

Consumer market study on the functioning of the real estate services for consumers in the European Union

Country fiche – BULGARIA

General information

Country	BULGARIA
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Main Sources Used	See list at point 1.2.

1. Regulatory background

1.1 Level of regulation in the country

Table 1: Level of regulation			
	Level of regulation	Source of relevant legislation	Ongoing discussion on regulation/deregulation (if applicable): current state of affairs and main arguments in the debate
Real estate transactions ¹	Formality, registrations and identity checks – strictly regulated	<p>Law on obligations and contracts 1950 – <i>regulates</i> the obligatory form of property transactions</p> <p>Rules of Land registration procedure 1951 - <i>regulates</i> property transactions' registration procedure in Land register</p> <p>Code of civil procedure 2007 –<i>regulates</i> the notarial procedure for property transactions and the obligatory content of notarial deed</p>	No
Notary system (or lawyer/conveyancer system) ²	Strictly regulated	<p>Notaries and Notary Activity Act 1997 - /see Table 16/</p> <p>Code of civil procedure 2007 – as above</p> <p>Tariff for Notary fees 1998</p>	None

¹ E.g. limitations or prohibitions of certain transactions; specific formality requirements etc.

² Only in countries where notaries do not exist or do not have a monopoly on conveyancing.

Table 1: Level of regulation

<p>Profession of estate agents</p>	<p>Non-regulated</p>	<p>Real estate agents Draft law</p>	<p>The law aims to regulate the legal status of real estate agents, subjective and objective requirements, ethical rules and main responsibilities concerning their profession. It determines the minimum content of a contract between real estate agents and their consumers and provides the establishment of a national public register of real estate agents, as well as an establishment of a Chamber of real estate agents. The law introduces clear rules for avoiding conflicts of interest and brings real estate agents' activities in line with EU law and in particular with European standard EN15733, adopted by the European Commission's Standing Committee. The Draft law is yet to be discussed in Parliament. The main debate is who will control the real estate agents' activity – the State or the branch itself. The State refuses to take control mainly due to a lack of funding from the state budget. However, the idea of self-regulation is not well perceived by the branch.</p>
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1.2 National legislation

Table 2: List of national legislation		
List of national legislation	Classification of national legislation	Content of the national legislation
Law on obligations and contracts 1950	Transactions in general, including real estate transactions	Regulates the obligatory form of property transactions.
Rules of Land registration procedure 1951	Registration in Land register; buyers, respectively tenants	Regulates property transactions' registration procedure in Land register.
Code of civil procedure 2007	Notarial procedures in general, including procedures in case of real estate transactions	Regulates the notarial procedure for property transactions and the obligatory content of notarial deed.
Notaries and Notary Activity Act 1997	Regulation of professions /Notary	Regulates all requirements of practising the Profession of a Notary, as well as his/her duties, obligations, responsibilities professional standards and exclusive rights.
Law on Attorneys 2004	Regulation of profession /Lawyer	Regulates all requirements of practising the Lawyer's profession, as well as his/her duties, obligations, responsibilities professional standards and exclusive rights.
Law of the recognition of professional qualifications 2008	Professional conduct	Implements Directive 2005/36/EC on Recognition of Professional Qualifications, as last amended by Directive 2013/55/EU of the Recognition of Professional Qualifications.
Consumer protection Act 2005	Consumers	Implements Directive 2005/29 EC on unfair commercial practices (UCPD).
Regulation №1/24.10.06	Consumers	Lays down the criteria to be met by qualified entities having a legitimate interest to protect collective interest of consumers.
Rules of Procedure of the Consumer protection Committee 2006	Consumers	Regulates the composition, structure and relations of the Consumer protection Committee with the other state bodies and organizations.
Energy efficiency Act/2015	Sales/lettings	Regulates energy performance certificates.
Regulation 7/2015 on the Energy efficiency of buildings	Sales/lettings	Regulates minimum requirements for energy efficiency of buildings and the methodology for calculating energy consumption indicators.
Regulation №E-РД-04-1/2016	Sales/lettings	Regulates the terms and conditions for issuing energy performance certificates for projects and buildings in operation and for energy efficiency audits.

Table 2: List of national legislation

Regulation № РД-16-932 2009	Sales/lettings	Regulates the verification of the energy efficiency of hot water boilers.
Real Estate loans Act 2016	Consumers; Profession	Regulates credit requirements for the acquisition of real estate as well as the terms and conditions for the registration of intermediaries and the control of their activity.

1.3 Implementation of relevant EU legislation

Table 3: Implementation of relevant EU legislation

EU legislation	Implementation achieved?	Implementation of EU legislation at the national level (e.g. the name of the law)	Source of the national implementation legislation	Content of the national legislation in keywords	Which parts of the EU legislation have been transposed?	Which parts of the EU legislation have <u>not</u> been transposed?
Directive 2005/29/EC on unfair commercial practices (UCPD)	Yes	Consumer protection Act/2005	Chapter IV, XI, By amending an existing normative Act	Chapter IV integrates the Directive, including the right to terminate contracts and to seek damages under general rules in case of unfair commercial practises; Chapter XI introduces the administrative liability in the same case.	All	None
		Regulation №1/24.10.06		Lays down the criteria to be met by qualified entities having a legitimate interest to protect collective interest of consumers.	Implements the requirements of impartiality of the independence of the administrative bodies, according to Art. 11 § 1 of the Directive	None

Table 3: Implementation of relevant EU legislation

					regulating the possibility for national regulation of such public organizations.	
		Rules of Procedure of the Consumer protection Committee/ 2006		Regulates the composition, structure and relations of the Consumer protection Committee with the other state bodies and organizations.	Same as above	None
Directive 93/13/EEC on unfair terms in consumer contracts	Yes	Consumer protection Act/2005	Chapter VI, By amending an existing normative Act	Chapter VI integrates Directive	All	None
Directive 2008/122/EC on the protection of consumers, in respect of certain aspects of timeshare, long-term holiday product, resale and exchange contracts	Yes	Consumer protection Act/2005	Chapter VII/2011, By amending an existing Act	Copy out	All	None
Directive 2010/31/EU of Energy Performance of Buildings Directive	Yes	Energy efficiency Act/2015	By adopting a new normative Act	Introduces the implementation of energy efficiency requirements in the design process of buildings and housing public buildings and independent control system for energy efficiency certificates.	All with the exception of the requirements for the methodology for calculating the energy performance of buildings and minimum requirements for energy efficiency of buildings, set out in secondary legislation.	None

Table 3: Implementation of relevant EU legislation

		Regulation 7/2015 on the Energy efficiency of buildings	By adopting a new normative Act	Introduces the implementation of minimum requirements for energy efficiency of buildings and the methodology for calculating of the energy consumption indicators.	All	None
		Regulation №E-РД-04-1/2016	Art. 12	Introduces the terms and conditions for issuing energy performance certificates for projects and buildings in operation and for energy efficiency audits.	All	None
		Regulation № РД-16-932/2009	Art. 14-15	Introduces the terms and conditions for verification of the energy efficiency of hot water boilers.	All	None

Table 3: Implementation of relevant EU legislation

<p>Directive 2005/36/EC on Recognition of Professional Qualifications, as last amended by Directive 2013/55/EU</p>	<p>Yes</p>	<p>Law of the recognition of professional qualifications/2008</p>	<p>The whole Act implements the Directive. In Chapter I, II and III are special regulations about general system for the recognition of qualifications and about automatically recognition of qualifications and those, based on professional experience.</p>	<p>Implements full directive</p>	<p>All</p>	<p>None</p>
<p>Mortgage Credit Directive, 2014/17/EC</p>	<p>Yes</p>	<p>Real Estate loans Act/2016, Applicable from 01.01.2017</p>	<p>Real Estate loans Act/2016</p>	<p>Implements the Directive and introduces stricter consumer protection measures according to the possibilities stated in the Directive.</p>	<p>All</p>	<p>None</p>
		<p>Notary and Notary's activity Act 1997</p>	<p>Chapter II</p>	<p>Implements Directive</p>	<p>All</p>	<p>None</p>
		<p>Law on attorneys 2004</p>	<p>Chapter II "A"</p>	<p>Implements Directive</p>	<p>All</p>	<p>None</p>

Even if the **Directive 93/13/EEC on unfair terms in consumer contracts** is introduced into a national legislation by **Chapter VII of Consumer Protection Act**, the Bulgarian order of Law is in not in line with the European legislation. The European Court of Justice has accepted that consumer protection under the Directive 93/13/EC is also applicable in cases where the consumer has not objected of creditor's application for immediate enforcement. Contrary to this, the national legislation in Bulgaria does not allow consumer protection in case of non-opposition, even when consumers have objections to the warrant, arising from the Directive.

Contrary to the practice of European Court /case C-415/11, C537/12 and C116/13/, in Bulgaria there is contradictory case-law on the application of enforcement proceedings initiated on the unconditional execution of the order. Some judges refuse to stop the immediate enforcement of the order when consumers refer to the Directive. Others correctly apply the EU law in these cases. In cases C-415/11, C-280/13 and C618/10 EU Court has enacted, that consumer protection fostered by Directive 93/13/EEC also extends to cases where the consumer did not object to the creditor's application for an immediate execution order. Contrary to these cases, the Bulgarian national legislation does not provide consumer's protection in case of non-objection. In this situation, the order for immediate enforcement becomes effective and enforceable. The consumer loses the right to claim that his/her debt does not exist or that it is in smaller amount due to unequal terms in the contract. In this sense are the pronouncements of Supreme Court of Cassation in Order 688/14.12.2009 case 692/09 and Order 244/12.05.2010 case 180/10. Therefore if the consumer has objections arising from the Directive, but has not objected within time limit, s/he loses the right of defence, guaranteed from EU law /Directive 93/13/EEC/.

In cases C-415/11; C537/12 and C116/13 the EU Court of Justice states that there can be no national legislation, which does not allow the court either of its own motion or at the request of the debtor to suspend the enforcement. According to Art. 420 §1,2 of Civil procedure Code the court is allowed to suspend the immediate enforcement only by request of a debtor, if it is done within the time specified in the law for the objection and if it is supported by compelling written evidence. On this base some judges refuse to stop the immediate enforcement of the order arguing that the conditions for suspension are exhaustively listed in the law or that it is not in jurisdiction of the court leading the enforcement proceedings to assess whether some contract's clauses are equal or not. Other judges refuse to stop the enforcement with the argument, that debtors haven't made clear which clauses are unequal or that EU court's decision in the case C415/11 refers to a specific case of Spanish Law and isn't applicable in Bulgaria (Order 4653/15.07.2016 case 17/16 of Razlog District Court; Order 655/25.09.2014 of case 351/14 of Jambol District Court; Order from 12.10.2016 case 285/16 of Gabrovo District Court, Order 12423/16.06.2014 case 8158/14 of Sofia District Court; Order 602/22.12.2016 case 6028/16 of Shumen District Court). Other judges correctly apply the EU law and suspend the enforcement when the debtor has relied on the Directive (Order 3056/17.09.2016 case 13/2016 of Varna District Court).

1.4 Communications and strategy papers

Table 4: Communications and strategy papers

Communication or strategy paper	Have the following communications and strategy papers been referred to in national documents?	Name of document	Source	Content	Differences with respect to communications and strategy papers listed in the first column
COM(2015) 550 final Communication of the Commission Upgrading the Single Market: more opportunities for people and business	Yes	Parliament's decision for annual work program on EU affairs (2015).	Action plans and strategies in the field of finance, economy, internal market, labour and social policy, energy and environment.	Measures for improvement of capital market; framework for solving the problems of non-banking financial institutions; plan to surmount tax evasion; strategy for the internal market for goods and services, as well for Energy union.	None

Table 4: Communications and strategy papers

		Parliament's decision for annual work program on EU affairs (2016).	Measures for VAT in the field of electronic commerce; for overcoming discrimination on ground of nationality or place of residence; for surmount of counterfeiting of non-cash means of payment.	Proposal for amending of EU legislation, as well national legislative measures regarding COM (2015) 550 final.	None
		Decision of the Council of Ministries №617/12.08.2015	Interdepartmental working groups in the main problem areas.	Analysis of problems hindering the growth of investments in Bulgaria.	None
		Action plan of the Council of Ministries 2016	Measures for legislative amendment for facilitating administrative procedures and technical infrastructure process.	Determines the number of measures, which have to be enacted in 2016. All of them concern the Implementation of EU Directives, which have to be implemented by the end of 2016 or by the end of April 2017, as well as Directives with expired submission deadline.	None
COM(2013)676 Communication from the Commission on evaluating national regulations on access to professions	Yes	First national plan for mutual evaluation of regulated professions Second national plan for mutual evaluation of regulated professions.	Amendment of the existing normative acts.	Review of current legislation regarding regulated professions in Bulgaria, mentioned in the first group of sectors in COM (2013)676; analysis of administrative requirements and risks of access to each of them Same as above, regarding second group of sectors in COM (2013)676.	None

Table 4: Communications and strategy papers

COM(2016)820 Communication from the Commission on reform recommendations for regulation in professional services	No				
European Consumer Agenda	Yes	National Reform Program, adopted by the Ministry of Finance – update 2017	Analysis of national legislation and legislative changes; implementation of approved projects; improving access to innovative medical products; improving access and quality of education.	Measures in response to the recommendations and identified shortcomings in the European Commission's National Report for Bulgaria for 2017; policies for economy's and competitiveness's improvement; Review of progress in meeting Bulgarian national goals on Strategy "Europa" and measures for realization of State's commitments.	None
Consumer Programme 2014-2020	Yes	National Reform Program, adopted by the Ministry of Finance –update 2017	Analysis of national legislation and legislative changes; implementation of approved projects; improving access to innovative medical products; improving access and quality of education.	Measures in response to the recommendations and identified shortcomings in the European Commission's National Report for Bulgaria for 2017; policies for economy's and competitiveness's improvement; Review of progress in meeting Bulgarian national goals on Strategy "Europa" and measures for realization of State's commitments.	None

2. General market information

2.1 Key market data

Table 5: Key market data

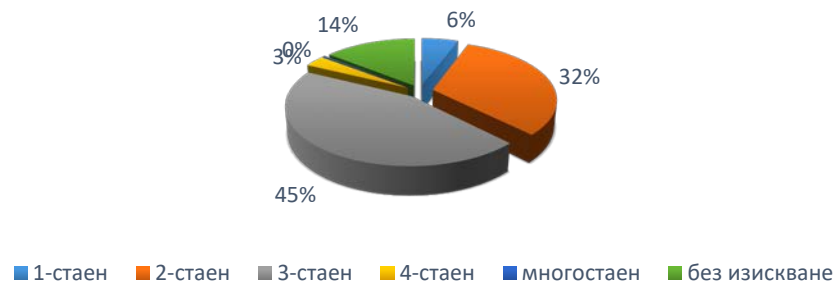
General market situation (e.g. trends in the market, recent developments in the market, price fluctuations, etc.)

In last two years, the real estate market has been on the increase in terms of prices and building of new houses. For the first time after several years, the number of purchasers exceeds the number of sellers. According to the official statistics, the number of property transactions in the **last quarter of 2015** marks an increase of 20-30%. A rise of property prices in Sofia and other big cities like Varna, Burgas and Plovdiv is observed too. At the end of 2015, the price increase for Sofia was between 5% and 7%; for Plovdiv, Varna and Burgas – close to 6%; for the old town of Plovdiv - 29%. The average house prices in Sofia at the end of 2015 was about 1 100 euros per square meter and for other big cities – 777 euro per sqm. For the period October-December 2015 the realized transactions are mostly with two room dwellings with an area between 50-60 square meters and a price from 40 000 to 60 000 euro. The three-room flats sold in the same period ranged from 85 to 110 square meters for a price between 75 000€ and 110 000€. In 2015, the number of loans, granted for the purchase of housing, grew up by about 15%. According to experts and analysts, this upsurge in the real estate market results from interior factors such as a rise in gross domestic product and in average remuneration. To this should be added the decrease in interest rates on loans granted – in the range of 4.8%-5.9%. In terms of rents, house prices range from 2.5 euro to 5.00 euro per square meter, depending on the area, infrastructure and housing conditions. In 2015, the monthly rental prices of two-rooms flats in Sofia were between 300-550 euro, the three-room apartments between 400 and 800 euros and the multi-storey about 900 euro. In Plovdiv, there is a tendency for renting houses close to the city. The monthly rent is about 3.5 euro per square meter.

2016: Combined data of one of the leading real estate agencies (ARCO REAL ESTATE, www.arcoreal.bg/en) in Bulgaria indicate a strengthening of the trend of rising property market in 2016. There is a double growth in residential property demand in Sofia in the last quarter of 2016 compared to the same period in 2015. Most active is the demand for three-bedroom dwellings with an area of 80 to 110 square meters (44% of total demand), followed by the two-bedroom dwellings with an area of 50 to 70 square meters -32% of the total demand.

Table 5: Key market data

Type of offerings for purchase for period Q4 2016



The demand for houses in Sofia in the last quarter of 2016 has increased by 15% compared to the same period in 2015. The remaining 85% of purchasers are divided between different types of self-contained dwellings in a building (see pie chart below).

Type of offerings for purchase for period Q4 2016



The average cost of three-room apartments for the capital is 924 euros per square meter (47.9% of total demand), followed by two-room apartments with an average price of 924 euros per square meter (39.3% of total demand). The smallest share due to the limited demand are the four-room apartments with a bid price of 961 euros per square meter (10% of total

Table 5: Key market data

demand) and the one-room apartments with an average offer price of 1021 euros (3% of total demand). There is an increased supply of two-and three-room apartments for rent with an average monthly rent of 377 euros.

In 2016, we witnessed the unfolding of positive trends in the real estate market, which we have not been observed since 2008. It can be interpreted as a result of lower interest rates of loans, economy's growth, rising incomes, declining unemployment and migration to big cities, as well as high returns on real estate investment – nearly 5-6%, compared to other forms of investment. At the same time, the real estate market in small towns and villages is stagnant. There is a lack of demand and property transactions are rare. For comparison house prices in small towns /excluding resorts/ for apartments on area of 50-70 square meters the amount corresponds to 300-350 euros per square meter; for apartments with an area of 90 to 110 square meters the amount corresponds to 310 to 350 euros and for apartments with area above 110 square meters- from 310 to 365 euros. This segmentation on the market is a result of the concentration of the country's economy primarily in the big cities and resorts with a view to the development of tourism.

In the first half of 2017, similar trends were observed for sales of two and three-room apartments. Costumers in capital and big cities most often choose residential properties with an area of 80-120 square meters with a durable selling price in the range of 80 000 to 110 000 euros. The number of newly build residential buildings has increased by 7%, the number of dwellings within newly build residential buildings by 42% as compared to the same period of the last year. There is also a slight increase in the demand and supply of two and three-room flats for rent with an average rental price of 450 euros per month.

In conclusion: In the period 2015-2017, the real estate market in Bulgaria has been stable and provident.

Total value of residential transactions for buying and renting for the year 2015 (2014 or 2013 depending on the latest available data) expressed in EUR

Buying:

First half of 2017:

Number of transactions	big cities	average price	small towns	
91 674	27304	95 000 EUR	64 370	30 000 EUR
Total value: 2 593 880 000		Total value: 1 931 100 000		
Total value of residential transactions for the period: 4 524 980 000				

Year 2016

Number of transactions	big cities	average price	small towns	
228 586	62 366	85 000 EUR	166 220	25 000 EUR
Total value: 5 301 110 000		Total value: 4 155 500 000		
Total value of residential transactions for the period: 9 456 610 000				

Table 5: Key market data

Year 2015

Number of transactions	big cities	average price	small towns
230 321	52 540	80 000 EUR	25 000 EUR
Total value: 4 203 200 000		Total value: 4 444 525 000	
Total value of residential transactions for the period: 8 647 725 000			

The data for the number of transactions is retrieved from the official statistics of Registry Agency <http://www.registryagency.bg/bg/registri/imoten-registar/statistika>

Average prices for small towns are indicative. They are calculated on a basis on bid and not on actual paid prices.

Renting:**First half of 2017:**

Number of transactions	big cities	average price	small towns
10 963	792	450 EUR	200 EUR
Total value: 356 400 EUR		Total value: 2 034 200 EUR	
Total value of residential transactions for the period: 2 390 600 EUR			

Year 2016

Number of transactions	big cities	average price	small towns
21 392	2 827	377 EUR	180 EUR
Total value: 1 065 779 EUR		Total value: 3 341 700 EUR	
Total value of residential transactions for the period: 4 407 479 EUR			

Year 2015

Number of transactions	big cities	average price	small towns
24 338	2 797	500 EUR	200 EUR
Total value: 1 398 500 EUR		Total value: 4 308 200 EUR	
Total value of residential transactions for the period: 5 706 700 EUR			

The data of the number of contracts for the period is based on the official statistics of Registry Agency concerning rent-contracts only, which have been inserted in the Land Register. Due to the fact that insertion of rent-contracts in Land Register is not mandatory and covers mainly rental contracts of commercial areas and offices, it is objectively impossible to

Table 5: Key market data

	obtain information about actual number of contracts for rental of dwellings. Therefore, the information above is inaccurate and relative ³ .																																																						
Ratio house owners – tenants (i.e. the percentage of households that are owners resp. tenants of dwelling units)	<p>According to statistics, as of September 2016, 82.3 % of Bulgarians have their own dwelling and 17.7 % of them live on rent. In 2015 the ratio house owners – tenants was:</p> <p>90% owners; 10 % tenants.</p> <p>In the last year, there was a slight increase by 7.7% in the number of people who live in rent, respectively a decrease of 7.7 % of number of people, who live in their own house. According to analysts, this process is a result of the increased migration to bigger cities, where the main part of country's economy is concentrated.</p>																																																						
Usage of land (Quotas for built land, agricultural land, "wild land" (forests, lakes etc.)	<p>According to the Report from the Ministry of Agriculture, published in 2016, use of land in 2015 was:</p> <table border="1"> <thead> <tr> <th>Type of land</th> <th>Thousand hectares</th> <th>% of total area</th> <th>% used agricultural area</th> </tr> </thead> <tbody> <tr> <td>Land area</td> <td>10 876.1</td> <td>98.0</td> <td></td> </tr> <tr> <td>1.1.used agricultural area from which</td> <td>5 330.5</td> <td>48.0</td> <td></td> </tr> <tr> <td>Arable land</td> <td>3 296.8</td> <td></td> <td>61.8</td> </tr> <tr> <td>Permanent grassland</td> <td>1 800.8</td> <td></td> <td>33.8</td> </tr> <tr> <td>Perennials</td> <td>215.8</td> <td></td> <td>4.0</td> </tr> <tr> <td>Other land including family gardens</td> <td>15.1</td> <td></td> <td>0.3</td> </tr> <tr> <td>Greenhouse crops</td> <td>2.0</td> <td></td> <td>0.0</td> </tr> <tr> <td>1.2. Available land</td> <td>3 734.5</td> <td>33.6</td> <td></td> </tr> <tr> <td>From which forest area</td> <td>3 601.3</td> <td></td> <td></td> </tr> <tr> <td>1.3.other land area</td> <td>1 811.1</td> <td>16.3</td> <td></td> </tr> <tr> <td>2.inland water area</td> <td>223.2</td> <td>2.0</td> <td></td> </tr> <tr> <td>Total area:</td> <td>11 099.4</td> <td>100</td> <td>100</td> </tr> </tbody> </table> <p>There is no official statistics for urban land in hectares. According to official data of the National Statistical Institute, published in Statistical Guide 2016, in 2015 the number of dwellings in Bulgaria was 3 935 000. Their total <u>useful floor area</u> is 289 933 sqm, of which 218 402 sqm of living area. The useful floor area is the sum of livings area, kitchens' area and the auxiliary area, storage rooms and niches.</p>			Type of land	Thousand hectares	% of total area	% used agricultural area	Land area	10 876.1	98.0		1.1.used agricultural area from which	5 330.5	48.0		Arable land	3 296.8		61.8	Permanent grassland	1 800.8		33.8	Perennials	215.8		4.0	Other land including family gardens	15.1		0.3	Greenhouse crops	2.0		0.0	1.2. Available land	3 734.5	33.6		From which forest area	3 601.3			1.3.other land area	1 811.1	16.3		2.inland water area	223.2	2.0		Total area:	11 099.4	100	100
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Average prices of residential property	<p>According to the type of property</p> <p>Average flat of ca. 70 sqm</p> <p>Terrace house of ca. 100 sqm</p> <p>Detached (one family house) of ca. 150 sqm</p>	<p>Flat</p> <p>Of ca 70 sqm</p> <p>Of 100 sqm</p> <p>Of 150 sqm</p>	<p>1032 EUR per sqm</p> <p>1054 EUR per sqm</p> <p>1110 EUR per sqm</p>																																																				

³ <http://www.registryagency.bg/bg/registri/imoten-registar/statistika>

Table 5: Key market data

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	<p><i>According to the type of location</i> Capital city Urban areas rural areas</p>	<p>Location Capital city Urban areas /excl. Varna, Burgas and resorts Rural areas /excl. resorts</p>	<p>Average price 95 000 EUR 25 000 EUR 15 000 EUR</p>		
		<p>The information is up to date in the first half of 2017.</p>			
<p>Price development of residential property</p>	<p><i>According to the type of property</i> Average flat of ca. 70 sqm Terrace house of ca. 100 sqm Detached (one family house) of ca. 150 sqm</p>	<p>Property type</p>	<p>June 2016 (average price)</p>	<p>June 2017 (average price)</p>	<p>Difference</p>
		<p>Flat of 70 sqm Flat of 100 sqm Flat of 150 sqm</p>	<p>919 EUR sqm 924 EUR sqm 961 EUR sqm</p>	<p>1032 EUR sqm 1054 EUR sqm 1110 EUR sqm</p>	<p>12%-12.5 % 14% 15.5%</p>
	<p><i>According to the type of location</i> Capital city Urban areas Rural areas</p>	<p>Location</p>	<p>Average price</p>	<p>Differences</p>	
		<p>Capital city</p>	<p>95 000 EUR</p>	<p>Growth in % 380%-400% compare to small cities and rural areas</p>	
		<p>Urban areas /except Varna, Burgas, Plovdiv and resorts/</p>	<p>25 000 EUR</p>	<p>-380% compare to Capital city +70% compare to rural areas</p>	
		<p>Rural areas</p>	<p>15 000 EUR</p>	<p>-400% compare to Capital city; -70 % compare to urban areas;</p>	

Table 5: Key market data

<p>Development of price index (Housing price index if existing, otherwise Consumer price index)</p>	<p>Housing price index is a quarterly indicator of changes in market prices of dwellings /existing and newly builds/, purchased by households. It covers the prices of transaction in residential property, purchased during the relevant reporting period, regardless of income, location and nationality of households. Data on http://www.nsi.bg/bg/ - National Statistical Institute.</p>
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- 1) A 2-room apartment has one bedroom and a sitting room in new buildings, built after the year 2000. A 2-room apartment in old buildings, built before the year of 2000, has 2-bedrooms and a separate kitchen.
- 2) The real estate market's analysis, mentioned in the study, is based on the research of a price mainly in the capital city.
- 3) As stated above, the demand for houses in the Bulgarian real estate market is only 15%. Only 4.77% of sellers supplied houses in 2016. The supply of houses corresponded to 1 % in 2017. The main number of purchasers, about 85 %, direct their attention to offers for sale of different apartments. Therefore, there is no separate statistics on prices for houses at all, as well as differentiation between various types of houses. Their prices are generally determined by their useful floor and living area, as well by the area of the yard, on which they are built.
- 4) General real estate market information, given above, is based on analysis of Arco Real Estate Ltd (www.arcoreal.bg/en/valuations-and-analysis) and is part of its official reports for Bulgarian real estate market for the period 2015-2017.

2.2 Service providers

Table 6: Service providers						
	Total number of firms	Total number of professionals	Total number of employees	Branch offices per firm	Market concentration in % of turnover	Average turnover per firm (expressed in EUR)
Estate agents	2 537/ 262 of them are members of Real estate Association	Over 1 500 operating within the 262 firm members of the Real estate association (source: data of Real estate Association)	~50 740	1	Small	~680 000 EUR
Lawyer/Advocates/Solicitor	1 051	13 497	~10 000	1.5	Small	n.a.
Notary	(no firms)	680	~2 040	n.e.	Very small	n.a.
Licenced conveyancers	Not known on Bulgarian real estate market	-	-	-	-	-
Architects	30 636	4 349 architects with full legal capacity; According to official data of Bulgarian Chamber of architects, the number of architects with limited capacity in 2017 is 335. The information is very dynamic and changes every year.	Very few work mainly in residential sales market	n.e.	n.a.	-
Surveyor	1 545	3 633	n.a.	n.a.	No direct involvement in residential conveyancing	

Table 6: Service providers

Engineers	n.a.	Very few work mainly in residential sales market	n.a.	n.a.	n.a.	-
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There is no official statistics for total number of professionals, practicing a profession of real estate agent (See table 1). The total number of professionals, given in the third column, covers only employees operating in the 262 Real estate agencies, which are members of the Real Estate Association. This is why the total number of agencies, 2 537, exceeds the number of professionals, over 1 500.

The information regarding surveyors refers to licenced firms authorized to accomplish construction supervision and to their employees.

The above given total number of architects covers only architects with full legal capacity. They are necessarily members of the Chamber of Architects. The architects with limited capacity do not necessarily have to be members of the Chamber of Architects.

3. Roles of professionals and services in the real estate market

Table 7: Role of professionals in the real estate market								
	Estate agent	Property valuator ⁴	Lawyer	Notary	Bank	Licensed conveyancer	Technical expert (architect, engineer, surveyor)	Other relevant professional
Main function: does the professional typically work independently or as part of a firm or another organisation?	Firm or independently	Firm or independently	Firm or independently	Independently	N/A	Not known on Bulgarian real estate market	Firm	-
Sale	As above	As above	As above	As above	-	-	Occasional	-
Purchase	As above	As above	As above	As above	-	-	Occasional	-
Letting	As above	Occasional	As above	As above	-	-	-	-
Renting	As above	Occasional	As above	As above	-	-	-	-
Extent of engagement (at which point(s) does each professional intervene in the process?)	First point for contact	Preliminary – before offering the property on the market and just before contract	When drafting the deal	When signing contracts in notarial form	-	-	Occasional if needed before signing a contract	-
Sale	As above	As above	As above	As above	-	-	As above	-
Purchase	As above	As above	As above	As above	-	-	As above	-
Letting	As above	As above	As above	Usually not involved	-	-	-	-
Renting	As above	-	As above	Usually not involved	-	-	-	-

⁴ In some EU countries, the real estate property valuers are regulated as a profession that is separate from estate agents (e.g. Hungary, Lithuania, Latvia); their services might be obligatory, especially when taking mortgage loans.

Table 7: Role of professionals in the real estate market

Mandatory involvement	No	Yes (Mortgage credit Directive)	No	Yes, by signing contracts in notarial form (sale/purchase of a real estate property) or when establishing a mortgage on a real estate)	N/A	-	No	-
How are their fees/charges structured	On a market principle	Is formed on a market principle – in agreement with the client	In agreement with the client, depending on the complexity of the contract and its value	Fixed by statute in Notaries' tariff - based on value – as a fixed amount and as a percentage for the excess over it. Fees are valid for the territory of the whole country, including small villages in sparsely populated areas. In case of real estate donations, the notary fee is calculated on the base of a	Fixed fees cited on bank websites	-	Depending on the type of service provided and based on the methodology for determining the amount of a remuneration, adopted by Chamber of Architects/2008	-

Table 7: Role of professionals in the real estate market

				tax assessment of a property. In such kind of areas, tax assessment of a property value of 50 EUR is very likely.				
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Despite the existence of a methodology, the market principle is a guidance principle by calculating costs of architecture's services. According to practical architect's data, real market prices are lower than those that would have to be calculated in accordance to the methodology.

4. Land registration

Table 8: Land registration	
Responsible authority(ies) dealing with land registration	Registry Agency – Land register
Actors involved in the registration procedure and their main functions	<p>Magistrate keeping records of transactions concerning immovable property –approves the registration of all acts – subject to Insertion in a Land Register - including acts related to the transfer, authentication, modification or termination of the right of immovable property or to the constitution of other real rights over immovable property and mortgages.</p> <p>Notary - initiates a procedure for insertion in a Land register of all notarial deed relating to the transfer, authentication, modification or termination of the right of immovable property or to the constitution of other real rights over immovable property, including mortgages, performed by him/her, as well all contracts with authorized signatures – subject to entry in a Land Register, including rent contracts.</p> <p>Contractors and all others parties who have an interest in carrying out the procedure to insert in a Land register all acts-subject of registration.</p>
Intermediate steps of the registration procedure, if applicable	Not relevant

According to Art. 4 of Rules of Land register procedure, only the exhaustively listed acts and documents are subject to be inserted in a Land register. These are acts in notarial form or with notary certification of signatures, as well as acts issued by state bodies.

5. The process to buy or sell a property

5.1 Main steps in the transaction process to buy or sell a property

Table 9: Main steps of the process to buy or sell a property			
Main steps	Main function	Applicable	National specificities/additional functions/main actors
Estate agent services	Matching the parties	Yes	None
Alternative matching devices	Matching the parties	Unusual	Newspaper advertisement; personal contact
Preliminary contract	Securing the transaction before the final contract is concluded	Unusual	The preliminary contract is usual in case of purchase of a property with a credit or if other essential conditions of a transaction must occur (provision of missing documents e.g.; lawyers). Preliminary contract is needed when parties in a property transaction are not ready to conclude it. For example: the purchaser does not have a full sale price and needs a bank credit. In this case, the preliminary contract guarantees, that both parties have an intention to transfer a property if some conditions are fulfilled. In this example-by approval of buyer's credit request from the bank. In case of mortgage loans, the conclusion of a preliminary contract is a condition for consideration of the buyer's credit request and the determination of the amount of the loan for the purchase of the property.
Preliminary checks (land register, administrative permits)	Ensuring that the buyer knows all legal obligations and relevant features related to the property.	Yes	Lawyers usually hired by purchasers
Drafting the sales contract and/or deed of conveyance	Summarising the agreement of the parties	Yes	Lawyers or Notaries
Legal advice or counselling	Ensuring that the transaction is valid and that the parties know about their rights and duties	usual	Lawyers usually hired by purchasers.

Table 9: Main steps of the process to buy or sell a property

Certification of signatures	Ensuring the validity of the agreement	Yes	Notary Notarial form of a contract is a condition of a validity of a transaction, incl. for establishing a mortgage.
Contract execution (transfer of payment)	Executing the contract (and securing that both parties perform their obligations)	Yes	Usually Notary The Notary initiates the Entry of a notarial contract in a Land register, only after payment's transfer has been approved by the vendor In some cases, the payment is made by the purchaser in advance to a notary's escrow account. Therefore, the notary acts as a guarantor for the fulfilment of this obligation.
Contract execution (transfer of property)	Executing the contract (and securing that both parties perform their obligations)	Yes	Notary The transfer of property occurs automatically upon the conclusion of a contract in notarial form. The contract cannot be opposed by third parties who have previously acquired the same property from the same owner unless this transaction has been entered into the Land register.
Registration	Making the transaction visible to third parties and the public	Yes	Notary (Notary and Notary's activity Act 1997)
Taxation (esp. transfer tax)	Creating revenue for the state	Yes	The Registration Tax and the fee for the Insertion in the Land Register must be paid before a conclusion of a contract in notarial form. These payments are a condition for an Insertion of a contract in the Land Register. The Land registry magistrate sees to their fulfilment ex officio. The magistrate who keeps records in a Land register is not allowed to permit the insertion of a transaction in a register if the registration tax and the fee are not payed.
Post-transaction controls (if applicable)	Securing that the contract is duly executed	No	
Other steps	Making the transaction visible to the administration.	Yes	Declaration of ownership of a property in the municipality of its location by the buyer within 2 months of its purchase.

5.2 Sale contract and transfer of ownership

Table 10: Contract of sale and transfer of ownership				
Main steps	Actors involved per intermediate step	Payment details ⁵		Typical risks associated to these steps
		Payments expressed : • In EUR as % of total purchase price <u>and</u> • As a fixed amount if available (add if VAT applies)	When is the payment made	
Estate agent services or alternative matching devices	Agency, usual	1,5-3%+VAT (percentage of the value of the property), paid by party who hired the Agency 10-15% +VAT for beach resorts, payed by seller only	After signing a preliminary contract (if applicable) or by signing a deed (if the parties have not signed a preliminary contract)	N/A
Preliminary contract (usual)	Lawyer, usual Lawyer's fee is paid by the party who hired the lawyer	Deposit: 10 % of total purchase price (paid by purchaser) Fee: 1 % of total purchase price + VAT – if available. The fee is not always applicable and it depends on the agreement between lawyer and client. It is possible to arrange a total for all actions up to transfer of ownership of a property. In this case, there is no separate fee for the preparation of preliminary contract.	When signing a preliminary contract	A buyer who without any reason renounces the transaction, loses the paid deposit and the vendor has to refund it twice if the same conditions are available to him/her
Preliminary checks (land register, administrative permits)	Lawyer, usual Payment is by purchaser who is interested in these checks	No separate fee, overall fee see below	When signing a preliminary contract and when signing a contract; the payment above includes preliminary checks too	N/A

⁵ Payment shall be considered as the 'discharge of an obligation by its settlement equal to the monetary value of the debtor's obligation' while fees can be defined as 'a charge for services rendered' (Retrieved from: <http://www.investorwords.com/3634/payment.html>, <http://www.investorwords.com/1922/fee.html>). Payment, therefore, includes both the cost of the service and the fees for the service in question.

Table 10: Contract of sale and transfer of ownership

Drafting the sales contract and/or deed of conveyance	Lawyer, usual Notary, usual	No separate fee, overall fee see below	No separate payment	N/A
Legal advice or counselling	Lawyer, usual, or notary, if it is assigned by contract's parties or one of them Payment is made by the buyer	No separate fee, overall fee see below	No separate payment	N/A
Certification of signatures	Notary, mandatory	No separate fee, overall fee see below	No separate payment	N/A
Contract execution (transfer of payment and registration; transfer of property)	Notary, usual for payment's transfer ; mandatory for transfer of property (see Table 9).	No separate fee, overall fee see below	No separate payment	N/A
Registration in land register or similar device	Notary, mandatory; Payment is made by the buyer usually.	0.1% of the value of the property but not less than 5 EUR	When signing a contract	N/A
Taxation (esp. transfer tax)	Notary, mandatory; Payment is made by the purchaser.	0.1%-3% of the value of the property (See table 24 notes below)	When signing a contract	N/A

Legal position of a tenant occupying the dwelling to be sold. In particular: Does the rule *emptio non tollit locatum* apply?

Property is usually sold by vacant possession. A rental agreement, concluded prior to the transfer of the property, when it is notarized, is binding on the buyer for a period of one year, if its duration is not shorter. When the rental agreement is entered in the Land register, it is binding on the buyer for its entire period of duration. If the rental contract does not have a notarized date, it is binding on the buyer as a termless contract. This means, that it can be terminated with a one-month notice. According to Bulgarian Law, the rental contract could not be concluded for more than 10 years. In such cases parties can conclude a new rental contract after the first 10 years. There are no limitations of a number of contracts. The kind of contracts without an expiry date in their content are known as a "timeless contracts". They could be terminated with a one-month notice only or by their violation.

Persons having managerial powers may conclude rent contracts with a term of no more than 3 years

- VAT is charged on lawyer's remuneration if the lawyer or the lawyer's company is registered for VAT. The percentage of a fee, given above, is indicative and based on mandatory minimum rates of attorney's fees.
- The notary fees are fixed by statute. By property transfer they are in the amount as follows:

Purchase price

Notary fee

To 50 EUR	15 EUR
From 51 EUR to 500 EUR	15 EUR+1.5% of the excess over 50 EUR
From 501 EUR to 5 000 EUR	22.24 EUR +1.3% of the excess over 500 EUR
From 5001 EUR to 25 000 EUR	80.25 EUR +0.8% of the excess over 5 000 EUR
From 25 001 EUR to 50 000 EUR	240.25 EUR +0.5% of the excess over 25 000 EUR
From 50 001 EUR to 250 000 EUR	365.25 EUR +0.2 % of the excess over 50 000 EUR
Over 250 000 EUR	765.25 EUR + 0.1 % of the excess over 250 000, but not no more than 3 000 EUR

5.3 Professional services performed in the real estate market related to buying and selling a property

Table 11: Professional services performed in the real estate market related to buying and selling a property

Services in the real estate market	Minimum standards for information provided by law	Service providers involved	Quality of involvement (mandatory, optional; if optional: usual or not)	Fees expressed: <ul style="list-style-type: none"> • In EUR as % of total purchase price <u>and</u> • As a fixed amount (if available)
Estate agent services or alternative matching devices	<p>Information on the following features shall be given to the buyer: type, location and area of the property according to the ownership documents; property and other rights of third parties, as well as presence of mortgages, foreclosure or other burdens on property; specific characteristics of the property as building parameters, limitations of use, hidden shortcomings, as well as other relevant information which influences a decision to conclude the particular transaction.</p> <p>Information on the following features shall be given to the seller: All necessary documents for conclusion transaction; market valuation of the property, need of eventual improvements in order to increase the price.</p>	Estate agents	Optional but usual	1.5% -3 % + VAT
Provision of mandatory information before the start of the transaction, if applicable	Not applicable	Lawyer and/or estate agent	Optional but usual	See above table 10
Preliminary contract (usual)	Amount of the due deposit, payment method of the sale price, default penalties property and other rights of third parties, as well as presence of mortgages, foreclosure or other burdens on property.	Lawyer and /or estate agent	Optional but usual	See above table 10
Preliminary checks (land register, administrative permits)	Information about the property and other rights of third parties, as well as presence of mortgages, foreclosure or other burdens on	Lawyer and/or estate agent	Optional but usual	See above table 10

Table 11: Professional services performed in the real estate market related to buying and selling a property

	property; for other known specific characteristics of the property as building parameters, limitations of use and other.			
Drafting the sales contract and/or deed of conveyance	n.e.	Notary	Mandatory	See above table 10
Legal advice or counselling	As above	Lawyer	Optional but usual	1 % - see table 10 notes
Certification of signatures	n.e.	Notary	Mandatory	See above table 10
Contract execution (transfer of payment; transfer of property)	n.e.	Notary	Optional but usual by payment's transfer Mandatory by transfer of property by certification of signatures	See Table 10 notes
Registration in land register or similar device	n.e.	Notary	Mandatory	See above table 10
Taxation (esp. transfer tax)	n.e.	Notary	Mandatory	0.1%-3% of the value of the property See table 24 - notes below

Minimum standards of information applicable to real estate agents are regulated in practice. They are legally fixed in Real estate agents draft law (see table 1 – Ongoing discussion on regulation/deregulation of the profession of real estate agent). All rules, which regulate this profession now, are non-official and elaborated in practice. Therefore, none of them is obligatory for the branch. There are no clear rules regarding real estate agent's responsibility to consumers and their obligations on real estate market. The Draft law provides mandatory requirements for practicing the profession of a real estate agent, introduces clear rules of their responsibility and obligations, and leads minimum standards about the real estate agent's obligation of a professional insurance. The Law introduces the terms "real estate broker" and "real estate agent". Real estate broker may be physical or legal person registered in a national Register of real estate agents and brokers by Real estate Chamber, who practices the profession in an office, which meets the requirements of a Real estate Chamber. Real estate agent has to be a capable adult person with at least secondary education and license for the acquired third degree of professional qualification "Real estate broker", is shareholder in a Real estate broker company or has a contract for real estate agent with such company. The real estate agent has to be registered in a national Real estate broker and agent register by Real estate Chamber and is allowed to work only in one Real estate broker company.

According to the Draft Law real estate agents and brokers are obliged to provide following mandatory information about the property: type, location and area by ownership document; ownership or other contractual rights of third parties, incl. mortgages, foreclosures; specific characteristics of a property as building parameters, usage restrictions and so on.

5.4 Creating a Mortgage

Table 12: Mortgage requirements

Main steps to create a mortgage	Actors/institutions involved	Minimum standards for information	Additional requirements for consumer mortgages	Fees expressed: • In EUR as % of total purchase price <u>and</u> • As a fixed amount (if available)	Typical risks associated to these steps
Conclusion of credit and mortgage agreement with lender (bank)	Creditor, usually the bank or credit intermediary; Licensed valuator, usually hired from the bank	Part A of the European Standard Information Sheet (ESIS); Creditor is obliged to give the consumer the right to choose how to insure the fulfilment of his/her obligations – with all his/her property or only with the value of the mortgaged one.	Lenders have detailed lending handbooks; Regulatory bodies also have detailed conduct rules.	Notary's fee, only for contractual mortgage (see note below Table 10)	Failing to service the loan due to overestimation of credit ability
Insertion of mortgage in the land register, usually at first rank	Notary Magistrate who keeps records in Land register	Creditor's and customer's identification, as well an identification of the property owner (when the mortgage is established not from the borrower, but from a third party);	N/A	0.1% on the loan amount, but not less than 5 EUR	N/A

Table 12: Mortgage requirements

		property description; date of payment, credit amount, including interest and expenses, which mortgage provides.			
Credit sum paid to mortgagor (buyer) or seller	Creditor	N/A	N/A	Including in conveyancing	N/A

6. The process to rent or let a property

6.1 Main steps in the transaction process to rent and let a property

Table 13: Main steps of the process to rent and let a property	
Main steps	Process involved
Finding and matching landlords and tenants	Many possibilities – newspaper advertisement, internet advertisement, personal contacts etc., but in most cases now via letting agents.
Information search by landlords or tenants (e.g. about salary, outstanding debts)	Letting agents (this kind of information is searched by the parties very rarely in practice).
Inspection of the property by tenants (in some cases with the help of professionals)	Yes; usually with landlord and possibly the letting agent.
Delivery of mandatory information to tenants prior to the conclusion of the contract	Yes; usually information is delivered by the landlord and the letting agent
Delivery of energy performance certificate to tenant	Not yet usual
Provision of additional guarantees to landlord	A deposit scheme is applicable to rent contracts in most cases. In very rare cases, parties may agree 3 to 6-month guarantee deposit or an advance payment corresponding to 3 to 6-months' rent. This kind of guarantee is usually applicable by renting of commercial areas or luxury homes.
Conclusion of the contract in the usual form (e.g. oral, written, preformulated)	Usually written and invariably on the standard form provided by the letting agent; there is usually no scope for negotiation.
Rent payment and deposit (e.g. bank account)	Direct debit usually required. Deposit of month's rent plus one month as security.
Registration of the contract in the land register	Registration in land register is allowed by Law and is highly recommended in defence of tenant's interests (See Table 10 below). In practice, it is applied in very rare cases, mainly by renting of commercial property (stores, offices, storage-accommodations).

The requirement to obtain energy performance certificates for new buildings and buildings in operation is introduced by the Energy Efficiency Act and applies from 30.12.2016. According to the Law of the owners of new buildings (Art. 39 § 2 Energy Efficiency Act – concerns the owners of new buildings with Usage permit) owners are obliged to provide with energy efficiency certificates not earlier than 3 and not later than 6 years from the date of the Permission to use the building. For welded buildings is currently undergoing an energy efficacy audit and certification's procedure.

For newly built buildings, the obligation of providing of energy efficiency certificate is at the expense of the contracting authority – Art. 33 § 1. The deadline for its enforcement is until the building is put to operation. When selling or renting objects in new building the seller or the landlord have the obligation to provide the buyer or the tenant with energy efficiency certificate - Art. 34§ 2, 3. By selling of a whole new building this obligation belongs to the seller – Art. 34 § 1

6.2 Rent contract

Table 14: Rent contract

Main steps	Actors involved per intermediate step	Payment details ⁶		Typical risks associated to these steps
		Payments expressed : • In EUR as % of total purchase price <u>and</u> • As a fixed amount if available (add if VAT applies)	When is the payment made	
Finding and matching the parties	Usually letting agents	Usual fee is about half of a monthly rent (50-60%), to be paid by landlord and tenant.	When signing a contract	Unsuitable tenant Poor quality accommodation
Information search by landlord on tenant (e.g. about salary, outstanding debts)	Usually letting agents	No separate fee usual	N/A	N/A N/A
Inspection of the property by tenant (in some cases with the help of professionals)	Tenant accompanied by the letting agent or by landlord	No separate fee usual	N/A	Need careful inventory

⁶ Payment shall be considered as the 'discharge of an obligation by its settlement equal to the monetary value of the debtor's obligation' while fees can be defined as 'a charge for services rendered' (Retrieved from: <http://www.investorwords.com/3634/payment.html>, <http://www.investorwords.com/1922/fee.html>). Payment, therefore, includes both the cost of the service and the fees for the service in question.

Table 14: Rent contract

Delivery of mandatory information to tenant prior to the conclusion of the contract	Usually letting agents	No separate fee usual	N/A	N/A
Delivery of energy performance certificate to tenant	Landlord according to the law. In most cases the landlord is the owner of a property too (see notes under Table 13)	No separate fee usual	N/A	N/A
Conclusion of the contract in the usual form	Letting agent – always in writing and in standard form	No separate fee usual	N/A	N/A
Rent payment and deposit (e.g. bank account)	Direct debit invariably required	No separate fee usual	N/A	N/A
Registration of the contract in the land register or other device (excluded, optional or mandatory)	Not necessary, but highly recommended (see notes under Table 10)	0.1 % of a contract's value, but not less than 5 EUR.	When the contract is inserted in the Land register	N/A

The letting agent's fee is at the rate of half of a monthly rent, paid equally by the landlord and tenant by signing of a rent contract.

6.3 Professional services performed in the real estate market related to renting and letting a property

Table 15: Professional services performed in the real estate market related to renting and letting a property				
Services in the real estate market	Minimum standards for information provided by law	Service providers involved	Quality of involvement (e.g. mandatory; exclusive rights)	Fees expressed: <ul style="list-style-type: none"> • In EUR as % of total purchase price <u>and</u> • As a fixed amount (if available)
Finding and matching landlords and tenants	None	Rental agency	Agreement. The amount of the remuneration is determined on the basis of a contract between the Agency and both parties of a rent contract. It is paid upon conclusion of a contract only. Its limits are determined by practice and are given in the Table. Yes. The Real estate Agency is usually involved in the process of letting/renting.	50 % - 60 % of one-month rent ; one month rent in the case of commercial buildings. In 2015, the monthly rental prices of two-rooms flats in Sofia were between 300-550 euro, the three-room apartments between 400 and 800 euros and the multi –storey about 900 euro.
Information search by landlords or tenants (e.g. about salary, outstanding debts)	Data protection rules. The information about salary or outstanding debts is not public and its provision to third parties is protected by law.	Rental agency	Agreement	N/A
Inspection of the property by tenants (in some cases with the help of professionals)	Defects should be disclosed	Rental agency	Agreement	N/A
Delivery of mandatory information to tenants prior to the conclusion of the contract	Deposit scheme	Rental agency	Agreement	N/A

Table 15: Professional services performed in the real estate market related to renting and letting a property

Conclusion of the contract in the usual form (e.g. oral, written, preformulated)	Invariably in writing and on standard terms of rental agency	Rental agency	Agreement	N/A
Rent payment and deposit (e.g. bank account)	Data protection rules	Rental agency	Agreement	N/A
Registration of the contract in the land register (e.g. excluded, optional or mandatory)	Not necessary	n.e.	n.e.	N/A

7. Professional services regulation: notaries

7.1 Market entry and structure regulation

Table 16: Market entry and structure regulation

	Regulation	
Subjective requirements	<i>The qualifications (diplomas, exams, concours) required to become a notary in your country:</i>	<p>Higher Law Degree (Master level); License for legal Practice (as required by Judiciary Act) 3 years of experience (including experience as a judge, a prosecutor, an investigator, a lawyer, a bailiff, a legal counsellor, a legal scientist, an investigating police officer at the Ministry of interior or in the Department of Defence with a higher law degree, an investigating Inspector at Customs Agency with higher law degree). Legal experience may also be acquired under the legislation of a Member State of the EU, a Member State of the EEA, and Switzerland, if it is acquired on its territory. Has passed a successful competition in a form of written and oral examination; There is a vacancy in the area (1 notary per 10 000 people) All requirements are settled in Notaries and Notary Activity Act 1997</p>
Objective requirements	<i>Do numerus clauses and other objective requirements exist?</i>	<p>Yes. The Notary is a person, who has to be less than 60 years of age; has not been sentenced to imprisonment for intentional crime even if s/he is rehabilitated, is not deprived of the capacity of a notary, is not deprived of the right to pursue a commercial or legal profession, has not been convicted of bankruptcy, is not in insolvency proceedings. The Notary cannot be a Minister, a Member of Parliament, a mayor or municipal councillor. S/he cannot work on a contract of employment related to another legal profession, to carry out commercial activities or to participate in management or supervisory bodies of commercial companies or cooperatives. The Notary has to be entered in the register of the Notary Chamber. According to Art. 10 of a Notary Law the notary's area of activity coincides with the area of a relevant district court. For every 10 000 inhabitants one place of a notary is opened.</p>
Citizenship requirements	<i>Are foreign candidates admitted de iure and also de facto under the same conditions as nationals?</i>	<p>Yes. If they are citizens of a Member State of the EU, of a Member State of the EEA or of the Swiss Confederation.</p>

Table 16: Market entry and structure regulation

Inter-professional cooperation	<i>Are forms of collaboration between notaries and other professionals allowed and usual?</i>	<p>According to Art. 34a of Notaries and Notary activity Act, two or more Notaries are allowed to work in collaboration. In this case, each notary has to keep a separate archive.</p> <p>In his/her work, the Notary may be assisted by a Notary-assistant. The notary-assistant must meet the requirements of a notary. S/he shall be recruited by a Notary and registered at the notary's Chamber at his/her request. The Notary-assistant is allowed to carry out all actions of the notary's competence with the exception of property ownership transactions, establishment and deletion of mortgages, last will and testament. All of these exceptions are explicitly listed in the law.</p> <p>There is no explicit prohibition for notaries to work in collaboration with other professionals. Usually in practice, notaries are assisted by legal advisers.</p>
Business structure	<i>Are notary associations/corporations allowed?</i>	<p>All notaries are members of the Notary Chamber. The membership is mandatory and constitutes a condition for practicing the notarial profession. The Notary Chamber organises, assists and manages the activity of notaries, maintains the register of notaries in Bulgaria, monitors the observance of professional ethics and qualification of notaries, protects rights and interests of its members and imposes disciplinary sanctions.</p>
Geographical limitations	<i>Are there limitations with respect to the area in which the notary can exercise his/her activities (e.g. at the regional or municipal level)?</i>	<p>Yes. The Notary exercises his/her activities in the area of a District court where his/her vacancy is (see above).</p>
	<i>Are these limitation restricted to specific tasks?</i>	<p>The Notary may carry out real estate transactions located in the area of a District court of his/her vacancy only. There is no definitive territorial prohibition on other notarial attestations. All notarial acts committed in violation of the Territorial Restriction Rules, listed above, are declared invalid by the law.</p>

7.2 Market conduct regulation

Table 17: Market conduct regulation		
	Regulation	
Exclusive rights	<i>Specify for which transactions or parts of them only notaries may act against payment.</i>	Provision of a notarial deed relating to the transfer, authentication, modification or termination of the right of immovable property or to the constitution of other real rights over immovable property, including mortgages; notarial authentication of the contents and/or signatures of all contracts or unilateral statements for which the law requires a special form.
Duty to provide services	<i>Are notaries allowed to refuse a request to act?</i>	Yes. When notarial actions or papers would contradict the law and good moral standards. Notaries are allowed to refuse a request to act when the requirement of their impartiality is violated too. These are cases when parties in notarial proceeding are the Notary him/herself or certain number of persons – husband, wife, relatives, persons to whom the Notary is a guardian and others. The refusal of a Notary is subject to appeal before the district court.
Professional standards	<i>How are professional standards regulated? What are the tasks of the professional representation (e.g. Chamber of Notaries) in this context?</i>	Professional standards are regulated by imperative norms on the duties of the Notary. S/he cannot take sides by his/her performance (the Notary is not allowed to protect the interest of only one of the parties in the deed /notarial procedures/and advice one of them against the interest of the other). The notary is obliged to guide parties in notarial procedures, to clarify their will, to make them clear the consequences of the actions they take, to protect their rights and interests, not to allow a delay in his/her job, that could harm them. The control of professional ethics is assigned to the Disciplinary Commission of a Chamber of Notaries. The disciplinary Commission is allowed to impose disciplinary punishment in case of culpable non-fulfilment of the obligations stipulated in Notaries and Notary activity act or in the Statue of Notary Chamber. The disciplinary Commission is allowed to impose a disciplinary punishment, set out in the law, including the deprivation of the right to practice a profession of a Notary for a period of 3 months to 5 years. Other lighter penalties are a fine, a reprimand or a warning about deprivation of the right to exercise a profession of a Notary.
Mandatory intervention	<i>Is the intervention of a notary is required for the registration procedure</i>	Yes. Only the Notary is allowed to initiate a procedure for entering in a land register all notarial deed, as well all contracts with authorized signatures – subject to entry in a Land Register, performed by him/her. His/her intervention in the registration procedure is mandatory (see Table 8).
Compulsory indemnity insurance	<i>Is indemnity insurance compulsory? If yes, what is the indicative amount of the insurance?</i>	Yes. Insurance should cover damages caused by a Notary, Notary-assistant or other personnel as a result of breach of their obligations. The amount of the liability in each particular case cannot exceed the amount of material interest in transaction. The minimum and maximum amount of an insurance's coverage shall be determined by a decision of a Notary Chamber. According to this, the minimum amount of the insurance is 10 000 EUR.

Table 17: Market conduct regulation

Continuing education	<i>Do forms of continuing education exist? If yes, is continuing education mandatory?</i>	The continuing education is highly recommended, but not mandatory. Very usual forms of this kind of education are seminars and professional conferences, where notaries discuss mainly specific legal issues, to which there is no regulatory framework. By law, continuing education activities are assigned to the Council of Notaries, which is the management body of a Chamber of Notaries.
Advertising restrictions	<i>Are there limitations on advertising?</i>	No.
Fee regulation	<i>Fees system</i>	<p>All notarial fees for all notarial activities are fixed by law. It means that all notaries are obliged to calculate the same notary fees for particular services they perform, irrespective of place of their activity. The amount of notarial fees is set in the tariff for the fees collected by notaries. In general, fees are divided into two groups: fixed fees (with a predetermined amount) and proportional fees (with an amount calculated on the basis of material interest). All notarial fees for transactions of a property belong to the group of proportional fees. Their particular amount is calculated on a basis of a purchase price (sale of property), of a price of more expensive property (barter of property) or of the amount of tax assessment of property (non-refundable transactions).</p> <p>According to the Notaries and Notary activity act 1997, the notary fees are owed by the person whose request is examined by a notary. In case of several obliged persons joint and several liability is applicable.</p> <p>In practice, the purchaser has to bear notarial fees. In very rare cases, fees are shared between the parties by agreement.</p>

8. Professional services regulation: lawyers or other licensed conveyancers (only relevant if legally admitted to perform real estate transactions and/or to assist the conclusion of tenancy agreements)

8.1 Market entry and structure regulation

Table 18: Market entry and structure regulation		
	Regulation	
Subjective requirements	<i>Conditions (diplomas, exams and concours) required to become a lawyer in your country.</i>	<ol style="list-style-type: none"> 1. Higher Law Degree (Master level); 2. Two years of experience (the period of experience is the time of practising a profession for which higher law education and legal capacity is required, including as a judge-assistant in Supreme Cassation or Supreme Administrative Court, Prosecutor assistant in Supreme Cassation or Supreme Administrative Prosecutor's Office, an investigating police officer at the Ministry of interior or in the Department of Defence with higher law degree or an investigating Inspector at Customs Agency with higher law degree); 3. License for legal Practice as required by Judiciary Act; 4 Successfully passed exam, written and oral. <p>All requirements are settled in the Law on Attorneys 2004.</p>
Objective requirements	<i>Do numerus clauses and other objective requirements exist?</i>	<p>Yes. The Lawyer is a person, who:</p> <ol style="list-style-type: none"> 1. Has taken an oath to carry out his/her duties conscientious in accordance to Constitution, laws and morals, to protect all rights and interests of his/her clients with all reasonable means and not to issue their secrets; 2. Hasn't been sentenced to imprisonment for intentional crime as an adult; 3. Is not deprived of the capacity of a notary or bailiff for the period of deprivation (in case of deprivation the person is not allowed to practice lawyer's profession and cannot be entered in the Register of a Bar Association. The ban is valid for the period of deprivation); 4. Is not dismissed as a judge, prosecutor or investigator for serious or systematic violations; is not disciplinary dismissed as a State bailiff, an investigating police officer at the Ministry of interior or in the Department of Defense for a period of two years from the date of a disciplinary dismissal; 5. The lawyer cannot work on a contract of employment except for a position in legal sciences at a higher education institution or scientific organization, to act as a trader, a management in a trading company or as executive director in a Public limited company. <p>The Lawyer has to be entered in the register of a Bar Association.</p> <p>There are not 'numerous clausus' for the exercise of the profession of a lawyer.</p>

Table 18: Market entry and structure regulation

Citizenship requirements	<i>Are foreign candidates admitted de iure and also de facto under the same conditions as nationals?</i>	<p>No. The Attorney Law divides foreign lawyers into two groups: 1. EU citizens, including citizens of a Member State, the EEA or of the Swiss Confederation, and 2. Nationals of other countries.</p> <p>9. Lawyers that are EU citizens: Lawyers with legal capacity according their national law, are allowed to practice in Bulgaria. They practice lawyer's profession under the title, which they have obtained according to law of the country where they have acquired legal capacity. In cases of a compulsory Representation before the court, EU lawyers may act together with a Lawyer, registered in a Bar Association in Bulgaria (including EU lawyer, registered in the Unified Register of foreign Attorneys). That means with an EU Lawyer permanently practicing lawyer activity in the territory of Bulgaria. The Attorney Law introduces two possible regimes for practicing a lawyer profession in Bulgaria.</p> <p>A/ Temporary pursuit of the profession of a lawyer in Bulgaria: Before his/her first action as a lawyer in Bulgaria the EU lawyer shall notify the Bar Council. The notification shall be accompanied by a certificate of competence and written consent of a lawyer registered in a Bar association for assistance for the case of mandatory representation.</p> <p>B/ Lasting practice of a lawyer's profession in Bulgaria: In order to practice lawyer profession permanently in Bulgaria, the EU lawyer must meet the following conditions:</p> <ul style="list-style-type: none"> - registration in an unified register of a foreign lawyers by Bulgarian Supreme Bar Council; -3 years of perpetual genuine lawyer's practice in Bulgaria; or successful passed equalizer exam in Bulgarian law. The purpose of the exam is to check EU lawyer's knowledge in Bulgarian law. It is conducted in Bulgarian language in front of a five-member committee; -registration in a Bar Association; <p>From the moment of enrolment in the Bar the EU lawyer exercises his/her profession as a lawyer.</p> <p>2. Nationals of other countries with lawyer's legal capacity regarding their national law, are allowed to represent only citizens of their state before courts and only together with Bulgarian lawyer. States with which this possibility has been previously provided are determined by a Minister of Justice on the basis of reciprocal agreements. The Representation is permitted by a decision of a Supreme Bar Council in every single case. Its refusal is subject to appeal before Supreme Court of Cassation.</p>
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Table 18: Market entry and structure regulation

Inter-professional cooperation	<i>Are forms of collaboration between lawyers and other professionals allowed and usual?</i>	There are no explicit prohibition for lawyers to work in collaboration with other professionals. However, in practice such kind of collaborations are very unusual.
Business structure	<i>Are lawyer associations/corporations allowed?</i>	Yes. Lawyers have the right to join in lawyer's associations or in law firms.
Geographical limitations	<i>Are there limitations with respect to the area in which the lawyer can exercise his/her activities (e.g. at the regional or municipal level)?</i>	No.
	<i>Are these limitation restricted to specific tasks?</i>	No.

8.2 Market conduct regulation

Table 19: Market conduct regulation

Regulation		
Exclusive rights	<i>For which transactions or parts of them only lawyers may act against payment</i>	By representation before court. An exception of this rule applies to legal advisers of Legal persons only, who are allowed to represent their employers without lawyer's capacity. According to Bulgarian Law representation before court is needed in case of disputes relating to the contracts for the transfer of ownership – in case of claims for the declaration of their nullity or their destruction; in disputes over the right of ownership, submitted by third parties to the

Table 19: Market conduct regulation

		parties to the contract; in disputes between both parties concerning the non-fulfilment of the contract for transfer of ownership.
Neutrality	<i>Is the lawyer allowed to act on behalf of both parties involved in the transaction? In this case, what type of fees apply and which party has to bear them?</i>	<p>The lawyer is not allowed to council, to represent or to act on behalf of both parties if it is known that there is a conflict interests. In case of a conflict, the lawyer is obliged to try to reconcile both parties. When this is not possible, the lawyer is obliged to discontinue counselling, protecting or representing both parties.</p> <p>By representation on behalf of both parties in the transaction, a total lawyer's salary is calculated. It is payed equally by both parties in the majority of cases or by agreement by one of them.</p> <p>Representation on behalf of both parties involved in the transaction is very unusual in practice, even in the absence of a conflict of interests and even if the law allows it.</p>
Duty to provide services	<i>Are lawyers allowed to refuse a request to act?</i>	Lawyers are obliged to refuse a request of a new client, if there is a risk of violation of the confidentiality of an earlier client or if the information a lawyer has acquired from him/her would give an unjustified pediment in state of the proceedings. The lawyer refuses to advice, to represent or to council a client, when there is a risk of a contradiction between the client's interests and the interests of a lawyer's relatives or those of a lawyer him/herself.
Professional standards	<i>How are professional standards regulated? What are the tasks of the professional representation (e.g. Chamber of Lawyers/Advocates) in this context?</i>	Professional standards are regulated by imperative norms. The lawyer is obliged to exercise his/her profession conscientiously, to be worthy of trust and respect, to protect the rights and legitimate interests of his/her clients in the best possible way, to inform them accurately about their rights and obligations. The lawyer is obliged to be selfless and independent in the performance of his/her professional duties In his/her job the lawyer is governed by the rule of the law. The control of professional ethics is assigned to the Disciplinary Court of the relevant Bar Association, in which the lawyer is registered. It is one of a Bar's bodies and is allowed to consider as a first instance disciplinary proceedings against lawyers. It is allowed to impose a disciplinary punishment, set out in the law, including the deprivation of the right to exercise the Lawyer's profession for a period of 3 to 18 months or to 5 years – in case of a second violation. Other lighter penalties are a fine and a reprimand. The above mentioned disciplinary sanctions may be imposed for any culpable non-performance of the obligations under the Law of Attorneys or the Code of professional Ethics, including systemic negligence in the performance of the official duties, omissions that have harmed legitimate client's rights and interests; provision of legal aid not in accordance with the law. The decisions of a Disciplinary Court are subject to appeal to the Supreme Disciplinary Court. The disciplinary liability of the lawyer may be engaged on the basis of a written notice of a disciplinary offence by natural or legal persons, public authorities or by publications in the press.
Compulsory indemnity insurance	<i>Is indemnity insurance compulsory? If yes, what is</i>	Yes. Insurance should cover damages caused by Lawyer as a result of breach of his/her obligations. Lawyer's firms or associations are obliged to insure each of the partners. The insurance should be maintained for the duration of the entire lawyer's activity. The minimum

Table 19: Market conduct regulation

	<i>the indicative amount of the insurance?</i>	compulsory insurance coverage is determined by the senior Bar Council and amounts to 20 000 BGN/10 000 EUR.
Continuing education	<i>Do forms of continuing education exist? If yes, is continuing education mandatory?</i>	By law attorneys are required to maintain and enhance their professional qualifications. Usual forms of this kind of continuing education are seminars where lawyers discuss legislative changes and their application in court's practice. By law the activities of the lawyer's higher professional qualification is assigned to the Supreme Bar Council and in most cases organized by the established Lawyer Training Centre. The Supreme Bar Council defines the structure and organization of continuing education programs and the upgrading of lawyer's qualifications.
Advertising restrictions	<i>Are there limitations on advertising?</i>	Yes. The lawyer cannot advertise his/her activity; compare with other lawyers the quality of his/her lawyer's work or his/her success in practice. The lawyer cannot promise to achieve concrete results. In attracting clients, the lawyer cannot use the services of intermediaries. The indication of the field of law practiced by the lawyer as well as the education, professional experience and foreign languages the lawyer possesses is not considered advertising. Is not considered advertising the indication of a membership in different professional legal organisations too.
Fee regulation	<i>Lawyer fee system</i>	Only minimum rates of attorney's fees are set by law. This means that lawyer cannot set a lower amount of lawyer's remuneration for his/her work then that specified in Ordinance on minimum rates in attorney's fees. The lawyer is allowed to set higher rates of remuneration then those specified by law by agreement with his/her client. Attorney's fees are paid by the party /seller or purchaser/ who hired the lawyer. If the lawyer represents both parties in the transaction his/her fee is paid equally by both of them.

9. Professional services regulation: estate agents

9.1 Market entry and structure regulation

Table 20: Market entry and structure regulation

	Regulation	
Subjective requirements	<i>Qualifications (level and duration of education and training, diplomas, exams, traineeships or professional experience requirements, concours) required to become an estate agent in your country.</i>	No regulation on qualifications to be obtained by real estate agents.
Objective requirements	<i>Do numerous clauses and other objective requirements exist?</i>	Formally not, but in practice these are mostly required by the employer. The most common of them are: 1. Completed secondary education; 2. Clear judicial past, meaning that the person hasn't been sentenced to imprisonment for intentional crime as an adult; 3. Seniority of 6 months,; 4. 16 years of age. There are not 'numerous clausus' for the exercise of the profession of a real estate agent.
Licence requirements	<i>Are estate agents licenced or do they work as employees?</i>	Both options are possible in practice. Well-known real estate agencies hire their agents on employment contracts. In this case, they work as employees. Other agencies work with their agents on civil contracts. In this case, they are free-lance. A minority of estate agents work independently without contractual relation with a Real estate agency. In all cases above no license is required.
Citizenship requirements	<i>Is unlimited access to the profession granted to foreign professionals de iure and de facto?</i>	Yes. There are no limitations.
Inter-professional cooperation	<i>Are estate agents allowed to exercise another profession or business activity? Is inter-professional cooperation regulated?</i>	Yes. There are no limitations. No, but in practice most of Real estate agencies have employees, who represent different professions /engineers, architects, legal advisers, accountants, property valuator/

Table 20: Market entry and structure regulation

Business structure	<p><i>The share of estate agent acts acting as sole practitioners and as companies (if data are available)?</i></p> <p><i>Can the agent be employed by another agent or establish a partnership with other agents?</i></p> <p><i>Are there any restrictions on the corporate structure of a real estate enterprise (such as voting rights reserved to qualified members of a profession, shareholding requirements etc.)?</i></p>	<p>There is no data, but the number of sole practitioners is insignificant; The agent is allowed to work as an employee for one real estate agency only. The Ethical Professional Code regulates inter-Agency cooperation as voluntarily and advisable;</p> <p>No (Ongoing debate as in Table 1).</p>
Geographical limitations	<p><i>Are there limitations with respect to the area in which the estate agent can exercise his/her activities (e.g. at the regional or municipal level)?</i></p>	No
	<p><i>Are these limitation restricted to specific tasks?</i></p>	No

Profession of real estate agents is non-regulated (see Table 1). Therefore, all requirements in relation with its practicing have been established in practice and are not binding.

9.2 Market conduct regulation

Table 21: Market conduct regulation

	Regulation	
Neutrality	<p><i>Is neutrality regulated? Is the agent allowed to act on behalf of both parties involved in the transaction? In this case, what type of fees applies and which party bears these?</i></p>	<p>No. The agent is allowed to act on behalf of both parties involved in the transaction.</p> <p>In this case each party owes a fee.</p>
Professional standards	<p><i>How are professional standards regulated? Are entities or associations ensuring the professional representation and respect of rules of good practice (e.g. association of real estate professionals)?</i></p>	<p>Yes. In 1992, the “National Real Estate Association” was established. It works as a voluntarily society of all natural and legal persons professionally engaged in real estate transactions. The main purpose of the Association is to influence the real estate market by creating high professional criteria and generally accepted rules of good practice.</p>
Compulsory indemnity insurance	<p><i>Is indemnity insurance compulsory for estate agents? If yes, what is the indicative amount of the insurance?</i></p>	No.

Table 21: Market conduct regulation

<p>Continuing education</p>	<p><i>Do forms of continuing education exist? If yes, is continuing education mandatory? What are the requirements related to the content and duration of continuing education? What are the consequences of non-compliance?</i></p>	<p>Yes, but continuing education is not mandatory. It is organized by “National Real Estate Association” or by well-known Real estate agencies. The Association also offers basic training for real estate agents. It is targeted at agents with little experience or at those in need of more theoretical training. The program also has a preliminary character for future validation of knowledge and acquisition of a professional degree.</p>
<p>Advertising restrictions</p>	<p><i>Are there limitations on advertising?</i></p>	<p>No</p>
<p>Fee regulation</p>	<p><i>Estate agents’ fee system</i></p>	<p>The fee system is not limited by statute. The amount of fees is imposed within the framework of commercial practice and depends on the place of activity and on the agreement between consumer and the real estate agent. For example, the amount of agents’ fee in resorts (Burgas, Varna) is equal to 10 %-15% of purchase price and is paid by the seller only. In Sofia, the amount of fees is 1.5%-3% of purchase price and has to be payed from the party who hired the real estate agent, respectively the real estate agency.</p>
<p>Compulsory membership in professional bodies/compulsory registration</p>	<p><i>Is membership in professional bodies compulsory? If so, what are the membership conditions and the membership fees? Does the professional body have a supervisory or another important regulatory role?</i></p>	<p>No</p>

10. The real estate market

10.1 Transaction costs for sample transactions

Table 22: Transaction costs VAT excluded

	Estate agent ⁷	Technical services (if usual) not usual	Legal services	Land register fee	Transfer tax/stamp duty	Total usual transfer costs
€100,000 sales price (no mortgage)	2 000 EUR	-	465.25 EUR	100 EUR	2 000 EUR	4 565.25 EUR
€100,000 sales price + 100.000€ mortgage	2 000 EUR	-	465.25+465.25EUR Or 465.25+232.63 EUR -by establishing of law mortgage	100+100 EUR	2 000 EUR	5 130.50 EUR 4 8797.87 EUR By establishing of law mortgage
€250,000 sales price (no mortgage)	5 000 EUR	-	771.25 EUR	250 EUR	5 000 EUR	11 021.25 EUR
€250,000 sales price + 250,000€ mortgage	5 000 EUR	-	771.25+771.25EUR Or: 771.2+385.63 EUR by establishing of law mortgage	250+250 EUR	5 000 EUR	12 042.50 EUR 11 656.88 EUR by establishing of law mortgage
€500,000 sales price (no mortgage)	10 000 EUR	-	1 026.89 EUR	500 EUR	10 000 EUR	21 56.89 EUR
€500,000 sales price + €500,000 mortgage	10 000 EUR	-	1 026.89 +1 026.89 EUR Or: 1 026.89+513.45 EUR -by establishing of law mortgage	500+500 EUR	10 000 EUR	23 053.78 EUR 22 540.53 EUR by establishing of law mortgage
%VAT applicable	20 %	-	20 %	-	-	-

The amount of estate agent costs, as well the amount of transfer tax is calculated on an average basis of 2 % (See Table 21 –Fee regulation and Table 24 –notes below).

⁷ An agent usually receives a percentage of the transaction value.

There are two forms of mortgages according to Bulgarian Law – A) Mortgage law agreement or contractual Mortgage, and B) Legal Mortgage. Mortgage law agreement is a contract, signed from two parties in the agreement /creditor and borrower/. Legal mortgage is a unilateral statement by the creditor. That is why notary fees are lower than the fee for a contractual Mortgage.

The Law requires the presence of the following mandatory conditions for entering a legal mortgage:

- buying a property with credit;
- the amount of credit granted is equal to or less than the selling price;
- the loan is due to a bank or the seller.

10.2 Transaction features

Table 23: Transaction features			
Transaction / service	Party bearing the costs of intermediation service (buyers or sellers, landlords or tenants) Costs expressed: <ul style="list-style-type: none"> • In EUR as % of total purchase price <u>and</u> • As a fixed amount (if available) 	Fees as expressed in the contract: <ul style="list-style-type: none"> • In EUR as % of total purchase price <u>and</u> • As a fixed amount (if available) 	Possible hidden costs faced by buyers or tenants, if applicable
Estate agents	Seller/buyer depending on the party who hired the agent	Average fee 2% of total purchase price	VAT + bank transfer fees
Technical services	Unusual	-	-
Legal services	Buyer	Average fee 1 % of total purchase price –see Table 10	VAT+ bank transfer fees
Land register fees	Buyer	0.1 % of total purchase price	Bank transfer fees
Taxes on conveyancing	Buyer	See notary fees below	VAT+bank transfer fees
Transfer taxes	Buyer	Average amount – 2% of total purchase price –see above notes on Table 22 and Table 24	Bank transfer fees

Purchase price

Notary fee

To 50 EUR	15 EUR
From 51 EUR to 500 EUR	15 EUR+1.5% to the excess over 50 EUR
From 501 EUR to 5 000 EUR	22.24 EUR +1.3% to the excess over 500 EUR
From 5001 EUR to 25 000 EUR	80.25 EUR +0.8% TO THE EXCESS over 5 000 EUR
From 25 001 EUR to 50 000 EUR	240.25 EUR +0.5% to the excess over 25 000 EUR
From 50 001 EUR to 250 000 EUR	365.25 EUR +0.2 % to the excess over 50 000 EUR
Over 250 000 EUR	765.25 EUR + 0.1 % to the excess over 250 000, but not no more then 3 000 EUR

10.3 Taxes during the process of buying and selling a property

Table 24: Taxes related to buying and selling a property			
	Relevance of the tax	When to pay the tax as part of the process of buying or selling	Tax amount (expressed in EUR as % of total purchase price <u>and</u> as a fixed amount if available)
Registration tax ⁸	Yes	By signing a contract in notarial form	From 0.1 to 3 % of total purchase price.
Mortgage tax	No		
Cadastral tax	No		
Stamp tax	No		
Transfer tax (tax on the acquisition of property)	No		
Archives tax	No		
Other taxes	Income tax if applicable	After a transaction of a property by seller	It is a part of any taxable income of a seller for the financial year and is due only if the property has been sold for less than 3 years from the acquisition (for a house) and less than 5 years (for other property).

The specific amount of the Registration tax in percent is determined by a decision of the municipal council on the location of the property and varies from 0.1% to 3% of total purchase price. There is no unified amount of a tax, valid for the whole country.

⁸ Registration taxes are public levies associated with the registration act. They are not to be confused with registration fees, i.e. the payment required by the registration office to carry out the registration. Registration fees are contained in Table 10.

10.4 Taxes during the process of renting and letting a property

Table 25: Taxes related to renting or letting a property

	Relevance of the tax	When to pay the tax in the process of renting or letting	Tax amount (expressed in EUR as % of total purchase price <u>and</u> as a fixed amount if available)
Registration tax	No		
Stamp tax	No		
Other taxes concerning the use of the property, if applicable	No		

11. Consumer situation in the market

11.1 Consumer rights

Table 26: Consumer rights

<p>Are there specific consumer rights in the context of real estate transactions and residential tenancies in your country? In particular: are residential tenants treated as consumers?</p>	<p><i>With respect to buyers</i></p>	<p>Rights to declare nullity of clauses in mortgage contract, defined as unfair by the law. The Consumer protection law -Chapter VI regulates hypothesizes of unfair terms in consumer contracts, including financial service contracts. According to Art.146§1 the unfair clauses in contracts are invalid, if they have not been agreed individually. In this case, borrowers under credit agreements, treated by the Law as consumers, have the right to seek legal proceedings for declaring the nullity of unfair terms in credit agreements, included in mortgage contracts. The same right has the Consumer Protection Commission too, regarding unfair clauses in the general terms of contracts, including credit agreements.</p>
	<p><i>With respect to sellers</i></p>	<p>None</p>
	<p><i>With respect to tenants</i></p>	<p>Deposit protection scheme, i.e. the opportunity of tenants to offset the deposit paid upon conclusion of a rent contract with unpaid debts upon contract's termination.</p>
	<p><i>With respect to landlords</i></p>	<p>None</p>
<p>Which existing marketing practices are non-compliant with national consumer legislation?</p>	<p>Non-existing offers for sale of real estate in order to attract consumers; payment of commissions (even minimal) for viewing of real estate sales offers; providing unreliable information about the property (most often about its clean build-up area, about the price, specified by seller) or misrepresentation of information about hidden property's faults, known to real estate agent; offering or advertising property with false or unspecified ownership information; concealment of paid commissions by refusal to issue payment documents;</p>	
<p>Which existing marketing practices are non-compliant with EU consumer legislation?</p>	<p>As above</p>	
<p>Are there existing marketing practices detrimental to consumers, even if not necessarily illegal, in both domestic and cross-border transactions?</p>	<p>As above</p>	

11.2 Consumer complaints

Table 27: Consumer complaints	
How often do buyers and sellers complain due to arising legal issues (e.g. invalid contract, missing information, hidden defects, missing building permit, delay in payment)?	According to data from Commission for Consumer protection there are no complains, submitted there. Resolving such disputes is within jurisdiction of the court. There is no official statistics about total number of cases dealing with this kind of complains. To date, no other information has been received from the Commission in response to a written request. In case of new data, the information will be updated.
How often do tenants and landlords complain due to arising legal issues (e.g. invalid contract, missing information, increase of rent, termination of the contract without proper notice)?	As above.
Are consumer complaints against a professional service provider frequent, in particular as regards the fees and quality or service?	Yes. Complains are reported in general. There is no statistics about complains, regarding real estate transactions, because disciplinary proceedings are not public. According to the official data of the supreme disciplinary court at the Supreme Bar Council, the most severe punishment, i.e. deprivation of right to practice the legal profession was imposed on 15 lawyers in first half of 2017 and on 43 lawyers in 2016. According to the law on attorneys (2004). this disciplinary sanction may be imposed for any culpable non-performance of the obligations, including systemic negligence in the performance of the official duties, omissions that have harmed legitimate client's rights and interests; provision of legal aid not in accordance with the law. There is no official data on complaints against notaries, received in the Notary Chamber, as well for disciplinary sanctions imposed on them. There is no official data for complaints against real estate agents, because of the lack of legal regulation of their activity (see Table 1).
To whom can consumers complain (e.g. local or national administration, consumer protection agencies)? And through which means (e.g. formal letter, online form)? Is the procedure effective (in particular: average time needed for reply, solutions available for redress)?	Bar Associations; Notary Chamber; Consumer protection commission for complaints related to consumer credit agreements or to mediation contracts for the provision of consumer credit; and to the control over the implementation of the law on consumer's real estate credit. Bar Associations and Notary Chamber are empowered to supervise only the disciplinary liability; including availability of consumer redress through compulsory professional liability insurance. Consumer protection commission has the task to resolve disputes through conciliation committees; also, it manages a legal scheme for redress through collective claims in court.