

real estate - legal changes published in March 2017

Government Decision no. 80/2017 amending and supplementing Government Decision no. 717/2009 regarding the approval of the implementation of the "First Home" program

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The Government Decision was adopted in order to harmonize the methodological norms for implementing the "First Home" program, adopted by Government Decision no. 717/2009 regarding the approval of the implementation of the "First Home" program with modifications to the program by the Government Emergency Ordinance no. 97/2016 amending and supplementing art. 1 of Government Emergency Ordinance no. 60/2009 on certain measures for the implementation of the "First Home" program and establishing measures at central public administration level ("GEO no. 97/2016").

At the outset, the decision establishes the introduction of a new set of definitions of homes which can be bought/built within the program. Thus, a new home means any property that meets the requirements to be classified as residential building, received on completion of the works no later than five years before the guaranteed loan application. The housing subject to intervention works to strengthen and/or mitigate seismic risk at most five years before the loan application will be treated as new housing.

The 5 year term applicable to new and/or consolidated homes shall be calculated upon the date of taking over at the end of the works, with the final point being the date of the loan application.

In order to transpose the principle established by GEO no. 97/2016, the decision establishes the obligation of the state to guarantee a maximum of 50% of the new and/or consolidated housing finance, excluding interest, fees and bank charges and a maximum of 40% of the funding, except interest, fees and bank charges, in case of housing accepted at new construction or completion of interventions to strengthen and / or reduce seismic risk, as appropriate, with more than five years before the loan application.

Finally, in order to reduce the bureaucracy involved in the program, the National Loan Guarantee Fund for SMEs takes over the task of issuing approvals for cancelation of mortgages and interdictions for sale and encumbrances provided by the law in case of full early repayment or repayment in due time of the guaranteed financing, as well as in case of rejection of payment applications with strict impact on the monitoring activity of guarantees issued within "First Home" program.

For additional details on this material, please do not hesitate to contact us.

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