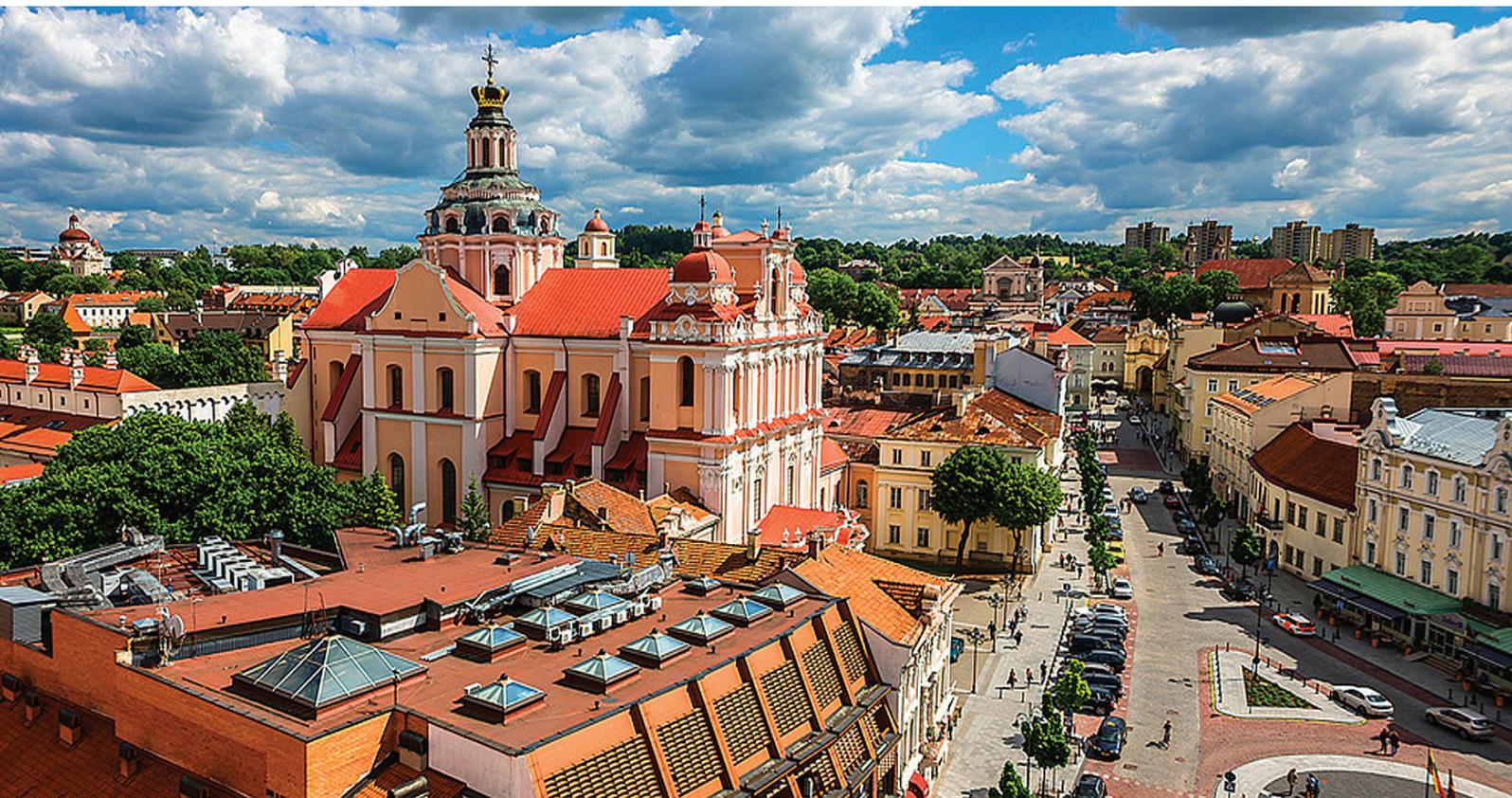


REAL ESTATE GUIDE



SUMMARY ABOUT PURCHASE OF THE REAL ESTATE IN LITHUANIA

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This guide gives an overview introduction to the key requirements when buying or selling real estate in Lithuania. This paper is not a complete guide as long as each particular property has its own popularities in legal regulation. When you deal with purchasing of real estate it is always recommended to consult a lawyer in order to avoid possible inconveniences.

GENCS VALTERS Law Firm offers clients the full range of legal services. Our contact information appears at the end of this guide.

Form of the Contract

A sale-purchase agreement is used to convey the ownership rights of real estate in Lithuania. A real estate sale-purchase agreement must be certified by a notary, except instances when contract is concluded in bankruptcy proceedings. Failure to notarize an agreement makes it null and void. Notarization of the sales agreement usually takes up to 2 days.

Subject matter of the Contract

The sale-purchase agreement of real estate contains information relating to real estate which the seller is bound under the contract to transfer to the buyer, also indication of its location, the price. If this information is not presented in the agreement, no notarial certification will occur and the contract itself will be invalid.

There are certain instruments used for transfer of the title to real estate: exchange agreement, donation agreement, and transfer of real estate as a non-pecuniary contribution into the share capital of a company. Land, residential houses, apartments, and other immovable things are the subjects of the sale- purchase agreement of real property.

Before signing the sale-purchase agreement the buyer should visit the object and check its actual conditions. After the examination of the object Buyer has to perform the following:

- 1.1. To find out of the Seller's property rights or authorization rights to perform the sale of the real property.
- 1.2. Find out whether the property is registered in the Real Estate register; are there registered any encumbrances or other lien marks; is the land plot on which property is built is formed and registered.
- 1.3. Find out if the property is property of the spouses; has the Seller got the consent of the other spouse to alienate the property; find out of the pre-emption rights.
- 1.4. Review the Inventory file.

- 1.5. Find out whether the Seller does not have debts for apartment utilities, taxes and other services.

It takes on average 3-19 days to complete the three procedures needed to register a property in Lithuania.

1. Request for clarification and revision of cadastral and registration data

For the execution of the sale-purchase agreement a notary verification and revision of cadastral and registration data of an immovable item is required. The process takes 7 days, but the buyer can opt for 1-day expedited processing at increased costs.

The Information System of Public E-Services for Immovable Property Transactions generates a notice on the future transaction and submits it to the Registrar of Real Estate.

Having received the notice, the Registrar of Real Estate verifies and, if necessary, revises the cadastral and registration data of the immovable item that are necessary for the execution of the immovable property transaction (or, in certain cases, refuse to revise the data due to specific reasons) and make a relevant note of the data revision with the Real Estate Register.

The note shall be valid for 30 calendar days after the data revision. Data of the Real Estate Cadastre and Register must be verified and the notes of data revision or refusal to revise them must be made in 8 working hours. The data revision fee is EUR 3.62.

2. Notarization of the sale-purchase agreement

A sale-purchase agreement of real property must be made in a notarial form. Failure to comply with the requirements of the form shall render the contract invalid. The contract may be used against third parties and have legal implications for them only in case it is registered with the public register in the statutory Procedure.

The title (right of ownership) to the immovable item shall devolve to the buyer from the moment of transfer of the item. In general, a statement of transfer and acceptance signed by the seller and the buyer verifies the transfer and acceptance of the real property. Likewise, the provisions regarding the transfer and acceptance of the immovable item may be inserted in the contract of purchase and sale. In such a case, the item and the title thereto shall transfer to the buyer at the moment of signing the contract. The notarial fee for the certification of the transfer-acceptance of immovable property is LTL 30 (about 8.689 EUR). The notarial fee for sale-purchase agreement certification is 0,45% of the contract price, but not more than 5800 EUR.

At a request of a buyer, notaries shall file buyer's application to register the title to the immovable item and documentary proof thereof to the Real Estate Register via the Information System of Public E - Services for Immovable Property Transactions. Where so requested by the buyer, notaries shall also print out and issue to the buyer a documentary proof (certificate) of the registration of buyer's title to the immovable item with the Real Estate Register, as drawn up and transmitted to the notary public by the Real Estate Register.

3. Register the transfer of title to the property in the Real Estate Register

According to the Lithuanian law, the registration of the sale-purchase agreement of the real estate is not compulsory, and it is deemed effective with respect to its parties, irrespective of its legal registration. However, only registration makes the transfer opposable to third parties. In addition to the registration, a new property certificate is issued to the new owner of the real estate, at no cost when it is issued in the process of registering ownership rights to the sold property.

As of 2009, it is possible for the notary to electronically register the sale-purchase agreement through (NETSVEP – Public Electronic Service of Transaction of Real Estate).

Apart of certain limitations, all data of the Real Estate Register are available to the public. It is possible, upon payment of a set fee, to obtain information on the legal status (including present and former owners, registered tenants/encumbrances, etc.) of any real estate registered with the Real Estate Register (there are certain restrictions).

Depending on the case a real estate transaction may involve the following taxes and fees:

- Personal income tax 15% of the profit of the sale of the real estate, if the real property has been in possession less than 3 years (acquired before 1st JAN 2011) and less than 5 years (acquired after 1st JAN 2011), shall be paid by the seller;
- Notary fee: charged for certification of a real estate sale and purchase agreement: 0,45% of the contract price, but not more than 5 800 EUR. Notary fee can be paid by either party or partially by both of them;
- Registration fee: applied for legal registration of the ownership of real estate with the Real Estate Register. It mainly depends on the type and average market value of real estate purchased (from 3 to 1 450 EUR).

This paper is a brief introduction to the practical aspects of acquiring property in Lithuania. It is not specific to any particular transaction or property and if you have any questions or would like further information on any aspect mentioned here, please contact:

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