



## ISSUES RELATING TO FINANCE

### BULGARIA

#### Penkov, Markov & Partners

##### CONTACT INFORMATION:

**Vladimir Penkov**

Penkov, Markov & Partners

Sofia, Bulgaria, Iztok quarter, block 22, entr. A, floor 1

359.2.971.3935

[vladimir.penkov@penkov-markov.eu](mailto:vladimir.penkov@penkov-markov.eu)

[www.penkov-markov.eu](http://www.penkov-markov.eu)

1. **What instruments are used to create a lien on real estate to secure an indebtedness (e.g., a mortgage or deed of trust)?**

The instrument used in Bulgaria is a mortgage, established by virtue of a Notary Deed. The Notary Deed on establishment of a mortgage is subject to recordation with the Bulgarian Recordation Agency.

2. **Describe [national] [state] [territorial] [provincial] or local mortgage recording or other similar taxes payable on making a loan secured by real estate or perfecting a lien on real property.**

For the establishment of mortgage the following fees should be paid: 1. Notarial fee (which depends on the amount of the secured receivable, but cannot be higher than BGN 3,000.00); 2. Fee for recordation of the Notary Deed on establishment of mortgage in the Recordation Agency (0,1 % over the amount of the secured receivable).

3. **Describe manner in which a lien secured by real property is foreclosed.**

The foreclosure of a lien secured by a mortgage should follow the procedure envisaged in the Civil Procedure Code as described herein below: The creditor should submit a request for issuance of an Execution Order (which is not an executive title of its own, but only a precondition for issuance of a Writ for Execution) before the respective Regional Court. If the debtor does not object against the request in a fortnight as of the date he has been notified for the submitted request, the creditor may submit a request for issuance of a Writ for execution (which usually takes about a month), by virtue of which the bailiff in charge may sell the

property (which takes about month and a half as per the provisions of the Civil Procedure Code). The above described procedure may be significantly prolonged if the debtor objects against the request for issuance of an Execution Order. In this case the creditor has one month to raise his claim before the competent court and should pass through all stages of the court proceedings.

**4. Describe any significant costs of or impediments to foreclosing a lien on real property.**

For the issuance of an Execution Order the court collects state fee in the amount of 2% of the secured receivable. Throughout the procedure for sale of the real estate, subject of the mortgage, the creditor pays a number of taxes, which are on the account of the debtor and are collected from the sale price of the respective real estate.

**5. What is the customary time period for foreclosing a lien on real property?**

The customary time period includes about a month for issuance of an Execution Order, another month for issuance of Writ for Execution and another month and a half for the sale of the property provided that no unexpected complications arise.

**6. Are there [national] [state] [territorial] [provincial] or other local governmental permissions, approvals or licenses required for foreign banks or other foreign lenders to make real estate loans secured by real property? If so, please describe.**

There aren't any restrictions regarding the securing of foreign entities' receivables with mortgages.

**7. What legal limits are imposed on the amount of interest which may be charged on a loan secured by real property?**

If in the Notary Deed on establishment of the mortgage is noted that the receivable is interest-bearing, the mortgage secures the interest for the two years preceding the year of serving a writ of summons for voluntary performance on the owner, as well as the interest for the current year and for all the following years until the date of sale of the property. Apart from that, there are no restrictions regarding the exact amount of the interest.

**8. Describe any laws that restrict the ability to make a borrower or guarantor personally liable for indebtedness secured by real property.**

As a matter of general principle the borrower is liable for indebtedness with his whole property, including, but not limited to the assets which have been subject to an established mortgage. In the light of the above, there are no specific laws restricting the personal liability of a borrower, who has secured his debt with a mortgage.