



## ISSUES RELATING TO FINANCE

### HUNGARY Nagy és Trócsányi

#### CONTACT INFORMATION

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

A mortgage on real estate is the most common form to secure an indebtedness.

- 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.**

HUF 12,000 shall be paid to register a mortgage on real estate in the Land Registry. Act XCIII of 1990 on Duties does not contain any duties regarding to mortgages.

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

According to Act IV of 1959 on the Civil Code and Act LIII of 1994 on Judicial Enforcement a mortgage on real estate is foreclosed by a sale by auction on the basis of court order unless otherwise provided by law.

Agreements that are concluded before the claim is due and grant to mortgagee the right to acquire ownership of the mortgaged property in the event of the failure to fulfill the obligation shall be invalid and non effective.

The parties can agree in writing to sell the mortgaged property together before the claim to which it pertains falls due by establishing the lowest sale price or a formula for calculating

the sale price, and a deadline from the date on which the claim falls due. If the mortgaged property cannot be sold before the deadline and/or under the conditions set forth in the agreement, the agreement for joint sale shall become non effective. Such agreement requires the co-ordination with the owner of the property.

If the mortgaged property has an official market price or if the mortgagee is engaged in providing loans against security commercially (in terms of claims secured by lien, including all credit institutions), the parties can, before the claim is due, agree to permit the mortgagee to sell the pledged property himself without judicial execution.

The parties can agree, under the terms and conditions mentioned above to permit the mortgagee to appoint a person who is commercially or *ex officio* engaged in providing loans against security or organizing auctions to sell the real estate.

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

There are procedure costs exist such as legal expenses, the costs of the sale by auction and the auctioneer, bailiffs' costs etc.

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

The customary time period depends on many circumstances and factors which can not be determined. As a general rule the foreclosing procedure goes on for about one year to one and a half years.

**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.**

The effect of Act CXII of 1996 on Credit Institutions and Financial Enterprises covers foreign banks and other foreign lenders that means such financial institutions could only make real estate loans secured by real property if they acquire the appropriate license from the abovementioned authority. If the foreign banks and other foreign lenders having their principal seat in EEA countries no further license is required (see Directive 2006/48/EC).

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

There are no special legal limits exist on the amount of interest which may be charged on a loan secured by real property. However, any unreasonably excessive interest rates established by the parties may be reduced by the court.

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

None.