

# REPUBLIC OF ARMENIA

## LAW

Adopted on 08 October, 2003

### ON PUBLIC AUCTIONS\*

#### CHAPTER 1.

##### General Provisions

###### Article 1. Subject of the Law

1. This Law will govern the relations ensuing from the realization of property through public auctions, the property right, the results of intellectual activity and their rights; and ensuing from organizing public tenders, except for the cases provided for by law.

This Law will not govern the relations ensuing from organizing closed auctions.

2. This Law will not apply to the relations ensuing from organizing auctions during privatization of the public property, and organizing purchases for the public and community needs, except for the cases provided for by law.

3. The specificity of public auctions organized with regard to the insolvency (bankruptcy) of legal entities and sole entrepreneurs is determined by law.

4. This Law will not apply to the relations ensuing from the public sale of foreign currency. The public sale of foreign currency is organized as determined by the Central Bank of the Republic of Armenia.

5. This Law will not apply to the relations ensuing from organizing public auctions through stock and commodity exchanges, and ensuing from the public sale of securities, except for the cases of organizing compulsory auctions.

6. This Law will not apply to the auctions organized through electronic systems.

###### Article 2. Basic concepts

The basic concepts used in this Law are as follows:

- **public auctions or auctions** – the concluding of contracts through organizing an auction (tender), in which any group of people meeting the requirements determined hereunder may participate;

- **auction** – a sales undertaking in which successful bidder is the person who has offered the highest quotation;

- **tender** – a sales undertaking in which successful bidder has offered the best terms as concluded by the tender committee;

- **public auction bidder or bidder** – an owner of property or holder of ownership, who does not organize public auctions direct;

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Includes amendments and changes according to:

LA 90-N, ARDB 2005/35(407), 08.06.05;

LA 158-N, ARDB 2005/5194230, 12.08.05;

LA 133-N, ARDB 2006/3894930, 12.07.06.

- **public auction organizer or organizer** – a holder of auction (tender), being an owner of property, a holder of ownership, or a person or entity authorized by contract or law to organize public auctions;
- **auction (tender) charter** – the public auction organizer’s document designed to contain stipulations to be determined by the organizer in accordance with this Law;
- **public auction participants or participants** – persons having paid an advance fee and wishing to enter into an appropriate contract, as determined hereunder;
- **auction (tender) terms** – a set of terms and conditions in a contract concluded for the auction as decided by the auction (tender) bidder and/or organizer under law;
- **lot** – a property or right offered through an auction or tender, which has a relevant description, other data as determined hereunder, and a floor price, in case of auction; a lot can involve a work to be done or a service to be rendered;
  - **auctioneer** – a person who directly conducts an auction;
  - **floor price** – price envisaged for sale of a lot, which is offered to the auction participants at the start of the auction;
  - **quotation** – a bid offer of a participant in the auction, which can not be less than the minimum price set by the auction organizer, unless otherwise specified hereunder;
  - **bid price** – the last highest bid of the successful bidder at the auction;
  - **auction (tender) costs** – funds expended by the auction (tender) organizer for organizing and holding an auction (tender).

### **Article 3. Auction participants**

1. Physical entities, legal entities, and communities can be participants in auctions.
2. The auction organizer, founders of the organizer as a legal entity, staff of the organizer, and members of the tender committee (in case of a tender) can not participate in auctions.  
Neither an auctioneer’s children, parents, spouse, grandfather, grandmother, brothers and sisters, nor his/her spouse’s parents, grandfather, grandmother, brothers and sisters can participate in auctions.
3. Parties that hold no ownership over the lot offered can not be participants in auctions.

### **Article 4. Terms of contracting through auctions**

1. Where a lot offered for sale at auction involves a real estate or movable property, the rights over which are subject to state registration, the right to conclude a contract on trading of the lot is transferred to the successful bidder upon signing on with him/her.
2. Where a lot is a right (including a right to do work, render service and a right of usage), the successful bidder shall be given the right to conclude the relevant contract upon signing on with him/her.
3. In concluding the contracts as provided for in parts 1 and 2 herewith, the terms and conditions of these shall comply with the terms and conditions specified by the public notice on auctions (the public notice).
4. Payment at auctions is made in the currency of the Republic of Armenia.

## **CHAPTER 2.**

### **Organizing and Holding Auctions**

#### **Article 5. Organizing procedure**

1. Auction shall start from 9 a.m. through 7 p.m., except for the auctions organized by an owner, which shall start from 8 a.m. through 11 p.m.

Sale of the lot shall end on the day specified in the public notice.

2. The public notice shall be released through mass media or electronically.

The organizer of auction shall insert such notice onto a billboard at the venue of the auction at least a day before holding the auction.

3. Auction may be open for attendance by those people who are non-participants in the auction, yet have paid an entry fee (non-participants), as determined by charter of auction.

Participants and non-participants in auction shall take separate seats in the auction room.

4. Participants and non-participants must not interfere the holding of the auction and shall adhere to the rules set forth in charter of auction.

#### **Article 6. Contract on holding auction**

1. Where an auction is to be held by a party not being an owner or holder of right, a written contract on holding an auction shall be signed between the bidder and organizer.

2. The contract shall include:

1) name/title and location/domicile of the bidder and organizer;

2) name of the lot to be submitted to auction;

3) floor price of the lot; and

4) other provisions provided for hereunder.

3. Where the organizer is authorized to lower the floor price, the contract on holding an auction shall contain appropriate provisions specifying allowable limits for reduction.

4. Where the lot is handed to the organizer for safe custody, the contract shall contain provisions concerning such custody.

#### **Article 7. Remuneration for auction organizer**

1. The terms and conditions of remuneration for the organizer are set forth in the contract on holding an auction.

2. In the event of sale of property of the legal entity in liquidation, the amount of remuneration, as determined by the contract between the bidder and organizer, can not exceed ten percent of the floor price of the selling property.

#### **Article 8. Public notice**

1. The public notice on holding an auction shall contain information on auction as follows:

1) date on holding the auction (year, month, day and hour);

2) name/title of the organizer;

3) venue/address of holding the auction;

4) form and procedure of holding the auction;

5) terms and conditions of the auction, including name, restrictions applied to, physical condition (depreciation), and/or date of manufacture, floor price of the lot(s), and period of validity of the lot, if it involves a right, and other important terms;

6) list of required documents for participating in the auction;

7) procedure on determination of the successful bidder at the auction;

8) size of the advance fee, and terms and mode of payment, determined by the organizer;

9) date, timing and place of reviewing the lot;

10) sequence of sale of the lots, in case of a common auction; and

11) place where one may get familiar with charter of the auction, and the procedure of giving copy of the charter.

In giving copy of the charter, the organizer may request remuneration for copying costs only.

2. The public notice shall be released at least fifteen days before opening the auction.

3. For fast-spoiling items, the public notice may be released at least a day before opening the auction.

4. In the event of sale of property, and for other cases, law may specify a longer period of release of the public notice.

#### **Article 9. Changes and supplements to public notice**

1. The terms and conditions and information specified in the public notice are not subject to change, except where such changes have occurred in respect of restrictions for the lot sellable through auction, or in respect of its physical condition, or where introduction of changes in the public notice is likely.

Where the case is as provided for hereunder, the organizer of auction must introduce changes and supplements to the public notice (change in the public notice) within the last three days preceding the auction, the way the public notice was released.

2. Where change in the public notice was not made as determined by part 1 herewith, the organizer shall cover the risk of actual loss incurred by participants.

3. Change in the public notice after its release is acceptable, if the key terms and conditions do not change by that.

#### **Article 10. Participation in auction**

1. Those wishing to participate in auction shall pay an advance fee, as and when determined by the public notice, at the rate not exceeding five percent of the selling lot with the highest floor price at the auction.

2. Advance fee is paid to the organizer on a cash basis, unless otherwise specified by law.

3. Once the advance fee is paid, the organizer must give the participant a certificate, which shall contain name of the organizer, size of the advance fee, venue/address and timing of holding the auction.

4. Charter of auction may determine an entry pay for non-participants, which shall not exceed fivefold of the minimum salary.

5. Giving certificates to participants and selling tickets to non-participants shall cease at least thirty minutes before opening the auction, unless otherwise specified in the public notice.

#### **Article 11. Reviewing lot**

1. Participants shall be allowed to learn about the selling lot(s) indicated in the public notice before opening the auction.

2. Charter of auction will determine the rules and timing for review of the lot, in consideration of the place where movable property is kept or real estate located.

Upon issuance, the organizer shall enable participants to review the lot(s).

3. The organizer shall plan for watching the real estate and movable property elsewhere, and must make sure that the people interested are able to completely review the lot(s) within the period specified.

4. Total timing for reviewing the lot(s) shall not be less than forty hours for real estate, and ten hours for movable property.

5. Where a selling lot is a right, there should be possibility to review the object the right ensues from and the appropriate legal documents.

#### **Article 12. Waiver of auction**

1. In the event of waiver of auction within three days prior to its opening, the organizer must cover the actual loss incurred by the participants.

Loss incurred as a result of waiver of auction through an owner's fault may be covered by the organizer through reclamation.

2. Unless otherwise stated, the organizer must waive of the auction, if:

1) there is an owner's written application on waiver of the auction, unless otherwise specified in the contract on holding the auction;

2) a lot or part of it is included in the property of legal entity in liquidation or physical entity in insolvency; and

3) there is a court decision on restricting the sale of the lot.

3. The organizer may waive of the auction, if the bidder:

1) failed to pay the fee as determined by the contract on auction; and

2) creates impediment in reviewing the lot.

4. The notice on waiver of auction shall be made the way the public notice was released.

#### **Article 13. Common auction**

1. Common auction involves an auction which sells more than one lot.

2. The organizer must follow the sequence of selling the lots as mentioned in the notice.

#### **Article 14. Auction**

1. The organizer shall register participants of auction before its start. The registration involves checking the participants' identity, authorizing documents, and other documents specified in the public notice.

2. Auction opens with an announcement. The announcement specifies name, description, floor price, applying restrictions of the lot on sale, and the mode of holding the auction and the procedure on price quotation.

3. Auctioneer shall offer participants to purchase the lot at a floor price. Any participant is entitled to quote a new price, before the third strike of the hammer, which shall exceed the previous quotation.

4. Participant announcing the last highest quotation shall be qualified as successful bidder, after the third strike of the hammer.

5. Where several participants have announced the same quotation at one time, not followed by a higher quotation, the auctioneer shall determine the successful bidder through a sortition.

6. Charter of auction may provide for other procedures of holding an auction, and the organizer shall make sure participants get familiar with the rules before the start of the auction.

7. After the sale of the lot(s), the successful bidder and the organizer shall sign minutes on the results of the auction, after which the auction for the lot will be considered as completed.

#### **Article 15. Unsuccessful auction**

1. Auction of the lot shall be considered as unsuccessful, if the lot is not selling, and/or no buyer appears, and where successful bidder and/or organizer declines to sign minutes on the results of the auction.

2. Auction of the lot is considered as unsuccessful effective the day after occurrence of the circumstances stipulated hereinabove.

3. Where auction proves unsuccessful, terms and conditions of the next auction, including floor price, may change.

4. Each subsequent auction shall be organized and held as determined hereunder.

#### **Article 16. Annulled auction**

1. Auction of the lot can be declared annulled only judicially.

2. Auction held in violation of the rules, stipulated in Articles 3-5, 8-9 and 14 herewith, may be declared annulled by court, as claimed by the party concerned.

3. Declaring the auction annulled shall entail repeal of the contract signed with the successful bidder.

4. Where auction is declared annulled, a new auction shall be organized and held as determined hereunder.

5. Terms and conditions of the new auction may change, if annulment of the auction has been associated with any prior stipulation, or if there has been change in the state of the lot, including the rights and liabilities in respect of the lot.

#### **Article 17. Minutes on results of auction**

1. The minutes on the results of auction shall include:

1) place and timing of the auction held;

2) name of the lot, rights and liabilities and other restrictions in respect of the lot, physical condition (depreciation), and/or date of manufacture;

3) floor price of the lot;

4) name/title of the organizer;

5) name/title of the successful bidder, and domicile/location; and

6) purchase price of the lot.

2. The successful bidder and organizer shall sign minutes on the day the auction is held.

3. The successful bidder's objections, if any, shall be mentioned in minutes.

4. In case of common auction, minutes may be drawn up during the auction. Once the lot is sold at the auction, the successful bidder is invited to sign minutes.

#### **Article 18. Paying for price of lot**

1. Unless otherwise scheduled in the public notice, minutes or contract, the successful bidder shall, within ten days upon signing minutes on the results of auction, pay the price of the lot, by offsetting the advance fee paid.

2. If the price generated at the auction does not exceed fifty-fold of the minimum salary, it shall be paid on the day of signing minutes.

3. Liability to pay the purchase price of the lot is not subject to an offset.

4. The organizer not being an owner shall transfer the price of the lot to the owner, by offsetting its expenditures as determined by the contract on organizing an auction.

5. The organizer shall refund the advance fee to unsuccessful bidders within one business day upon holding the auction or declaring it unsuccessful, unless otherwise scheduled.

#### **Article 19. Types of auction**

1. The organizer shall determine the method for holding an auction, and other procedural terms and conditions, not provided for herewith.

2. The organizer shall give participants thirty minutes before the start of auction in order to get familiar with charter of auction, by having it affixed where appropriate.

### **CHAPTER 3.**

#### **Organizing and Holding Tenders**

##### **Article 20. Contract on holding tender**

1. Where a tender is to be held by the organizer, a written contract shall be signed between the organizer and bidder.

2. The contract on holding tender shall include:

- 1) name/title and domicile/location of the bidder and organizer;
- 2) statement indicating on whose behalf should the organizer of tender act;
- 3) description of the lot and/or terms of tender; and
- 4) amount and the procedure of remuneration for the organizer, except for free tenders.

3. Performance of liabilities ensuing from the contract on tender can be secured by collateral, fine, advance fee, and etc.

##### **Article 21. Public notice**

1. The organizer of tender shall issue a public notice on the tender at least thirty days before its start, unless otherwise specified by law.

2. The public notice shall contain information on auction as follows:

- 1) name/title of the organizer;
- 2) venue/address of holding the tender;
- 3) timing of accepting applications for the tender;
- 4) form and procedure of holding the tender;
- 5) description of the lot, terms and conditions of the tender;
- 6) list of required documents for participating in the tender;
- 7) procedure for determining the successful bidder;
- 8) size of the advance fee, and terms and mode of payment;
- 9) procedure on use of codes in the tender;
- 10) day and time of opening and reviewing tender bids; and
- 11) place where one may review charter of the tender, and the procedure of giving copy of charter.

For giving copy of charter, the organizer may request remuneration for copying costs only.

3. The day of opening the tender bids may be scheduled at least three days after the last acceptance of applications.

##### **Article 22. Changes and supplements to public notice**

1. In the event of change in the tender terms, the organizer must immediately introduce appropriate changes and supplements to the public notice (change in the public notice) the way the public notice was released.

2. Where change in the public notice was made before the day of announcing the successful bidder, within thirty days, the organizer shall cover the risk of actual loss incurred by participants, unless otherwise specified by law or public notice.

3. Change in the public notice is acceptable, if the key terms and conditions do not change by that.

### **Article 23. Tender committee**

1. The organizer of tender shall create a tender committee, comprising at least three members, before releasing the public notice.

People recognized incapable or partly capable, as determined by law, can not be members of the tender committee.

2. The tender committee approves the wording of the public notice, opens and judges the tender bids and determines the successful bidder.

3. The tender committee makes decision on a simple majority basis, unless otherwise specified by charter of tender.

Charter of tender shall incorporate the procedure of activity of the tender committee.

### **Article 24. Submitting bids**

1. Those wishing to participate in tender shall submit bids to the organizer in accordance with the requirements of the public notice.

2. The list of information and documents, included in a tender bid, is determined by charter of tender based on the public notice data.

3. The tender bids shall be submitted in a closed, sealed or signed envelope.

The documents inserted in the envelope shall be in original and as many duplicate as mentioned in the public notice. These documents shall bear the indication 'original' and 'duplicate', as appropriate.

Where provided for by charter of tender, the envelope of the bid may bear records as follows:

1) place/address where the tender bid shall be delivered to;

2) tender code; and

3) words 'not to open until the disclosure of bids'.

4. The tender bid shall be registered in a registry, as per sequence of receipt, by indicating the registration number, date and timing on the envelope.

The organizer shall give participant a receipt about acceptance of the tender bid.

5. Tender bids not meeting the requirements hereunder and tender bids being overdue shall be denied and returned to the bidder unopened.

6. Tender participants may change their bids or take them back before the submission deadline.

Change shall be made as determined hereunder, by indicating the word 'change' on the envelope.

7. Those wishing to participate in tender may submit the tender bids to the organizer by a registered letter.

Participants may take their tender bids back on the same way.

8. Participants shall pay advance fee as and when determined by the public notice.

### **Article 25. Opening bids**

1. The tender bids are opened in a special meeting of the tender committee, as and when determined by the public notice.

2. In the meeting for opening the bids, one will announce:

1) code of the bidder, or where there is no objection, name/title of the bidder;

2) compliance of submission of bids with the requirements hereunder and the public notice; and

3) summarized data concerning making changes to the tender bids.

3. Tender participants and their representatives may be present at the meetings for opening and summarizing the tender bids. These parties may get familiar with minutes of the meetings as determined by charter of tender.

4. In summarizing the tender bids, the tender committee shall draw up minutes on the results of tender. Minutes shall include:

1) venue, date and timing of opening and summarizing the tender bids, and names of the members of the tender committee;

2) name/title and domicile/location of participants in the tender;

3) information on queries and responses with regard to the tender bids;

4) name/title of the successful bidder; and

5) other required information.

Special opinion of the member of the tender committee is presented in writing, which shall be attached to minutes and considered as an indivisible part thereof.

5. Once the tender results are summarized and the successful bidder recognized, the organizer and successful bidder shall sign minutes on the results of the tender.

#### **Article 26. Auctioned tender**

1. The organizer may conduct auctioned tenders where participants are offered to sell him/her lots with the same features.

In determining the successful bidder, the only important stipulation is the price of the lot which participants sell or offer.

2. Auctioned tender is organized and held as determined herewith, unless otherwise ensued from the nature of the auctioned tender.

Charter of auctioned tender shall determine other procedural terms for such tender.

3. Participants of the auctioned tender shall submit their bids on sellable lots where, as, and when determined by the public notice.

Participant offering the lowest price shall be recognized as the successful bidder.

4. Where several participants have offered the same bid price, the successful bidder shall be determined through a sortition.

5. Once the successful bidder is determined at the auctioned tender, the successful bidder and the organizer shall sign minutes on the results of the tender.

#### **Article 27. Unsuccessful and annulled tender**

1. Tender committee shall recognize a tender unsuccessful, if:

1) no bid was offered;

2) no bid meets the requirements set forth in the public notice, and/or submission of the bids has not complied with the requirements set forth in this Law and the public notice; and

3) evolving activities or rendering services in respect of the tender becomes impossible due to emergencies.

2. The tender organized and held by infringement of the requirements set forth in Articles 21-26 hereunder may judicially be recognized annulled.

3. Recognizing the tender annulled shall entail annulment of the contract signed based on the results of the tender.

#### **Article 28. Types of tender**

1. The organizer shall determine the method for holding a tender, and other procedural terms and conditions, not provided for herewith.

2. The organizer shall make possible for participants to get familiar with charter of tender, and give copy of charter to participants as provided for herewith.

## **CHAPTER 4.**

### **Compulsory Auctions**

#### **Article 29. Compulsory auction**

1. Compulsory auction involves an auction, which is held in accordance with the writ of execution.

2. The lot of compulsory auction may involve any movable property or real estate, including property rights, except for the cases provided for by law.

3. Compulsory auction is organized and held by enforcement officer.

4. Fast-spoiling and small-value lot (up to the fifty-fold of the minimum salary) can be sold through auctions or commercial enterprises on a contractual basis.

#### **Article 30. Estimating lot**

1. Floor price of a lot sellable at the compulsory auction is estimated to be seventy-five per cent of the market price applicable as of putting the writ of execution into action, unless otherwise specified by law.

2. Enforcement officer, and claimer or debtor shall have the right to hire an expert in order to determine the floor price of the lot.

Period of limitation of the floor price of the lot can not last longer than six months.

3. Claimer has the right to determine, within reasonable limits, the composition and quantity of property being included in the lot from the confiscated property.

#### **Article 31. Public notice on compulsory auction**

1. The public notice on compulsory auction shall be issued at least ten days prior to holding the auction, as provided for in Article 8 hereinabove.

2. In addition to the information provided for hereunder, the public notice shall also contain an indication that the auction is compulsory.

3. Enforcement officer's decision on holding a compulsory auction, and the information in the public notice shall be delivered to the debtor and creditor at least ten days prior to the start of the auction.

#### **Article 32. Organizing compulsory auction**

1. Those wishing to participate in the compulsory auction shall apply to Judicial Enforcement Service at the Ministry of Justice of the Republic of Armenia (the Service) within the period from releasing the public notice to the day preceding the auction, until 4 p.m.

2. Application is presented along with a document stating payment or advance payment to the account of the Service at the amount of five per cent of the floor price of the lot (except for the cases provided for in Article 35 hereunder).

3. Before the start of the auction, a lot is removed from the auction as and when provided for by law.

4. Information on participants of the auction is not subject to publishing.

5. Unsuccessful bidder is refunded immediately after the auction, if payment was made on a cash basis, and within three banking days, if payment was transferred into the deposit account of the Service.

Where auction does not take place, the advance fee is refunded within three days.

6. Expenditures charged from the debtor to cover the review, maintenance, evaluation (including expert-assessed), maintenance of buildings, organization and holding of auctions, and etc. shall comprise: i) five per cent of the purchase price of the selling lot; and ii) three per cent of the purchase price of the selling lot, if it exceeds the minimum salary ten thousand times.

### **Article 33. Compulsory auction procedure**

1. Compulsory auction is conducted as determined by Article 14(1-7) hereinabove.

2. The minimum additions of the floor price for the auction participants are defined as follows:

- 1) zero addition when floor price of lot is up to AMD 50.000;
- 2) AMD 500 addition when floor price of lot is AMD 50.001 – AMD 100.000;
- 3) AMD 1.000 addition when floor price of lot is AMD 100.001 – AMD 500.000;
- 4) AMD 10.000 addition when floor price of lot is AMD 500.001 – AMD 1.000.000;
- 5) AMD 50.000 addition when floor price of lot is AMD 1.000.001 – AMD 10.000.000;
- 6) AMD 100.000 addition when floor price of lot is over AMD 10.000.000.

3. The successful bidder and enforcement officer shall sign minutes on the results of the auction on the day of holding the auction.

Where a successful bidder declines signing minutes, he/she will lose the advance fee.

Where an enforcement officer declines signing minutes, the successful bidder shall within three banking days be refunded twice the amount of the advance fee and remunerated for the loss incurred as a result of participation in the auction.

4. The successful bidder must pay the purchase price of the lot to the cash desk or deposit account of the Service, within three banking days upon commencement of the auction, by offsetting the advance fee. In the event the purchase price is not paid, the advance fee shall not be refunded and will remain in the deposit account of the Service.

5. Once the purchase price of the lot is paid to the cash desk or deposit account of the Service, the enforcement officer shall sign a trading contract with the successful bidder within a three-day period.

6. The proceeds derived from the sale of the lot shall be transferred or delivered to the creditor within a three-day period.

### **Article 34. Unsuccessful and annulled compulsory auction**

1. Compulsory auction is recognized as an unsuccessful auction, if:

1) cases arise as provided for by Article 15(1) hereinabove; and  
2) the successful bidder who has signed minutes on the results of the auction failed to pay the full purchase price of the lot.

2. Compulsory auction is considered as unsuccessful not later than the day after occurrence of the circumstances stipulated hereinabove.

3. Compulsory auction organized and held by infringement of the requirements set forth in Articles 30-33 hereunder may judicially be recognized annulled, as claimed by the party concerned.

Annulment of compulsory auction shall entail a new compulsory auction, as determined hereunder.

### **Article 35. Second auction and subsequent auctions**

1. Repeated compulsory auction shall be held not later than within thirty days after each compulsory auction rendered unsuccessful.

2. Where the second or each subsequent compulsory auction is to be organized after the preceding one recognized as unsuccessful because of the grounds provided for in Article 34(1)1 hereinabove, the floor price of the selling lot shall be reduced by ten per cent of the floor price of the previous auction.

3. Where an auction is recognized as unsuccessful because of the grounds provided for in Article 34(1)2 hereinabove, the floor price of the selling lot shall not be reduced, while the advance fee for participation is determined to be twenty per cent of the floor price of the lot.

4. After the fifth auction, the price of the real estate shall not be lowered for a period of six months, and the auction activity will carry on as provided for hereunder.

5. Public notice on the second or each subsequent compulsory auction shall be issued at least seven days prior to the auction.

6. Failure to be sold in the second or each subsequent compulsory auction, the lot shall be offered to the creditor for the price of that auction, except where the creditors are state entities acting on behalf of the Republic of Armenia.

7. Claimer may notify the Service of his/her consent on delivery of the lot to him/her on the third day preceding the auction, until 4 p.m.

Where the claimer declines receiving the lot, the process of the auction will carry on.

8. Where there are two or more writs of execution relating to confiscation of property of the same debtor, the lot shall be offered to the claimer as provided for by Armenian Law on 'Enforcement of Judicial Decisions', Articles 70-71.

9. Where the claimer agrees to receive the property/lot, a relevant property-acceptance contract shall be signed between him/her and the enforcement officer. The property/lot shall be delivered to the claimer after he/she has reimbursed the Service the expenditures of the auction.

10. Where the floor price of the lot exceeds the debt, which has been determined judicially, the claimer shall pay the debtor the difference between the floor price of the lot and the debt, before signing the contract and delivering the lot.

## **CHAPTER 5.**

### **Final Provisions**

#### **Article 36. Liability for maintenance**

The organizer of auctions shall keep documentary records and maintain the documents relating to the auction (contracts, minutes, and etc.) within three years after the end of the auction.

#### **Article 37. Auction organizer's responsibility**

1. The organizer is responsible for deficiency of the lot, about which he/she knew or should have known, but has failed to keep participants informed of it.

2. The organizer is responsible for damage of the lot under his/her possession, and shall incur the risk of accidental loss of the lot, unless otherwise specified by the contract on organizing auction.

3. The organizer is responsible for safekeeping of the lot in accordance with the sanitary standards and other mandatory norms determined under Armenian Law.

#### **Article 38. Transitional provisions**

Provisions and rules provided for hereunder apply also to the procedure of organizing and holding auctions, the public notice of which will have been issued after the entry of this Law into effect.

**Article 39. Entry into effect**

This Law shall enter into effect the tenth day following its official publication.

*The President of the Republic of Armenia*  
**ROBERT KOCHARYAN**  
*November 4, 2003, Yerevan*