



ISSUES RELATING TO FINANCE

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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 is the only instrument to create a lien on real estate in Latvia.

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.**

There is no other mortgage tax in Latvia, except for a stamp duty for entering the mortgage into the Land Registry, constituting 0.1% of the amount of the loan, maximum 1,000 lats (approx. 1,423 EUR).

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

Judicial foreclosure, when the lien secured by real estate is foreclosed by sale under the supervision of a court, is the only recognized statutory proceeding under Latvian law for foreclosure of mortgaged estate upon the breach of a mortgage. The law sanctions two ways of foreclosure: voluntary and non-voluntary. Voluntary judicial disclosure is quicker and easier way to sell the estate, but it requires consent of the mortgagor. Both procedures are regulated by provisions of the Latvian Civil Procedure Law.

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

Only mortgages duly recorded with the Land Registry may be foreclosed. The court fees and costs for arranging the sale of the mortgaged property as a rule are not significant.

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

If the voluntary foreclosure is initiated, as a rule it takes three to four months until settlement of the sale. In case of non-voluntary foreclosure it may take from six to twelve months.

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.

No. There are no restrictions or prohibitions for foreign lenders to make real estate loans secured by real estate in Latvia. However, foreign lenders need to comply with local provisions of consumer credit transactions and provision of financial services.

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 such statutory limits. With regard to consumer credits, the Latvian Consumer Rights Protection Law, in compliance with European Council Directive 87/102/EEC, sets methods for calculation of the annual interest rate and limits the maximum amount of the loan secured with a mortgage (90% of the market value of the real estate).

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

None.