

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

Country fiche – HUNGARY

General information

Country	HUNGARY
Researcher name	József Hegedüs, Vera Horváth
Researcher contact details (email)	hegedus@mri.hu; vera.horvath@mri.hu; nora.tosics@gmail.com
Main Sources Used	<p>Real Property Law and Procedure in the EU, National Report for Hungary (by T. Fekete) Study COMP/2006/D3/003 Conveyancing Market Services, Country Fiche for Hungary (by Á. Tóth)</p> <p>TENLAW: Tenancy Law and Housing Policy in Multi-level Europe: National Report for Hungary (J. Hegedüs, V. Horváth, N. Teller, N. Tosics)</p> <p>Hungarian Central Statistical Office: Housing prices, House price index, Q3 2016*, STATISTICAL REFLECTION, 3 February 2017</p> <p>Hungarian Central Statistical Office: Housing prices, house price index</p> <p>Eurostat: Distribution of population by tenure status by household type and income group - EU-SILC survey (ilc_lvho02)</p> <p>Eurostat: House price index</p>

1. Regulatory background

1.1 Level of regulation in the country

Table 1: Level of regulation			
	Describe the level of regulation (e.g. strictly regulated, framework regulation, partly regulated, non-regulated, deregulated) and explain your assessment	Source of relevant legislation	Ongoing discussion on regulation/deregulation
Real estate transactions¹	Framework regulation (the Hungarian law lays down the general framework concerning contracts for real estate transactions, but in most cases, the parties are allowed to lay down different contractual provisions)	<ul style="list-style-type: none"> Act V of 2013 on the Civil Code ('Civil Code'), see https://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A1300005.TV Act LXXVIII of 1993 on certain rules of the Lease and Alienation of Residential and Non-Residential Premises ('Housing Act'), see https://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=99300078.TV 	N/A
Notary system (or lawyer/conveyancer system)²	Strictly regulated (real estate ownership, usufruct, option to buy or to sell and mortgage may only be registered in the land registry based on a public document or a private document countersigned by an advocate. This means that the involvement of an advocate or a notary public in the preparation of the relevant contracts is compulsory. The conditions for the exercise of the professions of advocates and notaries public are precisely regulated, including, for the latter, the relevant fees).	<ul style="list-style-type: none"> Act CXLI of 1997 on Real Estate Registration, see https://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=99700141.TV Act CXXX of 2016 on Civil Proceedings, see https://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A1600130.TV Act XLI of 1991 on notaries public, see https://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=99100041.TV 	N/A

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

		<ul style="list-style-type: none"> Decree 14/1991 (XI.26.) of the Minister of Justice on the determination of fees of notaries public, see https://net.jogtar.hu/jr/gen/getdoc2.cgi?docid=99100014.IM Act XI of 1998 on attorneys (as of 1 January 2018: Act LIIIVIII of 2017 on attorneys), see https://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A1700078.TV&timeshift=ffffff4&txtreferer=0000001.TXT 	
Profession of estate agents	<p>Low level of regulation (the profession of real estate agents belongs to the regulated professions in Hungary, but only a few basic rules are provided. The Housing Act provides a general definition of 'real estate intermediary' and 'real estate valuation and intermediary' activities, and lays down the main conditions for their exercise. The necessary professional qualifications and the conditions for the exercise of a real estate intermediary and valuation activity are regulated by means of decrees. Consumer protection rules apply to contracts for real estate intermediary and valuation services supplied to private individuals. At the same time, there are no regulations concerning the actual provision of real estate intermediary and valuation services or the professional standards for delivering these services.)</p>	<ul style="list-style-type: none"> Act LXXVIII of 1993 on Certain Rules of the Lease and Alienation of Residential and Non-Residential Premises ('Housing Act'), see https://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=99300078.TV Decree 27/2012 (VIII. 27.) of the Minister for National Economy on the professional and exam requirements of the professional qualifications falling under the competence of the Minister for National Economy, see https://net.jogtar.hu/jr/gen/getdoc2.cgi?dbnum=1&docid=A1200027.NGM Government Decree 499/2017 on the conditions of the commercial exercise of condominium and property management, real estate intermediary and real estate valuation and intermediary activities and on the detailed rules of their registration see https://net.jogtar.hu/jogszabaly?docid=A1700499.KOR&searchUrl=/gyorskereso%3Fkeyword%3D499/2017 	N/A

1.2 National legislation

Table 2: List of national legislation

List of national legislation	Classification of national legislation	Content of the national legislation
Act V of 2013 on the Civil Code ('Civil Code') ³	Real estate transactions	The Civil Code provides the framework for all contracts, loans and securities (including mortgage) and contains specific rules for the sale of real estate and tenancy agreements. The majority of these rules are not mandatory, i.e. the parties may agree otherwise. The Civil Code contains specific requirements for consumer contracts.
Act LXXVIII of 1993 on certain rules of the Lease and Alienation of Residential and Non-Residential Premises ('Housing Act') ⁴	Real estate transactions, regulation of professions	The Housing Act provides for rules concerning tenancy agreements, among private parties, as well as for state and municipal property. The rules concerning private tenancy agreements are interpreted so as to allow the parties to agree otherwise. The Housing Act also defines the activities of real estate agents (real estate intermediary services and real estate intermediary and valuation services).
Act CXLI of 1997 on Real Estate Registration ⁵	Real estate transactions (registration)	The Land Registration Act provides for the rules of real estate registration (such as the content of the register, the organisation performing the registration, and the real estate registration procedure).
Act CCXXXVII of 2013 on credit institutions and financial undertakings ⁶	To credit institutions including mortgage credit institutions and intermediators	The Act on credit institutions defines the framework conditions for the operation of credit institutions and financial undertakings.

³ See https://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A1300005.TV⁴ See https://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=99300078.TV⁵ See https://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=99700141.TV⁶ See https://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A1300237.TV

Table 2: List of national legislation

Act XXX of 1997 on mortgage loan institutions and on mortgage deed ⁷	Real estate transactions (mortgage)	The Act defines the framework for the founding and the operation of mortgage loan institutions, as well as the rules concerning mortgage deed.
Act CLXII of 2009 on loans provided to consumers ⁸	Real estate transactions (loans)	The Act provides for specific guarantees for consumers in the case of loans regarding commercial communication, provision of information, prohibition of tying and bundling, mandatory requirements of a loan agreement, limitations to changes to the loan conditions.
Government Decree 462/2015 on the procedure concerning the provision and the intermediation of mortgage loan, loan consultancy and the rules concerning the professional knowledge of the employees ⁹	Real estate transactions (loans)	The Decree sets out further requirements concerning the professional conduct of the services concerned and aiming at ensuring appropriate professional qualifications.
Decree 3/2016 (I.7.) of the Minister for National Economy concerning the rules for information on the provision of mortgage loans ¹⁰	Real estate transactions (loans)	The Decree lays down specific provisions including standard forms for complying with the information obligations concerning the provision of mortgage loans to consumers as set out in Act CLXII of 2009.
Act XLI of 1991 on notaries public ¹¹	Regulation of professions (notaries)	The Act lays down the rules governing the appointment and the functioning of notaries public including the Chamber of Notaries Public.
Decree 14/1991 (XI.26.) of the Minister of Justice on the determination of fees of notaries public ¹²	Regulation of professions (notaries)	The Decree defines the framework for the determination of the fees, which may be charged by the notaries public.

⁷ See https://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=99700030.TV

⁸ See https://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=a0900162.tv

⁹ See https://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A1500462.KOR

¹⁰ See https://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A1600003.NGM×hift=ffffff4&txtreferer=00000001.TXT

¹¹ See https://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=99100041.TV

¹² See <https://net.jogtar.hu/jr/gen/getdoc2.cgi?docid=99100014.IM>

Table 2: List of national legislation

Decree 15/1991 (XI. 26) of the Minister of Justice on the number of notaries public and on their seat ¹³	Regulation of professions (notaries)	The Decree sets the number of notaries public operating in Hungary, defines their territorial area of activity and the intervals in which they are in charge of succession proceedings.
Act XI of 1998 on attorneys (as of 1 January 2018: Act LIIIVIII of 2017 on attorneys) ¹⁴	Regulation of professions (attorneys)	The Act provides for the rules governing the appointment and the functioning of attorneys including the Chamber of Attorneys.
Decree 27/2012 (VIII. 27.) of the Minister for National Economy on the professional and exam requirements of the professional qualifications falling under the competence of the Minister for National Economy ¹⁵	Regulation of professions (among others for real estate agents)	The Decree defines the professional requirements for providing real estate intermediary; or real estate intermediary and valuation services.
Government Decree 499/2017 on the conditions of the commercial exercise of condominium and property management, real estate intermediary and real estate valuation and intermediary activities and on the detailed rules of their registration ¹⁶	Regulation of professions (real estate agents)	The Decree defines the rules concerning the registration of the relevant professions by the competent authorities.
Act CLV of 1997 on consumer protection ¹⁷	Consumer protection (to consumers, undertakings and relevant institutions)	The Act provides the general framework for consumer protection, including the procedure for handling consumer complaints and the institutional aspects of the consumer protection system.
Act XLVII of 2008 on the prohibition of unfair commercial practices towards consumers ¹⁸	Consumer protection (to consumers, undertakings and relevant institutions)	The Act prohibits unfair commercial practices, provides a definition for such practices, the institutions in charge and the procedure for dealing with such cases.

¹³ See <https://net.jogtar.hu/jr/gen/getdoc2.cgi?dbnum=1&docid=99100015.IM>

¹⁴ See https://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A1700078.TV×hift=ffffff4&txtreferer=00000001.TXT

¹⁵ See <https://net.jogtar.hu/jr/gen/getdoc2.cgi?dbnum=1&docid=A1200027.NGM>

¹⁶ See <https://net.jogtar.hu/jogszabaly?docid=A1700499.KOR&searchUrl=/gyorskereso%3Fkeyword%3D499/2017>

¹⁷ See https://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=99700155.TV

¹⁸ See https://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A0800047.TV

Table 2: List of national legislation

Government Decree 45/2014 (II. 26) on the detailed rules concerning contracts between consumer and undertaking ¹⁹	Consumer protection (to consumers, undertakings and relevant institutions)	The Decree provides for specific requirements concerning the provision of information and other aspects of contract concluded outside the shop/office or by distance, as well as for contacts after contract conclusion.
--	--	--

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 <u>not</u> been transposed?
Directive 2005/29/EC on unfair commercial practices (UCPD)	Yes	Act XLVII of 2008 on the prohibition of unfair commercial practices towards consumers	Initial official publication: Magyar Közlöny, No. 2008/95, p. 05782-05813; the actual text is publicly available online under the following link: https://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A0800047.TV	Requirements concerning business to consumer commercial practices (including sale, prohibition of service or promotion), prohibition of unfair commercial practices, prohibition of misleading or aggressive practices, black list of unfair commercial practices, responsibility of the interested undertaking.	No information on non-transposition

¹⁹ See https://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=a1400045.kor

Table 3: Implementation of relevant EU legislation

Directive 93/13/EEC on unfair terms in consumer contracts	Yes	Act V of 2013 on the Civil Code	Initial official publication: Magyar Közlöny, No. 2013/31, p. 2382-2663; the actual text is publicly available online under the following link: https://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A1300005.TV	Invalidity of contracts, defect in the intended legal effect, unfair general terms of the contract, unfair contractual terms in consumer contracts, black list of unfair terms, terms to be considered unfair until proof of the contrary, rules of class-action	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	Government Decree 141/2011 (VII. 21.) on contracts concerning the time sharing of accommodation, on long-term holiday products and on the provision of long term accommodation use services	Initial official publication: Magyar Közlöny, No. 2011/87, p. 25383 - 25396; the actual text is publicly available online under the following link: https://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=a1100141.kor	Contract for time-sharing for accommodation, contract for long-term holiday products, contract for resale and exchange; rules concerning advertising, information before contract conclusion, contract conclusion, right of withdrawal, prohibition of advance payment.	None
Directive 2010/31/EU of Energy Performance of Buildings Directive	Yes	Government Decree 176/2008 (VI. 30) on the certification of the energy performance features of buildings (as subsequently amended, among others by Government Decree 261/2015 (IX. 14.))	The actual texts are available under the following links: https://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=a0800176.kor#lbj47id11df ; https://net.jogtar.hu/j	Energy performance certification, content and scope of the certificate, quality control of certification, costs of certification; energy performance	In 2014, the European Commission initiated proceedings against Hungary for failure to implement Directive 2010/31/EU. Further to the adoption of implementing measures, the case has

Table 3: Implementation of relevant EU legislation

		Decree 7/2006 (V.24.) of a Minister without Portfolio on the determination of the energy performance features of buildings (as subsequently amended, among others by Decree 39/2015 (IX. 14.) of the Minister leading the Prime Minister's Office)	r/gen/hjegy_doc.cgi?docid=A0600007.TNM#Ibj16id8ece	requirements of buildings.	been closed by the Commission in 2016.
Directive 2005/36/EC on Recognition of Professional Qualifications, as last amended by Directive 2013/55/EU	Yes	Act C of 2001 on the recognition of foreign certificates and diplomas, as amended by Act CX of 2007;	Official publication: Magyar Közlöny, 2007/127, 9440 – 9448. o. The actual text is publicly available under the following link: https://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=a0100100.tv	Rules of acknowledgement and recognition (primary education, secondary education, higher education, professional qualifications), rules of acknowledgement under the scope of EU law	None

Table 3: Implementation of relevant EU legislation

Mortgage Credit Directive, 2014/17/EC	Yes	Act CCXV of 2015 on the amendment, for the purpose of legal harmonisation, of the acts concerning certain actors of the financial intermediary system	Official publication: Magyar Közlöny 2015/201, 26601 – 26649. o. Actual text publicly available under the following link: https://mkogy.jogtar.hu/?page=show&docid=A1500215.TV	Rules concerning the provision of loans to consumers and in particular mortgage, including rules on commercial communication, mandatory information to consumers, prohibition of tying and bundling, sale of real estate securing mortgage, conversion of foreign currency debt	
--	-----	---	---	---	--

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	Yes	Strategy for the Development of Digital Commerce	Publicly available under the following link: http://www.kormany.hu/download/c/88/f0000/Strat%C3%A9gia.pdf	Policy document of the Hungarian Government concerning the development of digital commerce in Hungary	No major

Table 4: Communications and strategy papers

opportunities for people and business					
COM(2013)676 Communication from the Commission on evaluating national regulations on access to professions	Yes	National Action Plan – a domestic review of the regulated activities (professions)	Publicly available under the following link: http://ngmszakmaiterulet.ek.kormany.hu/download/6/7e/a1000/NCST_HUN_2016.pdf In English language: http://ngmszakmaiterulet.ek.kormany.hu/download/7/7e/a1000/NAP_HUN_2016.pdf	National Action Plan of the Hungarian Government concerning regulated professions in Hungary, submitted to the European Commission in view of the timely implementation of Article 59 of Directive 2005/36/EC	No major
COM(2016)820 Communication from the Commission on reform recommendations for regulation in professional services	No				
European Consumer Agenda (COM(2012) 225 final)	No				

Table 4: Communications and strategy papers

<p>Consumer Programme 2014-2020</p> <p>(Regulation (EU) No 254/2014 of the European Parliament and of the Council of 26 February 2014 on a multiannual consumer programme for the years 2014-20 and repealing Decision No 1926/2006/EC)</p>	<p>No</p>				
--	-----------	--	--	--	--

In Hungary, Commission Communications are usually not referred to in the text of the legislative acts themselves. Communications are in most cases referred to in strategies, action plans and analysis prepared by the Hungarian Ministries / Government.

In the case of the EU documents where the reply “No” was provided, no publicly available, official documents could be found at the time of the research (August 2017). At the same time, the relevant documents are likely to be reflected in the relevant internal strategies and working documents of the Hungarian government, such as in the Fifth Mid-term Consumer Protection Policy of Hungary, approved in 2015.

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.)	After 2008 (Great Recession reaching the CEE region), the housing sector had collapsed: house prices plummeted, the mortgage market crashed, issuing building permissions and new construction halted, and remained near zero for years. Recovery gradually began in 2013: housing permissions started to increase, and by 2015 their number was 100% higher than in 2013 (N=12 515). By the end of 2017, the number of permits issued is expected to reach 44,000 (the same level as before 2008). New construction started to recover only after 2015: at its low point, the annual output of new dwellings was 7,536; cca. 20% of the pre-2008 construction boom figure. In 2016 new dwellings constructed reached almost 10,000; and by end 2017 it is expected to reach 15,000 (50% of the pre-2008 figure). The changes are also connected to the development of the subsidy system: VAT allowance (no VAT on new construction); very generous housing grant for the families with children (tied to certain conditions, but EUR 8,500 for two children, and EUR 32,000 for three children); and preferential loans introduced in 2015.
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	The number of transactions increased between 2013 and 2016, from 114,000 to 150,000; its total value was estimated in 2013 at around EUR 3.8 billion EUR; in 2014 at EUR 5.2 billion; in 2015, at EUR 5.5 billion; and in 2016, EUR 6.1 billion. These figures refer only to residential real estate transactions (both new and existing dwellings).
Ratio house owners – tenants (i.e. the percentage of households that are owners resp. tenants of dwelling units)	According to Eurostat 2016 data, the share of households in owner-occupied dwellings was 86.3%; the share of tenants at market price 4.8%, and the share of tenants “at reduced price or rent free” was 8.9%. Around 3% of the housing stock is municipally owned, and functions as social or regulated price housing; the remaining part of the “reduced price or rent free” housing is either let within the family or in acquaintance networks; and some of the data is erroneous due to data collection difficulties (role of the black market important in house renting).

Table 5: Key market data

Usage of land (Quotas for built land, agricultural land, "wild land" (forests, lakes etc.))	Land area by land-use category 2017: National Statistical Office					
		Arable land	Other agricultural land (Kitchen garden, Orchards, Vineyards, Grassland)	Forest, Fishpond & reed	Uncultivated land area*	Total land area
	Thousand hectares	4,334.3	1,018.0	2,018.0	1,932.8	9,303.4
	% of total	46.6	10.9	21.7	20.8	100%
Source: National Statistic Office.						
*Uncultivated land areas are: Uncultivated land is the total of area of unused agricultural areas and other areas such as buildings and structures, farmyards, parks and ornamental gardens, roads and the associated ditches, ponds, quarries, wasteland, etc. required for the operation of the holding.						
Average prices of residential property	<p><i>According to the type of property</i></p> <ul style="list-style-type: none"> • Average flat of ca. 70 sqm • Terrace house of ca. 100 sqm • Detached (one family house) of ca. 150 sqm 		<p>Average house price, 2016:</p> <ul style="list-style-type: none"> • Single family house: EUR 35,000; • Apartment in multi-family building: EUR 35,300; • Dwelling in semi-detached house: EUR 54,800. <p>Price information is available by the types used by the Central Statistical Office, which are the ones presented above; but not by the property types indicated in the second column (average flat of cca. 70 sqm. etc.).</p> <p>Average dwelling size in Hungary is 80.4 square meter. The average size of flats is lower than 60 square meters. The average size of detached houses is 110 square meters. Accordingly, the sizes presented in the left column would be above-average in Hungary, and hence their price is proportionately higher than the market average prices.</p>			
	<p><i>According to the type of location</i></p> <ul style="list-style-type: none"> • Capital city • Urban areas • Rural areas 		<p>Average price of a residential dwelling, 2016:</p> <ul style="list-style-type: none"> • Budapest (capital): EUR 70,000; • Urban areas other than Budapest: EUR 36,900; • Other settlements and rural areas: EUR 22,300. 			

Table 5: Key market data

Price development of residential property	<p><i>According to the type of property</i></p> <ul style="list-style-type: none"> • Average flat of ca. 70 sqm • Terrace house of ca. 100 sqm • Detached (one family house) of ca. 150 sqm 	<p>Price change between 2010 and 2015 (2010 = 100):</p> <ul style="list-style-type: none"> • Single family home: 104; • Flat in multi-unit building (avg. 70 sqm): 132; • Flat in semi-detached house (terraced house): 131. <p>Price information is available by the types used by the Central Statistical Office, which are the ones presented above. Average dwelling size in Hungary is 80.4 square meter. The average size of flats is lower than 60 square meters. The average size of detached houses is 110 square meters. The dwelling sizes presented in the left column are therefore above average in the Hungarian context, but there are no indication that their price change would significantly differ from general market trends.</p>								
	<p><i>According to the type of location</i></p> <ul style="list-style-type: none"> • Capital city • Urban areas • Rural areas 	<p>Price change between 2010 and 2015 (2010 = 100):</p> <ul style="list-style-type: none"> • Budapest (capital): 138; • Urban areas other than Budapest: 111; • Other settlements and rural areas: 102. 								
Development of price index (Housing price index if existing, otherwise Consumer price index)	House prices indexes (previous year = 100)									
		2008	2009	2010	2011	2012	2013	2014	2015	2016
	new built	102.9	99.7	96.3	96.4	100.7	99.8	104.7	107.7	107.6
	existing dwelling	90.1	89.1	107.5	95.2	96.6	98.3	106.9	112.4	105.3

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 agents²⁰	39,688 (June 2017)	193,334 (June 2017)	N/D	Typically small companies or registered individual entrepreneurs with none or one office; only the few large firms have multiple branch offices.	N/D	N/D
Lawyer/Advocate/Solicitor	32,212 (December 2015)	11,047 lawyers, 521 salaried partners, and 2,233 legal trainees registered with the Hungarian Bar Association	46,287 (December 2015)	Typically one	N/D	Cca. EUR 62,500 (Total annual sectoral turnover EUR 2.014 bn per 32,212 firms in 2015)
Notary	N/D	316 (315 as of 19.12.2017), their number is regulated by Ministerial Decree 15/1991 on the number of notarial posts and the seat of notaries	N/D	One (Notary offices per administrative territorial units regulated by Min. Decree)	N/D	N/D

²⁰ Where available, provide the data separately for national real estate agents and real estate agents incoming from other EU/EEA Member States.

Table 6: Service providers

Licenced conveyancers	The role of licenced conveyancers (as used in English speaking countries) in Hungary is undertaken by lawyers (specializing on real estate law and related legislation) and notaries public					
Architects	3,476 firms registered with the Chamber of Hungarian Architects	11,475 registered members of the Chamber of Hungarian Architects	N/D	Typically one (with the exception of the few largest companies), or none in the case of freelance entrepreneurs.	N/D	N/D
Surveyor	N/D (Public statistical data not available. The Chamber of Hungarian Surveyors and Cartographers does not keep record of its members.)					
Engineers	6,557	N/D	3,418	Typically one	N/D	N/D

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^{21,22}	Lawyer/ Advocate/ Solicitor	Notary	Bank	Technical expert (architect, engineer, surveyor)
Main function: does the professional typically work independently or as part of a firm or another organisation?	Typically in the framework of a real estate agency	Typically in the framework of a real estate valuation and intermediary agency	Typically in the framework of a law office (may be an individual law office or as part of a larger law office)	Typically in the framework of a notary public office founded by the notary public	N/A	Typically in the framework of an architect office (may be an individual office or as part of a larger office).
Extent of engagement (at which point(s) does each professional intervene in the process?)	Matching the parties	Verification of the value of the real estate, may be before putting the real estate on the market if considered necessary by the owner; before contract preparation if considered necessary by the buyer in order to support its decision; before contract conclusion to	Preparation and conclusion of the contract (typically including preliminary verification of the legal status of the property)	Preparation and conclusion of the contract in the form of a public document (most common in the case of mortgage and may also be preferred by landlords in the case of tenancy contracts).	In the case of mortgage, preliminary contacts and the assessment of the credit standing of the buyer takes place before the conclusion of the purchase contract	Technical verification to support the decision of the buyer before contract preparation.

²¹ 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.

²² In Hungary, the profession of property valuator is regulated as the exercise of “property valuation and real estate agent activities”.

Table 7: Role of professionals in the real estate market

		confirm the conformity of the price in case of real estate owned by a minor, or after the conclusion of the purchase contract and the submission of the request for a loan, and before the decision on providing the loan in the case of mortgage.				
Mandatory involvement	No	Only in specific circumstances (official valuation is mandatory in case the real estate intended to be sold/exchanged is owned by a minor; valuation is also part of the process of requesting a mortgage).	Yes, with alternatives (the contract needs to be either prepared and countersigned by an attorney or take the form of a public document)	Yes, with alternatives (the contract needs to be either prepared and countersigned by an attorney or take the form of a public document, such as a document prepared by a notary public)	N/A	No
How are their fees/charges structured	Subject to the agreement of the parties, defined in a % of the purchase price, depending on the level of exclusivity granted to the real estate agent (typically	Subject to the agreement of the parties, usually defined as a fixed amount depending on the type of real estate concerned (may range between HUF	Subject to the agreement of the parties, typically defined in a % of the purchase price (usually in a range between 0,5-1%), or based on the monthly rent in the	The fees of the notaries public are subject to regulation. In general, the fees shall be determined based on the value of the real estate, as a combination of a fixed amount and a	The banks may charge a fee for providing the loan which may amount to 1,5-2% of the loan.	Subject to the agreement of the parties, usually expressed in an hourly rate or defined in a fixed amount depending on the

Table 7: Role of professionals in the real estate market

	<p>ranging between 2-5% of the purchase price); or based on the monthly rent in the case of tenancy contracts (usually corresponding to a one-month rent).</p>	<p>15.000 and 50.000 – ca. EUR 50-150).</p>	<p>case of tenancy contracts (usually between 0,5-1 monthly rent), usually with a fixed minimum amount (may be e.g. EUR 130 in case of purchase and EUR 75 in case of rental)</p>	<p>percentage of the value of the real estate which are defined by the relevant ministerial decree (in case of a value between 500,000 and 5,000,000 HUF – ca. 1600 EUR and 16,000 EUR – 11,700 HUF – ca. 40 EUR + 1% of the value above 500,000; in case of a value between 5,000,000 and 10,000,000 HUF – ca. 16,000 EUR and 32,000 EUR – 56,700 HUF – ca. EUR 180 – and 0,5% of the value above 5,000,000; in case of a value above 10,000,000 HUF – ca. 32,000 EUR – 81,700 HUF – ca. 260 EUR and 0,25% of the value above 10,000,000 HUF, with a maximum base value of 200,000,000 HUF – ca. 650,000 EUR). Specific rules apply to mortgage contracts by</p>		<p>size of the real estate.</p>
--	--	---	---	---	--	---------------------------------

Table 7: Role of professionals in the real estate market

				<p>mortgage credit institutions (the fee is 1/4 of the normal fee) and to contracts concerning loans with subsidised interest rates (a fixed amount ranging from 10.000 to 28.000 Ft – ca. 33 to 92 EUR – applies).</p>		
--	--	--	--	---	--	--

4. Land registration

Table 8: Land registration	
Responsible authority(ies) dealing with land registration	District Land Offices (supervised by the County Land Offices in each county and the Capital Land Office in Budapest, operating under the central control of the Department of Land Administration and Geoinformation of the Ministry of Agriculture).
Actors involved in the registration procedure and their main functions	<p>The actors involved are the client requesting registration, the legal representative, the district land office, county or Capital land office in case of appeal, court in case of legal remedy.</p> <p>Legal representation by an attorney or a public notary is compulsory in all cases where the basis for registration is a document prepared by a public notary or a document countersigned by an attorney, i.e. for the registration of ownership, usufruct, option to buy or to sell and mortgage.</p>
Intermediate steps of the registration procedure	<p>The registration procedure is composed of the following steps:</p> <ul style="list-style-type: none"> • Submission of the application and the supporting documents; • Registration of the application (arrival stamp, serial number); • Recording of the marginal note onto the property sheet and notification of the persons concerned (in the case of an application influencing the content of the property sheet, the registration number will be written on the property sheet on the day of submission, this means that the property sheet has a marginal note. This marginal note shows that the procedure was started; it marks the sequence of case management and the rank of the case too. The presence of a marginal note also signals that the land office has not yet decided whether to approve or refuse the application. In addition, the land office notifies the person whose registered ownership is requested to be cancelled or against whom the registration of a purchase right was applied for); • Checking the content and form of the application and its enclosures; • In case of need: Call for the submission of missing documents, certificates (within 30 days); • Making the decision (deadline: 30 days in case of a complete application, or 90 days in case of more than 30 independent properties or interested parties concerned; while approving the request, the land office updates the property sheet and if necessary, the cadastral map too); • Delivering the decision (to the interested parties and to the Duty Office).

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	Usual	Real estate agents are intervening in ca. 20% of the cases, in the minority of the private (ca. 15%) and in the majority of commercial transactions (ca. 70%).
Alternative matching devices	Matching the parties	Usual	Internet advertising (dedicated webpages and Facebook) is the most common tool for real estate transactions.
Preliminary contract	Securing the transaction before the final contract is concluded	Usual	Preliminary contract may be concluded, upon agreement of the parties, with or without the intervention of an attorney.
Preliminary checks (land register, administrative permits)	Ensuring that the buyer knows all legal obligations and relevant features related to the property	Yes	Professional duty of the attorney / notary public preparing the contract.
Drafting the sales contract and/or deed of conveyance	Summarising the agreement of the parties	Yes	Mandatorily carried out by an attorney (in the large majority – over 90% - of the cases) or a notary public.
Legal advice or counselling	Ensuring that the transaction is valid and that the parties know about their rights and duties	Yes	Professional duty of the attorney to provide information to the party requesting its service / of the notary public preparing the contract to inform both parties of the terms of the contract and respond to their questions.
Certification of signatures	Ensuring the validity of the agreement	Yes	Part of the tasks of the attorney or notary public participating in the preparation of the contract.

Table 9: Main steps of the process to buy or sell a property			
Contract execution (transfer of payment)	Executing the contract (and securing that both parties perform their obligations)	Yes	Participation of the attorney or the notary public is not mandatory but usual.
Contract execution (transfer of property)	Executing the contract (and securing that both parties perform their obligations)	Yes	Participation of the attorney or the notary public is not mandatory but usual.
Registration	Making the transaction visible to third parties and the public	Yes	Mandatory participation of the attorney or the notary public.
Taxation (esp. transfer tax)	Creating revenue for the state	Yes	Usually no professional actors are involved
Post-transaction controls	Securing that the contract is duly executed	Yes	Usually no professional actors are involved

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 ²³		Typical risks associated to these steps
		Payments expressed : • In EUR as % of total purchase price <u>and</u> • As a fixed amount (add if VAT applies)	When is the payment made	
Estate agent services or alternative matching devices	Real estate agents intervene in ca. 20% of the cases (ca. 15% of private transactions, ca. 70% of commercial transactions).	Real estate agency fees are subject to the agreement of the real estate agent and the party requesting the service. The fees are expressed in HUF, corresponding to a pre-determined % of the purchase price (depending on the level of exclusivity granted to the real estate agent, between 2 and 5%).	The payment details are subject to the agreement with the real estate agent, and are usually due upon conclusion of the purchase contract. The payment is made by the party requesting the service of the real estate agent.	Disputes may arise between the seller/buyer requesting the real estate agency service and the real estate agent due to contractual clauses in favour of the agent and the quality of the service provided. Agents attempting to attract more clients may lead to unclear or deceptive advertisements; estate efforts aiming at quick deals may lead to suboptimal match for buyers and sellers.
Preliminary contract (usual)	May be concluded upon agreement of the parties, with or without the involvement of an attorney.	Attorney fees are subject to the agreement with the attorney. Attorneys usually charge an additional fee for the preliminary contract, which may be defined as a % of the purchase price (and a fixed minimum amount, or a fixed amount (expressed in HUF), (approximately 0,2-0,3 % of the purchase price or at least 25,000 – 50,000 HUF – ca. 80 -160 EUR).	Payment details are subject to the agreement with the attorney, but are usually due upon conclusion of the preliminary contract. Usually, the costs are borne by the buyer, but the parties may agree otherwise.	The buyer undertakes the risk of losing the deposit in case s/he is ultimately not able to purchase the real estate due to factors beyond his/her own control.

²³ 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

Preliminary checks (land register, administrative permits)	Verifying the legal status of the property is part of the duties of the attorney / notary public participating in the preparation of the contract.	The fee to be paid to the Land Office for a certified electronic copy of the property sheet is HUF 3600 (ca. EUR 12). The bearing of the fee is subject to the agreement with the attorney: they may be added to the fees as costs incurred, or included in the fee. The notary public may also charge the fee as a cost.	The same rules apply as for the drafting of the contract, see below.	-
Drafting the sales contract and/or deed of conveyance	The contract has to be drafted and countersigned by an attorney (in the large majority of the cases, this option is used, i.e. for over 90% of the cases), or prepared in the form of a public document by a notary public (this is the case usually in the case of purchasing by means of a loan secured by mortgage)	<ul style="list-style-type: none"> • In the case of an attorney, the fees are subject to the agreement with the attorney. The fees are typically defined in a % of the purchase price (usually in a range between 0,5-1%), or based on the monthly rent in the case of tenancy contracts (usually between 0,5-1 monthly rent), usually with a fixed minimum amount (may be e.g. EUR 130 in case of purchase). • In the case of the notary public, the fees are defined in the relevant ministerial decree. In general, the fees shall be determined based on the value of the real estate, as a combination of a fixed amount and a percentage of the value of the real estate, which are defined by the relevant ministerial decree. 	<p>In the case of the attorney, payment details are subject to the agreement with the attorney, but are usually due upon conclusion of the purchase contract.</p> <p>In the case of the notary public, the relevant ministerial decree provides that the payment is due once the assignment of the notary public is finalised. The notary public may however ask for an advance payment, which is subject to agreement.</p> <p>The relevant costs are borne by the buyer, unless the parties agree otherwise.</p>	If the sales contract is not drafted with appropriate professional care, it may hold risks in every aspect, e.g. timing of payments and delivery, state of dwelling upon delivery, precise responsibilities of parties etc.

Table 10: Contract of sale and transfer of ownership

<p>Legal advice or counselling</p>	<p>As part of the its mandate, the attorney provides information on the contract to the party requesting the service and the notary public explains the terms of the contract to both parties.</p>	<p>If the counselling takes place in the context of the contract conclusion this is part of the overall fee for the contract preparation (see above).</p>	<p>Part of the same fee as the drafting of the contract, see above.</p>	<p>-</p>
<p>Certification of signatures</p>	<p>Part of the duties of the attorney (in the context of countersigning the contract) /notary public (in the context of preparing the contract in the form of a public document).</p>	<p>Part of the overall fee for the preparation of the contract (see above regarding contract drafting).</p>	<p>Part of the same fee as the drafting of the contract, see above.</p>	<p>-</p>

Table 10: Contract of sale and transfer of ownership

<p>Contract execution (transfer of payment and registration; transfer of property)</p>	<p>Participation of the attorney or the notary public is not mandatory but their involvement is usual, in particular in case of problems (e.g. breach of obligations).</p>	<p>In case of a breach of obligation by the seller necessitating further action, the attorney would usually charge extra fees, subject to the agreement of the parties (usually a fixed hourly fee expressed in HUF).</p> <p>In case of a breach of obligations by the buyer, the seller may need to engage an own attorney (usually asking a fixed hourly fee expressed in HUF).</p> <p>By way of difference to contracts countersigned by attorneys, which are private documents, contracts prepared by notaries public are public document which can be directly executed. This means that in case of non-compliance, the notary public may order the execution of the contract (by means of adding an executory clause). This procedure is initiated upon request and is subject to separate fees amounting to 1% of the value of the claim, with a fixed minimum (5000 HUF – ca. EUR 16) and maximum amount (150.000 HUF – ca. 494 EUR).</p>	<p>As regards the attorney, defined by the agreement of the parties.</p> <p>In the case of the notary public, the fee would be payable at the submission of the request for execution. In case execution is ordered, the fee would become part of the execution costs and needs to be borne by the obligor.</p>	<p>Details of execution must be laid out precisely in the contract, otherwise unclear parts may lead to disputes (e.g. cost of emptying the dwelling before handover)</p>
---	--	---	---	---

Table 10: Contract of sale and transfer of ownership

Registration in land register or similar device	Legal representation by the attorney or the notary public having prepared the contract is mandatory.	The fee to be paid to the Land Office for the submission of the request is HUF 6600 (ca. EUR 22). The bearing of the fee is subject to the agreement with the attorney: they may be added to the fees as costs incurred, or included in the fee. The notary public may also charge the fee as a cost.	The same rules apply as for the drafting of the contract, see above.	
Taxation (esp. transfer tax)	Usually no professional actors are involved in the actual payment of the taxes. Basic information on taxes could be provided as part of the contract preparation by the attorney. Additional counselling may be requested, if needed as a separate service.	Basic information would normally be provided to the party requesting the service as part of the general fees for contract preparation (see above). Additional counselling may be requested for separate fee as agreed with the attorney, usually defined as a fixed hourly amount in HUF.	-	-
Other steps				Risk of deceptive transfer is relatively low, but may incur huge losses to parties, e.g. tenant selling a dwelling using fake documentation; can be mitigated with proper legal counsel and gathering in-depth information on transfer procedure.

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

In itself, the sale of the dwelling does not affect the tenancy relationship in Hungary, unless this is specifically foreseen in the tenancy agreement. In lack of a specific contractual provision, the change of ownership itself does not entitle the old or the new landlord to terminate the tenancy agreement.

At the same time, there is no restriction of the landlord's right of ordinary termination of the tenancy relationship in the case of a change of ownership. Pursuant to the Civil Code, contracts concluded for an undetermined period may be terminated by any of the parties until the 15th day of the months, to take effect on the last day of the following month. In view of the dispositive nature of the provisions of the Civil Code regarding specific contracts, parties are free to agree otherwise in the tenancy contract. Parties may also foresee a similar right for ordinary termination in the case of contracts concluded for a determined period of time. Therefore, in practice, tenants do not enjoy substantial protection in the case of a change of ownership.

In practice, the landlord may nevertheless encounter difficulties because of the difficulty to practically enforce termination and to obtain the eviction of the tenant. As a matter of fact, such situations arise more and more often. With the low performance of the property market, the sale of dwellings becomes more difficult and landlords are looking for a way to exploit their property by renting it while seeking to sell. However, as the market price of an inhabited dwelling is significantly lower than the market price of a dwelling that is not rented, landlords are seeking to terminate the tenancy and empty the dwelling before sale. In such cases, in order to secure the emptying of the dwellings, landlords may also agree with the tenant in an amount of compensation for earlier leave.

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, indicate whether 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>Real estate agency contracts fall under the consumer protection rules and often take the form of a mandate. Therefore, the general rules of the Civil Code and its implementing rules, as well as of the consumer protection rules apply, i.e. for example:</p> <ul style="list-style-type: none"> • Obligation to provide information on general terms and conditions (with specific information about provisions which significantly differ from the legal provisions or the usual practice); • Obligation to provide additional information in the case of contracts concluded by electronic means or otherwise outside the office (about the important characteristics of the service, the details of the service provider, as well as the details of the transaction); 	Real estate agent	Optional (see above, in ca. 20% of the cases, ca. 15% of private transactions, ca. 70% of commercial transactions)	As described above, real estate agency fees are subject to the agreement of the real estate agent and the party requesting the service. The fees are expressed in HUF, corresponding to a pre-determined % of the purchase price (depending on the level of exclusivity granted to the real estate agent, between 2 and 5%).

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

	<ul style="list-style-type: none"> • Obligation to inform about the possibilities to lodge a complaint; • Obligation to inform the client about the fulfilment of the mandate. 			
Provision of mandatory information before the start of the transaction	The seller has to inform the buyer of the important characteristics of the real estate and of the relevant requirements including the rights and the encumbrances (handing over the relevant documents).	N/A	N/A	N/A
Preliminary contract (usual)	As described above, the conclusion of a preliminary contract is subject to the agreement of the parties and the involvement of an attorney is optional. In such a case, the attorney would provide relevant information to the party requesting its services.	Attorney	Optional	As described above, the fee is subject to the agreement with the attorney. Attorneys usually charge an additional fee for the preliminary contract, which may be defined as a % of the purchase price (and a fixed minimum amount, or a fixed amount (expressed in HUF).
Preliminary checks (land register, administrative permits)	As described above, the verification of the legal status of the real estate based on the land register is part of the duties of the attorney / notary public preparing the contract. The attorney / notary public informs the buyer of the outcome of the verification.	Attorney / notary public	Common practice	As described above, the fee to be paid to the Land Office for a certified electronic copy of the property sheet is HUF 3600 (ca. EUR 12). The bearing of the fee is subject to the agreement with the attorney: they may be added to the fees as costs incurred, or included in the fee. The notary public may also charge the fee as a cost.

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

Drafting the sales contract and/or deed of conveyance	The attorney provides information and counsel to the party requesting its service (as a general rule, the buyer). The notary public provides information on the content of the contract to both parties.	Attorney / notary public	Mandatory	<ul style="list-style-type: none"> • As described above, in the case of an attorney, the fees are subject to the agreement with the attorney; • The fees are typically defined in a % of the purchase price (usually in a range between 0,5-1%), or based on the monthly rent in the case of tenancy contracts (usually between 0,5-1 monthly rent), usually with a fixed minimum amount (may be e.g. EUR 130 in case of purchase); • In the case of the notary public, the fees are defined in the relevant ministerial decree; • In general, the fees shall be determined based on the value of the real estate, as a combination of a fixed amount and a percentage of the value of the real estate that are defined by the relevant ministerial decree.
Legal advice or counselling	As described above, the attorney would inform the party requesting its service of the legal aspects of the transactions. The notary public is obliged to secure the equal chances of the parties by means of providing information on the terms of	Attorney / notary public	Part of the mandatory involvement of these actors in the contract preparation	<p>Part of the general fees as described above.</p> <p>In case separate legal advice is sought from attorneys, this is subject to individual agreement, there is a wide fee range depending on the attorney / law firm; typically between EUR 65-200 .</p>

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

	the contract and answering their questions.			
Certification of signatures	-	attorney / notary public	part of the mandatory involvement of these actors in the contract preparation	Part of the general fees as described above
Contract execution (transfer of payment; transfer of property)	Depending on the situation, the attorney would provide information on the legal options, and the notary public would be entitled to order the execution of the contract upon request.	attorney / notary public	usual in case of non-compliance	<ul style="list-style-type: none"> As described above, in case of a breach of obligation by the seller necessitating further action, the attorney would usually charge extra fees, subject to the agreement of the parties (usually a fixed hourly fee expressed in HUF); In case of a breach of obligations by the buyer, the seller may need to engage an own attorney (usually asking a fixed hourly fee expressed in HUF); By way of difference to contracts countersigned by attorneys, which are private documents, contracts prepared by notaries public are public document that can be directly executed. This means that in case of non-compliance, the notary public may order the execution of the contract (by means of adding an executory clause). This procedure is initiated upon request and is subject to separate fees amounting to 1% of the value of the claim, with a fixed

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

				minimum (5000 HUF – ca. EUR 16) and maximum amount (150.000 HUF – ca. 494 EUR).
Registration in land register or similar device	The attorney / notary public would provide information to the client(s) on the registration.	Attorney / notary public	Mandatory	As described above, the fee to be paid to the Land Office for the submission of the request is HUF 6600 (ca. EUR 22). The bearing of the fee is subject to the agreement with the attorney: they may be added to the fees as costs incurred, or included in the fee. The notary public may also charge the fee as a cost.
Taxation (esp. transfer tax)	Basic information on taxes, if needed, could be provided as part of the contract preparation by the attorney. Additional counselling may also be requested as a separate service.	Attorney	Optional	Basic information would be expected to be provided to the party requesting the service as part of the general fees for contract preparation (see above). Additional counselling may be requested for separate fee as agreed with the attorney, usually defined as a fixed hourly amount in HUF.

As indicated in the above table, there are no specific requirements in Hungary concerning the provision of information on the individual procedural steps. In lack of specific requirements, the general rules and practices apply.

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)	<ul style="list-style-type: none"> • Credit agent (dependent credit intermediary, multiple independent credit intermediary, broker); • Bank (mortgage credit institution); • Notary public; • Borrower. 	Detailed requirements concerning mandatory information to be provided to the consumer enabling it to assess whether the service provided corresponds to its needs and means, and allowing to compare the different alternatives (including in particular the most important features of the product and their impact on the financial situation of the consumer and the consequences of a failure to pay, such as late payment interests, termination of the loan and enforcement of securities, the details of the mortgagee and the intermediary, as well as the conditions of the loan concerned, etc.).	The detailed provisions are laid down by separate decree (Decree 3/2016 of the Minister for National Economy on the rules on providing information on the provision of mortgage loans).	<ul style="list-style-type: none"> • The fees of credit intermediation have been maximised in 2% of the capital debt; • The fees/interest rates charged by the mortgage credit institution for providing the mortgage loan may vary, with the APR typically ranging between 3-5% (with various subsidy types available, especially for families with children, and new construction or purchasing new built housing); • The fees of the notaries public may range between 0,065% (above HUF 10.000.000, approx. EUR 33.000) and 0,5% (below HUF 500.000, approx. EUR 1650) of the value of the transaction. 	Incomplete information on the relevant conditions and costs – significantly mitigated by the detailed provisions concerning the provision of mortgage loans to consumers in the past years and the control exercised by the Hungarian National Bank and its Financial Consumer Protection Centre.

Table 12: Mortgage requirements

Insertion of mortgage in the land register, usually at first rank	<ul style="list-style-type: none"> • Mortgage credit institution; • Land office. 	The mortgage credit institution and the credit intermediary must among others also inform the consumer about all fees and costs related to the provision of the mortgage loan	N/A	12.600 HUF (approx. EUR 41) per real estate concerned	
Credit sum paid to mortgagor (buyer) or seller	<ul style="list-style-type: none"> • Mortgage credit institution; • Mortgagor. 	The mortgage credit institution and the credit intermediary must provide information to the consumer about all relevant details of the mortgage loan before the conclusion of the agreement (including among others the full amount of the loan and the conditions for requesting it, repayment term, all relevant information concerning interests and the conditions for a change in the interest rate, all associated costs and fees, late payment interests, termination, right to repayment, etc.)	N/A		<ul style="list-style-type: none"> • Low user awareness of risks attached to mortgage products; • Unrealistic optimism regarding future income; • Incomplete information on behalf of lending institution regarding possible future risks or changes in payable amount – significantly mitigated by the detailed provisions concerning the provision of mortgage loans to consumers in the past years and the control exercised by the Hungarian National Bank and its Financial Consumer Protection Centre.

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 involved²⁴
Finding and matching landlords and tenants	Real estate agents may be involved on an optional basis
Information search by landlords or tenants (e.g. about salary, outstanding debts)	There are no standards for the information requested or researched, information is collected by the landlords or tenants themselves
Inspection of the property by tenants (in some cases with the help of professionals)	There are no rules concerning the inspection of the property by the tenants, and it is not usual to involve professionals in this process (with the exception of the real estate agent, who is – at the same time – incentivized to set up deals as soon as possible).
Delivery of mandatory information to tenants prior to the conclusion of the contract	No provisions are in place concerning mandatory information to be provided to tenants.
Delivery of energy performance certificate to tenant	The landlord has to show the energy performance certificate or a copy thereof before the conclusion of the contract to the new tenant, and hand it over to the tenant at the conclusion of the contract.
Provision of additional guarantees to landlord	No additional guarantees are provided.
Conclusion of the contract in the usual form (e.g. oral, written, preformulated)	The tenancy agreement needs to be concluded in a written form. The involvement of a lawyer is not required.
Rent payment and deposit (e.g. bank account)	Details concerning the deposit and the rent payment are provided in the tenancy agreement.
Registration of the contract in the land register (e.g. excluded, optional or mandatory)	Tenancy agreements are not registered.

²⁴ Explain more precisely to what extent each step is relevant and how the step is performed

6.2 Rent contract

Table 14: Rent contract				
Main steps	Actors involved per intermediate step	Payment details ²⁵		Typical risks associated to these steps
		Payments expressed :	When is the payment made	
		<ul style="list-style-type: none"> • In EUR as % of total purchase price <u>and</u> • As a fixed amount if available (add if VAT applies) 		
Finding and matching the parties	Real estate agents on an optional basis	Fee usually corresponding to one month rent. Monthly market rent, national average: HUF140,000 (cca. EUR 445) in 2016.	Upon conclusion of the tenancy contract.	Landlord may withhold information regarding defects in dwelling. Tenant may withhold information regarding future income or security of current income.
Information search by landlord on tenant (e.g. about salary, outstanding debts)	Landlord (potentially with contribution from the real estate agent, if involved).	No separate fees	No separate fees	In lack of any provisions or reliable tools, preliminary checks are made on an individual and often informal basis. Such preliminary checks do not allow for a proper mitigation of risks of non-payment or other breaches of the tenancy agreement).

²⁵ 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

Inspection of the property by tenant (in some cases with the help of professionals)	Tenant, real estate agent	No separate fees	No separate fees	Under Hungarian law, the landlord is bound to guarantee that the dwelling is suitable for proper use during the term of the tenancy agreement. However, in practice, landlords may withhold information regarding defects of the dwelling. Real estate professionals interested in setting up deals quickly and have no formal responsibility in case of posterior dispute, therefore will not necessarily help disclose defects of the dwelling.
Delivery of mandatory information to tenant prior to the conclusion of the contract	No separate fees	No separate fees	No separate fees	There are no provisions for mandatory information to be shared with the tenant (with the exception of the information contained in the energy performance certificate). Tenancy contracts are also often limited to basic information.
Delivery of energy performance certificate to tenant	Landlord, tenant (see above)	No separate fees	No separate fees	No separate fees
Conclusion of the contract in the usual form (e.g. oral, written; if written, indicate whether preformulated are usual)	Landlord, tenant, attorney if the service is sought by any of the parties	The fees of the attorney are subject to agreement, in case of the preparation of the tenancy agreement, a fee equivalent to one month rent can be considered common.	Subject to agreement, e.g. upon conclusion of the tenancy agreement with in advance payment.	A tenant may act as deceptive landlord and sublease a dwelling without the owner's consent (rare, but difficult to evade due to limited mandatory information flow).

Table 14: Rent contract

<p>Rent payment and deposit (e.g. bank account)</p>	<p>Landlord, tenant, bank</p>	<p>No separate fees</p>	<p>No separate fees</p>	<p>Tenant may fail to pay, but also refuse moving out of the apartment. Due to protective measures and procedural rules, obtaining eviction of such a tenant is lengthy and complicated (execution has to be preceded by civil litigations confirming the validity of the termination of the tenancy agreement, possibly taking several years). Tenant may amass utility arrears during this period. Landlords may refuse to pay back the deposit/part of the deposit at the termination of the tenancy contract, claiming that the tenant caused damages to the dwelling.</p>
<p>Registration of the contract in the land register or other device (excluded, optional or mandatory)</p>	<p>Not applicable</p>	<p>No separate fees</p>	<p>No separate fees</p>	<p>No separate fees</p>

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: • In EUR as % of total purchase price <u>and</u> • As a fixed amount (if available)
Finding and matching landlords and tenants	No particular information requirements	Real estate agents (if any)	Optional	Typical fee corresponds to one month's rent
Information search by landlords or tenants (e.g. about salary, outstanding debts)	The standards and the processes for obtaining information concerning landlords or tenants are not regulated	Real estate agents (if any)	<ul style="list-style-type: none"> • Optional; • Some estate agents act as a "first level filter" and discard seemingly unreliable landlords or tenants; but they are focusing on setting up as many deals as possible, and only have informal means to assess clients. 	See above
Inspection of the property by tenants (in some cases with the help of professionals)	No particular information requirements	Real estate agents (if any)	Real estate professionals interested in setting up deals quickly and have no formal responsibility in case of posterior dispute, therefore will not necessarily help disclose defects of the dwelling.	See above

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

Delivery of mandatory information to tenants prior to the conclusion of the contract	There are no requirements for mandatory information to be shared with the tenant (with the exception of the information contained in the energy performance certificate).	N/A	N/A	N/A
Conclusion of the contract in the usual form (e.g. oral, written, preformulated)	No particular information requirements	Attorney or notary public (if any)	Optional	<ul style="list-style-type: none"> • Attorney: typically one month rent; • Notary public: in line with the relevant decree, 0,25-2% of the value of the transaction.
Rent payment and deposit (e.g. bank account)	No particular information requirements	bank	N/A	N/A
Registration of the contract in the land register (e.g. excluded, optional or mandatory)	N/A	N/A	N/A	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>Qualifications (diplomas, exams, concours) required to become a notary in the Country:</i>	<ul style="list-style-type: none"> • Hungarian citizenship; • University law degree; • Professional exam in law (uniform for all legal professions, may be taken after at least three years of legal practice); • Three years of practice as a deputy notary public (practice as public prosecutor, attorney, legal counsel is recognized as equivalent).
Objective requirements	<i>Do numerus clauses and other objective requirements exist?</i>	There is a numerus clausus for notaries. At the proposal of the professional chamber, the Minister of Justice defines the number of notaries public in a decree. The minister takes into account the level of development of the area belonging to the office, the number of inhabitants and the type of the area (for example, an area of commuters, or a centre, etc.).
Citizenship requirements	<i>Are foreign candidates admitted de iure and also de facto under the same conditions as nationals?</i>	For the time being, Hungarian citizenship is a requirement. This was found to be contrary to the provisions of the Treaty by the European Court of Justice in February 2017. At present, the process for proposing a relevant amendment to the Act on Notaries Public is ongoing (the public consultation was closed end of July).
Inter-professional cooperation	<i>Are forms of collaboration between notaries and other professionals allowed and usual?</i>	The notary public acts as an independent institution, but its activities are linked to other professions, such as judicial executors. The Chamber of Hungarian Notaries Public collaborates with other Chambers such as with the Chamber of Attorneys on horizontal issues relevant for the legal professions concerned).
Business structure	<i>Are notary associations/corporations allowed?</i>	Notaries public may act individually or by means of a notary public office, with one or more notaries public.

Table 16: Market entry and structure regulation		
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>	The geographical area of competency of the notaries public is in general limited to the area of the district court, in the territory of which the notary public operates. In Budapest, their area of competency extends to the entire capital.
	<i>Are these limitation restricted to specific tasks?</i>	Yes. On-spot procedures may only be carried out in the relevant area. In the case of succession proceedings, the competent notary public is designated by legal act.

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>	Succession proceedings, preparation of public documents (which may be directly executed) upon request of the parties.
Duty to provide services	<i>Are notaries allowed to refuse a request to act?</i>	A notary public has a duty to provide services; s/he may only and must deny involvement in a transaction if the transaction is illegal or immoral or aimed at the avoidance of law.
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>	The main standards of professional services are regulated by the Act on Notaries Public. The conduct of the disciplinary procedures is in the competence of the National and Territorial Chambers of Notaries Public. In addition, the Hungarian National Chamber of Notaries Public provides for guidance, among others in the field of ethical norms.
Mandatory intervention	<i>Is the intervention of a notary required for the registration procedure?</i>	The involvement of a notary public is optional. In order for a sale of real estate to be registered, it needs to be countersigned by an attorney or take the form of a public document by a notary public.

Table 17: Market conduct regulation		
Compulsory indemnity insurance	<i>Is indemnity insurance compulsory? If yes, what is the indicative amount of the insurance? List of the different types of indemnity insurance</i>	Indemnity insurance is compulsory. For notaries public, the minimum coverage is HUF 50.000.000 (approx. EUR 165.000).
Continuing education	<i>Do forms of continuing education exist? If yes, is continuing education mandatory?</i>	Professional training is provided by the territorial Chamber (the attendance of ten hours of training organized by the Chamber twice a year is compulsory).
Advertising restrictions	<i>Are there limitations on advertising?</i>	A notary public shall not advertise. Notification about opening an office is allowed.
Fee regulation	<i>Notarial fee system</i>	<p>The rules concerning the determination of notarial fees are set by ministerial decree. The fees need to be paid by the party/parties requesting the intervention of a notary public.</p> <ul style="list-style-type: none"> • As a general rule, in case the value of the transaction can be determined, the fee is based thereon, in accordance with a pre-determined percentage that is decreasing as the value increases; • In case of a value between 500,000 and 5,000,000 HUF – ca. 1600 EUR and 16,000 EUR – 11,700 HUF – ca. 40 EUR + 1% of the value above 500,000; • In case of a value between 5,000,000 and 10,000,000 HUF – ca. 16,000 EUR and 32,000 EUR – 56,700 HUF – ca. EUR 180 – and 0,5% of the value above 5,000,000; • In case of a value above 10,000,000 HUF – ca. 32,000 EUR – 81,700 HUF – ca. 260 EUR and 0,25% of the value above 10,000,000 HUF, with a maximum base value of 200,000,000 HUF – ca. 650,000 EUR. • In case of mortgage loans by mortgage loan institutions, ¼ of the fee applies. <p>If the value of the transaction cannot be defined, the fee may be determined in function of the hours worked. (1500 HUF x 5, i.e. 7500 HUF – ca. 25 EUR - for a contract per each started hour.</p> <p>Fixed fees apply to specific services such as the preparation of certified copies, certification of signature, etc.</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, concours) required to become a lawyer in your country.</i>	<ul style="list-style-type: none"> • University law degree; • Professional exam in law (uniform for all legal professions, may be taken after at least three years of legal practice); • At least one year professional experience as trainee attorney or as an employed attorney.
Objective requirements	<i>Do numerus clauses and other objective requirements exist?</i>	No numerus clause is in place.
Citizenship requirements	<i>Are foreign candidates admitted de iure and also de facto under the same conditions as nationals?</i>	A foreign person can act as an advocate in Hungary, if s/he meets the subjective requirements mentioned above. But only advocates with EU citizenship are allowed to operate as advocates without restriction in Hungary.
Inter-professional cooperation	<i>Are forms of collaboration between lawyers and other professionals allowed and usual?</i>	There are no specific rules on this issue. In practice, this would take place to the extent that this is necessary for the execution of the attorney's mandate.
Business structure	<i>Are lawyer associations/corporations allowed?</i>	An attorney may exercise its activities individually or by means of a law firm which may comprise one or more attorneys. Associations of law firms are also allowed.
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>	There are no territorial limitations for attorneys.
	<i>Are these limitation restricted to specific tasks?</i>	

8.2 Market conduct regulation

Table 19: Market conduct regulation		
	Regulation	
Exclusive rights	<i>Transactions or parts of them only lawyers may act against payment</i>	The attorneys' activities consist in representing their clients, ensuring criminal defense, providing legal counsel, preparing contracts and other legal documents, handling of deposit in relation to the attorneys' activities. The regular and commercial provision of these services are in general only authorised to attorneys.
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>	The attorney shall always act on behalf of one party.
Duty to provide services	<i>Are lawyers allowed to refuse a request to act?</i>	Yes, with the exception, in case of attorneys voluntarily assuming this role, of mandatory appointment by the authorities (for criminal defense or – exceptionally - for legal support in case of civil litigations, or for guardian).
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>	The main standards of professional services are regulated by the Act on Attorneys. In addition, the Hungarian Bar Association has a specific regulation on the ethical rules and expectations of the attorney's profession. The conduct of the disciplinary procedures is in the competence of the National and Territorial Bar Association (Chambers of Attorneys).
Compulsory indemnity insurance	<i>Is indemnity insurance compulsory? If yes, what is the indicative amount of the insurance?</i>	Indemnity insurance is compulsory. The minimum amount per event is HUF 8.000.000 (approx. EUR 26.500) according to the relevant decision of the Hungarian Bar Association.
Continuing education	<i>Do forms of continuing education exist? If yes, is continuing education mandatory?</i>	Professional training is provided by the Hungarian Bar Association. Training is compulsory for trainee attorneys.
Advertising restrictions	<i>Are there limitations on advertising?</i>	There are no limitations by law.
Fee regulation	<i>Lawyer fee system.</i>	<ul style="list-style-type: none"> The fees of attorneys are subject to the agreement of the parties and there are great variations in the fees charged by different attorneys. The party/parties requesting the services of an attorney have to pay the fees;

Table 19: Market conduct regulation

		<ul style="list-style-type: none"> • Different services come at different fee levels. For instance, the preparation of a rental or sales contract could be in the range of HUF 50,000-150,000 (cca. EUR 160-500); legal representation in administrative issues has a comparable price range, usually set in a percentage value of the dwelling (e.g. 1-3%) or a fixed price above a certain dwelling value level (HUF 200,000-500,000 or cca. EUR 600-1,600); legal representation in litigation has a base fee (HUF 50,000-200,000 or EUR 160-600) plus an hourly rate (HUF 25,000-50,000 or cca. EUR 80-160).
--	--	---

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. Other access requirements for a professional (such as compulsory membership in professional bodies/compulsory registration, minimum age requirements, clean criminal record, etc.)</i>	Professional training of 240-360 hours is required, followed by an exam for real estate intermediary activities.
Objective requirements	<i>Do numerus clauses and other objective requirements exist?</i>	No
Licence requirements	<i>Are estate agents licenced or do they work as employees?</i>	Real estate agents are not licenced. Real estate intermediary activities may be exercised upon notification to the competent authority (the notary of the seat of the county). Real estate agents may work individually (as natural persons) or as employees of an entity providing real estate intermediary services.
Citizenship requirements	<i>Is unlimited access to the profession granted to foreign professionals de iure and de facto?</i>	Yes
Inter-professional cooperation	<i>Are estate agents allowed to exercise another profession or business activity? Is inter-professional cooperation regulated?</i>	There are no restrictions on the exercise on other activities, no rules are provided on inter-professional regulation

Table 20: Market entry and structure regulation		
Business structure	<ul style="list-style-type: none"> Indicate the share of estate agent acts acting as sole practitioners and as companies (if data are available)? Can the agent be employed by another agent or establish a partnership with other agents? 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.)? 	<ul style="list-style-type: none"> The number of individual practitioner real estate agents has been on a steep rise in recent years, but no precise data is available on their numbers compared to those acting as companies; An agent can be employed by another agent, as there are no provisions concerning employment relationships; No, there are no provisions concerning the corporate structure of a real estate enterprise
Geographical limitations	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)?	There are no geographical limitations.
	Are these limitation restricted to specific tasks?	-

9.2 Market conduct regulation

Table 21: Market conduct regulation		
	Regulation	
Neutrality	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?	No neutrality requirement is regulated

Table 21: Market conduct regulation

Professional standards	<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>	Professional standards are not regulated
Compulsory indemnity insurance	<i>Is indemnity insurance compulsory for estate agents? If yes, what is the indicative amount of the insurance?</i>	No
Continuing education	<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>	There are no provisions for continuing education
Advertising restrictions	<i>Are there limitations on advertising?</i>	General rules on advertising apply, as provided by Law XLVIII of 2008 on the commercial advertising activity and on certain restrictions (see https://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A0800048.TV) including the prohibition of misleading and comparative advertising. Advertising by means of direct contacting of individuals, in particular by means of email or other individual means of communication (with the exception of sending an advertising package) – may only be made upon prior, clear and explicit consent of the individual.
Fee regulation	<i>Are fees limited by statute? Which party is responsible for their payment?</i>	The fees are subject to agreement between the party requesting the service and the real estate agent as service provider.
Compulsory membership in professional bodies/compulsory registration	<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>	No

10. The real estate market

10.1 Transaction costs for sample transactions

Table 22: Transaction costs VAT excluded

	Estate agent²⁶	Technical services (if usual)	Legal services	Land register fee	Transfer tax/stamp duty	Total usual transfer costs
€100,000 sales price (no mortgage)	EUR 3,000-5,000	-	Wide range; typically between EUR 65-200 (not or loosely tied to sales price)	Cca. EUR 20 (not tied to sales price)	EUR 4,000 (4% of sales price)	Cca. EUR 7,100 – 8,200
€100,000 sales price + 100.000€ mortgage	EUR 3,000-5,000	-	Typically between EUR 65-200	Cca. EUR 20 (not tied to sales price)	EUR 4,000	Cca. EUR 7,100 – 8,200 plus administrative cost of mortgage borrowing
€250,000 sales price (no mortgage)	EUR 7,500-12,500	-	Typically between EUR 65-200	Cca. EUR 20 (not tied to sales price)	EUR 10,000	Cca. EUR 17,600 – 22,700
€250,000 sales price + 250,000€ mortgage	EUR 7,500-12,500	-	Typically between EUR 65-200	Cca. EUR 20 (not tied to sales price)	EUR 10,000	Cca. EUR 17,600 – 22,700 plus administrative cost of mortgage borrowing

²⁶ An agent usually receives a percentage of the transaction value.

Table 22: Transaction costs VAT excluded

€500,000 sales price (no mortgage)	EUR 15,000-25,000	-	Typically between EUR 65-200	Cca. EUR 20 (not tied to sales price)	EUR 20,000	EUR 35,100 – 45,200
€500,000 sales price + €500,000 mortgage	EUR 15,000-25,000	-	Typically between EUR 65-200	Cca. EUR 20 (not tied to sales price)	EUR 20,000	EUR 35,100 – 45,200 plus administrative cost of mortgage borrowing
%VAT applicable	27	-	27	Exempt	Exempt	n/a

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: • In EUR as % of total purchase price <u>and</u> • As a fixed amount (if available)	Indicate fees as expressed in the contract: • In EUR as % of total purchase price <u>and</u> • As a fixed amount (if available)	Possible hidden costs faced by buyers or tenants
Estate agents	<ul style="list-style-type: none"> The party requesting the service pays the costs; Fixed amount not applicable; typical fee around 2-5% of total purchase price or one month's rent (see above); Renting/letting: typically the owner commissions the agent, and pays the agreed amount (typically one month's rent, although not fixed by law, and may vary by agent). 	Typically 2-5% of the purchase price, or one month's rent (see above). Included in a separate contract with the real estate service provider.	-
Technical services	<ul style="list-style-type: none"> Buyer (if any, only used in 1-2% of the cases); Valuation is part of the process in case of mortgage agreement and is usually borne by the mortgagee, but the bank may offer discounts. 	<ul style="list-style-type: none"> Usually not included in the purchase contract, but part of the mortgage agreement; Subject to agreement, usually expressed in an hourly rate or defined in a fixed amount depending on the size of the real estate; As indicated above the fees for valuation services may range between HUF 15.000 and 50.000 – ca. EUR 50-150. 	
Legal services	<p>Different options are possible:</p> <ul style="list-style-type: none"> The fee of the attorney countersigning the purchase contract may be borne by the buyer (typical case); The parties may agree in sharing the costs (e.g. in case of concluding a purchase tenancy agreement in the form of a public document in front of a notary public); 	<p>May be included in the contract concerning the real estate.</p> <ul style="list-style-type: none"> Attorneys: see above, subject to agreement, usually in a range between 0,5-1% for the purchase of a real estate, or based on the monthly rent in the case of tenancy contracts; 	-

Table 23: Transaction features

	<ul style="list-style-type: none"> Both parties may have own attorneys and pay them respectively. 	<ul style="list-style-type: none"> Notaries public: see above, set by ministerial decree, varies in general between 0,25-2% of the value of the transaction or ¼ thereof in case of mortgage loan agreements. 	
Land register	<ul style="list-style-type: none"> In case of purchase, it is borne by the buyer (included in the legal fees of the attorney / notary public as a cost item); In the case of mortgage, it is normally charged to the mortgagor, but the bank may offer discounts 	<ul style="list-style-type: none"> Typically not included in the contract concerning purchase, indicated in the mortgage agreement; The fee for the submission of the request to register a change in ownership is HUF 6600 (ca. EUR 22); The fee for registering the mortgage is 12.600 HUF (approx. EUR 41) per real estate concerned. 	
Taxes on conveyancing	-	-	
Transfer taxes	Transfer tax applies for sales transactions. The buyer pays 4% of the purchase price as transfer duty, within 30 days of the transfer.	Details on tax payment do not need to be indicated in the contract concerning the real estate.	

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)
Registration tax²⁷	No		
Mortgage tax	No		
Cadastral tax	No		
Stamp tax	No		
Transfer tax (tax on the acquisition of property)	Yes	The buyer must report the acquisition of wealth to the real estate authority within 30 days of the transfer, and attach the sales agreement (beyond 30 days, late payment surcharge applies).	The buyer pays 4% of the purchase price as transfer duty. Possibility of duty allowance or exemption (e.g. partial ownership; transfer between close relatives; new built housing; first own dwelling).
Archives tax	No		
Other taxes	Personal Income Tax (PIT) Value-Added Tax (VAT)	<ul style="list-style-type: none"> PIT is paid by natural persons annually, on the tax return date set by the National Tax and Customs Administration; VAT is paid by the builder/developer, upon purchase of the construction material. 	<ul style="list-style-type: none"> The seller pays PIT – 15% of the sales revenue (positive difference between sales price and purchase price), only if the dwelling was acquired by the seller less than 5 years ago; a full PIT deduction applies to dwellings bought 5 or more years ago; full PIT is payable if the dwelling was acquired 0-1 year ago; gradual decrease over time. Other exemptions also exist (e.g. former spouse buying partial ownership upon divorce); VAT is 27% of the dwelling's cost, but deductible up to HUF 5 million (cca. EUR 16,500); 5% for new built dwellings.

²⁷ 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	Yes	<ul style="list-style-type: none"> • Personal Income Tax payable by the owner annually, on the tax return date set by the National Tax and Customs Administration; • Social Security Contribution – if applicable – is payable by the owner annually, on the tax return date set by the National Tax and Customs Administration. 	PIT: <ul style="list-style-type: none"> • 15% rate on consolidated tax base, or (optionally) 15% on 90% of the rental income if paid on a “10% expense ratio”; • 2% may be deductible as “amortisation”; • 10% expense ratio as a taxation method may be chosen by the tax payer if they have little time/capacity for administration or real costs remain below 10%. 14% Social Security Contribution is applicable if annual rental income exceeds HUF 1 million (cca. EUR 3,300).

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?</p> <p>In particular: are residential tenants treated as consumers?</p>	<p><i>With respect to buyers</i></p>	<ul style="list-style-type: none"> • The purchase or the renting of real estate does not fall under the specific rules concerning consumer contracts. Residential tenants are not considered as consumers; • Consumer rights exist in relation to the real estate intermediary and valuation services if provided to natural persons (consumers), as well as in relation to loan agreements, with specific requirements for mortgages; • As regards the purchase of real estate, the seller holds a legal warranty for hidden defects, enforceable within five years of the sales agreement, for defects that could not be detected during the sale, and of which the seller did not inform the buyer; • In case of tenancy agreements, the landlord warrants that the real estate is suitable for proper use during the term of the tenancy agreement.
	<p><i>With respect to sellers</i></p>	<p>See above, the sale of real estate does not fall under the specific rules concerning consumer contracts. Consumer rights exist in relation to the real estate intermediary and valuation services if provided to natural persons (consumers).</p>
	<p><i>With respect to tenants</i></p>	<p>See above, the rental of real estate does not fall under the specific rules concerning consumer contracts. Consumer rights exist in relation to the real estate intermediary and valuation services if provided to natural persons (consumers).</p>
	<p><i>With respect to landlords</i></p>	<p>See above, the letting of real estate does not fall under the specific rules concerning consumer contracts. Consumer rights exist in relation to the real estate intermediary and valuation services if provided to natural persons (consumers).</p>

Table 26: Consumer rights

<p>Which existing marketing practices are non-compliant with national consumer legislation?</p>	<ul style="list-style-type: none"> • As indicated above, the sale of real estate and tenancy relationships are outside the scope of the consumer protection rules. In case of the transfer of the property of a real estate, the responsibility of the seller (or developer) for hidden defects and delayed delivery provides certain guarantees. It follows that presenting real estate for sale without disclosing defects is non-compliant with the existing legislation, as is deception of the buyer as to the date of delivery. Residential renting, however, is weakly regulated; if the dwelling is suitable for proper use, but the landlord or real estate agent hide a defect of the dwelling, they can only be held liable based on the general rules concerning deceit in contract conclusion; • Real estate agents may use deceitful advertising in order to attract clients (manipulate data / advertisements to make their database appear greater, advertise non-existing real estate, provide misleading information concerning the real estate, hide information concerning potential barriers to purchase, not indicate their own fees in the advertisement, use “fake tenants/buyers” to put pressure on clients, etc.); • In the past, provision of partial or misleading information concerning the terms of mortgage agreements with credit institutions was common. This has now been largely eliminated thanks to the specific rules concerning mortgage agreements with consumers and the consumer protection and control activities of the Hungarian National Bank.
<p>Which existing marketing practices are non-compliant with EU consumer legislation?</p>	<p>Misleading advertising as described above is non-compliant with EU consumer legislation.</p>
<p>Are there existing marketing practices detrimental to consumers, even if not necessarily illegal, in both domestic and cross-border transactions?</p>	<p>Real estate marketing and advertisement is often managed by the sellers/landlords, less often by buyers/tenants; available channels are diverse, and information to be shared is optional and not standardized. While purposely deceitful marketing is rare, gathering in-depth information on real estate is a complex and time-consuming task.</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)?	Legal obligations in real estate transactions are limited; much of the information gathering and assessment is left to the contracting parties (except for the seller's warranty for non-detectable defects of which the buyer was not informed beforehand). Complaints about defects are therefore rare, as parties are usually aware of their likelihood. Detailed, centralized information gathering on complaints does not exist; company-wise information (real estate agents, legal counsellors or companies) are usually not published.
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)?	Most such complaints rarely reach a formal stage; due to the low level of regulation and the length and unpredictability of civil litigations in residential renting, most disputes are managed informally, and the sector operates in a fairly smoothly functioning self-regulatory manner. Alternative dispute resolution forms are missing; as are boards specializing on tenancies. The number of legal cases is large, but this is partly due to the length of litigation (typically takes years, in some extreme cases 10 or more years). The overall share of complaints resulting in litigation is low.
Are consumer complaints against a professional service provider frequent, in particular as regards the fees and quality or service?	Starting in the mid-2010s there was a rise of complaints about the level of their professionalization of real estate agents; while many older companies or professionals have been providing quality services. Their main fees are widely known and relatively standard (e.g. a given percentage of the sales price or one month's rent); so if the contracting parties choose to work with them, this aspect is calculable. There have however been problems with extra fees charged for non-quality service (e.g. for a database including outdated / publicly available property advertisements). Legal counsellors, on the other hand, have to provide high credentials for their work, and are generally reliable and are rarely the cause of complaints.
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)?	<ul style="list-style-type: none"> • In the case of consumer complaints in general: to district government offices (local administration also in charge of handling consumer protection issues as of 2017). Complaints may be filed in person, by means of postal letter or electronically via email. The general rules concerning administrative procedures apply, with a general deadline of 21 days; • In the case of disputes concerning contracts between the consumer and the undertaking, as an alternative to litigation, Mediation Bodies are available on a territorial level; • In the field of financial services, the competent consumer protection body is the Financial Consumer Protection Centre of the Hungarian National Bank, and there is a specialised Financial Mediation Body handling disputes as an alternative to civil litigation; • The system can be considered complete and equipped with adequate procedural guarantees. At the same time, consumer protection in the field of real estate is not widely known or used, and in the case of residential tenancies the possibility itself is ignored.