

LAW OF THE REPUBLIC OF ARMENIA
ABOUT PROPERTY IN THE REPUBLIC OF ARMENIA

The purpose of adopting law about property is to provide: legal foundations for the formation and the development of market relations; for the consolidation of relations of economic systems and property; and for the development of different legal forms prior to the systematization of civil legislation for the Republic of Armenia.

Part I
General Provisions

**Article 1. Legislation for the Republic of Armenia
Concerning Property.**

The present law establishes general provisions and principles for the legal regulation of property relations in the territory of the Republic of Armenia prior to the adoption of the New Civil Code.

Property relations and owner responsibilities that are not regulated by law, are regulated by law, are regulated by the acting Civil Code of the Republic and other legislative and sublegislative acts promulgated according to the present law. Peculiarities of the realization of property concerning the right of historic and cultural monuments, and the creation and use of other objects of discovery, invention, science, literature, art and intellectual property, are regulated by special legislation of the Republic of Armenia.

Article 2. Property Rights in the Republic of Armenia.
Property rights in the Republic of Armenia are known and defended by the law.

The owner owns, manages, and uses the property belonging to him/her at his/her discretion.

The owner has the right to take any measures regarding his/her property that do not contradict the law.

He/she may use the property for carrying out actions, economic or otherwise, not prohibited by the law.

In cases conditions and bounds provided by the law, the owner may be under obligation to allow other people to use his/her property for limited use.

The realization of property rights must not damage the environment, violate the rights and legal interests of citizens, enterprises, institutions, organizations or the state.

Article 3. Use of Citizens' Labor by Owner.

The owner has the rights, conditionally and within the bounds provided by legislation of the Republic of Armenia, to sign contracts with citizens in realizing property rights belonging to him/her concerning labor, including that of hired employees.

Irrespective of the property form, based on which the citizen's labor is used, such payment and conditions of labor as well as, other socio-economic guarantees are provided for him/her, that are anticipated in legislation of the Republic of Armenia.

Article 4. Beneficiaries of Property Rights.

Beneficiaries of property rights in the Republic of Armenia are the governmental of the Republic of Armenia.

Legal persons and citizens, other states, international organizations, foreign persons and citizens.

The property rights of partial or joint common property can belong simultaneously to several persons, irrespective of the property form.

Article 5. Forms of Property Rights.

Property rights exist within the citizens' property, and in the collective and state property forms of the Republic of Armenia.

Consolidation of property forming the property of citizens, legal persons and states is permitted: It is also permitted to create joint enterprises whose participants are of mixed property forms, including the Republic of Armenia, its citizens, and legal persons, and that of foreign states, its citizens and legal persons.

Other property forms, not provided by the present laws may be established by legislative acts of the Republic of Armenia. The state creates conditions necessary for the development of all property forms and provides for their defense.

Article 6. Objects of Property Rights in the Republic of Armenia.

Objects of property rights may be land, bowels of the earth, waters (rivers and lakes), air space, vegetation and animal life, enterprises, organizations, buildings, structures, equipment objects of material and spiritual culture, inventions, money, stocks and other property.

Unless otherwise provided by law or a contract, the results (production and income) of economic usage of property belong to the owner of the property.

Registration of the objects of property rights is determined by the Council of Ministers of the Republic of Armenia.

Article 7. Presenting Exaction Upon Property of Owner.

By the responsibilities of a legal person exaction may be placed on any property that belongs to him/her by property right or by operative management right, except for the cases provided by the present law.

The owner is not responsible for the duties of legal entity created by him/her, and the latter is not responsible for the owner's duties either, except in those cases legislative acts of the Republic of Armenia.

The citizens are responsible, by all property rights, for the property belonging to them.

A Property list of citizens who are not subject to action by creditors' demand, is included in legislation of Civil Action of the Republic of Armenia.

Part II

Property of Citizens of the Republic of Armenia

Article 8. Bases of Generation of Citizens' Property.

Citizens' property is created and multiplied at the expense of labor incomes received from their participation in public production and enterprise activity, from the operation of collective economy, and at the expense of incomes received from the means invested in the loan institutions, shares and other stocks, and at the expense of obtaining property from other means permitted by law.

Article 9. Citizen's Exceptional Right of Disposing Production and Creative Abilities

The citizen has an exceptional right to dispose his abilities of production and of creative labor.

The citizen carries out that rights independently or by labor contract.

Article 10. Citizen's Right of Investment in Property of Enterprises or in Other Economic Development.

The citizen has the right by the owner's agreement, to invest in the property of any enterprise, economic organization, agricultural or other labor economy and participate in the allocation of the profit of that enterprise according to the extent of his /her deposit.

Article 11. Allotting Land to Citizens by Property Right.

Land is given to the citizens of the Republic of Armenia, by property right, for operating an agriculture enterprise, for gardening, for the construction and maintenance of homes, as well as, for satisfying other needs provided by law.

The order and condition of land allotment, by property right is determined by the Land Code of the Republic of Armenia.

Article 12. Objects of Citizens' Property Right.

Objects of citizens' property right can be enterprises of duction or those which perform a service; organizations; buildings; structures; land under construction and other real estate; other objects of citizens property right include means of transportation except for the objects of property enumerated in the 4th part of the present law. Furthermore, other objects of citizens property right can be dwelling-houses; country-houses; orchard-houses with the land plot adjacent to them, land plots and their saplings; shares and other stocks; farming or office equipment, and objects of household use.

All produce, materials, or services, both sold or unsold, finished and unfinished, and are considered objects of Citizen's Property Rights.

A person who has completely paid his/her share for an apartment, house, garage, other cooperative dwelling that he/she has designated for use obtains a property right on that property.

The renter or his/her family members living in the state or public housing unit have the right to buy the corresponding apartment or house from the owner.

The property of citizens' operating labor, including finished products and revenue, are the common partial properties of the persons jointly operating the enterprise and are regulated by the 118th , 119-123th articles of the Civil Code of the

Republic of Armenia, unless provided otherwise by the contracts signed between them.

The value and composition of a citizen's property that obtained from the profits received from the use as income, savings, and rent labor, are not limited.

The law establishes specific kinds of property that cannot form the citizens' property.

Article 13. Objects of Property Right of Agricultural Enterprise.

A farm, as a property, can have dwelling-houses, economic structures, land plots and saplings, live stock and poultry agricultural equipment, modes of transportation and other inventory for the operations of the enterprise.

The produce livestock, and materials sold or exchanged on the farm and the income received is the property of the farm and is used at his/her discretion.

The property of the farm belongs to its members by a common joint property right.

The farm is registered in the name of the head of the farming family. The rights of the farm are recognized based on the act of registration of the latter's name and granted by the Executive Committees of village, settlement and City Councils of People's Deputy. The place of plots at the disposal of the farm as is their location, dimensions, cadaster valuation.

The property of the farm, including the agricultural production is disposed, used and governed at its members' discretion, according to the order established by the 128th-134th articles of the Civil Code of the Republic of Armenia. The rules of the present article are used regarding the property of citizens' auxiliary farm and farming family.

Part III Collective Property

Article 14. General Provision on Collective Property.

Collective property is the property of enterprises, agricultural collective farms, cooperatives, joint-stock companies, economic associations, social organizations and other incorporation considered legal entities.

The formation and increase of collective property is provided by allotting the state enterprises, as a property, or or lease, to citizens or legal entities. Who use the received income for repurchasing the state property.

The formation and distribution of collective property is also provided by reforming the state enterprises into join-stock companies, joining the property of citizens and other legal persons on a voluntary basis, for the creation of cooperatives, joint-stock companies, other economic companies and associations.

Article 15. Property of Collective Enterprise.

The property of a collective enterprise is formed when the state enterprise is transferred to the work collective as a property, when the existing state enterprise is denationalized, when leased property is repurchased, or when property is obtained in other ways provided by law.

The property of a collective enterprise, including produce and received income, is the common property of the enterprise.

Article 16. Deposits of Workers of Collective Enterprise into Property and the Extent of Their Investment.

Workers' deposits are determined by the property of a collective enterprise. These deposits follows rules for deposits ascribed to work collective members as set farm in the regulations of the denationalization of state enterprises. The amount of the worker's deposit is paid into the property of land or other lease enterprise, as well as, the worker's

investment in its surplus increase of property after the development of that enterprise.

The order of ownership and the formation of deposit rules is ascribed to the work collective member in the regulations of the denationalization of state enterprises, which is written in legislation of the Republic of Armenia.

Article 17. Paying Deposit Value of Worker and Terminating Work Relations with Enterprise.

The value of the investment in the collective is paid to the worker who has terminated employment with the enterprise, and if the termination occurs due to the death of the worker, the investment will be paid to the heirs of the deceased.

Article 18. Paying Workers the Value of the Investment in Case of Liquidation of the Collective Enterprise.

In case of liquidation of the collective enterprise, the value of the investment is paid to the workers or their heirs from the property that enterprise's that has been divided among other investors, creditors, and financial institutions with whom the collective enterprise has dealt.

Article 19. Property of Lease Enterprise.

Property of lease enterprise consists of production, received profits, and other property obtained by the enterprise.

The management of the lease enterprise business and of the work collective members' incomes are stipulated in the leasing laws of the Republic of Armenia.

Article 20. Property of the Collective Farm.

The property of collective farm was formed based on the existent soviet laws which designed collective farms, as a means of uniting the agricultural property in a manner according to socialist principles.

The agricultural collective farm, as a property, can have land plots and saplings, live-stock and poultry, equipment to agricultural and inventory, and modes of transportation.

The produce and received income are the common property of the collective farm and are used according to the order determined by the charter (regulations) of the farm.

The collective farm member at his/her discretion can terminate his/her membership and leave the farm; upon termination, he/she will receive his/her portion of land in the collective farm, as well as other investments, unless provided otherwise by legislation of the Republic of Armenia.

The order of joining the collective farm is determined by legislation governing that farm.

Article 21. Property of Cooperative.

The property of a cooperative is formed through investments by its members; moreover, property is generated from non-inventory investments, from money received in the sale of produce, and from income received from its realization, and other activity provided in the chapter of the cooperative.

Article 22. Allocation of Cooperative Property in Case of its Liquidation.

In case of liquidation of the cooperative the property that has been left after all debts have been paid to banks, vendors, and other creditors, is allocated between the cooperative members.

Article 23. Property of Economic Association.

The property of an economic association is formed from the collective investment of members' and from the property obtained during business allowed by the law.

Article 24. Members of Economic Associations.

Members of economic associations can be citizens, enterprises, organizations and institutions, unless otherwise restricted by legislation of the Republic of Armenia.

Article 25. Investments of Economic Associations' Members.

The investment combinations of members of economic associations can be composed of fixed and circulating assets, monetary means stocks, and other property.

Article 26. Property of Joint Stock-Companies.

A joint stock-company is the owner of property that has been formed from the sale of stocks or of other financial assets allowed by law.

Article 27. Stock Ownership.

Owners of stocks can be the citizens of the Republic of Armenia, enterprises, institutions, organizations, as well as, foreign states, corporations and citizens.

Article 28. Restructuring of State Enterprises into Joint Stock-Companies.

The state enterprises by the joint decision of the state body authorized for the restructuring of a work collective or of an enterprise, can be reformed into a joint stock-company by issuing stocks worth the total of the enterprise property value.

The yield received from the sale of stocks, after the payment of incurred by the state enterprise, are paid into the corresponding budget.

The share of separate share-holders' stocks in the joint stock-company is not limited unless otherwise noted in the foundation charter of the joint stock-company.

If enterprises, as enumerated in the 34th article of the present law, governing objects of state property, are

restructured fully or partially into joint stock-companies, not less than 51 percent of the entire stock folio and its shares must be registered with the state.

The rate of exchange for stocks of state monitored joint stock-companies is subject to periodical publication.

Article 29. Property of Economic Associations.

Economic association of enterprises and organizations has a right to the property that has been given voluntarily to it by its members and to that property which has been gained through the economic activity of the association.

The economic association does not have a property right to the property of the enterprises and organizations that are its members.

Article 30. Allocation on Economic Association's Property after Terminating its Activity.

The property, left after terminating the activity of the economic association, is allocated between its member enterprises and organizations.

Article 31. Property of Social Organizations and Funds.

Social organizations including benevolent and other philanthropic groups, as a property, can have buildings, structures, housing stocks and other shares that are the necessary resources for performing duties set forth in their charters.

The property of social organizations (funds) can be enterprises created to financially support the activities set forth in their respective charters.

Article 32. Use of Property of Social Organizations (Funds) after its Liquidation.

Property, left after the legislation of social organizations (funds), is used for the purposes provided by their charters, unless otherwise provided for in legislation of the Republic of Armenia.

Article 33. Property of Religious Organizations.

The property of religious organizations can consist of buildings, objects of worship, objects of social, and benevolent importance, financial sources and other property necessary for the maintenance of their service.

Religious organizations have a right that property which has been obtained and created from private financial sources, from the donations of citizens, organizations or state offices as provided by law.

Part IV

State Property of the Republic of Armenia

Article 34. Composition of State Property in the Republic of Armenia.

The state property of the Republic of Armenia consists of all public property and the property of administrative-territorial regions.

Article 35. Property of the Republic.

The Republic's property consists wholly or in part of the property of governing bodies and of the government in power. Furthermore, it includes all of the following: energy pipelines of national importance; energetic, communication, and information system; modes of transportation; land (if it is not given to the subjects of non-state property rights); raw materials and natural resources needed for industry; the military forces, and materials used for the defense, reservoirs and hydro-reclamation structures; monuments of

historic and cultural values; the governmental treasury, state banks, enterprises and organizations; insurance policies, financial reserves and other stocks (funds) of the Republic; and other property.

Article 36. Property of Administrative-Territorial Formation.

The property of administrative-territorial formation consists of property of the state power and governing bodies of that formation, financial resources of the local budget, housing supply and its exchange by the Local Councils' of People's Deputy as well as, agricultural, trade, public service enterprises, transportation systems, industrial concerns and construction companies, institutions of national education, culture, health, and other property.

Article 37. Disposition and Management of State Property.

The maintenance and management of the state property, on behalf of population, (population of the administrative-territorial regions) are carried out by corresponding Councils of People's Deputy and state bodies authorized by them (Executive Committees).

Article 38. Considering Property Created or Obtained at the Expense of the Budget or Other Financial Sources in the Republic for Local Property.

The property being created or obtained at the expense of the budget of the Republic of Armenia, and its administrative-territorial regions, and similar property purchased by enterprises, organizations, institutions subject to the state, is correspondingly considered property of the Republic or of its administrative-territorial regions, unless otherwise provided by the law.

Article 39. Separation of Responsibility of Associations of the Republic of Armenia and Administrative-Territorial Ones.

Associations of the Republic of Armenia and administrative-territorial ones are not responsible for the obligations of each other.

Article 40. Property of Land and Other Natural Resources.
Land and other natural resources comprise the national wealth of the Republic, and are considered to be the property of the Nation.

The use of natural resources and ownership of land is allotted according to property rights as well.

The Republic of Armenia owns, develops, and distributes land, and its other natural resources, according to its population.

Article 41. Rules of Use and Maintenance of Water and Other Natural Resources in the Territory of the Republic of Armenia and in the Frontier Territory of Border States.

The use and maintenance of waters and other natural resources in the territory of the Republic of Armenia and in the frontier regions of border states is carried out through agreements between the Republic of Armenia with those states.

Article 42. Delivery of Land and Other Natural Resources of the Republic of Armenia to Other States for Use.

Land and other natural resources of the Republic of Armenia can be turned over to other states for use by the decision of the Supreme Council of the Republic of Armenia or according to the rules established by it.

Article 43. Possession, Use, and Maintenance of Land Plots and Natural Resources by the Republic of Armenia in Other States.

Possession, use, and maintenance of land plots and other natural resources by the Republic of Armenia in other states is done according to legislation acts and by interstate agreements of those states.

Article 44. Solving Disputes Between Other States and the Republic of Armenia Related to Use and Allotment of Land and Natural Resources.

Disputes that have arisen between other states and the Republic of Armenia related to the allotment and use of land, and other natural resources, are investigated according to mediation procedures or other rules established by law.

Article 45. Property Located Outside of the Territory of the Republic of Armenia.

The possession, use and maintenance of citizens', collective and state property rights outside of the territory of the Republic of Armenia are determined by the standards of that State, by the standards of the autonomous region in which the property is located, as well as, by interstate agreements.

Article 46. Other States', International Organizations', Foreign Legal Persons' Property in the Republic of Armenia.

Located in the territory of the Republic of Armenia are objects of agricultural, economic, and social importance; Moreover, there are enterprises and organizations forming the property of other states, international organizations, foreign legal persons and citizens, functioning in the territory of the Republic of Armenia, at their own expense after the

implementation of the present law, based on legislative acts of the Republic of Armenia.

Article 47. Full or Partial Management Right of State Enterprise Property.

The property (inventory) being state property and attached to the state enterprise, belongs to it by full or partial management right.

Article 48. Possession, Use, and Management of State Enterprise Property.

Carrying out the full or partial management rights of the property attached to it, the enterprise possesses, uses, and maintains the property at its discretion and fulfills every kind of function not contradicting the law.

Unless otherwise provided by legislative acts of the Republic of Armenia, the rules of property rights are used regarding the full management rights.

Article 49. Competence of State Bodies to Manage State Property.

State bodies which have the authority to manage the state property solve questions concerning the creation of enterprises and concerning the establishment of goals of their activity, and concerning the reformation and liquidation of enterprises. Furthermore these bodies monitor the effective use of the state property entrusted to them and to other powers in accordance with the legislative acts of the Republic of Armenia concerning enterprise.

Article 50. Turning Over an Enterprise After its Reformation or Liquidation to Work Collective.

In cases where a decision has been adopted for the state enterprise to be reformed, liquidated or declared insolvent by

an authorized state body, the state enterprise can: be turned over to a collective for rent; be reformed into another enterprise based on collective property; be sold; or be auctioned to private persons, collectives, other state bodies. If an enterprise undergoes reform, liquidation, or bankruptcy procedures the work force (collective) of the given enterprise has the privileged right to rent or obtain it as a property.

Article 51. Solving Disputes Between State Bodies and Work-Force Enterprise.

As cases show in the 49th article of the present law, disputes that have arisen between the state body and the work-force are solved through state arbitration.

Article 52. Operative Management of State Institutional Property.

The property attached to a state institution as state property and supported as such in the state budget - as its owner, is under the operative management of that institution.

Article 53. State Institution's Right to Independently Manage Income Received from Economic Activity.

State institutions, as allotted for by the state budget, that can carry out an economic activity, similar to those activities mentioned in cases found in the legislative acts of the Republic of Armenia, obtain a right to partially dispose of the income received from such activity; furthermore, these institutions can partially dispose of the property obtained at the expense of that income according to the law and rules established by the Government of the Republic of Armenia.

Article 54. State Institution's (Organization's) Responsibility to its Obligations.

State Institutions (organizations) are responsible for its financial obligations.

If the state institution (organization) does not have sufficient means, then the owner of the corresponding property is responsible for its financial obligations.

Part V

Property of Joint Enterprises, Foreign Citizens and Legal Persons,

Foreign States and International Organizations

Article 55. Property of Joint Enterprises.

Joint enterprises with the participation of citizens, legal persons of the Republic of Armenia and foreign citizens and legal persons, in the territory of the Republic of Armenia, are created in the form of joint stock-companies and economic associations. They can, as a property, have property necessary for carrying out activities provided in their foundation deeds (charters).

Article 56. Property of Foreign Citizens.

Provisions of the present law related to the property of citizens' of the Republic of Armenia apply to foreign citizens' property as well. However, property rights regarding a foreign citizen's land is excluded.

Article 57. Property of Foreign Legal Persons.

Foreign legal persons, according to the rules established by legislation of the Republic of Armenia, may possess as property industrial and other enterprises, buildings, structures and other property in the territory of the Republic of Armenia for the purposes of carrying out their economic and other activities.

Article 58. Property of Foreign States and International Organizations.

Foreign states and international organizations in the territory of the Republic of Armenia, having property rights may have property necessary for carrying out diplomatic, consular, and international relations, according to the rules established by international contracts and legislation of the Republic of Armenia.

Part VI

Guarantees and Preservation of Property Rights

Article 59. Guarantees of Property Rights.

The Republic of Armenia guarantees the stability of relations established according to the present law.

In cases where such legislative acts are adopted by the Republic of Armenia, in which property rights are terminated, damages caused to the owner, resulting from the adoption of the acts, by the judgment of the court, are fully compensated to the owner at the expense of the Republic. Equal preservation conditions of property rights are provided for citizens, organizations, and other owners by legislation.

Article 60. Preservation of Owners' Interests and the Termination of Their Rights in Situations Provided by Law.

Provisions are established for the termination of property rights in connection with decision to reallocate land plots where houses, structures, constructions, or trees belonging to an owner are located; Moreover, provisions exist that relate to decisions made by state bodies that do not intend directly to take property from an owner. The termination of property rights is allowed only in cases where rules are established by

legislative acts of the Republic of Armenia which fully the termination of property rights.

In decision to terminate property rights, if the owner does not agree to it, can not be fulfilled unless that dispute has been solved by the court, by state arbitration, or by an intermediary court.

During the investigation of the dispute, all questions related to the compensation of the owner for the damages caused will be resolved.

Article 61. Invalidation of Acts Violating Owners' Rights.

If an owner's or an other persons' powers of possession of use, or of maintenance on property belonging to them are violated resulting from acts inconsistent with the law adopted by the local body of the State Power or by the state governing body, then these acts are recognized as non-valid, based on the claim of the owner, or of that person whose rights have been violated.

Damages caused to citizens, organizations, and other persons, resulting from the above-mentioned acts, are fully compensated at the expense of the state power or corresponding governing body.

The President of the Supreme Council
of the Republic of Armenia,
Levon Ter-Petrosian

Secretary of the Supreme Council
of the Republic of Armenia,
Sahakian

- Ara

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