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

Tenant's Rights Brochure for

LATVIA

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Tenant's Rights Brochure Questionnaire

Latvia

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1. Introductory information

- Give a very brief introduction on the national rental market

The Latvian housing market is characterized by a high share of dwellings in the ownership of private persons; moreover, inhabitants mostly own apartments rather than other types of immovable property (approx. 65.4 %).

The Latvian housing situation and housing policy were influenced by the Soviet regime established in Latvia from 1940 till 1990, as well as the following property reforms (denationalisation, restitution and privatisation) undertaken by the Parliament and Government of the independent Latvian state later. This all resulted in split of property rights on a building and land plot (Latvian: *dalītais īpašums*) in some cases. The split of property rights means that there are at least two different owners of an immovable consisting of a residential building and a land plot: one of them owns the building, another one – the land plot. In practise, it means that tenants have to compensate the immovable tax which shall be paid for the land plot, on which the residential house is situated in which they rent the residential space, besides, they shall also pay compulsory lease payments for using the land plot in addition to rent and payment for utilities. In other words, this is true only if the owner of the land plot is not one and the same natural or legal person. The owner of the land plot and the building may agree on

different conditions of the lease of the land plot, but, if no agreement could be reached, the owner of the building obliged to lease the land plot with no right to opt out.

- Current supply and demand situation

The current supply and demand situation seems to be sufficient, no problems have been reported.

- Main current problems of the national rental market from the perspective of tenants
 - Rental payments in cash: It is recommended to agree on fulfilment of rental payments via a bank account in order to preserve proof if the landlord claims unjustified that the tenant owes rental payments which the tenant has actually made
 - Swindlers: To secure self against possible swindlers, it is advisable not to make advance payments or other payments (especially in cash) without a rental contract concluded by all parties concerned in writing or at least a note which specifies the aim of a payment and is signed by a recipient of the money

- Significance of different forms of rental tenure

- Private renting

The share of the residential spaces rented constitute approx. 15.1 %: 14.7% of them are owned by private persons and 0.4% - are living dwellings rented by public bodies. Tenancy law in the field of private renting is liberal and orients itself on the free market economy, where the protection of the property right and party autonomy is brought to the forefront.

- “Housing with a public task” (e.g. dwellings offered by housing associations, public bodies etc)

The share of dwellings with public task is rather small and amounts to 0.4% of 15.1 %. In cases of housing with public task a respective local municipality provides assistance in apartment matters renting out the dwellings to the eligible persons: persons reached retirement age (62 years old); persons incapable of work due to disability; persons with at least one underage child; persons under the guardianship; low-income pensioner; low-income person who is incapable of work due to disability etc. The municipality may provide assistance in other ways, for example, subsidizing repairs, helping to exchange rented dwellings etc.

To point out, the State or other public body (the ministry, a public municipality) and private actors owned by public bodies may rent dwellings for gaining profit; therefore this kind of renting is not social, i.e., not renting with public task.

- 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)

There are no specific legal rules for foreigners with respect to their position on the Latvian national rental market. In general, it is advisable for a foreigner who does not speak Latvian to ask a native speaker to assist.

Furthermore, it is also recommendable to draft a contract in English or other foreign language, if possible, so that the foreigner could read and understand the rental contract when the document is prepared by a landlord or another private person.

Moreover, considering the fact that many issues of the Latvian tenancy law are determined in accordance with a mutual agreement, it would be reasonable to address a lawyer to help with the rental draft contract. In some cases the foreigner can even turn to the notary public who may prepare the contract in full. Documents entirely prepared by the public notary, are notarial deeds (Latvian: *notariālais akts*). The main advantage of the notarial deed is that public notary finds out intent of the parties of the notarial deed and clarifies the terms of the transaction, counsels the parties and tells about possible legal outcomes of the transaction so that ignorance of laws and lack of experience is not used against their best interests.

- Main problems and “traps” in tenancy law from the perspective of tenants
 - Oral rental contracts: Under the Latvian law the rental contract must be concluded in writing; if no contract in writing has been concluded, the tenant may face any arbitrariness, including, but not limited to, unlawful eviction
 - Deposit issues: In some cases, the tenant may pay a deposit to the landlord to secure future claims of the latter; it is recommended to agree in details on allowed use and repaying of the deposit
 - Compulsory lease payments and compensation of the immovable tax for the land plot: these payments are considered to be an additional financial burden, besides many suppose it to be unfair in general
 - Use of standard contracts by the landlord: If the tenant signs a rental contract prepared by the landlord it is usually considered with some exceptions that the tenant agreed to all contractual terms. It is recommended to read carefully and discuss contractual terms before signing of the rental contract. In some cases the tenant may need help of a lawyer or public notary. The most common problematical issues, when the tenants signed the contract without reading, are contractual penalties for non-performance or improper performance of different duties of the tenant; loss of rights (for example, loss of compensation) on improvements made by the tenant which cannot be detached; inaccurate measurements of a residential space; the lack of the ownership right or legal powers of “the landlord” to enter the rental contract (for example, a person did not have a valid power of attorney or an immovable property is seized within criminal proceedings or is being sold in action).

- Compile a very brief section of “*Important legal terms related to tenancy law*” by quoting their original in the national language

Latvian	Translation into English
<i>apakšīres līgums</i>	sublease contract
<i>drošības nauda</i>	deposit
<i>ģimenes locekļi</i>	family members
<i>īres līguma grozīšana</i>	amending the rental contract
<i>īres maksa</i>	rental payments
<i>īres līguma izbeigšana</i>	termination of the rental agreement
<i>īres līguma uzteikums</i>	unilateral termination of the rental agreement
<i>īres valde</i>	rental council
<i>īrnieks</i>	tenant
<i>izīrētājs</i>	landlord
<i>izlikšana</i>	eviction
<i>kārtējais remonts</i>	routine repairs of the residential space
<i>kapitālais remonts</i>	capital repairs
<i>maksa par pakalpojumiem</i>	payment for utilities
<i>pieņemšanas-nodošanas akts</i>	transfer and acceptance deed (or inventory deed)
<i>rokas nauda</i>	Earnest money
<i>zemes piespiedu noma</i>	compulsory rent of a land plot

(An unofficial English translation of the Latvian Civil Law (*Civillikums*) (tenancy law: Sections 2113-2177) and the Law on Residential Tenancy (*likums “Par dzīvojamo telpu īri”*) is available under www.vvc.gov.lv. Please also note that these translations do not always contain all latest amendments!)

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?

The Latvian private law does not contain the general prohibition of discrimination in private renting, except consumer rental contracts. A contract is a consumer rental contract, if one of the parties is an entrepreneur who rents out living dwellings within the

scope of professional or commercial activities, but another party is a natural person who rents a residential dwelling for living purposes. In consumer contracts, discrimination on the basis of gender, disability, race or ethnic grounds is prohibited, as well as it is prohibited to discriminate a woman during the period of pregnancy or during the period following childbirth up to one year. Nevertheless, if the consumer has been discriminated on the basis of the prohibited criteria before the conclusion of a rental contract, the consumer - tenant may only ask for loss recovery and moral compensation in proceedings before a court, in other words, a potential landlord may not be forced to conclude a contract by legal means.

To point out, if the tenant entered a rental contract due to the unfair commercial practise of the landlord (entrepreneur) misusing the mental or physical state, age, unreasonable trust, lack of knowledge or experience, the tenant may ask the responsible state institutions to examine questionable activities of the landlord.

If the tenant is entitled to receive assistance from public authorities, in accordance with law, discrimination on the basis of gender, age, race, skin color, language, religious beliefs, political or other views, social origin, nationality, education, social and financial status, type of occupation or other circumstances is prohibited.

- 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?

Considering the legitimate interest of the landlord and valid law provisions, the landlord is entitled to ask about persons who will move in together with a potential tenant and their relation to the tenant, solvency of the tenant and his family member (-s) (for instance, a spouse, parents, children etc.) who will also occupy a residential space, the residence permit, if the tenant is a foreigner. The question about pets of the tenant, as well as the question, if the tenant smokes, can be also of interest of the landlord since it is connected with the frequency of routine repairs of residential space by the tenant.

It is not allowed to question, i.e., to gather information about the tenant's race, ethnic origin, health, sexual life, previous administrative or criminal convictions, as well as his religious, philosophical or political beliefs, unless the potential tenant voluntary discovers these sensitive data. If the tenant does not wish to answer questions which are not allowed, he may refuse to answer or keep silence. Although there is no explicit permission to lie, but practically the tenant may lie because no rights of the landlord may arise out of asking the prohibited questions.

If the tenant is a consumer who discovered sensitive information to the landlord and a dispute about possible discrimination arises, the landlord must prove that no discrimination took place. The landlord may not also ask other persons, for example, his employees, to discriminate the tenant in the case of the entrepreneur-consumer relations.

- 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)?

Some potential landlords or intermediaries may ask to pay a “reservation fee”, the law does not provide any restrictions in this connection. If it is the case, its prerequisites and the payment procedure depends on mutual agreement of the parties, i.e., the law does not regulate the issue, therefore the tenant is entitled to negotiate and discuss all questions of the reservation fee before entering the respective agreement.

- 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)?

Checks on the personal and financial status of the tenant are different and are connected with a specific case. Usually the landlord or his intermediary interviews a potential tenant about solvency, bad habits, matrimonial status, having kids, as well as having pets.

The checks on financial status depend on a particular landlord. Some landlords can simply ask about income sources, for example, whether and where the tenant works, others will ask for a credit history from the Credit Register or a salary statement of the tenant in order to determine solvency. Nevertheless, the tenant is entitled to refuse this request for information. In addition, the landlord may also check the following public registers: the public register about tax debtors of the State Revenue Service, the public insolvency register of natural persons, the Commercial Register, if relevant. There are also private credit reference agencies which compile blacklists of “bad debtors” and whose services the landlord can use to find out whether the tenant has debts in relation to third persons. The landlord has the right to collect personal data of the tenant lawfully, if the latter has given his consent.

Since the landlord may not refuse that the tenant lodges in his spouse, parents, siblings incapable of work, underage children and adult children without their own family, the landlord may ask about the matrimonial status or kinship.

- 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?

One can find an accommodation assigning an estate agent, checking newspapers or bulletin boards, or the Internet portals (www.liveriga.com; www.city24.lv; www.latio.lv; www.reklama.lv (only in Latvian and in Russian); www.ss.lv (only Latvian and Russian); www.zip.lv (only in Latvian and in Russian) etc.). Different social networks, especially local ones (for example, www.draugiem.lv) or addressing local acquaintances can be also helpful.

The tenant can assign an estate agent who acts as an intermediary and assists with the conclusion of a rental contract. The role and scope of activities of the estate agent depend on an agreement concluded by him and the tenant. It means that the tenant has to define precisely the task of the agent in the agreement. Estate agents provide different services, for example, provide the assistance in finding a landlord, preparation and evaluation of documents required for the conclusion of the rental contract, coordination with a notary public and administrative institutions, etc. Usually the agent demands from 50% up to 100% of one monthly rental payment plus VAT as a salary for

his activities, however, other agreements are possible.

If you come to work or to study in Latvia, sometimes your employer or educational institution (a university, high school, etc.) may provide accommodation concluding a specific rental contract because of employment or studies when the term of the rental contract will be closely linked to the existence of respective educational or employment relations in this particular situation.

An employer or educational institution can also provide assistance in finding a private landlord (third person) who will rent a residential space. In order to be able to enjoy the protection granted by the Law on Residential Tenancy, it is advisable that the tenant instead of his employer or educational institution concludes the rental contract with the third person – private landlord.

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

In Latvia there are no official “blacklists” or a system for rating and labelling preferred landlords/tenants. However, in some cases, if the debtor (landlord or tenant) owing payments or other kind of performance on basis of the rental contract and has given the prior consent, such debtor can be included in “blacklists of debtors” compiled by private companies.

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)?

A rental contract has to be signed in writing, no registration is necessary at the moment. To observe the rule about the written form, parties can prepare and draw up the contract themselves or they can turn to a notary public who will prepare the whole contract. Parties can also address a lawyer who will assist in drafting of the rental contract which is an optional choice; in addition, parties may ask the notary public to certify signature on the contract which means that the notary will establish identities of the parties to the contract. If there is no written contract, the court may recognize factual rental relations, but the tenant has to prove that he was using the living space in question for a longer period of time and paid rental payments to the landlord.

- What is the mandatory content of a contract?
 - Which data and information must be contained in a contract?

While drafting the rental contract, particularly if it is prepared by private persons without involving a professional lawyer, the following information shall be included: 1) data about parties: name, surname, the personal identity number (also personal code) or date of birth and ID/Pass data, if no personal identity number exists (for natural persons); name, the registration code (for legal persons); 2) the signing date; 3) the signing place; 4) the signatures of parties; 5) the subject-matter of the contract indicating a cadastre number, an address and area of a immovable property, including furnishing, if relevant; 6) the rental payment amount, as well as its payment procedure and terms; 7) utilities provided to the tenant, the payment procedure and terms; 8) the person entitled to receive the rental payment and payments for utilities; 9) the duration of the rental contract; 10) the day of entering into force.

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

It is possible to conclude a rental contract for a definite period of time (time limited contracts) or for an indefinite period of time (open-ended contracts). In some cases a potential landlord can indicate if he wishes to conclude a rental contract for a definite or an indefinite period of time in the advertisement. However, the choice of the option depends on the both parties involved, in other words, on their agreement.

Apart from rental contracts concluded for the duration of employment or studies, social rental contracts, i.e., contracts with public tasks are also concluded for a specific period of time.

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

To clarify, the Latvian law distinguishes between the rental payment and other additional payments connected with the use of the residential space (the payment of the immovable tax; the payment of the compulsory rent when a residential house is situated on a land plot owned not by the same person who owns the residential house; the payment for utilities). The tenant and the landlord may agree on different terms and the payment procedure. It has to be taken into account that freedom to agree on different contractual provisions may be limited by law (for example, the immovable tax) or a contract which the landlord has already concluded with a service provider in relation to the immovable property (for instance, contract about the centralized heating).

The basic models of the payment procedure for utilities on which the tenant and the landlord may agree are as follows: 1) the tenant pays directly to service providers; 2) the tenant transfers payments for utilities to the landlord and the latter pays to service providers. The landlord and tenant are also entitled to choose another model. In addition, the tenant living in an apartment of a multi-apartment house may be required to cover expenditures for interior lighting of spaces for the common use (a corridor, stairs, etc.), maintenance of engineering systems of the residential house and the

difference of readings of the common water meter of the residential house and an actual water consume of all residential units of the residential house calculated proportional to the area of the apartment rented.

The person to whom the rental payment and payments for utilities must be paid, as well as the address of the place of residence (for natural persons) or the legal address (for legal persons) must be included in the rental contract. If the rental payment and payments for utilities are to be paid via a bank account, then all information which is necessary for such payment has to be specified in the rental contract.

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

In accordance with the law the tenant has to perform routine repairs of the subject-matter transferred to him while the landlord is liable for capital repairs of a residential house or an apartment. Routine repairs are, for example, hanging of wallpapers, painting of ceiling, etc. However, the law is not very clear about reimbursement of expenses of the tenant in these cases; for this reason it is recommended to specify this and related issues in the rental contract. If the parties have not reached an agreement on this point, the tenant has to inform the landlord on routine repairs and acquire his consent in order to avoid misunderstandings and disputes, especially, but not limited to reimbursement and property rights on improvements of the residential space. It is important to mention that the tenant may change a layout of the residential space and rebuild it only with the consent of the landlord.

- Is the landlord or the tenant expected to provide furnishings and/or major appliances?

Furnishing and/or major appliances are optional, except the rental contract concluded for the duration of employment or studies.

- 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)?

If furnishing and major appliances are provided by the landlord, it is advisable to establish the condition of these objects by signing the transfer and acceptance deed or inventory deed, since the tenant is not liable for the natural wear and tear of the objects.

- Any other usual contractual clauses of relevance to the tenant

Usual contractual clauses of relevance to the tenant are the following:

- clause on the deposit amount, its allowed use and repayment
 - clause on the condition of the residential space, furnishing, home appliances, etc. which usually is fixed in the transfer and acceptance deed signed by the tenant and the landlord
 - clause on routine repairs and its frequency which has to be performed by the tenant
 - clause on the procedure of informing the tenant about a routine examination of the residential space by the landlord, as well as its frequency
 - clause on the liability of the both parties for non-performance or improper performance of the contractual obligations
 - clause on the procedure of amending of the contract
 - clause on the prolongation of the contract
 - clause on the pre-term termination of the contract
 - clauses on the prohibition to keep domestic animals or to smoke inside the dwelling.
- Parties to the contract
 - Which persons, though not mentioned in the contract, are allowed to move into the apartment together with the tenant (partner, children etc.)?

The tenant must inform the landlord about lodging in of its family members in the sense the Law on Residential Tenancy in writing, their name, surname and personal code must be included in a written rental contract. To put it differently, all persons residing with the tenant has to be mentioned in the contract, though they are not a party to the rental contract.

A registered spouse, parents (also adoptive parents), brothers and sisters incapable of working, adult children without their own family, underage children are family members of the tenant are entitled to move in without additional conditions. Adult members of the tenant's family have the same rights and duties as the tenant does, even though only the tenant has formally entered the rental contract.

Guardians of the tenant's family members may move in and the consent of the landlord is not necessary.

All other persons, for example, partners, fiancés, grandparents, grandchildren, brothers and sisters capable of working, cousins, friends, etc. are allowed to move into the apartment together with the tenant, if the landlord has given its consent, failing which the person will unlawfully reside in the dwellings rented by the tenant.

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

The tenant, his family members or other natural persons who occupy lawfully the residential dwelling are not obliged to use the dwelling as a primary home (residence), their right to use the dwelling is not terminated if the tenant is absent.

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

In case of divorce a former wife or husband remains a family member of the tenant in the meaning of the Law on Residential Tenancy. Non-married couples or same sex couples are not legally recognized in Latvia, though these persons may lawfully reside together with the tenant if the landlord has consented to it. It is also thinkable that such couples enter the rental contract together as the tenant, and then there will be two persons on the side of the tenant. When personal relations are terminated, former family members or other persons who moved in together with the tenant are entitled to continue to use the dwelling, if the legal grounds for their eviction established by law do not exist.

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

The issue whether a student moving out may be replaced by motion of the other students can be regulated by an agreement of parties, because the law does not contain mandatory rules about this question. On the other hand, such clause is not mandatory.

- death of tenant;

In case of death of the tenant, a tenant's adult family member in the meaning of the Tenancy Law is entitled to become a party of the rental contract instead of the tenant without changing the provisions of the previous rental contract, if all other adult family members residing in the same residential space agree thereto.

- bankruptcy of the landlord;

If the landlord is insolvent, but has concluded a rental contract before insolvency which does not cause losses to the landlord or his creditors, the rental contract will be usually continued by the insolvency administrator. At the same time the landlord, although he formally owns a residential space, may not enter new rental contracts after initiation of insolvency proceedings, because this right is granted to the insolvency administrator who may conclude such agreement.

- 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?

Subletting is a contract granting use of a residential property for non-commercial purposes, in Latvia there are two types of subletting:

- 1) The landlord lives in the same premises together with the tenant (hereinafter referred to as subletting of the first type)
- 2) The tenant enters the sub-rental contract (hereinafter hereinafter referred to as subletting of the second type).

In case of subletting of the first type the landlord enters the sub-rental contract, but in the second case the (first) tenant - a sub-rental contract under the consent of the landlord and the tenant's adult family members occupying the same residential space together with the tenant. Normally the consent is given before the contract's conclusion. The sub-tenant has already no right to rent the subject-matter of its contract to a third person in the both cases. The sub-rental contract is to be concluded in writing. Information (name, surname and personal identity (also personal code) number) of all persons lawfully residing together with the sub-tenant shall be included in the sub-rental contract within three days after their moving in.

Subletting is not possible in rental contracts with the subject-matter owned by the state or a local municipality concluded because of employment or studies, as well as in cases of social rent.

If the landlord offers not an ordinary rental contract, but a sub-rental contract, the subject-matter of the contract has to be examined, in particular, whether the matter concerns subletting of the first type because in this particular case law mandatory provides to sub-rent the living premises. If the case relates to subletting of the second time, in addition, it has to be examined whether the rental contract is fictive or its aim is to evade law. If the answer is positive, the only possibility to protect self is to bring a court action, asking the court to declare the rental contract void because of its fictive nature or law circumvention.

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

The contract binds the new owner in the case of sale of the premises, if alienation is voluntary. There are specific provisions regarding auctions if the court bailiff sells the property because of debts and alienation takes place against the will of the owner (landlord). If the rental contract in question had been concluded

- Before the court bailiff has started debt recovery, the contract is valid, unless it is fictive or its aim is to evade law
- After the debtor (landlord) has received the notification of the court bailiff about the auction, but before the respective mark (Latvian: *piedzīņas atzīme*) has been entered in the Land Book, the contract is valid, if the tenant had not known about the debt recovery and auction, otherwise the contract is void
- After the mark mentioned above has been entered, the contract is not binding for the creditor selling the property in the auction and the acquirer of such property, what means that the new owner may freely terminate the rental contract.

- Costs and Utility Charges

- 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 utilities provided under the rental contract may be divided in the following groups:

- The basic utilities are inseparably related to use of the residential space (heating, cold water, sewerage and removal of waste);
- The auxiliary utilities are all other services (hot water, gas, electricity, garage, parking place, etc.)

The idea is that in case of cutting off of the auxiliary services the tenant can continue to live in the dwelling; in addition, the law states that the tenant may decline future use of the auxiliary services (utilities) by notifying the landlord in writing two weeks in advance, however, the tenant may not refuse to receive the basic services. Other additional circumstances shall be observed as well, for instance, it could be practically impossible to decline provision of electricity in the multi-apartment house. If the tenant rents an apartment in a residential house, a manager of the residential house has to conclude agreements regarding the basic utilities (heating, cold water, sewerage and removal of waste), the auxiliary services and a compulsory lease agreement, if relevant. In other cases, either the landlord or the tenant may conclude the contracts for provision of utilities.

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

The landlord may charge all utilities which the tenant agreed to receive. As indicated, the tenant is not entitled to refuse from the basic services, but a range and types of the auxiliary services may be freely determined by the parties of the rental contract.

The tenant may pay directly to service providers or to the landlord, who then pays to service providers, unless the landlord and the tenant agreed on another procedure.

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

The tenant has to pay the immovable tax levied by local municipalities.

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

It is lawful to shift condominium costs; however, the tenant has to cover not all expenses, but only the following costs: the residential house's sanitary and technical maintenance, as well as management and service personal costs. To mention, at the moment the tenant has to cover only those costs which have already occurred.

- Deposits and additional guarantees

- What is the usual and lawful amount of a deposit?

An amount depends on the agreement of parties in cases of private renting. The usual amount is equal to the two or three amounts of the rental payment agreed with the tenant. When the State or a local municipality concludes a rental contract without public tasks, an amount of the deposit may not exceed the amount of a twelve-month rental payment for the residential space. If the matter concerns social rent, when a local municipality has to provide assistance in solving apartment matters, the deposit may not be required at all.

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

The landlord has to manage the deposit reasonably and carefully. All important issues, for example, the question how exactly the landlord have to manage the deposit are determined by a mutual agreement. If there is no particular agreement, however, the landlord has to return the deposit in full or in part, interest shall be paid, if parties have agreed on this issue and the landlord has used the deposit for his interest.

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

Additional guarantees (surety, pledge of movables, contractual penalty, and earnest money) may be asked and depend on a particular case and/or a mutual agreement. The parties are entitled to contract on or several guarantees in addition to the deposit.

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

The security deposit serves as a guarantee for rental payments, payments for utilities and losses.

3. During the tenancy

3.1. Tenant's rights

- Defects and disturbances

- 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 neighbors; occupation by third parties)?

Defects can differ; we can distinguish between legal and actual defects, as well as essential and minor defects. The defect is legal if a third person has such real, personal or other right on the property rented, that as a result of the exercise of these rights the tenant is disturbed and cannot use the property in full or its significant part. Third persons or parties occupying dwelling will constitute a legal defect.

As regarding material defects, the landlord is responsible that the property has no hidden defects, including such defects which the landlord was not aware of, as well as the property has all the good features which are usually presumed or positively warranted by the landlord. The landlord is also liable for defects which the landlord has not knowingly disclosed to the tenant. Furthermore, the property shall have no defects which the landlord has declared to be non-existent. The property has to be transferred to the tenant together with all its appurtenances, utilities, etc. and in such state that the tenant had the right to expect or that have been agreed in the rental contract. However, the landlord is only responsible for the defects existed before entering into the rental contract. Additionally, the defect has to be essential, i.e., to hinder use of a property in full or of its main part.

Mould and humidity in the dwelling would mean that the residential dwelling is not fit for rent, i.e., does not comply with the mandatory construction and hygiene requirements, be suitable for long-term human accommodation, as well as for placing household items, therefore may not be rented out.

Generally speaking, the exposure of the house to noise from a building site in front of the house or are noisy neighbours will be a defect of the residential space, if the landlord has declared them to be non-existent or warranted that no building works are planned/neighbours are quiet. Noise will not be considered as a defect in other cases, not to mention, there are public law rules regulating issues about maximum allowable noise in the both cases, if a person violates these legal provisions an administrative fine be imposed.

- 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)

First of all, the tenant has to check the rental contract, whether and, if yes, then what exactly provisions the contract contains regarding a possible liability of the landlord for different defects. When the contract does not comprise any remedies in this connection, the responsibility shall be established on the basis of law as follows:

If the landlord is responsible for the defects, the tenant is entitled to ask the landlord to: recalculate (usually reduce proportionally) the rental payment and the payments for services (utilities) for a time of delay services (utilities) for a time of delay; claim back

already paid rental payments, if delay happened (disputable); refuse the performance of the rental contract, i.e., retain payments which have to be made under the contract until the dwellings are transferred (disputable); compensate losses occurred unless they are not covered by the previous legal means; terminate unilaterally the valid rental contract, if the landlord delays the transfer of the property for so long that the tenant is no more interested in acquiring it for use (disputable); pay contractual penalty, insofar as it has been agreed for non-performance or delayed performance; pay earnest money, insofar as it has been agreed.

Unilateral actions are not allowed, if the contract does not grant such rights, for example, in cases when the landlord does not agree and undertakes no actions to cure the defect. If a dispute arises, the court resolves it.

If the previous tenant refuses to clear and hand over the premises, the new tenant has no legal means which he could use against the former tenant, although the new tenant may use the legal remedies against the landlord which are indicated above.

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

The landlord must perform capital repairs of the residential house (residential space). The capital repairs means repairs of the constructional elements, engineering and communications systems of the residential house or residential space.

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

The landlord and the tenant may agree that the tenant performs the necessary capital repairs or fully or partially covers the costs thereof. The question about reimbursement of expenses is not clearly regulated by law, if no agreement has been reached, but the tenant repaired the residential house instead of the landlord. For this reason, it is recommendable to inform the landlord in prior and receive his consent to performing capital repairs, as well as to negotiate the question about reimbursement of expenses, concluding an additional agreement, preferably (but not mandatory) in writing.

- Alterations of the dwelling

Since this question is not regulated by law indisputably and clearly, the issue shall be primarily regulated by the rental contract. If the agreement has not been concluded, the tenant shall notify the landlord about proposed alterations, in writing and by a registered mail, if possible, in order to preserve evidence for the case of a possible dispute. If the landlord has consented the tenant may make changes to the dwelling. To add, it is advisable to conclude an additional agreement or to amend the rental contract in writing in this regard.

- Is the tenant allowed to make other changes to the dwelling?

The tenant is allowed to make other changes to the dwelling after the landlord has agreed to these changes.

- In particular, adaptations for disability (e.g. building an elevator, ensuring access for wheelchairs etc.)

This may be only done with the consent of the landlord.

- Affixing antennas and dishes

Affixing antennas and dishes are allowed upon the consent of the landlord.

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

Normally, it will be determined by a mutual agreement, that is, by the rental contract. If repainting is a part of routine repairs, the tenant is responsible for routine repairs under the Law on Residential Tenancy. Minor changes, for instance, drilling the walls if there is no contractual prohibition for this, will be allowed.

- Uses of the dwelling

- Are the following uses allowed or prohibited?

- keeping domestic animals, producing smells, receiving guests over night fixing pamphlets outside

There are various administrative provisions which relate to keeping animals, producing smells and sounds, fixing pamphlets outside etc. Upon the landlord's consent, all these things are allowed, if mandatory provisions of public law are observed. Nevertheless, the tenant may not disturb other persons making it is impossible for them to reside together with the tenant in the same house or apartment, keeping animals, producing smells and sounds etc.

- small-scale commercial activity

The Latvian Law on the Residential Tenancy does not recognize mixed, i.e., residence and commercial rent contracts; using of living dwellings for purposes other than living can lead to termination of the rental contract. However, it is disputable, insofar the landlord and the tenant may derogated from the legal provision that the space can be used for small-scale commercial activity by a mutual agreement. Therefore, it is advisable only to agree on residential use.

3.2. Landlord's rights

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

Article 11 of the Law on Residential Tenancy stipulates that rent consists of residential house (space) maintenance expenses and profit. Please note that all other payments which are not residential house maintenance expenses and profit, though they are agreed or have to be made because of law, are not rent in the meaning of the Law on Residential Tenancy. Rent control as the determination of the highest possible rental payments in relations of two private persons does not exist in private renting in Latvia. Nevertheless, law stipulates which expenses of house maintenance may be shifted to the tenant (sanitary, technical maintenance of the residential house, management personal expenses etc.), the list of the expenses set by law may not be extended by the landlord, even though the tenant agrees. On the other hand, the principle of freedom of contract applies to the second part of rent which is profit, therefore parties may freely agree on an amount of this part of rent.

- Rent and the implementation of rent increases
 - 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 Latvia rent increase may take place, if a rental contract contains the respective clause, which shall be examined in order to tell whether increase is allowed; how many times rent may be increased; after what time the next increase may follow. If the parties have not agreed on the latter issue, i.e., after what time ordinary rent increase may happen, the next increase may take place in six months after the previous increase.

- 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 possible cap or ceiling (fixed by statute or jurisprudence) which determines the maximum rent that may be charged lawfully since it depends on circumstances of a specific case.

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

The landlord must notify the tenant of ordinary rent increase six months in advance unless parties agreed otherwise. The financial justification of the rental payment increase shall be specified in the notification. The goal of the notification is to provide timely and appropriate information on new contractual terms and conditions to the tenant so that he can decide whether to agree with rent increase. The tenant has to notify the landlord within six months from the day of the receipt of the notification, if he agrees with the proposed new amount of rent, otherwise it will be presumed that the tenant has consent to rent increase. The tenant can object to the financial justification of increase and the court settles all disputes connected with rent increase. It will be also assumed that the tenant has agreed, if the tenant starts paying the new increased amount. After the consent has been given or presumed, the tenant may not withdraw it.

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

This issue is not regulated by law; hence it depends on a mutual agreement of parties.

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

This issue is not regulated by law and depends on a mutual agreement of parties.

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

The landlord may not legally lock a tenant out of the rented premises, e.g. for not paying rent.

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

The landlord may obtain actual control over movables which the tenant has placed in the dwellings, for example, by taking away them. The landlord has this right, if a claim or claims: rental payments owed and any other claim - arise from a rental contract. The landlord may keep the property of the tenant until his claim is satisfied; at the same time the landlord has no right to sell the tenant's personal property.

4. Ending the tenancy

4.1. Termination by the tenant

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

The tenant may terminate the rental contract at any time, notifying the landlord thereof in writing one month in advance (Article 27 of the Law on Residential Tenancy). The tenant can deliver the notice personally, by post, as well as by a registered mail, besides the tenant may ask the court bailiff or by the notary public to deliver the notice. The court bailiff can be asked, if the landlord (unlawfully) refuses to receive the notice, however, the place of residence of the landlord has to be known in this case. The notary may deliver the notice of termination to the landlord in person or send by post as a registered mail, one of the advantages of this particular delivery method is that, if the residence of the landlord is unknown, then the notary publishes the notice in the official paper *Latvijas Vēstnesis*.

- 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 legal rule - Article 27 of the Law on Residential Tenancy – does not impose any limitation except the written notice mentioned above and one months term.

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

As indicated, Article 27 of the Law on the Residential Tenancy does not provide other preconditions such as finding a suitable replacement 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)?

Article 28 of the Law on Residential Tenancy stipulates that the rental contract may be terminated at the initiative of the landlord only in the cases set by the Law on Residential Tenancy. The landlord may do so, if the tenant breaches the contract or law,

i.e., if one of the following legal grounds exists:

- Damage to or demolition of the dwellings transferred into use of the tenant (termination notice without prior warning);
- Damage to or demolition of the dwellings in the common use which the tenant uses together with other inhabitants or users of the building, for example, stairs (termination notice without prior warning);
- Disturbance other persons living with the tenant in one common apartment or one house impossible for other persons (termination notice without prior warning);
- Not agreed use of the dwellings (termination notice one month in advance);
- Unlawful use of the dwelling by third persons allowed by the tenant without consent of the landlord (termination notice one month in advance);
- Overdue rental payment or basic services for more than three months (termination notice one month in advance);
- Necessity of capital repairs of dwellings (termination notice three months in advance);
- Demolition of a house, apartment etc. (termination notice three months in advance);
- Necessity of personal use of dwellings for living purposes by the landlord who regained his immovable property in the course of denationalisation (termination notice six months in advance).

In order to send the notice the landlord can use the same means which were described in case of the tenant's notice.

- o Must the landlord resort to court?

When the tenant does not vacate the dwelling after the notice has been received and the time period set by law (see above) expired, the landlord has to bring a court action, other methods of eviction are illegal.

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

Eviction may take place, if there is a positive court judgement. All disputes, including possible objections of the tenant against an eviction, are resolved by the court. The tenant is entitled to make use of all legal aimed to end court proceedings. The objections can follow from substantial law (payments owed to the landlord are not due; payments have been already made etc.) or from the procedural law (the landlord has not submitted a written notice to the tenant; the parties have concluded a settlement agreement etc.). Moreover, the tenant may submit a counter-claim asking, for example, to recognize factual rental relations, or to perform set-off etc.

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

Please see the answer about the termination of open-ended rental contracts because the legal rules are the same.

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

Please see the answer about the termination of open-ended rental contracts because the legal rules are the same.

- 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?

If the tenant does not leave after the regular end of the tenancy or does not hand in (all) the keys of the dwelling, the landlord may claim losses connected with not handing over of the keys of the dwelling. In addition, if the tenant does not clear the dwelling after the notice has been received and the time period set by law (see above) expired, the landlord has to bring a court action; other methods of eviction are illegal.

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 landlord is entitled to use the security money after the termination of the rental contract, nonetheless, law does not associate the use of the security money with particular termination grounds. It follows from law that the tenant and the landlord may freely contract a particular day of return of the tenant's security deposit. If the parties have not entered an agreement about return of the deposit, the landlord must return an unused part of the security money, if remained, not later than on the day when the tenant vacates the residential space.

- What deductions can the landlord make from the security deposit?

As indicated, the landlord has the right to use the deposit to cover owed rental payments, payments for utilities, as well as to compensate losses which the tenant has caused, acting against the rental contract or law.

- In the case of a furnished dwelling: may the landlord make a deduction for damages due to the ordinary use of furniture?

The tenant is not responsible for the natural wear and tear of the property, i.e., for reduction of the value of the property (dwellings, furnishing etc.) occurred in the course of ordinary use, for this reason, the landlord may not make a deduction for reduction of the property's value due to the ordinary use of furniture.

From the practical point of view, the deed of transfer and acceptance (inventory deed) which fixes the state of the property can be useful, if it is drawn up and signed by the both parties, when a dispute about the state of the dwellings and/or furnishing arises later. Therefore it is recommended to inspect the property before signing the deed, as well as to include precise and accurate information on any defects discovered during the inspection.

4.4. Adjudicating a dispute

- In what forum are tenancy cases typically adjudicated?

The ordinary courts (private renting) or administrative courts (social renting) adjudicate disputes arising from tenancy contract in accordance with their specialization.

- Are there specialized courts for adjudication of tenancy disputes?

There are no specialized courts for adjudication of tenancy disputes in Latvia.

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

There is no accelerated form of procedure used for the adjudication of tenancy cases in Latvia, disputes are resolved within 3-12 months by one court instance.

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

As already mentioned, normally the courts resolve tenancy disputes, at the moment (compulsory) alternative dispute resolution are not available in Latvia, although the Mediation Law is being prepared by the Parliament. According to the draft law, mediation will be only possible in disputes concerning civil matters, including, but not limited to rental contracts.

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?

A prospective tenant has to address a respective municipality in order to get social or subsidized housing.

- Is any kind of insurance recommendable to a tenant?

Insurance is not compulsory and depends on wishes of a particular tenant.

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

The tenant may address a lawyer or the notary public asking for legal assistance for consideration. For free legal aid the Legal Aid Administration has to be contacted.

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

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The Consumer Right Protection Centre

Brivibas Street 55, Riga, LV - 1010
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The Office of the Ombudsman

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The Legal Aid Administration

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The Rental Council of the Riga

Raina Street 23 k-2, Riga, LV-1050
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The state courts

General information, including addresses, email addresses and phone numbers etc.,
under www.tiesas.lv

The State Police (Administration)

Ciekurkalna 1.linija 1, k- 4, LV – 1026, Riga
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