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TENLAW: Tenancy Law and Housing Policy in Multi-level Europe

Tenant's Rights Brochure for

BULGARIA

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Summary of Contents

1. Introductory information

Give a very brief introduction on the national rental market

o Current supply and demand situation

In 2011 the whole Bulgarian housing stock consists of 3,887,149 units. More than two thirds (67.94%) of them are situated in residential buildings, and are inhabited. In addition, beyond the dwellings in residential buildings there are 21,338 homes in non-residential buildings, 3,547 non-conventional (sub-standard) and mobile dwellings, and 792 institutional dwellings. The overall number of the inhabited dwellings is 2,666,733, representing 68.6% of the national housing stock (incl. 141,244 or 3.6% inhabited holiday houses/second homes). 7,068,967 residents lived in the inhabited dwellings according to the Census 2011, so the average Bulgarian home is inhabited by 2.65 persons. (Source: National Statistical Institute, Census, 2011[1])

Bulgaria is among the EU Member States with highest rate of homeownership: 87% of the population consist of owners. Tenants account for 18.5% of the population. Approximately 6% of the population lives shared abodes (cohabitation of tenants and owners).

The overall number of dwellings with either private or public rental tenants in Bulgaria is approximately half a million: 487,564 residents, representing 18.3% of all inhabited dwellings. Every fifth dwelling in cities (21.8%) is inhabited by tenants, while in the villages the share of dwellings with tenants is only 9.3%.

Tenancy is typical city phenomenon: 93% of rented dwellings and 92% of tenants are situated in the cities. Tenants living rent free also prevail in the cities – 77% of them live in cities and 23% in villages. The same goes for tenants living in cohabitation with owners: 86% of them live in cities and only 14% in villages.

o Main current problems of the national rental market from the perspective of tenants

- Shortage of social housing in big cities and very small number of newly constructed social dwellings; The demand for social dwellings exceeds extensively its supply; For example, currently, in the Municipality of Sofia (inhabited with app. 1.3 million citizens) the number of social dwellings is about 5,000. The list of enrolled individuals with established needs of accommodation in social houses is significantly longer: some citizens registered recently in the list of enrolled individuals with identified housing needs, have a theoretical chance of access to municipal housing after about half a century;
- Relatively low incomes and high food costs and overheads payments for water, electricity, heating and maintenance of the house) (consisting almost half of the

[1] Преброяване на населението и жилищния фонд в Република България през 2011 г., Том 2. Жилищен фонд/Книга 2. Жилища, НСИ, 2012, 20.

household spending), and the higher interest costs on potential mortgage (in case of changing the rental housing with dwelling ownership);
- higher 'turnover' in social housing and lack of investments in dwelling maintenance significantly depreciate the quality of life in those abodes.
- Perceptions of renting without public tasks are much more positive compared to renting public housing.

o Significance of different forms of rental tenure

The data from the last Census show that as of 1 February 2011, 96.9% of the inhabited dwellings are owned by individuals, 2.6% belong to the state or municipalities and 0.5% are properties of legal entities.
Tenants that pay rent are equal in number to the various types of rent free tenants (6.2% of all residents). The share of tenants paying rent in villages (1.7%) is much smaller than the share of tenants that do not pay rent (5.1%) or tenants sharing the dwelling with owners and other rent free residents (3.1%).

□ Private renting

The overall share of tenants that pay rent at market price is very low: about 120,000 (1.7% of all residents), and 785,000 tenants (11.1% of all residents) rent at reduced price or for free.

□ housing with a public task" (e.g. dwellings offered by housing associations, public bodies etc)

In 2011 the state owned housing stock comprised of 92,314 units, of which 24.3% was not inhabited[2]. The remaining 69,878 dwellings were inhabited, which is only about 15% of all state owned housing units in 1985 (441,493)[3]. In reality, the whole state owned housing stock that is currently in use in all towns is 64,723[4]. In the rural areas, the inhabited state-owned dwellings have never reached more than 3.2% of the state owned rental stock,[5] it can be concluded that the decrease in number and share of state and municipal dwellings has affected primarily the larger urban areas. All in all between 1985 and 2011 the number of state-owned dwellings in Bulgaria was reduced more than 6 times from 441,493 (of which 409,692 in the towns) to 69,878 (of which 64,723 in the towns).

o Some general recommendations to foreigners on how to find a rental home (including any specificities with respect to the position of foreigners on the national rental market)

[2] Преброяване на населението и жилищния фонд в Република България през 2011 г., Том 2. Жилищен фонд/Книга 2. Жилища, НСИ, 2012, 23.
[3] Ibid.
[4] Ibid.
[5] Ibid.

It is highly advisable for a foreigner to address a well-known brokerage agency with proven track of experience. The National Real Estate Association (NREA), NGO[6] and the Bulgarian National Association 'Active Consumers'[7] can also be used as a starting point.

o Main problems and "traps" in tenancy law from the perspective of tenants

- Cheating from false owners pretending to be land lords;
- The landlord refuses to return the deposit after termination of the tenancy agreement;
- The landlord violates peaceful using of the dwelling – disturbs the tenant, enters the property without asking for permission in a reasonable period before intended entering, initiates different repairing activities of the property without appropriate arrangements with the tenant;
- The landlord harasses the tenant to make him/her pay higher rental price;
- Landlord changes the locks of the dwelling, not permitting the tenant to enter and or to take his/her possessions.
- Landlord evicts the tenant before having the dispute solved by the court.
- The landlord does not fulfil his/her obligation to repair damages different from these caused by the ordinary usage of the dwelling.
- Discrimination – refusal to enter into agreement or imposing less favourable conditions for the tenants belonging to different minorities or vulnerable groups (incl. refugees).

□ "Important legal terms related to tenancy law"

Bulgarian	Latin transliteration	Translation into English
Собственик	Sobstvenik	Owner
Наемодател	Naemodatel	Lessor
Наемател	Naematel	Lessee
Наем	naem	Rent
Текущи разходи	Tekushti razhodi	Operating costs
Индексация на наема	Indexatsiya na naema	Indexed rent
Депозит	deposit	Security deposit
Дребни поправки	Drebni popravki	Minor maintenance work
Комисионна	Komissionna	Brokerage fee
Повишаване на наема	Povishavane na naema	Rent increase
Разходи за комунални услуги	Razhodi za komunalni uslugi	Utility costs
Прекратяване на договор	Prekratyavane na dogovor	Termination of the contract

[6] Professional organization estimated to represent some 10% of all real estate operators throughout the country, http://www.nsni.bg/en (English version of the web-site available), March 2014.
[7] Leading consumers' organization in the country, http://aktivnipotrebiteli.bg, March 2014.

Срочен договор	Srochen dogovor	Fixed-term contract
Съдебен изпълнител	Sadeben izpalnitel	Enforcement agent

2. Looking for a place to live
2.1. Rights of the prospective tenant

● What bases for discrimination in the selection of tenants are allowed/prohibited? What about, for example, status as a foreigner, student, unmarried partner, or person with a short-term work contract?

Protection against Discrimination Act[8] in its relevant parts provides for prohibition of any practice or indirect discrimination based on sex, race, nationality, ethnic belonging, human genome, citizenship, origin, religion or belief, education, convictions, political affiliation, personal or public status, disability, age, sexual orientation, family status, property status or any other characteristics established by an Act or by an international agreement party to which is the Republic of Bulgaria. This provision concerns both private and public housing relations. Several types of measures shall not be considered Discrimination, inclusive the special measures in favour of underprivileged persons or groups of persons on the grounds of the characteristics under Art. 4, para. 1, for the purpose of equalising their possibilities, inasmuch as while these measures are necessary[9]. Therefore, the state targeted policy and measures, for example in the area of social housing, shall not be considered discrimination.

● What kinds of questions by the landlord are allowed (e.g. on sexual orientation, intention to have children etc)? If a prohibited question is asked, does the tenant have the right to lie?

Private tenancy
A simple identity check of the lessee and her or his family members which will inhabit the dwelling usually are made by presenting of the ID documents of the lessee. The implementation of systematised questionnaires is not prohibited by the law however the information collected must be kept in compliance with the requirements of the Law for Protection of the Personal Data[10].

Public tenancy
It is left to the municipal authorities to decide what kind of data and documents to request from the applicants for municipal dwellings. Usually, the applicant for a municipal dwelling shall file a declaration containing, among others, the following information: full names of the applicant and family members (household); data regarding the type, size, ownership and duration of the actual occupancy of the property currently occupied by the applicant; transactions with any real estate done in the past; ownership

[8] Protection against Discrimination Act, promulgated in State Gazette issue 86 of 30 September 2003, in force from 1 January 2004, last amended State Gazette issue 68 of 2 August 2013, Art. 4, para. 1.
[9] Ibid., Art. 7.
[10] Law for Protection of the Personal Data, promulgated State Gazette 1 of 4 January 2002, last amended and supplemented State Gazette 15 of 15 February 2013.

of personal property whose value exceeds a certain amount; total annual income of the family (household) for the previous year originating from salaries and pensions, as well as additional income from honoraria, commercial activities, renting of private buildings, agricultural land etc.; evidence for previous filings, etc.
In addition to the information described below, the applicant is required to present the following documents: certificates issued by the Address Service; certificates from the Registry Agency for committed transactions with real estate on the territory of the Sofia Municipality or in the territory of other settlements; certificates issued by the Tax Office for declared properties, official certificates for annual income from the employment or civil servant relationship for the previous year; copies of filed tax returns; copies of lease contracts where the person and the members of his family (household) live on a free market rent; copy of the decision of the Medical Advisory Board, established degree of disability, etc. Similar requirements for declarations and presenting documents, issued by different authorities are included in the ordinances of other municipalities for the purpose of establishing housing needs of candidates for municipal housing and members of their families.
Non-presenting of required information and evidence, or declaring untrue information, or delay in submitting information shall result in a refusal for the accommodation of the person in a municipal house, or respectively, the tenancy relation to be terminated.

● Is a "reservation fee" usual and legal (i.e. money charged by the landlord to allow the prospective tenant to participate in the selection process)?

Although not prohibited by the law, in Bulgaria there are no cases of money charged by the landlord to allow the prospective tenant to participate in the selection process. Therefore, "the reservation fee" would be lawful if agreed between the parties.
However, the commissions charged by the brokers are not regulated and some real agents collect additional fees for organising inspections and/or for providing of legal assistance.

● What kinds of checks on the personal and financial status of the tenant are usual and legal (e.g. the landlord requiring an independent credit report)?

Data checks on the prospective tenant would be lawful with the consent of the tenant. Private credit reference agencies keeping records on individuals do not exist. The Central Credit Register with Bulgarian National Bank[11] is only accessible by banks and other financial institutions in relation to the assessment of the financial status of clients. Enquiries of the financial status are very rare and only in the sphere of the commercial renting. They are not practised in the private renting because the landlord has no means available to check the information eventually provided by the prospective tenant.

● What is the role of estate agents in assisting the tenant in the search for housing? Are there other bodies or institutions assisting the tenant in the search for housing?

[11] Bulgarian National Bank, http://www.bnb.bg/AboutUs/AUFAQ/CONTR_CREDIT_REGISTER_FAQ?toLang=_EN, December 2013.

The real estate agents provide intermediary and advertising services together with some accompanying services such as legal advice and assistance to the parties in the course of the negotiations and the concluding of the lease contracts. They provide information to prospective tenants for available dwellings on the basis of their requirements and organise inspections of the houses to let.
Generally, there is desire for direct search (through individual advertisements in specialised magazines and Internet sites) and negotiation between tenants and landlords. The avoidance of real estate mediation can be explained by the fact that the majority of landlords and tenants belong to low-income groups for which the amount of commission charged for the brokerage services is high, especially given the fact that often rental contracts are for a period less than one year.
Given the fact that there are lots of illegal real estate brokers[12], there are voices for the introduction of a licensing regime for the real estate agencies.
Official information for the available social housing and application procedures can be obtained by the specialised municipal and state administration. However, this information is not transparent, easily accessible, user-friendly enough and publicly available.

● Are there any accessible "blacklists"¨ (or equivalent mechanisms) of bad landlords/tenants? Is there a system for rating and labelling preferred landlords/tenants?

There are no blacklists of "bad tenants and landlords" in Bulgaria. Official channels for information of 'bad tenants' do not exist. In an informal manner some real estate agencies may give advice to their clients – landlords as to the reliability of the tenant wishing to rent the house. Real estate brokers do not maintain lists and do not exchange information of bad landlords.
In the field of public tenancy, for example, according to Article 65 of the Municipal Property Act[13] as 'bad tenants' will be considered those individuals and/or members of their families, from which a municipal property is seized because it is being held on no legitimate grounds, is not being used as designed, or the need for use does not exist anymore. Usually, municipal orders provide a term, within which such a person will not be allowed to be accommodated in municipal housing.[14]
The tenant is enabled to access the following registers or data and documents: access to the public property register where he/she could obtain information regarding the ownership of the dwelling or on any other circumstances that may hinder his/her tenancy rights in the future such as mortgages, claims concerning rights over the real estate, right to use, other recorded tenancy agreements, etc.; documents and data provided by the landlord in regard to his/her capacity to sign the contract, such as identity documents, power-of-attorney, etc. When the landlord is a company, a check may be done on the legal status of the company and its representatives in the public Trade Register[15].

[12] According to data from the joint study of NREA and the National Revenue Agency published in December 2012, 80% of real estate operators do not declare correct income, and evade taxes.
[13] Municipal Property Act, promulgated in State Gazette issue 44 of 21 May 1996, last amended State Gazette issue 66 of 26 July 2013, Art. 65.
[14] For instance, in Sofia Municipality this term is two years as of the date of the seizure.
[15] Trade Register, http://www.brra.bg/, December 2013.

2.2. The rental agreement

● What are the requirements for a valid conclusion of a rental contract (is written form necessary; is registration necessary and if yes, what kinds of fees apply lawfully)?

Lease contracts are not subject to compulsory registration. It is left to the common will of the parties whether to register their rent contract in the property register.
There is no explicit requirement for written form of lease. However, the lack of written contract can generate several problems in the internal relations between landlord and lessee – including falseness over rent, length of contract etc.
The written form is also relevant to the duration of the contract in cases of transfer of the real estate property. A written contract with a date of conclusion verified before a notary shall be binding for the new proprietor for the period of the contract but for not more than one year. A contract that is registered in the property register shall remain valid until the expiration of the time-period specified in it and the new proprietor will be obliged to comply with it.
In the context of the municipal renting, the rent relation comes as a result of a complex and often very long procedure, including as a minimum: entering of the candidates in a 'waiting list'; assessment of each candidate's application and classification of the candidates eligible for municipal lodging; issuing an accommodation order by the mayor of the municipality; conclusion of a rent contract in writing. Such procedure is followed for accommodation of officers in state owned departmental houses, as the chief of the respective authority specifies the conditions for assessment of the housing needs of the candidates and for amendment of the rental price.

● What is the mandatory content of a contract?

o Which data and information must be contained in a contract?

The *consent of the parties* to the contract over the main he main elements of the deal – *object and rent price* – is sufficient for the deal to be considered as concluded. The lacking stipulations regarding other conditions of the rent contract, such as period of the contract, payment deadlines, rights and obligations of the parties, etc., shall be substituted by the respective dispositive provisions of the law. However, when it comes to the burden of proof in an eventual court proceeding related to the rent contract, oral agreements between the parties would hardly be substantiated.

o Duration: open-ended vs. time limited contracts (if legal, under what conditions?)

Open-ended shall be considered any lease agreement that lacks provisions regarding time period. If the contract of lease has an indefinite term, each of the parties may renounce it by a one month notice to the other party. But if the lease is daily a one day notice shall be sufficient. In addition, a limited in time contract is converted into an open-ended upon transfer of the property to a new proprietor when the contract does not bear an officially certified date of signature and the lessee is in possession of the property.

The duration of the contract may be extended upon expiration with an agreement by both sides. It is disputable whether such extension is possible when the contract has been signed for the maximum possible period of ten years. Nonetheless, there is no legal ban for a new contract to be signed immediately after the expiration of the previous one. A specific case of automatic prolongation is provided, when the lessee continues to use the real estate after expiration of the agreement with the knowledge and without the objection of the landlord. In this case the contract shall be deemed extended for an indefinite term. There is no legislative ban this rule to be applied in cases when the contract is signed for the maximum 10-year period and the term expires. In addition, the parties may agree on a variety of prolongation modalities within the agreement itself, as for instance: a specific time period which shall be extended automatically if none of the parties expresses its will to terminate the contract prior to its expiration. Tenancy contract for life shall be void as regards the term of the contract and the respective clause shall be replaced by the statutory provision, establishing the maximum term of the contract.

o Which indications regarding the rent payment must be contained in the contract?

The lack of agreement over a fundamental element of the contract, that is the price, shall render the contract void.
Private lease agreements, unlike the renting of state and municipality owned dwellings, is not regulated in terms of maximum amount of rent payments, payment due dates, changes and indexing of the rent, etc. It is up to the parties to the agreement to arrange all such issues at their own discretion.
The rental prices of municipal dwellings are regulated with municipal ordinances governing the terms and conditions for establishing the housing needs of citizens and their accommodation or respectively for management of municipal property.

The due payment date should be agreed between the parties to the rent agreement, and it can be set as a fixed payment date, a specific time period upon the beginning of the payment period, etc. Although most commonly the payment period is one month, it is up to the mutual will of the parties to the agreement to set a different payment period. In the very rare cases where the parties have omitted the arrangement for the payment period, the landlord may demand the rental price immediately[16].

● Repairs, furnishings, and other usual content of importance to tenant
o Is it legal for the landlord to shift the costs for certain kinds of repairs (if yes, which?) to the tenant?

Bulgarian legislation provides for a distinction between the repairs for which the tenant is responsible and those for which the landlord must take care. The tenant is responsible for all small repairs (related to damages which are caused by conventional use, such as dirty walls in the rooms, corrosion of faucets, door locks, blockage of chimneys etc.) and for those repairs caused guiltily by the tenant. The repair works of all other damage, if it

[16] Obligations and Contracts Act, promulgated in State Gazette issue 275 of 22 November 1950, last amended State Gazette issue 50 of 30 May 2008, Art. 69.

is not caused through the tenant's fault, shall be at the expense of the landlord. If the landlord fails to make these repairs, in addition to the rights listed above, the tenant shall have the right to make the repair himself with due diligence and to deduct the cost of the repair from the rent.
The improvements of the real estate consist of works leading to the increase of the value of the real estate. There are not mandatory provisions concerning the improvements of the rented real estate, the parties may agree upon the conditions of such improvements. Generally, the case-law reveals the following approaches to this matter: (1) all improvements shall be on the account of the tenant; (2) all improvements shall be on the account of the landlord; (3) only the improvements that has been approved in advance by the landlord shall be covered by him/her; (4) improvements shall only be eligible for reimbursement by the respondent party if they meet certain criteria such as: quality and quantity of the works, total amount of the works, etc. Where such provisions exist, they will govern the relations between the parties originating from the improvements in the dwelling.

o Is the tenant advised to have an inventory made so as to avoid future liability for losses and deteriorations (especially in the case of a furnished dwelling)?

In the beginning of the tenancy relation and at in its end a delivery-acceptance protocol shall be signed between the parties. It is highly advisable that the protocol should contain the following information: the number and condition of the rooms of the dwelling, its equipment and furniture, and also the figures of the utility bills in the beginning and in the end of the tenancy agreement, according respectively to water meters, electricity meters, calorimeters, etc. The protocol may serve as a guarantee that the lessee will be held liable only for the damages and the wear and tear on the leased property related to its usage by the tenant.

o Any other usual contractual clauses of relevance to the tenant

Other contractual clauses of relevance to the tenant may include:

- Clause on the provision of a security deposit;
- Clause on the responsibilities of the parties for the operating costs;
- Clause on the prohibition of smoking, keeping domestic animals etc.;
- Clause on the right of the landlord to inspect the dwelling;
- Clause on the landlord's right to access to the property in case of repair works and a procedure to be followed;
- Clause on the usage of central heating and landline phone;
- Clause on the responsibility to pay the respective municipal duties;
- Clause on the participation in General Meeting of the Condominium Assembly.

● Parties to the contract
o Which persons, though not mentioned in the contract, are allowed to move into the apartment together with the tenant (partner, children etc.)?

Tenancy relations usually concern basic needs not only of the tenant but also of his/her family (household).

This issue is not explicitly stipulated in the law as regards the private tenancy. The parties to the agreement may agree on which persons will legitimately use the dwelling. Even if they fail to do so, it is commonly accepted that a person is going to live in the house together with a spouse and children, parents or other members of the family and the landlord would hardly be able to prove noncompliance with the rent agreement on the part of the tenant due to the admittance to the dwelling of people who were not explicitly authorised with the contract.
The accommodation in the municipal housing is based on the establish standards for satisfaction of the housing needs of the families. The approach is not the minimum, but the maximum size of the dwelling, according to the number and special needs of the members of the family (household). The legislation still remains silent on the status of the unmarried couples.

o Is the tenant obligated to occupy the dwelling (i.e. to use as tenant's primary home)?

In private tenancy the tenant is not obliged to use the rented property and therefore it would be enough for the landlord to ensure that the dwelling is available to the tenant without the need of any particular formal actions to be performed. Once the dwelling is handed over the tenant shall be obliged to pay rent no matter if he/she actually uses the house. That is why, apparently, the tenant's refusal to accept the property without due legal justification would be immaterial as regards the existence of the contract and the obligation for payment of the rent.
When it comes to private tenancy, although the tenant is not obliged to use the property, he/she is not released from the duty to cover the expenses related to the use of the property[17] nor is he freed from the obligation to maintain the dwelling so that it could be returned to the landlord without damages.
In public tenancy non-occupancy for more than six months without good reason may be a ground for termination of the tenancy agreement.

o Is a change of parties legal in the following cases?
● divorce (and equivalents such as separation of non-married and same sex couples);

As regards the rights of the former spouses in relation to the use of the marital home the Family Code provides that rent relation shall occur as a result of the court judgement on the divorce when any of the former spouses is entitled to continue using the marital home. [18]
Where minors are children from the marriage, the court shall rule on the use of the marital home ex officio. Where minors are children from the marriage and the marital home is owned by one of the spouses, the court may award its use to the other spouse to whom the exercise of parental rights is awarded as long as he or she exercises these rights.

[17] Obligations and Contracts Act, promulgated in State Gazette issue 275 of 22 November 1950, last amended State Gazette issue 50 of 30 May 2008, Art. 232, para. 2.
[18] Family Code, promulgated in State Gazette issue 47 of 3 June 2009, last amended State Gazette issue 68 of 2 August 2013.

By virtue of the court judgment awarding the use of the marital home a lease relation occurs. The judgment may be entered into the property register and the registration shall have the effect of binding the eventual subsequent owner of the property with the rent until the expiration of its term.

● apartments shared among students (in particular: may a student moving out be replaced without permission of the landlord);

The case of apartments shared among students, co-workers, etc., lacks any specific legal provision. Subsequently, the general rules regarding the parties and the beneficiaries to the contract shall apply. More specifically, except for the family members, the contract cannot create rights in favour of persons which are not specified in it as parties or beneficiaries. This is why the consent of the landlord shall be required in any event of change of some of the co-tenants.

● death of tenant;

The lease shall be terminated upon the death of the tenant. However, in the case of inheritance the inheritors shall remain bound by the contractual obligations of their legator, as the contract had not been concluded with view to the personality of the landlord and the obligations of the landlord do not cease to exist with his/her decease.
In the field of social housing some municipalities and state institution admit that the surviving husband shall be entitled to continue the lease. In this case the surviving husband shall meet the criteria for accommodation in social house and bears the liabilities and obligations of the ceased tenant incurred up to his/her death.
Furthermore, the lease can stay valid, if the contract contains a clause that, in case of death of the tenant, the tenancy is continued with a third party (for instance, heirs).

● bankruptcy of the landlord;

In case if bankruptcy[19], the public auction conducted by a bailiff (for example for debts of the landlord) cancels all other rights over the real estate property. An inconsistent practice exists when the rent contract has been entered into the property register. According to the practice of the bailiffs, even in this case the rights of the tenant cease to exist. If the contract does not have a verifiable date and the lessee is in possession of the property, the contract shall be binding upon the transferee as a contract of lease with an indefinite term.

o Subletting: Under what conditions is subletting allowed? How can an abuse of subletting (when the tenant is offered not an ordinary lease contract but only a sublease contract) be counteracted?

[19] The notion “bankruptcy’ is not applicable if the landlord is natural person. If the landlord is legal entity the general rules are applicable.

In the private tenancy subletting is allowed, if not agreed upon otherwise. The lessee may sublease parts of the leased property without the consent of the lessor. But even in this case he is not discharged from his obligations under the contract of lease. The sublessee shall not have more rights than the lessee as to the use of the property. The sublessee shall be liable to the lessor only for payment of the lease which he himself owes upon the bringing of the action, without being entitled to plead the payments he made in advance.
Moreover, only part of the property may be subleased and the subletting does not release the initial tenant from his/her obligations towards the landlord. He remains liable for paying the rent, for damages, expenses, etc. The rights of the sublessee derive from the rights of the lessee. This is why the lease relation between the sublessee and the lessee is depended on the initial lease agreement between the lessee and the landlord. As a result, the sublessee could not claim more rights than the lessee. For example, the sublease agreement could not survive the expiration of the term of the initial lease agreement even if otherwise stipulated between the sublessee and the lessee.
Subletting is explicitly forbidden in cases of social housing (both state and municipal).

o Does the contract bind the new owner in the case of sale of the premises?

The lease contract shall be bounding to the new proprietor for the period of the contract but for not more than one year, if the contract bears a notary verified date of signature. The proprietor shall be obliged to respect the contract for its entire period in case the contract had been entered into the property register (as there is a presumption that the proprietor had got acquainted with its existence prior to the transfer of the property, because the register is public).

● Costs and Utility Charges

o What is the relevant legal regulation of utilities (i.e. the supply of water, heating and electricity)? Must the landlord or the tenant conclude the contracts for provision of utilities?

The lessee must use the property as specified in the contract, and when the use is not specified, in accordance with its function. He shall pay the lease and the expenses related to the use of the property. Usually, the term ‘expenses’ includes electricity, water supply, gas supply, central heating, landline phones, etc. Where the lessee is a private person the contracts will usually be signed with the landlord or the owner of the real estate (in some cases the assignment of a contract from the landlord to someone else may be a real administrative adventure that is why this practice is rarely used). There are, although uncommon, lease agreements where the rent price includes the utilities.

o Which utilities may be charged from the tenant by the landlord? What is the standard practice?

The tenant is charged all utilities which are connected with the use of the dwelling if it is not otherwise stipulated in the contract. He/she is also obliged to cover the expenses for the maintenance of the common parts of the building, such as cleaning, guard, elevators, repairs, etc.

o Is the tenant responsible for taxes levied by local municipalities for the provision of public services (e.g. for waste collection or road repair)?

In Bulgaria waste collection usually is performed by the municipality (or a company appointed by it) and the owner of the real estate, together with property tax is obliged to pay the waste collection fee. These are local taxes (called 'communal taxes'), determined and collected by local authorities through the municipal administration. Tax rates vary in different municipalities and cities; they also vary depending on the location of the property (by the settlement area – e.g. central, suburban part etc.) and its floor space.
In the case of private rented properties, property tax and waste management fee remains the responsibility of the owner, unless otherwise agreed with the tenant. As for public rental (municipal or state property), recent changes in the Law on Local Taxes and Fees[20], stipulate that tax-bearer for the state property and for the municipal property is the person to whom the property is provided for management. In this case, the tenant is the one who usually pays the household waste fee to local authorities (this is arranged in the tenancy contract between the municipality and the tenant).

o Is it lawful to shift condominium costs, and if yes, which ones, onto the tenant (e.g. housekeeping costs)?

Parties are free to negotiate this issue and there is no legal prohibition the operational condominium costs (cleaning, common water, electricity consumption etc.) for to be shifted to the tenant. However, those of costs for substantial improvements or repairs (for example, fixing the roof, installation of videosurveillance facilities), shall be borne by the lessor.

● Deposits and additional guarantees
o What is the usual and lawful amount of a deposit?

The deposit in the lease agreement is not explicitly regulated by the law, though commonly used.
The usual amount of the deposit is the amount of the rent for one month, although the parties to the agreement are free to negotiate any other amount of the deposit they consider to be appropriate for the purpose of guaranteeing the risk of damage to the dwelling.

o How does the landlord have to manage the deposit (e.g. special account; interests owed to the tenant)?

The deposit is paid when the agreement is concluded and is kept by the landlord until the agreement expires or is otherwise terminated. As far as there are not specific rules whether the landlord should put the deposit in special account or whether he should owe an interest to the tenant, the parties could agree on these figures.

[20] Local Taxes and Fees Act, promulgated in State Gazette issue 117 of 10 Dec ember 1997, last amended State Gazette issue 101 of 22 November 2013, Art. 1, para. 5.

o Are additional guarantees or a personal guarantor usual and lawful?

Additional guarantees or a personal guarantor are lawful however not usual practice in Bulgaria.

o What kinds of expenses are covered by the guarantee/ the guarantor?

Unless otherwise stipulated in the lease, the expenses covered by the guarantee/ the guarantor with the security deposit would be similar to those covered by the tenant's security deposit.

3. During the tenancy

3.1. Tenant's rights

● Defects and disturbances

o Which defects and disturbances are legally relevant (e.g. mould and humidity in the dwelling; exposure to noise e.g. from a building site in front of the dwelling; noisy neighbours; occupation by third parties)?

The notion of 'defects' is not defined in the applicable law. Nevertheless, the term should be understood in its ordinary sense according to the requirement of the Law for the Normative Acts[21]. Article 230, paragraph 3 of the Obligations and Contracts Act[22] states that the lessor shall not be liable for the defects of the leased property which were known to the lessee or which he could easily detect if he had been normally attentive upon conclusion of the contract, except if the defects are hazardous to his health or the health of the members of his household. Apparently, the landlord could not be held responsible for any particularities and specifics of the dwelling that could have been easily noticed by the tenant prior to the conclusion of the contract. Whether this is the case, is a matter of assessment of each particular case. However, exposure to excessive noise would hardly be a convincing reason giving rise to the landlord's contractual responsibility unless in exceptional circumstances where, even the noise could have been noticed by the tenant prior to the conclusion of the rent contract, it is of such a nature that could be regarded as harmful for the health of the tenant and his/her family members.

o What are the tenant's remedies against the landlord and/or third parties in such situations (e.g. unilateral rent reduction vs. rent reduction to be allowed by court; damages; 'right to cure' = the landlord's right to repair the defect; the tenant first repairs the defect and then claims the costs from the landlord)

The legal consequences of the provision of a house with defects consist of the right of the tenant to choose one of the following remedies: to claim the repair of the dwelling; to

[21] Law for the Normative Acts, promulgated in State Gazette issue 27 of 3 April 1973, last amended State Gazette issue 46 of 12 June 2007.

[22] Obligations and Contracts Act, promulgated in State Gazette issue 275 of 22 November 1950, last amended State Gazette issue 50 of 30 May 2008, Art. 230.

claim a proportional reduction of the rent price; or to terminate the rent contract. In addition, in all cases the tenant may claim damages.
Furthermore the tenant has also the right to make repairs at his own expense and then deduct the costs from the rent payment.

● Repairs of the dwelling
o Which kinds of repairs is the landlord obliged to carry out?

The lessor is bound to hand over and maintain the property in a state which is appropriate to the use it has been leased for. If the property was not delivered and maintained as regards the landlords duties in the proper condition, the lessee may claim its repair or a proportional reduction in the lease price, or may avoid the contract of lease, as well claim damages in all cases.
Only the small repairs related to damages which are caused by conventional use shall be at the expense of the lessee. The repair of all other damages, if they are not caused through the lessee's fault, shall be at the expense of the lessor.
In case the property perishes completely or partially the extinguished obligation of the landlord due to impossibility of performance shall lead to cancelation of the lease ex jure.

o Does a tenant have the right to make repairs at his own expense and then deduct the repair costs from the rent payment?

In case of bad state of dwelling, if the landlord fails to make the necessary repairs, in addition to the rights listed above, the tenant have the right to make the repair himself with due diligence and to deduct the cost of the repair from the rent. In such cases the tenant may claim damages only when the repair is due to reasons the landlord is liable for.
There are no specific deadlines for execution of these rights of the tenant meaning that the general rules of the civil law shall apply. The Obligations and Contracts Act[23] states that all claims for which the law does not provide for another time period shall be extinguished upon the expiration of a five year limitation period. The obligations that are extinguished upon the expiration of a three year limitation period include, among others, claims arising from damages and liquidated damages from non-performed contracts; claims for rent, interest and other periodic payments.

● Alterations of the dwelling
o Is the tenant allowed to make other changes to the dwelling?
● In particular, adaptations for disability (e.g. building an elevator, ensuring access for wheelchairs etc.)

As regards the changes for accommodation of a handicap it does not constitute repair. Thus, it is to be considered whether there is an improvement. Mounting facilities for people with disabilities is a statutory requirement for all new residential buildings (after 2009). However, the case of adaptation of a dwelling to the need of tenants with

[23] Ibid., Art. 110 – 111.

disability appears to be a very rare situation. Since the new facility will most probably require a building permit, which can only be issued upon request of the owner accompanied with a full set of designs and plans, the preliminary consent of the lessor shall be recieved.

● Affixing antennas and dishes

As regards the mounting of antennas and dishes, they should be regarded as movables capable to be mounted and removed without causing changes to the real estate, the only possible issue that may arise being of a public law nature, but namely any restrictions originating from the regulations for the appearance of the facade of the buildings.
However, the tenant shall be held liable, if there are any damages or cost incurred as a consequences of affixing (and subsequent removal) of antennas, dishes or similar facilities.

● Repainting and drilling the walls (to hang pictures etc.)

Repainting and drilling the walls to hang pictures, if not related to alterations affecting the structure of the dwelling, is considered ordinary use of the dwelling or small repairs. Moreover if they should be considered tenant's obligation if by implementing them damages, such as dirty walls in the rooms, corrosion of faucets, door locks, blockage of chimneys, caused by the tenant, is to be indemnified.

● Uses of the dwelling
o Are the following uses allowed or prohibited?
● keeping domestic animals

The tenant shall use the property as specified in the contract, and when the use is not specified, in accordance with its function. In addition, the lessee of a dwelling in a condominium must obey the internal rules of the condominium. Otherwise he may be evicted from the leased premises upon the motion of the management. Furthermore, even if it is not forbidden from the internal rules, the landlord may, prior to the conclusion of the contract, place certain limitations as to the use of the dwelling that may include a ban on animals. Such limitations will usually be included in the rent contract. However in general the keeping pets, cats and dogs inside the dwelling is not legally forbidden.
In any case the Condominium internal rules and the requirements of the legislative acts must be strictly kept while breeding domestic animals: for example, keeping them in separate premises and not causing disturbance to their close neighbours.

● producing smells

Bulgarian Law on the Condominium Ownership Management[24] provides for owners, users and the occupants duties not perform in their separate premise or in part of it activities, which would disturb the other owners, users and occupants to a greater

[24] Law on the Condominium Ownership Management, promulgated in State Gazette issue 6 of 23 January 2009, in force from 01 May 2009, last amended State Gazette issue 66 of 26 July 2013.

extend, than the usual one. Therefore, the excessive smell hindering the normal use of the building of the other owners, users and occupants and caused by the poor maintenance of a dwelling might lead to eviction from the building of an owner, an user or an occupant for a certain period of time, but not longer than 3 years.
Furthermore, all occupants (including tenants) shall not perform activities in their separate premise or in part of it, through which the fire safety or the safe usage of the condominium can be endangered, which can be the case of gas leakage.
The issues related to the prohibition of smoking or indemnifications for damages caused to the dwelling as result of smoking can be arranged in the rental contract.

● receiving guests over-night

Generally, receiving guests over-night does not consist breach of the law.
However, it is a duty of the owners and tenants to write in the Condominium book the forename, father's name and family name of occupants, temporarily residing in the facility on a separate legal grounds for more than 30 days, as well as the check in date and the check-out date.
Another significant aspect of the use of a house is the criminal liability imposed on person who systematically places at the disposal of different persons premises for sexual intercourse or for acts of lewdness[25] and also on persons who systematically place the premises at the disposal of different people for taking of narcotic substances or organizes the use of such substances[26]. The case-law reveals the notion 'systematically' as meaning 'over three times'. Both the landlord and the tenant may be held liable for such crime.

● fixing pamphlets outside

Fixing pamphlets outside is generally lawful, if it does not contravene the mandatory provisions of the law and good morals, and if not explicitly forbidden in the lease.
Furthermore it must not hinder the other owners, users and occupants to use the common areas of condominium and their dwellings.

● small-scale commercial activity

Small-scale commercial activity are permitted, if the landlord and lessee agree on the purposes for which the premises could be used. In any case, to be used for commercial purposes the premises have to meet the specific requirements for the different commercial activities, established in the legislation.
Moreover, an owner or an occupant, exercising a profession or carrying out activity in a separate facility in the condominium, requiring access of foreign persons, shall pay the cost of management and maintenance of the common parts amounting to three to five times the cost, determined by a decision of the General Meeting of the Condominium.

[25] Penal Code, promulgated in State Gazette issue 26 of 2 April 1968, corr. State Gazette issue 29 of 12 April 1968, last amended State Gazette issue 84 of 27 September 2013, Art. 155, para. 2.
[26] Ibid., Art. 354b, para. 4.

3.2. Landlord's rights

● Is there any form of rent control (restrictions of the rent a landlord may charge)?

In the area of **private tenancy** no rent control in the strict sense of this phrase exists. The relations between the parties to the lease agreement are subject to judicial control performed by the regular courts in cases of claims based on rent agreements.
The rental prices of ***municipal dwellings*** are defined with municipal ordinances governing the terms and conditions for establishing the housing needs of citizens and their accommodation or respectively for management of municipal property.
There is a regulated rental price per square metre in different municipalities varying according to the location of the dwelling, which year the dwelling was built, the material, from which it is built, the floor, the exposure, amenities (water supply, drainage, electricity, central heating), quality of the environment. Usually the basic rental price for municipal dwelling is less than EUR 1 per square metre per month.

● Rent and the implementation of rent increases
o When is a rent increase legal? In particular:
● Are there restrictions on how many times the rent may be increased in a certain period?

In regard to the **private tenancy t**he law does not grant the landlord any rights of indexation of the rent, unless it is explicitly agreed. Most commonly, indexation clauses shall be met in long-term contracts, for example contracts concluded for two or more years. Frequently the rent contracts are signed for one year, which gives opportunity for the parties to renegotiate the terms and conditions of the agreement, including in particular the rental price.

In the area of **public tenancy t**he issue of rent increase is regulated differently by the various municipal ordinances. However, in most cases indexation takes place at the end of the year or as of March 1 (once the official statistical data on inflation is published). In some municipal ordinances there are no provisions, concerning the indexation of prices; in other – the indexation of the rental price is written in the rental agreement.

● Is there a possible cap or ceiling (fixed by statute or jurisprudence) which determines the maximum rent that may be charged lawfully?

There is no cap or ceiling (fixed by statute or jurisprudence) which determines the maximum rent that may be charged lawfully.
The issue of an excessive rent may only be relevant in two cases: (1) when a contract has been entered into because of extremity, under clearly unfavourable terms, it shall be subject to invalidation which however shall not be admissible if the other party proposes to repair the damage[27]; and (2) in respect to the taxation of the persons concerned, the mechanism for corrections of the amount of the rent concerns not the relations between the parties, but the relations between the parties on one hand and the tax authorities on

[28] National Statistical Institute, Inflation and Consumer Price Indices, http://www.nsi.bg/en/content/6010/inflation-and-consumer-price-indices, December 2013.

the other. Such could be the case when the excessive rent is considered to constitute an attempt for tax evasion.

o What is the procedure to be followed for rent increases? To what extent can the tenant object to a rent increase?

In **private rental market** there are few typical clauses intended to protect the value of the rent against inflation. The most common used clause binds the change of the amount of the rent with the inflation rate as announced by the National Statistical Institute[28] meaning that the rent may be either subject to increase or decrease depending on the inflation or deflation rate. The increase clause may also be tied with another index such as the Euro zone inflation rate or it could be 'unidirectional', that is applied only in case of increase (inflation reported) but with no possibility of decrease. Automatic increase clauses would also be admissible in terms of legality but rarely used. Most frequently the rent increase clause has 'automatic' effect, that is the interested party may claim the increased/decreased rent without the need of the other party's consent or of signing of an additional agreement, although some kind of notification is commonly used. The procedure will also usually include provisions as to the reference period, the exact date for entry into force of the increased/decreased rent, the official sources of information for the indexation of the rent, etc.
Rent increase after renovation would entitle the landlord to increased rent only if it is stipulated in the rent contract.

As regards the indexation of the rental price of the dwellings to be rented as **social housing** the Municipal Council under proposal, made by the Mayor of Municipality, establishes and indexes annually the rental costs. One of the typical approaches for indexation is related to use of statistically established index of inflation for the previous year of the National Statistical Institute.

Possible objections of the tenant may be based on the respective contractual provisions or on the fact that rent increase clauses have not been provided for in the contract.

● Entering the premises and related issues
o Under what conditions may the landlord enter the premises?

There is no legal provision permitting the landlord to enter the rented house or regulating any conditions for gaining access to the dwelling. The main obligation of the landlord is to ensure the tenant's undisturbed use of the house. As a result in order to be justified the landlord's right to enter the premises should be present in the rent agreement. Landlord's entering the premises may constitute a breach of the contract and may give rise to the tenant's right to terminate it and/or to seek compensation for damages. Unlawful entry into a house may also constitute a crime under Article 170 of the Penal Code stating that a person who enters the dwelling of another by using therefore 'force, threat, subterfuge, legerdemain, misuse of power or special technical devices', shall be punished by imprisonment for up to three years or by probation for up to six months.[29]

[29] Penal Code, promulgated in State Gazette issue 26 of 2 April 1968, corr. State Gazette issue 29 of 12 April 1968, last amended State Gazette issue 84 of 27 September 2013, Art. 170, para. 1.

o Is the landlord allowed to keep a set of keys to the rented apartment?

The landlord may keep (and actually use) a set of keys for the dwelling when agreed with the tenant. The landlord's retaining of a set of keys would be immaterial, unless he/she is entitled to or actually use it to enter the premises, as the mere fact of the possession of the keys could hardly be substantiated in court.

o Can the landlord legally lock a tenant out of the rented premises, e.g. for not paying rent?

The landlord is not allowed to lock the tenant out of the rented premises for whatever reason, including for not paying rent. Failing to pay the rent may serve as a reason for termination of the contract as a result of which the landlord shall be entitled to ask the tenant to leave the house. However, even in this case the landlord cannot force the tenant to leave without a court decision and enforcement proceedings.

o Can the landlord legally take or seize a tenant's personal property in the rented dwelling, in particular in the case of rent arrears?

A movable property belonging to another person may lawfully be retained only in connection with claim related to the preservation, maintenance, repair or improvement of the same property, that is a landlord could not be regarded as being in that position.
If the landlord locks the dwelling and does not permit the tenant to enter and or to take his/her possessions, such an act could be in violation of Penal Code[30] according to which the person who enters the dwelling of another by using therefor subterfuge, legerdemain, misuse of power or special technical devices, shall be punished. In regard to the belongings of the tenant, under certain conditions, the offender could be punished also for theft.
In tenancy with public aim when the forced eviction takes place in the absence of the occupants, the officers must prepare a list of the chattels found in the property and the list must be signed by the drafter, representative of the police and two witnesses. The mayor shall be responsible for keeping the belongings for a period of one month, upon expiration of which they shall be sold on an auction and the income shall be used to cover the expenses for the property.

4. Ending the tenancy

The rent contract may be cancelled by one of the parties thereon in case the other party fails to fulfil his/her contractual obligations. The procedure for execution of the right of cancelation is specified in the law[31], which states that where a debtor under a bilateral contract does not perform his obligation due to a reason for which he is liable the creditor may avoid the contract by providing the debtor with an appropriate time period

[30] Penal Code, promulgated in State Gazette issue 26 of 2 April 1968, corr. State Gazette issue 29 of 12 April 1968, last amended State Gazette issue 84 of 27 September 2013, Art. 170, para. 1.
[31] Obligations and Contracts Act, promulgated in State Gazette issue 275 of 22 November 1950, last amended State Gazette issue 50 of 30 May 2008, Art. 87.

for performance with a warning that he shall deem the contract avoided upon the expiration of that time period. Where the contract has been concluded in writing the warning must also be made in writing. The creditor may inform the debtor that he/she is avoiding the contract without providing such a time period, if the performance has become fully or partially impossible, if due to the debtor's fault it has been rendered useless, or if the obligation had had to necessarily be fulfilled within the agreed time.

4.1. Termination by the tenant

● Open ended contract (if existing): under what conditions and in what form may the tenant terminate the tenancy?

In case the rent contract is concluded for an indefinite term, each of the parties may renounce it via a one month notice addressed to the other party. If the lease is daily a one day notice shall be sufficient.

● Under what circumstances may a tenant terminate a tenancy before the end of the rental term (e.g. unbearable neighbours; bad state of dwelling; moving for professional reasons)?

The law does not guarantee in principle a right for unilateral termination of the contract unless it is breached by the other party[32].
The lessor shall not be liable for the defects of the leased property which were known to the lessee or which he could easily detect if he had been normally attentive upon conclusion of the contract, except if the defects are hazardous to his health or the health of the members of his household (incl. unbearable neighbours and bad state of dwelling that endanger the health of the tenant and his/her household).
The tenant is also able to terminate the contract before the agreed date if there is a legally imposed ban for habitation over a building due to its bad or dangerous condition or the existing risk for the lives or the health of its inhabitants, it could not be a subject of letting. The landlord shall be held responsible for any pecuniary damage occurred as a result of the bad condition of the dwelling.
Aside from the cases of unilateral termination on legal basis, the parties may agree on special conditions for unilateral termination of the rent contract by either party. Such conditions may consist of the right of the party to unilaterally terminate the contract subject to his/her obligation to notify the other party; to pay compensation in a certain amount; etc.

● May the tenant leave before the end of the rental term if he or she finds a suitable replacement tenant?

The tenant may leave before the end of the rental term if he or she finds a suitable replacement tenant only if the special conditions for unilateral termination of the rent contract include the rights of the tenant to secure a new tenant in the case of termination by the tenant.

[32] Ibid., Art. 20a. Article 20a. of the Obligations and Contracts Act states that the contracts shall have the force of a law for the parties which have concluded them.

In case of municipal tenancy the tenant has the obligation to use and may not sublet the dwelling, otherwise the lease shall be terminated and administrative penalty (fine) shall be imposed on the tenant.

4.2. Termination by the landlord

● Open-ended contract (if existing): under what conditions and in what form may the landlord terminate the tenancy (= eviction) (e.g. the landlord needs the house for himself or wants to renovate and use it differently in the future)?

In case of an open-ended lease, the landlord may terminate it though a one month notice addressed to the other lessee. If the contract is daily a one day notice shall be sufficient.

o Must the landlord resort to court?

The landlord's notice may be challenged by the tenant if he/she considers that the notice is ungrounded. In such case it is the landlords must refer to the court as they are not allowed to expel the tenant on their own. Then the matter reviewed by the court will be the existence of the right for termination and the compliance with the procedural rules for execution of that right.

o Are there any defences available for the tenant against an eviction?

The case concerning the right of the tenant to stay in the dwelling shall be reviewed by the regional court as first instance and by the district court as second instance. The case may be granted leave to the Supreme Court of Cassation in very limited circumstances which reveal, for example, incoherent case-law on similar cases.
The enforcement agent shall proceed with enforcement upon request by the interested party on the basis of a presented writ of execution or another enforceable act[33]. The enforcement agent shall be obligated to invite the execution debtor to comply voluntarily with the obligation thereof within two weeks[34]. Failing this, the respective enforcement actions shall follow.
At this stage the debtor (tenant) has in his/her disposal very limited means for protection given that he/she was supposed to submit all relevant objections during the court procedure. The execution debtor may appeal against the eviction from an immovable, by reason of not being duly notified of the enforcement[35]. The appeal shall be lodged through the enforcement agent with the district court within one week upon completion of the contested action, if the party was present at the performance of the said action or if the party was summoned, and in the rest of the cases, within one week after the day of the notification[36].
The appeal lodged by the parties shall be examined in camera, except where witnesses or expert witnesses must be heard. The court shall examine the appeal on the basis of

[33] Code of Civil Procedure, promulgated in State Gazette issue 59 of 20 July 2007, in force from 01.03. 2008, last amended State Gazette issue 66 of 26 July 2013., Art. 426, para. 1.
[34] Ibid., Art. 428.
[35] Ibid., Art. 435, para. 2.
[36] Ibid., Art. 436.

the data in the enforcement case and the evidence presented by the parties. It will deliver the judgment together with the reasoning thereof within one month after the receipt of the appeal in the court. The judgment shall be final[37]. Filing of an appeal shall not stay the enforcement procedure, unless the court orders the stay. In such case, the court shall immediately transmit a duplicate copy of the ruling on stay to the enforcement agent[38].

● Under what circumstances may the landlord terminate a tenancy before the end of the rental term?

Any kind of a serious and not remedied failure of the tenant to fulfil the lease clauses shall give rise to the landlord's right for termination. Such failure may consist of non-payment of the rent in due time; use of the property not for the agreed purposes; non-execution of other contractual obligations, etc. It is material that the law requires the tenant be given the chance to remedy the omission within a reasonable time period[39]. However, in so far as that provision has a dispositive nature, it can be overruled by the contract which may provide for a different procedure for termination, by stating for example that the landlord shall unconditionally terminate the contract when the tenant fails to pay until a certain period of time after the due payment date. The notice of termination has to be based on particular legal provision or a clause of the agreement in order to have a legally binding effect.

In case of **renting municipal housing** the rental relations can be terminated due to[40]:

- the tenant's failure to pay the rental price or utility bills for more than three months;
- performing of new construction, superstruction or addition, renovation or reconstruction, where such works affect the habitated rooms;
- breach of good morals;
- the tenant's failure to show due diligence in using the housing;
- termination of the employment, under the Labour Code[41] or Civil Service Act[42], of persons accommodated in the housing designated for staff;
- elapse of the term of accommodation;
- lapse of the conditions for accommodating the lessee in municipal housing;
- use of the housing for purposes other than the designated use;

The law gives **discretion to the municipalities to introduce additional grounds for termination** of the tenancy such as social dwelling not used for more than six months without any justified reason.

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[37] Ibid., Art. 437.
[38] Ibid., Art. 438.
[39] Obligations and Contracts Act, promulgated in State Gazette issue 275 of 22 November 1950, last amended State Gazette issue 50 of 30 May 2008, Art. 87.
[40] Municipal Property Act, promulgated in State Gazette issue 44 of 21 May 1996, last amended State Gazette issue 66 of 26 July 2013, Art. 46.
[41] Labour Code, promulgated in State Gazette issue 26 of 1 April 1986, last amended State Gazette issue 104 of 3 December 2013.
[42] Civil Servants Act, promulgated in State Gazette issue 67 of 27 July 1999, last amended State Gazette issue 68 of 2 August 2013.

Tenancy relations with the state shall be terminated on the following grounds: (1) due to termination of the employment contract or the official relations with an employee accommodated in a departmental residential property; (2) where the tenant or a member of his/her family acquires a home or villa fit for constant occupation in the same city, town or village; (3) where the tenant ceases to satisfy the conditions for renting a residential property constituting state property.

o Are there any defences available for the tenant in that case?

In case of **eviction from public houses** the enforcement authority shall address a notice of voluntary compliance within fourteen days after the receipt thereof to the execution debtor. Where the property status of the execution debtor or other objective circumstances impede immediate enforcement, the enforcement authority, acting at the request of the execution debtor, may allow, on a single occasion that enforcement be carried out in whole after a specified time limit. In such case, the authority may determine additional conditions upon the non-compliance of which the deferral will be cancelled. Deferral shall be permissible for a fourteen-day period after the date of enforcement as initially appointed in the enforcement title.

● What happens if the tenant does not leave after the regular end of the tenancy or does not hand in (all) the keys of the dwelling?

In the private rental market if the tenant continues (against the will of the owner) to use the dwelling after the regular end of the tenancy or does not hand in (all) the keys of the dwelling the landlord cannot force the tenant to leave without a court decision and enforcement procedure administered by a bailiff. The lessor is also not allowed to lock the tenant out of the rented premises for whatever reason.
The enforcement procedure is governed by an enforcement agent ('съдебен изпълнител'), a self-employed or state officer who is authorised by the law to administer the entire process of the coercive enforcement of the judicial acts, also referred as 'bailiff' or 'enforcement judge'.
Eviction of **municipal houses** which are occupied without reasons shall be executed upon order of the respective district mayor. Such order shall be based on a findings protocol, specifying, among other things, the ownership of the property; the person who occupies the dwelling and the grounds for the occupation; the order for termination of the tenancy, etc. The eviction order shall be notified to the interested persons in accordance with the rules of the Code of Civil Procedure[43]. For the enforcement of the order the assistance of the police authorities may be sought.
In all cases the landlord may demand compensations from the tenant for the duration of retention of the dwelling beyond the negotiated period of rent.
If after the expiration of the term of the lease the use of the property continues with the knowledge and without the objection of the lessor, the contract shall be deemed extended for an indefinite term.[44] As a result, when a lease contract is implicitly

[43] Code of Civil Procedure, promulgated in State Gazette issue 59 of 20 July 2007, in force from 01.03. 2008, last amended State Gazette issue 66 of 26 July 2013.
[44] Obligations and Contracts Act, promulgated in State Gazette issue 275 of 22 November 1950, last amended State Gazette issue 50 of 30 May 2008, Art. 236.

prolonged after the expiration of its term, a one month notice would suffice for the landlord (tenant) to terminate it.

4.3. Return of the deposit

● Within what timeframe and under what conditions does the landlord have to return the tenant's security deposit?

The timeframe and conditions of returning the tenant's security deposit could be freely negotiated based on the freedom of the contract principle.
The landlord will not be entitled to keep the deposit for reasons which have not been agreed upon or without providing any reason as such case would give rise to tenant's claim against the landlord.

● What deductions can the landlord make from the security deposit?
o In the case of a furnished dwelling: may the landlord make a deduction for damages due to the ordinary use of furniture?

The security deposit serves as guarantee against possible damages and/or unpaid expenses upon termination of the agreement. In the lease the deposit must be specifically arranged in respect to the expenses it should cover. In practice it is refunded upon the tenant presenting the landlord evidence that all utility bills have been entirely paid and the dwelling is returned in the agreed condition.
The landlord may make a deduction or refuse to return the deposit if able to prove that there are damages of the dwelling, its equipment and/or furniture. He would be entitled to do so under the following conditions: the deposit and its purposes are stipulated in the written agreement or it is agreed verbally and in the beginning of the tenancy relation and at in its end a delivery-acceptance protocol was signed between the parties, including the condition of the dwelling, its equipment and furniture.

4.4. Adjudicating a dispute

● In what forum are tenancy cases typically adjudicated?
o Are there specialized courts for adjudication of tenancy disputes?

The regular procedural rules establishing the competence and the jurisdiction of the courts and the appellate procedures apply for the disputes originating from rent contracts. Special courts or other jurisdictions reviewing such cases do not exist.
The cases originating from **private tenancy** are reviewed by the regional and the district courts and by the Sofia City Court under the general rules for distribution of the jurisdiction between the courts.
Only very small portion of cases reach the higher court instance – the Supreme Court of Cassation – due to the threshold of 5,000 BGN (app. EUR 2,500) financial interest involved in the case when it relates to civil disputes (BGN 10,000 (app. EUR 5,000) when the case involves commercial dispute)

In the area of **social housing** the orders of municipalities can be appealed before the administrative court following the procedure set out in the Administrative Procedure Code[45].
The disputes arising from tenancy relations in a state owned house (departmental houses rented by the staff of the respective state body) are reviewed under the common civil law and civil procedure rules[46].

o Is an accelerated form of procedure used for the adjudication of tenancy cases?

Slow court proceedings in several cases also carry a risk of increased losses of time and money demotivates parties and significantly increases distrust in the judiciary.
To minimise the risks of slow and expensive judicial procedures for solving disputes, connected with tenancy relations, the parties could notary verify the tenancy contract, so they can use quick judicial procedure. Also parties could agree on an arbitration clause and to address the dispute before the court of arbitration, which in many cases is considered to provide faster dispute resolution service.

o Is conciliation, mediation or some other form of alternative dispute resolution available or even compulsory?

Tenancy related disputes are most commonly resolved by mutual agreement between the parties, or, regrettably, by relinquishment of the respective party's claims (unpaid rent or utility bills) due to the fact that their financial value does not justify the initiation of proceedings, which in the outcome may turn to be more costly than the disputed right itself. Although the legislation provides for a variety of means for extrajudicial dispute resolutions, such as mediation and arbitration procedures, they are very rarely used by the parties to rent contracts. Mediation as a form of alternative dispute resolution is hardly used not only as regards a dispute between landlords and tenants of residential properties but in general. The major tool for institutional dispute resolutions still remain court proceedings.

5. Additional information

● How does a prospective tenant proceed in order to get social or subsidized housing (e.g. dwellings offered by housing associations, municipalities, public bodies etc.) or housing allowances?

Social housing

Eligibility for social housing in Bulgaria is dependent on the fulfilment of the following criteria set at the municipal level (usually by the regulation on the procedures for defining housing needs of citizens, tenancy and sale of public housing):

1. they do not own a home, villa or residential plot or more than 1/6 of the common parts of such property;
2. they do not have factories, workshops, shops, warehouses for commercial use;

[45] Administrative Procedure Code, promulgated in State Gazette issue 30 of 11 April 2006, in force from 12.07.2006, last amended State Gazette issue 104 of 3 December 2013.
[46] State Property Act, promulgated in State Gazette issue 44 of 21 May 1996, last amended State Gazette issue 66 of 26 July 2013, Art. 24, para. 1.

3. they do not possess other assets overriding a given value fixed by Municipality Councils;
4. they receive a limited gross monthly income per family;
5. they have had permanent address in the respective municipality for five years without interruption;
6. they never squatted in public housing, or their rental contract for such housing was not terminated as a result of culpable violation of the rules by the tenant;
7. they have no financial obligations to the municipality
8. they have insufficient living space.

Eligible individuals and families are grouped in a housing register depending on their housing needs in the following groups:

- persons, whose houses have been restored to their former owners under Section 7 of the Law for Reinstatement of the Ownership of Nationalised Real Estates[47];
- public housing tenants who are affected by new construction, upgrading or extension, overhaul or reconstruction;
- citizens who do not have any accommodation in a residential area, and have been accommodated in non-housing facilities for at least a year (such as sheds, cellars, attics etc., places unfit for habitation, unacceptable from a sanitary point of view, or at risk of collapse);
- families renting premises based on free rental contract for at least one year until the submission of documents for filing in the register;
- persons or families occupying insufficient living space.

Usually, in the case of families being in the same group, priority is given to:

- families with two or more children;
- single parents of minor children;
- families where one member with a disability level of over 50%;
- young families;
- families who have lived longer in poor housing conditions.

There are several other forms of subsidized accommodation in public housing (with preferential rent rate); these include hostels for students and soldiers, and officers of the housing units in the state administration (Council of Ministers, ministries and state agencies etc.).
In order to be eligible for dormitory accommodation, students need to meet a minimum level in educational performance. They are also classified according to family income, and students with lower family income are given preference.

Housing allowances

The most popular form of housing affordability related subsidies is the heating allowance. Individuals and families from most vulnerable groups[48] can submit applications and receive targeted allowance for heating during the heating season (5

[47] Law for Reinstatement of the Ownership of Nationalised Real Estates, promulgated in State Gazette issue 15 of 21 February 1992, last amended State Gazette issue 53 of 30 June 2006.
[48] Persons living alone, persons with a permanent disability, orphan children, single parents with a child under the age of 18 (if learning), pregnant women 45 days before birth, elder people living alone etc.

months). The Annual report for 2010 of the Agency for Social Assistance shows that app. 260,000 persons and families received app. EUR 36 million heating allowances for the heating season 2009 - 2010.[49]
Another type of social assistance is targeted assistance for rental payment for municipal housing. This type of support is available to a limited number of beneficiaries: tenants of social dwellings, who are: (1) orphans under 25; (2) who have completed social vocational training in a public training center; (3) elderly people (over the age of 70) living alone; and (4) single parents. The eligible persons should have income from the previous month up to 250 per cent of the differentiated minimum income. The social allowance covers the entire amount of rent (no garbage fee). However, given the fact that the social housing stock in the country (especially in the bigger cities) is much less than the demand of households from vulnerable groups that qualify for social housing, many of them are not able to use this type of social allowance simply because they are not accommodated in social houses.
There are also specific cases of housing related social allowances, like the targeted subsidy provided to disabled persons, for the reconstructions of the home in relation to their disability. The targeted assistance is received after the repair; it is documented through submission of invoice. Social worker from the 'Social Assistance' Directorate inspects and certifies by a social inquiry that the reconstruction is made to ensure the free movement of the person with a disability. In 2010 only fifteen persons with disabilities received targeted assistance for reconstruction of housing[50].

● Is any kind of insurance recommendable to a tenant?

According to the Law for the Ownership51, unless otherwise decreed or agreed, the user must: pay the expenses related to the use; insure the property in favour of the owner and pay the insurance premiums.
Usually the insurance market in the area of housing is connected to the mortgages: the banks requirements for mortgages include obligatory insurance.
In 2012, for a third consecutive year, the housing insurance market is dropping down in both major insurance operations directly related to housing – the fire and natural disasters insurance and other property damages. These kinds of insurances are recommendable to a tenant however there are very few cases of tenants ensuring the rented abode.

● Are legal aid services available in the area of tenancy law?

In very rare cases legal aid in the area of housing in Bulgaria is provided by some human rights non-governmental organisation – for example those protecting the human rights of ethnic minorities. In most cases the protection is against evictions from social houses (or state and municipality owned land).
The lack of financial access to legal aid for some poor social strata (some of which like students and pensioners partaking in tenancy relationships) decreases willingness to

[49] Agency for Social Assistance Annual Report for 2010, Agency for Social Assistance, 2011, 5.
[50] Agency for Social Assistance Annual Report for 2010, Agency for Social Assistance, 2011, 9.
[51] Law for the Ownership, promulgated in State Gazette issue 92 of 16 November 1951, last amended State Gazette issue 105 of 29 December 2011, Art. 56, para. 2.

registration to the Notary of the concluded leases and thus indirectly encourages the practices of oral agreements characterized with much higher level of uncertainty than written contracts.
The lack of financial access to legal aid is often combined with high financial thresholds for access to the justice system, low rental prices and short-term contracts, lack of confidence to the court system institutions and relatively low legal culture.
The legal costs and particularly the cost of hiring a lawyer, are often much higher than the amount for which an action would be brought in the court. Besides, usually judicial proceedings last more than two or three years.

● To which organizations, institutions etc. may a tenant turn to have his/her rights protected?

Compared to housing professionals' associations, the organized movements of consumers is much weaker. There are no registered or informal organizations representing tenants' interests, and sometimes their rights are protected by the mainstream consumer protection associations like the Bulgarian National Association 'Active Consumers'[52].

Another body with consumers' rights protection functions is the State Commission for Consumers Protection[53]. The Commission coordinates the activity of the controlling bodies, including the bodies of supervision of the products put on the market and/or commissioned, for which there are defined essential requirements and/or ecodesign requirements of the released/submitted to the market construction products[54] according to Regulation (EU) No. 305/2011 of the European Parliament and of the Council of 9 March 2011 laying down harmonized conditions for the marketing of construction products.

[52] Bulgarian National Association 'Active Consumers', www.aktivnipotrebiteli.bg, March 2014.
[53] Commission for Consumers Protection, http://www.kzp.bg/index.php?mode=post_Lang&pLang=en, March 2014.
[54] Technical Requirements for the Products Act, promulgated in State Gazette issue *86 of 1 October 1999*, last amended State Gazette issue 68 of 2 August 2013, Art. 1, para. 5.