

Changes in regulation of funding of the Program for Renovation and Modernisation of Multi-apartment Buildings



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1. Legal framework

- ⑩ On 17 July 2009 the Law on State Support to Acquire or Rent Housing and Renovate and Modernise Multi-apartment Buildings (hereinafter, the Law on Renovation) was amended.
- ⑩ The amendments came into effect on 1 September 2009, and the courts have not yet stated their position on interpretation of provisions of the current version of the Law on Renovation.

2. Regulation of crediting

A decision to take a credit:

- ⑩ A decision to take a credit for renovation and modernization of a multi-apartment building is taken by and terms and conditions of the credit agreement are approved by the majority of votes of owners of apartments and other premises in the multi-apartment building.

2. Regulation of crediting (2)

Signing of a credit agreement:

- ⑩ The credit agreement is signed by the administrator of common use objects not on its own behalf but on behalf of all the owners of apartments and other premises in the multi-apartment building.

2. Regulation of crediting (3)

Borrower:

- ⑩ Rights and obligations arising out of the credit agreement are not of the administrator of common use objects, but of individual owners of apartments and other premises in the multi-apartment building.

3. Additional possibilities

Restriction on transfer of the title:

- ⑩ Overdue debts that appeared before the transfer of the apartment must be paid before transferring (inheriting) the title.
- ⑩ That ensures payment of the overdue credit installments and penalties even when there is no possibility of recovery from property or income.
- ⑩ Registration of the credit agreement with the Real Property Register makes it possible to use it against third persons.

3. Additional possibilities (2)

The debtor is clear even when the owner changes:

- ⑩ Changes in the regulation have cleared the legal uncertainty in case of a change of the owner of an apartment: obligations under the credit agreement are assigned to the new owner of the apartment.

Thank you for your attention

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