

PROCEDURE

on opening, processing and closing escrow accounts

DEFINITIONS AND ABBREVIATIONS

1. 1) **Bank** stands for ARARATBANK OJSC.

2) **Escrow account** shall be an account opened by the bank for the purpose of performing payment obligations (the payment obligations) by the parties to the agreement (the parties to the agreement) towards each other through the bank based on any civil law agreement.

3) **Escrow amount** shall be an amount credited to escrow account for the purpose of performing payment obligations.

4) **Escrow agreement** shall be an agreement on account opening, processing and closing executed between the Bank and parties to the agreement.

2. ESCROW ACCOUNT OPENING

Escrow account shall be opened based on the application provided by individuals, legal entities or private entrepreneurs.

The following documents shall be provided together with the application on escrow account opening:

1) For legal entities established and operating on the territory of the Republic of Armenia:

- a) Copy of the Charter including amendments,
- b) Reference from the Unified State Register of Legal Entities,
- c) Copy of the State Registration Certificate (with inserts),
- d) Copy of the document certifying the taxpayer registration number (TRN), if there is no TRN in the presented state registration certificate,
- e) Copy of license (if the activity being carried out is subject to licensing),
- f) Information on the shareholders (founders) of the company (in case of stock companies a reference from the shareholder register on shareholders holding 10% shares and over shall be provided),
- g) Duly formulated power of attorney in case of acting on behalf of the authorized person,
- h) Copy of the company representative's passport, identification card, RA special passport, residence card or internationally recognized travel identification document issued by an authorized body (in case of a foreign passport, the passport shall be translated into Armenian and notarized).

2) For legal entities established and operating beyond the borders of the Republic of Armenia:

- a) The package of the customer's founding documents with notarized translations of original documents,

b) Notarized translations of original documents defining the legal status of a customer and certifying the state registration and the fact of being registered with the tax authorities,

c) Original of the translated license, certified notarially (if the activity subject to licensing is carried out),

d) Information on the shareholders (founders) of the company with notarized translations of original documents (in case of non-resident participating individual (founder) a passport translated into Armenian and notarized,

e) Duly formulated power of attorney in case of acting on behalf of the authorized person,

f) Copy of the company representative's passport, identification card, RA special passport, residence card or internationally recognized travel identification document issued by an authorized body (in case of a foreign passport, the passport shall be translated into Armenian and notarized).

3) For individuals:

a) Passport, identification card or military service record book in case the person is in the compulsory military service RA special passport, residence card or internationally recognized travel identification document issued by the authorized body (for non-resident individual the passport shall be translated into Armenian and certified notarially),

b) Social security card or public service number (in case of lack of such document, a reference on waiver of the social security card or public service number issued by the relevant RA authorities).

c) Power of attorney issued in the notarial manner or in the manner prescribed by the internal legal acts of the Bank in case of acting on behalf of the authorized person,

Copy of the civil law agreement executed between the parties to the Agreement shall be also presented in addition to the documents above.

The documents above shall not be required, if the parties (party) to the Agreement are the customers of the Bank and such documents have already been submitted to the Bank.

3. For the purpose of opening an escrow account, parties to the Agreement shall submit required documents either to the Head Office or any branches thereof.
4. Escrow account shall be opened, escrow agreement shall be opened between the Bank and parties to the agreement.
5. Sample of the escrow agreement shall be approved by the Executive Board. Proceeding from the transaction peculiarity, escrow agreement may deviate from the sample of the agreement.

ESCROW ACCOUNT PROCESSING

6. One party to the agreement shall credit an escrow amount to the opened escrow account as well as commission fee to be paid to the Bank in compliance with the escrow service rates effective at the Bank.
7. Escrow amount credited to escrow account shall be frozen until the terms and requirements stipulated by the escrow agreement are duly performed, or circumstances stipulated by escrow agreement take place.
8. After the escrow amount is credited to escrow account within the period stipulated by escrow agreement, the Bank shall notify the parties to the agreement in writing about it.
9. After the parties to the agreement take the actions set out in the civil law agreement executed between them, they shall submit the documents necessary for the execution of payment obligation and/or grounding documents (the documents) to the Bank.
10. After receiving and checking the documents, the Bank shall perform payment obligations within the timelines stipulated by escrow agreement.
11. In the event the documents are not submitted to the Bank within the timeline and manner stipulated by escrow agreement (except for cases when other timeline has been set out based on the written consent of the parties to the agreement and the Bank has been notified about it), the Bank shall notify about it to the person crediting an escrow amount to the escrow account and the escrow amount shall be returned to the latter.
12. Terms and requirements stipulated by escrow agreement shall be amended based on the consent of the parties to the escrow agreement.

ESCROW ACCOUNT CLOSING

13. Escrow account shall be closed after the Bank performs payment obligations set out in the escrow agreement.
14. Escrow account shall be closed also in the case stipulated by Clause 11 of the Procedure.
15. The Bank shall not accrue interests over the escrow amount.