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# Quick, Clean and Easy: Property Registration at NAPR

MIKHEIL GOGESHVILI  
MGALOBlishvili, KIPIANI,  
DZIDZIGURI (MKD) LAW FIRM

**I**n light of recent reforms that affect the registration of immovable property in Georgia, MKD has prepared a brief overview of the National Agency of the Public Registry.

Under Georgian legislation, the ownership title to immovable property is legally created only upon registration with the National Agency of the Public Registry (NAPR). Various other legal rights and/or restrictions with regard to real estate are also recorded with the same body.

NAPR, established in 2004 under the auspices of the Ministry of Justice, is a unified registry maintaining compre-

hensive information on all registered immovable property countrywide, including land parcels, buildings, structures or linear objects, as well as various legal rights and obligations related thereto. At the same time, NAPR consists of various sub-registries, including:

- Registry of Rights on Immovable Property - recording information on creation, amendment and termination of ownership rights and various obligations, such as lease, rent, servitude and right to build;

- Registry of Public Restrictions on Movables, Immovable Property and Intangible Assets – recording information on liens and other restrictions by courts and other administrative bodies;

- Registry of Tax Pledge/Mortgage - recording information on creation,

amendment and termination of statutory pledge/mortgage over movables, immovable property and intangible assets arising out of tax liabilities.

Once the real property or its rights are registered with the NAPR, the registration data is considered to be true and comprehensive from the moment of its inscription until the moment they are contested and invalidated in accordance with the procedures established by law.

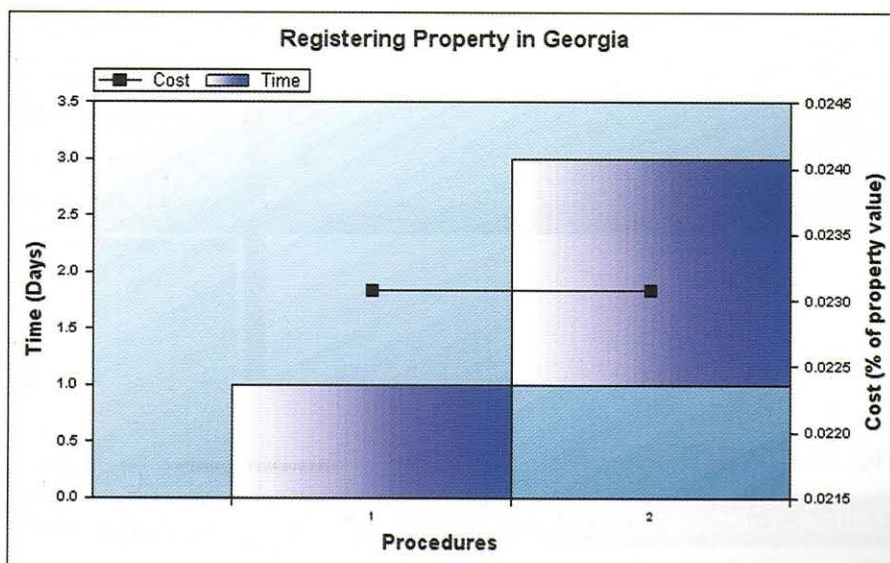
More than sixty territorial registration offices operate throughout the country under the NAPR, which perform activities defined by the NAPR statute and applicable legislation.

## Reforming NAPR

For years real estate registration process was very complicated and time-consuming both for physical and legal persons; parties had to deal with several other entities (technical bureaus of inventory, housing departments, notaries, etc.) involved in the registration process.

The gradual development of the immovable property market necessitated the establishment of a new registration system to ensure the recognition and protection of immovable property rights by the state.

The reforms were focused in four main directions: technological, legislative, institutional and administrative. ▶▶



# FAQ: Foreigners Ability to Buy Real Estate

1. There are certain legal restrictions preventing foreign nationals and legal entities from acquiring real estate in Georgia. Namely, foreigners are not allowed to purchase agricultural land regardless if such land is owned by the state or a private person/entity. In order to avoid restrictions in respect to direct ownership of agricultural land by foreign nationals, acquisitions through a Georgian-based company (LLC or similar) may be used. Foreign nationals and entities may, however, otherwise possess (e.g., lease) agricultural land and, importantly, acquire non-agricultural land other immovable property without any restrictions.

2. The price of real estate is determined by the parties themselves, which normally corresponds (or should correspond) to fair market value. The issue of fair market value is important if real estate transaction creates certain tax obligations on the part of the seller, i.e., when a seller has to pay profit or income tax from the gain received after realization of immovable property. The price of immovable property should reflect actual market value to avoid the tax authorities' suspicions that the tax base was artificially decreased. Therefore, in such instances, parties usually obtain real estate price assessments from relevant experts (normally auditors/real estate surveyors) and indicate such prices in the sale and purchase agreements.

NAPR has no authority with regard to real estate price determination/assessment.

## ► Technology

The technological reform included the establishment of a unified electronic registration information system.

A vast number of documents archived in Tbilisi and other major registration offices in Georgia were scanned and digitalized to create a unified electronic database.

The unified computer network, including web-based software, was launched throughout Georgia. This system now supports the integrated database and centralized registration system.

Currently, the majority of NAPR's territorial registration offices are connected to the computer network and conduct electronic document management, which significantly speeds up and simplifies registration procedures for customers.

The NAPR website, [www.napr.gov.ge](http://www.napr.gov.ge), was created to provide useful guidance on NAPR activities, procedures for the registration of property, relevant laws and sub-laws.

All interested persons may review and obtain information online regarding the status of specific immovable property as well as the applicable registration process, including renewal of extracts on immovable property, references on lien and tax pledge/mortgage.

The unified computer network allows a customer to receive remote electronic service regarding immovable property located in various parts of the country.

## Legal

The agency ultimately received new responsibilities due to an effort to streamline the registration process.

The responsibility of issuing a lien reference was transferred from the Chamber of Notaries to NAPR. The latter now records and issues information regarding liens on immovable property

through its registration offices.

An electronic extract on immovable property (the main title document) and its print-out have legal force and may be used by any administrative authority, legal entity or individual.

Differentiated fixed fees were set for registration and information service.

Registration timelines were reduced: the maximum term for registration of a sales agreement is five days and three days for the registration of mortgage.

Expedited registration services were introduced, enabling customers to reg-

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ister their property within one day, after fees are paid and other requirements are met. payment of the established fee and compliance with related requirements.

The archive of the Technical Inventory Bureau was integrated within the NAPR.

## Institutional/Administrative

Part of administrative reform involved the training of existing personnel or the recruitment of new personnel and the improvement of quality of services rendered by NAPR employees.

The reconstruction of registration

offices was carried out to better deliver transparent and efficient service to citizens.

In addition, NAPR now provides free, online legal consultation via webcam on its website. Customers may also get legal consultation by phone or via e-mail.

Professionals who work with property registration can now become “authorized users” and receive permission to access the NAPR unified database via the Internet, obtain specific information and perform certain actions online. In addition, the authorized users are allowed to deal with registration offices on behalf of their customers, submit documents for registration and obtain documentation.

Currently, NAPR has more than 300 authorized users including law firms, real estate agents, banks and other institutions and individuals.

### Acquisition and Registration of Immovable Property

In a relatively simple real estate transaction the following steps must be

undertaken by the relevant parties (i.e. seller, buyer or their representatives):

- the signing and notarized authentication of immovable property sale and purchase agreement; and
- the registration of the agreement with NAPR.

Fees for notary services are calculated based on the value of the transaction, i.e. property value, and therefore may be considerable.

Alternatively, parties may choose to sign the sales agreement at a NAPR office in the presence of a competent officer. In such cases, notarization of the agreement is not required and no fees are applicable.

In addition to immovable property sales and purchase agreements, the following documents should also be submitted in the course of registering immovable property:

- an application;
- a copy of the applicant’s ID;
- the relevant corporate documentation (if a legal entity is involved in the registration process);

- the proxy, if registration is conducted via a representative (e.g. lawyer); and
- the reference of payment of state registration fee.

Registration is completed within four working days for a fee of 50 lari. If expedited service is requested, registration may be done within a day, at a cost of 200 lari.

### Conclusions

NAPR’s efforts to establish a transparent, non-corrupt, easily accessible and effective registration system equipped with modern registration technologies should not be underestimated.

The practical benefits of the reform are essential for citizens and the entities involved in the immovable property market (banks, notaries, brokers, real estate agencies, etc.).

The reforms implemented at NAPR will undoubtedly contribute to the promotion of the private sector, the development of small and medium-size businesses and the immovable property market. ■



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71 Vazha Pshavela Ave., floor 4<sup>th</sup>, office 24  
0186 Tbilisi, Georgia  
Tel: +995 32 97-38-80/81/82/83  
Fax: +995 32 97-38-84  
[www.mkd-law.ge](http://www.mkd-law.ge)

  
MGALOBlishVILI, KIPIANI, DZIDZIGURI  
მგალობლიშვილი, კიპიანი, ძიძიგური

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