MINISTRY OF FINANCE OF THE RUSSIAN FEDERATION

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GOVERNMENT GUARANTEE OF THE RUSSIAN FEDERATION No. 04-05-10/16

Moscow

June 22, 2006


1. TERMS AND DEFINITIONS

*Government Guarantee* means the written obligations of the Russian Federation to be held and firmly bound in relation to the performance by the Issuer of its Bond obligations to Bondholders, provided that the Bondholders meet the terms of the Government Guarantee.

*Ceiling Amount* means the scope of the Guarantor’s obligations under the Government Guarantee of at most 5,000,000,000 (five billion) rubles relating to payment of the par value of the Bonds.

*Guarantor* means the Russian Federation, represented by the Ministry of Finance of the Russian Federation.

*Issuer* means Open Joint-Stock Company The Agency for Housing Mortgage Lending, registered with the Moscow Registration Chamber on September 05, 1997, state registration number 067.470 (number in the Uniform
State Register of Legal Entities 1027700262270).

*Bonds* means A8 non-convertible certificated coupon bearer bonds of Open Joint-Stock Company The Agency for Housing Mortgage Lending denominated in the currency of the Russian Federation (the par value of one Bond is 1,000 (one thousand) rubles).

*Bond Issue Decision* means a decision to issue the Bonds made in accordance with the Resolution of the Supervisory Board of Open Joint-Stock Company The Agency for Housing Mortgage Lending of May 18, 2006 (Minutes No. 06 of May 19, 2006) on Bond offering.

*Issue Prospectus* means the issue prospectus with respect to the Bonds prepared in accordance with the Regulations for Disclosure of Information by Issuers of Issue-Grade Securities approved by Resolution No. 05-5/pz-n of FCSM of Russia of March 16, 2005 and the Resolution of the Supervisory Board of Open Joint-Stock Company The Agency for Housing Mortgage Lending of May 18, 2006 (Minutes No. 06 of May 19, 2006) on Bond offering.


*Depository* means Non-Profit Partnership The National Depository Center through which bond certificates are centrally stored and the rights (transfer of rights) to the Bonds are recorded and certified.

*Paying Agent* means the Bank for Foreign Economic Affairs of the USSR (Vnesheconombank) approved as the Paying Agent by the Resolution of the Supervisory Board of Open Joint-Stock Company The Agency for Housing Mortgage Lending of May 18, 2006 (Minutes No. 06 of May 19, 2006). The Paying Agent shall make payments in order to perform obligations relating to the Bonds, collect Requests to Perform Obligations and compulsory documents for submission, check validity of the said documents and provide the Guarantor with a register of the received Requests to Perform Obligations with check results.

*Bond Obligations* means Issuer’s obligations to pay a Part of the Bonds’ Par Value when the relevant Part of the Par Value of the Bonds secured by the Government Guarantee is redeemed. The terms and procedure of performance by the Issuer of the Bond Obligations are set forth in the Bond Issue Decision, Issue Prospectus and Certificate.

*Payment Date* means payment dates of the Part of the Bonds’ Par Value provided for in the Bond Issue Decision and Issue Prospectus for performance by the Issuer of its Bond Obligations.

*Event of Default* means non-performance or partial performance by the Issuer of its Bond Obligations.
Bondholders means individuals or corporate entities that own the Bonds. Request to Perform Obligations means a request made by a Bondholder to the Guarantor through the Paying Agent in pursuance of paragraph 4.3 hereof. Part of the Bonds’ Par Value means the relevant Part of the Bonds’ Par Value set forth in the Bond Issue Decision and Issue Prospectus payable on the Payment Date:

40 per cent of the Bonds’ par value payable on June 15, 2012.

30 per cent of the Bonds’ par value payable on March 15, 2014.

15 per cent of the Bonds’ par value payable on June 15, 2017.

15 per cent of the Bonds’ par value payable on June 15, 2018.

Any terms that are not specifically defined in this Agreement shall have the meanings prescribed by laws or other regulations of the Russian Federation.

2. SUBJECT MATTER

2.1. The Government Guarantee shall be issued by the Guarantor to secure the proper performance by the Issuer of the Bonds Obligations.

2.2. In the Event of Default on the Bond Obligations by the Issuer, the Guarantor shall hereunder pay the amounts of the Part of the Bonds’ Par Value to Bondholders when the relevant Part of the Bonds’ Par Value is redeemed, provided that the Bondholders meet the terms and procedure of making a Request to Perform Obligations and that the said amounts do not exceed the Ceiling Amount.

3. TERMS OF THE GOVERNMENT GUARANTEE

3.1. The Government Guarantee shall be a public document. If the Issue fails to perform the Bond Obligations, any person who is a Bondholder may submit to the Guarantor a Request to Perform Obligations in accordance with the procedure and within the term set forth in the Government Guarantee.

3.2. The Government Guarantee shall be irrevocable.

3.3. The terms of the Government Guarantee may not be changed within the entire term of the Government Guarantee.

3.4. All the terms of the Government Guarantee shall be fully included in the Bond Issue Decision, Issue Prospectus and Certificate.

3.5. The Issuer shall perform the Obligations hereunder in the Event of Default by the Issuer on its obligations to pay the Part of the Bonds’ Par Value to Bondholders when the relevant Part of the Bonds’ Par Value is redeemed. If the Issuer delays performing or fails to perform other obligations to the Bondholders or obligations to pay interests, penalties, commissions or default interests for the delay in performance of the Bond
Obligations, it shall not be deemed the reason to provide the Government Guarantee. The Guarantor shall not compensate the Bondholders for any legal fees related to recovery of debt from the Issuer; nor shall it compensate the Bondholders for any other losses caused by non-performance or improper performance by the Issuer of its Bond Obligations.

3.6. The Bondholders shall have all the rights arising out of the Bonds hereunder. If the rights to the Bonds are transferred to a transferee, the rights hereunder shall be transferred to the transferee to the extent and subject to the same conditions that are in force at the date of transfer of rights to the Bonds. The transfer of the rights hereunder without the transfer of the rights to the Bonds shall be invalid.

3.7. The Guarantor shall perform the obligations hereunder from the funds of the Federal Budget provided for in the Federal Law “On the Federal Budget” for the said purposes for the relevant year, and such performance shall be funded from the sources of internal financing for the Federal Budget deficit.

3.8. The scope of the Guarantor’s obligations hereunder shall be reduced as the Issuer and/or the Guarantor performs the Bond Obligations in accordance with the terms set forth in the Bond Issue Decision and Issue Prospectus. The scope of the Guarantor’s obligations hereunder shall be reduced in proportion to the obligations performed by the Issuer and/or the Guarantor. Failure to make the Request to Perform Obligations or violation of the provisions set forth in paragraph 4.3 hereof relating to the procedure for making the Request to Perform Obligations shall result in reducing the scope of the Guarantor’s obligations by the amount of the said request upon expiration of the term set forth in paragraph 4.3 hereof.

4. PERFORMANCE OF THE OBLIGATIONS UNDER THE GOVERNMENT GUARANTEE

4.1. The Guarantor shall perform the Bond Obligations for the Issuer only if the Event of Default is established in relation to the performance by the Issuer of the Bond Obligations (the Issuer’s secondary liability) and only to the extent of the Issuer’s non-performance.

4.2. The Event of Default on the Bond Obligations by the Issuer shall be deemed to have occurred subject to the following conditions:

4.2.1. The Issuer does not pay or partially pays to Bondholders the Part of the Bonds’ Par Value when the relevant Part of the Bonds’ Par Value is redeemed on the relevant Payment Date; and

4.2.2. A Bondholder demands immediate redemption of the relevant Part of the Bonds’ Par Value by the Issuer, and the Bondholder does not receive a reply from the Issuer to the said demand within thirty days from the date of making the said demand; or the Bondholder receives a refusal from the Issuer to satisfy the said demand within such thirty-day period; and

4.2.3. A Bondholder makes a Request to Perform Obligations by sending such Request to the Paying Agent in accordance with the form, procedure
and term set forth in paragraphs 4.3, 4.4 and 4.5 of the Government Guarantee.

4.3. The Requests to Perform Obligations shall be made to the Guarantor subject to the following terms and restrictions:
4.3.1. The Requests to Perform Obligations shall be sent to the Guarantor within 90 days from the relevant Payment Date on which the Issuer fails to perform the Bond Obligations;
4.3.2. The Requests to Perform Obligations shall be made in writing, signed by a Bondholder and sealed by the Bondholder’s stamp (if the Bondholder is a corporate entity);
4.3.3. The Requests to Perform Obligations shall state the full name of a Bondholder, his/her/its Taxpayer Identification Number (INN), place of residence (location), the scope of unperformed obligations relating to payment of the Part of the Bonds’ Par Value when the relevant Part of the Bonds’ Par Value is redeemed to the Bondholder who sends the said Requests to Perform Obligations, and shall refer to the Government Guarantee as the grounds to submit such Request to Perform Obligations.

4.4. The following documents shall be attached to the Request to Perform Obligations:
4.4.1. Statement of custody account opened with the Depository or depositories that are depositors of the Depository, confirming Bondholder’s rights to the Bonds;
4.4.2. Notarized copy of a document that confirms sending by a Bondholder of the Request to Perform Obligations to the Issuer and the Issuer’s receiving the Request to Perform Obligations in accordance with subparagraph 4.2.2 of paragraph 4.2 of the Government Guarantee;
4.4.3. Copy certified by the Issuer or a Bondholder of the Request to Perform Obligations to be sent by the Bondholder to the Issuer in accordance with paragraph 4.2.2 of paragraph 4.2 of the Government Guarantee;
4.4.4. Copy certified by the Issuer of the Issuer’s refusal to perform the Obligations that a Bondholder receives in accordance with paragraph 4.2.2 of paragraph 4.2 of the Government Guarantee (if any).

4.5. The Request to Perform Obligations and the documents attached thereto marked “To Vnesheconombank’s Depository for the Ministry of Finance of the Russian Federation” shall be sent to the Paying Agent for the attention of the Guarantor at: 107996, GSP-6, Moscow, prospekt Akademika Sakharova, 9.

4.6. In the event of any change in the address specified in paragraph 4.5 of the Government Guarantee, the information about such change shall be published in the Vremya Novostey newspaper within 10 days prior to the Payment Date.

4.7. The date of making the Request to Perform Obligations shall be deemed to be the date of its receipt by the Paying Agent.

4.8. The Request to Perform Obligations shall be considered and its validity shall be checked within 30 days from the date of its sending to the Guarantor. In this connection, the Guarantor may raise any objections against the Request to Perform Obligations as though the Issuer raises the same, and the Guarantor
shall not forfeit the said rights if the Issuer waives such rights or acknowledges its debt.

As an exceptional case, the term of considering the Request to Perform Obligations may be extended for the purpose of additional check, but shall not exceed 60 days from the date of its sending.

4.9. The Request to Perform Obligations shall be invalid if any of the following occurs:

4.9.1. Failure to meet the deadline specified in subparagraph 4.3.1 of paragraph 4.3 of the Government Guarantee for making the Request to Perform Obligations;

4.9.2. Improper execution of the Request to Perform Obligations or incomplete provision of the data specified in subparagraphs 4.3.2 and 4.3.3 of paragraph 4.3 of the Government Guarantee;

4.9.3. Provision of an incomplete package of documents specified in paragraph 4.4 of the Government Guarantee and/or improper execution thereof;

4.9.4. Any discrepancy between the amount stated by a Bondholder and the amount payable by the Issuer and/or the Guarantor in accordance with the Bond Obligations.

4.10. If the Request to Perform Obligations is made within more than 90 days from the relevant Payment Date on which the Issuer fails to perform the Bond Obligations, the Guarantor may refuse to perform the obligations hereunder.

4.11. If the Guarantor confirms the validity of the Request to Perform Obligations, the Paying Agent by order of the Guarantor shall, within 60 days from the date of receipt of the Request to Perform Obligations, transfer the amounts payable to a Bondholder to the Bondholder’s bank account in accordance with the Bondholder’s bank details specified in the Request to Perform Obligations.

4.12. If the Guarantor does not confirm the validity of the Request to Perform Obligations, it shall, within 60 days from the date of receipt of such Request to Perform Obligations, give a notice of its refusal to satisfy the Request to Perform Obligations to the Bondholder, stating the reason therefor.

5. TERM OF THE GOVERNMENT GUARANTEE

5.1. The Government Guarantee comes into force on the date of the state registration of the issue of the Bonds.

5.2. The state registration shall be valid until September 13, 2018.

5.3. The Bondholders may make a Request to Perform Obligations within 90 days from the date of occurrence of the Event of Default by the Issuer on its obligations to pay the Part of the Bonds’ Par Value when the relevant Part of the Bonds’ Par Value is redeemed.

5.4. The Government Guarantee shall cease to be effective on the following dates:

5.4.1. When the term of the Government Guarantee specified in paragraph 5.2 hereof expires;

5.4.2. When the Guarantor performs all of its obligations hereunder;
5.4.3. When the Issuer performs all the Bond Obligations.

6. MISCELLANEOUS

6.1. Any disputes arising in connection with the Government Guarantee shall be settled by the Moscow Arbitration Court.

6.2. The Government Guarantee is made in one copy of 8 pages. The Government Guarantee shall be delivered to the Issuer in accordance with an Acceptance Certificate. The Guarantor shall make and certify the copies of the Government Guarantee for the Guarantor and the Paying Agent.

7. ADDRESS AND BANK DETAILS OF THE GUARANTOR

Ministry of Finance of the Russian Federation
Legal and postal address: Ilyinka, 9, Moscow, 109097
Administration of the Federal Treasury for Moscow
(Ministry of Finance of the Russian Federation), customer account No. 03092000920
INN 7710168360, KPP 771001001,
Branch 1 of the Moscow Territorial Administration of the Bank of Russia, Moscow,
BIC 044583001, account No. 40105810700000010079

Deputy Minister of Finance of the Russian Federation
(Signed)
C. A. Storchak
Seal: (Ministry of Finance of the Russian Federation)