died residents of the building;
- n. Issue informative references for the owners of the building, persons residing in the building or carrying out activities therein in respect of:
  - Type of governing body of the common shared property;
  - Unperformed obligations with regard to management of common shared property of the building by owners;
  - Rate of collection of mandatory payments envisaged for general management of common shared property of the building;
  - The owner's interest in common shared ownership of the apartment building;
  - Residence in the building, composition of residing families or activities carried out in the building by the residents;
  - Ownership or use management of the building structures;
  - Other cases envisaged by the legislation.
- o. Conduct register to account for owners' interests in the common shared property of the building;
- p. Ensure passport documentation of the building;
- q. Compile protocols on losses caused to the building structures and/or common shared property of the building;
- r. Carry out other authorities ascribed to him/her by the owners of the building;
- s. Carry out other authorities required for management of the common shared property of the building, which shall not contradict the legislation, decisions of the owners of the building, and their rights and legal interests.

2. The powers provided for in the Clauses from 'a' to 'f' and 'l' to 'p' of this Article shall be deemed exclusive powers of the governing body of the building, and as such they may not be transferred to other persons.  
No other exclusive powers may be ascribed to governing bodies under any law or other legislative act. Any such powers ascribed in breach of this Article shall be deemed invalid.
3. The powers, which are not exclusive powers of the governing body of the building, may be implemented by the owners of the building structures, as well.
4. Local governments shall be entitled, as a governing body, to carry out the powers envisaged in the sub-clauses from 'a' to 'g' and 'k' to 'p' of the Clause 1 of this Article.
5. In accordance with the procedures of this law the governing body shall carry out the powers envisaged in the sub-clauses 'c', 'i', 'g', 'k' and 'q' of the Clause 1 of this Article only after due notification on the power in question taking into consideration the opinions of the owners of the building.
6. Within five days after the implementation of powers envisaged by the sub-clauses 'b', 'f', 'g', 'k' and 'p' of the Clause 1 of this Article, the governing body shall inform the owners of the building on the results of such implementation in accordance with this law.
7. The governing body of the building shall implement the powers envisaged in the sub-clause 's' of the Clause 1 of this Article only in accordance with the procedure defined in this law.
8. Any transaction or activity, which will be implemented in breach of the requirements of the law or in excess of the prescribed powers of the governing body, shall be deemed invalid.
9. Documents on the building management shall be preserved by the governing body of the building throughout the time period stipulated by the law, however no less than 3 years.
10. The governing body of the building shall be obliged to notify building owners about the change of persons, who have ascribe powers to him/her within two days of the change, and shall attach the owners' votes.

### ***Article 23. Substantial transactions***

1. Such transaction shall be deemed substantial or a number of interlinked transactions, which relate to direct or indirect acquisition, alienation or potential alienation of assets by governing body of the building, the value of which transactions shall be more than 20 percent of the annual budget of the management of the common shared property of apartment building.  
Governing body may conclude a substantial transaction only in 10 days after the notification prescribed by this law.
2. Any substantial transaction carried out in breach of this Article may be deemed null and void under the claim of an owner.

### ***Article 24. Report of the governing body***

Governing body of the building shall have to publish its annual report together with the budget of the management of common shared property of an apartment building, which shall contain the



balance, the rate of collection of mandatory payments, broken down by each owner of building structures, costs incurred by items and other data.

The report shall be published or sent to the owners of the building in accordance with the notification procedure prescribed by this law.

For each month, no later than the 15<sup>th</sup> of each month, the manager shall prepare a report on payments made by each owner for the purposes of management of common shared property, on progress and status of the envisaged and performed works, and duly notify the owners. At the demand of structure owners, the report shall be submitted to owners, for which only the costs incurred on copying such report shall be charged.

***Article 25. Responsibilities of the governing body***

Governing body of the building shall bear complete proprietary responsibility for a damage caused because of the actions of such body.

***Article 26. Suspension of the powers of the governing body***

1. The powers of the governing body of the building shall be suspended:
  - a. On the day following the completion of the period for which the powers envisaged in the authorization or contract have been provided to the governing body of the building;
  - b. On the day following the decision of the meeting to select a new type of management or governing body of the building;
  - c. On the thirtieth day following the notification on premature suspension of the powers of the governing body of the building;
  - d. On the day following premature suspension of the authorization or contract on management of common shared property defined by the legislation;
  - e. On death of the governing body of the building, who is a physical person, or liquidation, if the governing body is a legal entity;
  - f. On the day following the collection of insufficient number of votes for a governing body of the building to carry out its powers;
  - g. In other cases envisaged by the legislation.
2. An owner of a building structure, who has voted in favor of a given governing body of the building, shall have the right to rescind his/her decision at any future point in time. To this end, the owner of the building structure shall address a claim to the governing body of the building in writing. The powers given by the building structure owner shall be deemed suspended on the day following submission of the above claim to the governing body of the building, if the claim does not provide for other date.

An owner of building structure, who has voted for a governing body in terms of mandatory powers, shall not have a right to vote in favor of a decision to create another

governing body, without rescinding his/her decision in accordance with the procedure defined in this Article.

A voting in breach of this requirement shall be deemed null and void.

If the votes given to a governing body are insufficient to meet the benchmark defined by this law for enjoying the respective powers because the earlier decisions had been rescinded, the powers of the governing body shall be deemed suspended and the building shall be considered not having a governing body. The governing body shall have to immediately notify the owners of the building structures, as well as the Chief of a given community.

3. The governing body, whose powers has been suspended, shall have to accept the seal, documents, financial resources obtained during the implementation of the management of the building, as well as the assets for holding within a period of five days, and transfer to the new governing body within a period of two days after the establishment of the latter, under the take-over act. In the meantime, the depositary shall bear the risks associated with the holding of the seal, documents, financial resources and assets of the governing body of the building.
4. In case of death of the physical person or liquidation of the legal entity, whichever is the governing body of the building of the common shared property, the seal, documents, financial resources obtained during the implementation of the management of the building and the assets shall be transferred to the Notary Service for holding in accordance with the procedure and terms defined in this law.
5. In case former governing body does not acquire the relevant powers within two months after the suspension of its powers, or the owners do not elect a new governing body of the building, the exclusive rights of the governing body shall pass on to the head of the community until the owners establish new governing body, and such head of the community shall perform the powers of the governing body in accordance with this law. On the day of notification to the head of community on creation of a new governing body of the building, the powers envisaged by this Clause and transferred to the head of community shall be suspended, and he shall have to transfer the seal, documents, financial resources obtained during the implementation of the management of the building and the assets to such new governing body of the building within a period of three days, such transfer documented by virtue of take-over act.
6. Building structure owner, who has not voted in favor of a governing body or rescinded his/her decision on favorable voting for the governing body, shall have the right to ascribe the respective powers to the existing governing body or the newly created one at any point in time. For this purpose the building structure owner shall address the governing body in writing.  
Powers of the building structure owner shall be deemed transferred on the day following the submission of the above address, unless later date has been specified therein.
7. Other powers ascribed to the governing body of the building shall be recalled or new powers are granted to him/her according to the procedure prescribed by the law.
8. The procedure of leaving a condominium, as well as the procedure for suspension of the operations of a condominium are defined in the Law of the Republic of Armenia on Condominiums.

***Article 27. Protection of the rights of persons acquiring building structures in an apartment building in view of alienation of such building structures***

1. In case of alienation of the apartment building structures, the alienator shall have to submit to the acquirer, in addition to the documents defined by the legislation, information in respect of:
  - a. Type of management of common shared property and governing body;
  - b. Unperformed obligations of the alienator in the area of management of common shared property;
  - c. Rates of mandatory payments envisaged for management of common shared property;
  - d. The alienator's interest in common shared ownership of the apartment building.
2. Alienator of the building structure shall bear responsibility for failure to furnish the information required in the Clause 1 of this Article, or the losses caused to the acquirer as a consequence of distorted or incorrect information contained in the proposal on alienation of the building structure.
3. The acquirer shall have the right to acquaint with the annual budget envisaged for management of the common shared property of the building and financial statement for the preceding fiscal year, as well as with the charter of the legal entity implementing management of the common shared property and authorization issued to or contract concluded with the governing body.

***Article 28. Responsibilities of the persons, who acquired ownership rights towards the building structure in the apartment building***

The person, who acquired ownership rights towards the building structure in the apartment building, shall be liable for implementation of the mandatory norms defined for the previous owner, as well as for the responsibilities envisaged by this law or those assumed under his/her consent, if such responsibilities had not been assumed by the former owners of the building structure in question, except for cases stipulated by law.

***Article 29. Annual budget for the management of an apartment building***

1. Funding of management and maintenance expenses of common shared property of apartment building shall be performed through an annual budget (hereinafter budget). The budget shall be approved at an annual basis at the meeting for a period of one year, commencing January 1 and ending December 31 of the fiscal year, which may be changed during a year only if so decided at the meeting of owners.
2. In compiling and approving the draft budget, the needs for maintenance and operation of the common shared property of the apartment building, as well as maintenance of the governing body shall be taken into consideration.
3. The budget revenues shall be construed by:
  - a. Payments made by building structure owners to enforce mandatory norms as well as other payments;

- b. Proceeds form alienation or lease (use) of common shared property;
  - c. Proceeds generated as a result of possessing, use and disposing of the common shared property;
  - d. Subsidies and subventions allocated by the national or local authorities;
  - e. Other incomes not prohibited by the law.
4. The budget may envisage for the following expenditures:
- a. Expenses for performance of the requirements under mandatory norms;
  - b. Expenses for remuneration of works;
  - c. Management costs (postal, communication, printing and copying, stationery, etc.);
  - d. Reconstruction and repair, etc of the common shared property;
  - e. Expansion of the common shared property;
  - f. Other expenses approved by the meeting.

***Article 30. Procedure of compilation and approval of the budget***

The governing body of the building shall compile the budget of the current year based on a cost estimate. In the absence of a building budget, the newly elected governing body of the building shall submit the draft of the budget for the current year within a period of 20 days after its election. In case the meeting does not approve the draft budget within a period of one month, a new budget estimated on the basis of minimum payments defined for a given year by the local Council in terms of mandatory norms shall be deemed approved by the governing body, who shall notify the owners of the building to that respect within two days.

Supervision over performance under the mandatory norms shall be carried out by the state agency duly authorized by the government.

***Article 31. Main trends of State support to apartment building management***

Main trends of State support to apartment building management include:

- a. Formation of favorable legal framework;
- b. Financial and investment support, provision of guarantee;
- c. Promotion of creation and development of infrastructures servicing apartment building;
- d. Information and technical assistance;
- e. Support of introduction of innovations and modern technologies;
- f. Implementation of favorable tax policy;
- g. Training and upgrading of personnel;
- h. Creation of simplified systems for statistical reports and accounting

***Article 32. Transitional provisions***

1. Owners of the apartment building structures shall have to found a governing body within a period of 6 months after the enforcement of this law. In case of failure to found a governing body within the mentioned timeframe, authorities of the government body

shall be transferred to the Chief of Community in accordance with the procedure stipulated by this law.

2. After enforcement of this law the title to the land required for the service of the apartment building (including the land under the building) constructed on State or community owned lands shall within two years be transferred for free to the owners of residential and /or non-residential spaces of such buildings with the right of common shared property. The procedure of free transfer of the land title shall be defined by the RA Government.
3. To perform state registration of rights *in rem* to the building property in common use in accordance with this law, structure owners shall be exempted of State duty.

***Article 33. Enforcement of this law***

This law shall enter into legal force upon its publication.

**R. Kocharyan**  
**President of the Republic of Armenia**

Yerevan  
June 4, 2002