

Council of Ministers of the Republic of Armenia

DECREE 163

March 5, 1991

City of Yerevan

"On the Enactment of Regulations on Providing Credit and on the Financing of Farms"

The Council of Ministers of the Republic of Armenia decrees It is ordained that the following regulations on crediting and financing of farms be enacted.

Chairman of the Council of Ministers
of the Republic of Armenia
Manukian

- V.

Acting Business Manager of the Council
of Ministers of the Republic of Armenia
Hakopian

- H.

Enacted by the Decree 163 Issued by the Council of
Ministers of the Republic of Armenia on March 5, 1991

Regulations on Providing Credit and on the Financing of Farms

1. In order that a farm might settle its accounts and keep its money, it is entitled to open a checking account in a bank.

To do that, the farm (the farmer who is a legal land-owner) will submit the following to a bank:

a) an application for opening an account (the bank should supply the prospective clients with standardized application forms);

b) a copy of a legal document verifying ownership of the lot;

c) a card with a sample of the farmer's signature; the card should be certified by a Notary Public (the bank should supply clients with standardized forms of the card). Applications having no seals of the respective farmers and submitted for opening an account, as well as cards with the submitted for opening an account, as well as cards with the sample signatures, will also be accepted by the bank. The owner of the account will be in a position to authorize (by means of a power of attorney certified by a Notary Public) any member of the farm to be in command of the account.

2. The bank can, on a contractual basis, pay interest to the farm for the sum in its checking account (at an annual interest rate of 0.5 %) should the farmer be willing to pay the bank for its services.

3. Money can be drawn from the checking account of the farm only by the owner's order in writing or in the legally prescribed manner, viz. by a court's judgment.

4. The farm will settle its accounts with individuals in cash. Farms will settle their accounts with retail-trade establishments in cash or by written order, and with other establishments and organizations - only by written order.

5. Banks will extend short-term and long-term credits to farmers in the following manner

a) short-term credits will be granted for the period of up to 12 months to cover the current production costs (payment for necessary goods, materials, equipment, services, etc.);

b) long-term credits will be granted, as a rule, for a period of up to 8 years for the construction, enlargement and technical re-equipment of production, for business premises and buildings with socio-economic

purposes, for the 2 acquisition of fixed assets, for the planting and looking after of perennial seedlings and saplings, for the formation of original herds or flocks, and for setting up other enterprises.

6. The offer of credit to farms will be done on the basis of credit contracts which will make provisions for mutual commitments related to the timely grant and repayment of credits, to the payment of interest rates on credit, and to mortgagee issues of buildings, facilities, etc. for which the credit has been granted; furthermore, these credit contracts will make provisions for farmers concerning their letters of indemnity and other guaranties which provide for the timely repayment of the credit which conform to the legislation of the Republic of Armenia, etc.

7. Land, goods and other possessions, produce, as well as the belongings of the credit recipient, can be mortgaged to banks as guaranties for the repayment of the granted credits.

8. The will do long-term and short-term crediting within the limits of its credit resources. The opportunity to purchase farm produce at State (fixed) or contractual purchase-prices will be given to the State procurement organizations.

9. Banks will be in a position to prolong (for up to 1 year) the terms of the debt repayment for those farms experiencing temporary financial difficulties and who are unable, because their hardship to ensure the timely repayment of the credits.

In these cases, the banks will charge interest at the increased rate, as stipulated by credit-granting contract.

10. Farmers having overdue credits will not be entitled to new credits.

11. For the short-term and long-term credits, as well as for the debts from overdue credits, farmers will have to pay interest at a rate stipulated by the contract and adjusted according to supply and demand.

12. The sources of finance and the terms of the contracts for work to be done for the farms, such as land-reclamation, projects the construction of roads, power network and gas supply systems, heating systems, and water conduits, as well as other public services projects, will be specified by the Decrees of the Council of Ministers of the Republic of Armenia. The financing of this work will be done in conformity with these Decrees.