

## Purchase of real property in Belarus: modelling & evaluation

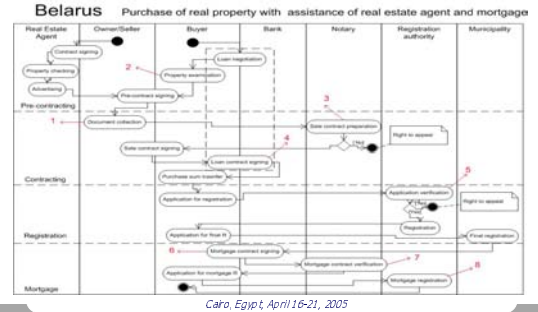


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Caro, Egypt, April 16-21, 2005

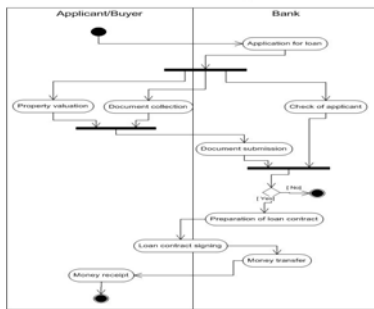
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## Property purchase (land & a single family house)



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## BELARUS Getting a loan



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## Real property registration

(Industrial property: land & a warehouse)  
Doing Business in 2005

| Countries       | Number of procedures | Time (days) |
|-----------------|----------------------|-------------|
| Sweden          | 1                    | 2           |
| The Netherlands | 4                    | 5           |
| Germany         | 4                    | 41          |
| Denmark         | 6                    | 42          |
| Croatia         | 5                    | 956         |
| Belarus         | 7                    | 231         |

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## Property purchase

|  | Time (days)     |
|--|-----------------|
| 1. Collection of the documents (seller)  | ~ 7(21)         |
| 2. Property inspection and preparation of valuation report (expert on behalf of buyer) | ~ 7(14)         |
| 3. Attestation of the purchase contract (notary)                                       | 1               |
| 4. Loan agreement (buyer and bank)   | ~ 7(14)         |
| 5. Application to the registration authority (buyer)                                   | 7               |
| 6. Mortgage agreement (buyer and bank)   | ~ 1             |
| 7. Attestation of the mortgage contract (notary)                                       | 1               |
| 8. Application to mortgage registration (buyer/new owner)                              | 7               |
| <b>Totally</b>   | <b>~ 38(66)</b> |

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## Purchase of real property in Belarus

| BELARUS              | Doing Business in 2005 <sup>1</sup> | Present research |
|----------------------|-------------------------------------|------------------|
| Number of procedures | 7                                   | 8                |
| Time (days)          | 231                                 | 38/66            |

<sup>1</sup> Doing Business in 2005: Removing Obstacles to Growth  
<http://ru.worldbank.org/doingbusiness/>

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## Property purchase and corruption

| Countries       | Number of procedures | Time (days) | Corruption Perceptions Index <sup>1</sup> |
|-----------------|----------------------|-------------|---|
| Sweden          | 1                    | 2           | 9,2                                       |
| The Netherlands | 4                    | 5           | 8,7                                       |
| Germany         | 4                    | 41          | 8,2                                       |
| Denmark         | 6                    | 42          | 8,5                                       |
| Croatia         | 5                    | 956         | 3,5                                       |
| Belarus         | 7/8                  | 231/66      | 3,3                                       |

<sup>1</sup> Transparency International Corruption Perceptions Index 2004  
<http://www.transparency.org/index.html>

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## Some conclusions (I)



- Purchase of property
  - lengthy and cumbersome
  - requires collection of many permissions and approvals
- Mortgage system is underdeveloped and underutilized. Banks are not in favour of mortgages
- Monopoly of notaries on contract attestation disappears

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## Some conclusions (II)



- Capital market is strongly regulated by the state & credit distribution is not market based
- Burdensome property transactions create a room for corruption. They lower property & capital turnover (De Soto)
- Number of mandatory activities should be decreased (e.g. final registration at municipality)

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