

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

Country fiche – LATVIA

General information

Country	Latvia
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Main Sources Used	<ul style="list-style-type: none"> • http://www.likumi.lv – the Latvian legislation database [<i>Latvijas Republikas tiesību akti</i>]; • http://www.csb.gov.lv/ - the Central Statistical Bureau [<i>Centrālā statistikas pārvalde</i>]; • http://ec.europa.eu/eurostat - the Statistical Office of the European Union; • http://kadastralavertiba.lv/tirgus-dati/statistika/ - State Land Service (Real Estate Statistics) [<i>Valsts Zemes Dienests</i>].

1. Regulatory background

1.1 Level of regulation in the country

Table 1: Level of regulation			
	Level of regulation	Source of relevant legislation	Ongoing discussion on regulation/deregulation: current state of affairs and main arguments in the debate
Real estate transactions¹	<ul style="list-style-type: none"> Partly regulated; Identity and formality checks of land registration process is mandatory regulated. 	<ul style="list-style-type: none"> Civil Law; Law on Notarial Practise; Law on Orphan's Courts; Land Book Law and Law on the Prevention of Money Laundering and Terrorism Financing. <p>See 1.2 below</p>	<p>Notaries may be replaced by the Orphan's Court, if there is no public notary in the territory of operation of the relevant Orphan's court. The Orphan's court is not a court, but an institution established by a local municipality. The main task of the Orphan's Court was and is protection of children rights. The Orphan's Court can already replace notaries if there is no public notary in the administrative territory of operation of the relevant Orphan's court. For example, if there is no notary in a rural territory of a particular local government, the Orphan's court may fulfil functions of the notary. From time to time it is debated whether officials of the Orphan's court are as qualified as notaries. For example, there are no rules on the level of education that officials of an Orphan's court have to meet. If notaries are obliged to verify personal data in the Population Register and Invalid Document Register, Orphan's Courts do not have such obligation. Officials of an Orphan's court have no insurance to cover losses caused by a wrong or unlawful action or failure to act. The notary may not act without a valid insurance police etc. At the moment, there is no ongoing debate about this topic.</p> <p>Expansion of usage of electronic services is debated.</p>
Notary system (or lawyer/conveyancer system)²	Notary system : Strictly regulated	<ul style="list-style-type: none"> Law on Notarial Practise Law on Orphan's Courts <p>See 1.2 below</p>	No active discussions

¹E.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

Profession of estate agents	Partly regulated	Commercial Law See 1.2 below	No active discussions
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1.2 National legislation

Table 2: List of national legislation

List of national legislation	Classification of national legislation	Content of the national legislation
Civil Law (<i>Civillikums</i>) of 28.01.1937	Consumers; real estate transactions	<ul style="list-style-type: none"> • Transactions; • The Latvian system of private law is based on the Civil Law. The Civil Law consists of an introduction and four parts: on family, inheritance, property, and the law of obligations; • The Civil law contains general provisions about transactions such as formation of a contract or acquisition of <i>in rem</i> rights. The law also comprises special regulations with regard to consumers. For example, Art. 1765 Para. 2 of the Civil Law determines that interest for delay in contracts with a consumer is 6% per year.
Consumer Rights Protection Law (<i>Patērētāju tiesību aizsardzības likums</i>) of 18.03.1999	Consumers; real estate transactions	<ul style="list-style-type: none"> • Transactions involving consumers, including (but not limited to) unfair terms in consumer contracts, mortgage credit, timeshare etc.; • The purpose of the Law is to ensure that consumers are able to exercise and protect their lawful rights, as well as to protect the collective interests of consumers; • The Consumer Rights Protection Law is <i>lex specialis</i> in relation to the Civil Law where a consumer is involved. At the same time the Consumer Rights Protection Law does not affect contractual relations especially validity of a contract, entering into and consequences, unless otherwise provided for in this law.

Table 2: List of national legislation

Law On Out-Of-Court Consumer Dispute Resolution Bodies <i>[Patērētāju ārpustiesas strīdu risinātāju likums]</i> of 18.06.2015	Consumers; alternative dispute resolution	The purpose of the law is to lay down uniform requirements for the out-of-court dispute resolution bodies, in order to enable consumers to exercise and protect their lawful rights through independent, impartial, transparent, efficient, fast, and fair out-of-court dispute resolution. With some exceptions, this law is applicable to out-of-court dispute resolution bodies handling an out-of-court dispute, including a cross-border dispute, between a consumer and a trader or service provider.
Law on Legal Force of Documents (<i>Dokumentu juridiskā spēka likums</i>) of 06.05.2010	Consumers; real estate transactions	<ul style="list-style-type: none"> • Formalities of legal documents; • The law specifies the requirements for drawing up or preparation of originals, derivatives (transcripts, extracts or copies) and duplicates of documents, so that they acquire legal force.
Advocacy Law of the Republic of Latvia (<i>Latvijas Republikas Advokatūras likums</i>) of 27.04.1993	Regulation of professions	Professional regulation of services of attorneys at law
Law on Notarial Practise (<i>Notariāta likums</i>) of 01.06.1993	Real estate transactions; regulation of professions	Professional regulation of services of notaries
Law on Orphan's Courts (<i>Bāriņtiesu likums</i>) of 22.06.2006	Real estate transactions; regulation of professions	Professional regulation of services of orphan's courts
Land Book Law (<i>Zemesgrāmatu likums</i>) of 22.12.1937	Real estate transactions	Registration of rights in the Land Book, formality requirements
Commercial Law of 13.04.2000 (<i>Komerclikums</i>)	Real estate transactions; regulation of professions	<ul style="list-style-type: none"> • Professional regulation of services of estate agents; • The law contains specific rules for merchants. Real estate agents are merchants, their professional activities are mostly regulated by the Commercial Law.

Table 2: List of national legislation

<p>Unfair Commercial Practices Prohibition Law (<i>Negodīgas komercprakses aizlieguma likums</i>) of 22.11.2007</p>	<p>Regulation of professions</p>	<p>Professional regulation of services of estate agents. The purpose of the law is to ensure the protection of the rights and economic interests of the consumers by prohibiting the performers of commercial practices from using unfair business-to-consumer commercial practices.</p>
<p>Law on the Prevention of Money Laundering and Terrorism Financing (<i>Noziedzīgi iegūtu līdzekļu legalizācijas un terorisma finansēšanas novēršanas likums</i>) of 17.07.2008</p>	<p>Regulation of professions</p>	<p>Necessary checks proving professional services. The aim of the law is to prevent money laundering and terrorism financing.</p>

Main source: Latvijas Republikas tiesību akti, <http://likumi.lv>, July 31, 2017.

Balodis K. The Latvian Law of Obligations: The Current Situation and Perspectives, available at <http://www.juridicainternational.eu/index.php?id=15322>

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	<ul style="list-style-type: none"> Unfair Commercial Practices Prohibition Law; Advertising Law (<i>Reklāmas likums</i>) of 20.12.1999. 	<ul style="list-style-type: none"> Latvijas Vēstnesis No. 199 (3775) of 12.12.2007; Latvijas Vēstnesis No. 7 (1918) of 10.01.2000 	Same as the Directive	None
Directive 93/13/EEC on unfair terms in consumer contracts	Yes	<ul style="list-style-type: none"> Amendments to the Consumer Rights Protection Law; Amendments to the Civil Law. 	<ul style="list-style-type: none"> Latvijas Vēstnesis No. 181 (3339) of 11.11.2005; Latvijas Vēstnesis No. 24 (3392) of 09.02.2006 	Same as the Directive	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	<ul style="list-style-type: none"> Amendments to the Consumer Rights Protection Law; Cabinet Regulation No. 136 of 22.02.2011. 	<ul style="list-style-type: none"> Latvijas Vēstnesis No. 183 (4375) of 17.11.2010; Latvijas Vēstnesis No. 30 (4428) of 23.02.2011 	Same as the Directive	None

Table 3: Implementation of relevant EU legislation

Directive 2010/31/EU of Energy Performance of Buildings Directive	Yes	<ul style="list-style-type: none"> • Law on the Energy Performance of Buildings (<i>Ēku energoefektivitātes likums</i>) of 6.12.2012; • Cabinet Regulation No. 348 of 25.06.2013; • Cabinet Regulation No. 382 of 9.07.2013; • Cabinet Regulation No. 383 of 9.07.2013; • Cabinet Regulation No. 339 of 30.06.2015. 	<ul style="list-style-type: none"> • Latvijas Vēstnesis No. 201 (4804) of 21.12.2012; • Latvijas Vēstnesis No. 132 (4938) of 10.07.2013; • Latvijas Vēstnesis No. 138 (4944) of 18.07.2013; • Latvijas Vēstnesis No. 138 (4944) of 18.07.2013; • Latvijas Vēstnesis No. 125 (5443) of 30.06.2015. 	Same as the Directive	None
Directive 2005/36/EC on Recognition of Professional Qualifications, as last amended by Directive 2013/55/EU	Yes	<ul style="list-style-type: none"> • Amendments to the Law on the Regulated Professions and the Recognition of Professional Qualifications (<i>Likums "Par reglamentētajām profesijām un profesionālās kvalifikācijas atzīšanu"</i>) of 20.06.2001 • As well as numerous Cabinet regulations 	<ul style="list-style-type: none"> • Latvijas Vēstnesis No. 116 (3900) of 30.07.2008 	Same as the Directive	None

Table 3: Implementation of relevant EU legislation

Mortgage Credit Directive, 2014/17/EC	Yes	<ul style="list-style-type: none"> • Amendments to the Consumer Rights Protection Law; • Amendments to Credit Register Law (Latvian: Kredītu reģistra likums); • Cabinet Regulation No. 691 of 25.10.2016; • Cabinet Regulation No. 772 of 13.12.2016 	<ul style="list-style-type: none"> • Latvijas Vēstnesis No. 123 (5695) of 29.06.2016; • Latvijas Vēstnesis No. 41 (5868) of 23.02.2017; • Latvijas Vēstnesis No. 213 (5785) of 01.11.2016; • Latvijas Vēstnesis No. 245 (5817) of 15.12.2016 	Same as the Directive	None
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Main source: Latvijas Republikas tiesību akti, <http://likumi.lv>, July 31, 2017.

1.4 Communications and strategy papers

Table 4: Communications and strategy papers

Communication or strategy paper	Have the following communications and strategy papers been referred to in national documents?	Name of document	Source	Content	Differences with respect to communications and strategy papers listed in the first column
COM(2015) 550 final Communication of the Commission Upgrading the Single Market: more opportunities for people and business	Yes	EMZino_231115_Konkuretspejas_padome; Informatīvais ziņojums par Eiropas Savienības Konkurētspējas ministru padomes 2015. gada 30.novembra sanāsmē izskatāmajiem jautājumiem” Available at: http://titania.saeima.lv/livs/saeimasnotikumi.nsf/0/49957cc1b24e0d23c2257f0300478167/\$FILE/EMZino_301115_COMPET.docx	Submission of the Ministry of Economics to the Parliament	Latvia agrees and positively evaluates it	-
COM(2013)676 Communication from the Commission on evaluating national regulations on access to professions	Yes	“EMZino_180214_COMPET; Informatīvais ziņojums par Latvijas Republikas nostāju Eiropas Savienības Konkurētspējas ministru padomes 2014.gada 20.februāra sanāsmē izskatāmajos jautājumos” Available at: http://titania.saeima.lv/livs/saeimasnotikumi.nsf/0/53bab2711143b2bec2257c7d0042f159/\$FILE/EMZino_180214_COMPET.docx .	Submission of the Ministry of Economics to the Parliament	The number of regulated professions is rather small. There are only 67 regulated professions in Latvia.	-

Table 4: Communications and strategy papers

COM(2016)820 Communication from the Commission on reform recommendations for regulation in professional services	N/A	N/A	N/A	N/A	-
European Consumer Agenda	Yes	<p>In different ways: amendments or adoption of laws; supervision of the market by competent state institutions; provision of consultations to consumers etc.</p> <p>Several examples:</p> <ul style="list-style-type: none"> • The Internet portal - http://www.percgudri.lv/ - enhances knowledge of consumers' rights while ordering goods online. The portal was created within the framework of the campaign "How not to fail?" ["Kā neiekrist?"] of 2014; • The Consumer Rights Protection Centre (http://www.ptac.gov.lv/en) provides for different kinds of information and consultations to consumers, including (but not limited to) information about product safety, online trade etc.; • The European Consumer Centre of Latvia (http://www.ecclatvia.lv/en/about-ecc-net/what-is-ecc-latvia) ensures consumer rights protection wherever 	-		

Table 4: Communications and strategy papers

		<p>they travel and doing cross-border shopping;</p> <ul style="list-style-type: none"> • The Parliament passed the new Law On Out-Of-Court Consumer Dispute Resolution Bodies [Patērētāju ārpustiesas strīdu risinātāju likums] etc. 	
Consumer Programme 2014-2020	Yes		

Main sources: Latvijas Republikas tiesību akti, <http://likumi.lv>, July 31, 2017; www.saeima.lv, July 31, 2017

EMZino_231115_Konkuretspejas_padome; Informatīvais ziņojums par Eiropas Savienības Konkurētspējas ministru padomes 2015. gada 30.novembra sanāksmē izskatāmajiem jautājumiem” Available at [http://titania.saeima.lv/livs/saeimasnotikumi.nsf/0/49957cc1b24e0d23c2257f0300478167/\\$FILE/EMZino_301115_COMPET.docx](http://titania.saeima.lv/livs/saeimasnotikumi.nsf/0/49957cc1b24e0d23c2257f0300478167/$FILE/EMZino_301115_COMPET.docx);

“EMZino_180214_COMPET; Informatīvais ziņojums par Latvijas Republikas nostāju Eiropas Savienības Konkurētspējas ministru padomes 2014.gada 20.februāra sanāksmē izskatāmajos jautājumos” Available at [http://titania.saeima.lv/livs/saeimasnotikumi.nsf/0/53bab2711143b2bec2257c7d0042f159/\\$FILE/EMZino_180214_COMPET.docx](http://titania.saeima.lv/livs/saeimasnotikumi.nsf/0/53bab2711143b2bec2257c7d0042f159/$FILE/EMZino_180214_COMPET.docx)

2. General market information

2.1 Key market data

Table 5: Key market data³

<p>General market situation (e.g. trends in the market, recent developments in the market, price fluctuations, etc.)</p>	<ul style="list-style-type: none"> • Riga and the areas close to Riga are the biggest segments of residential market at the moment; • During the period from 2004 to 2008 prices increased more than four times; • After the financial crisis in 2010 there the country experienced a growth in small and medium – sized apartments due to the increase of buyers' solvency; • Until September 2014, there was an essential activity in the market segment of newly built apartment houses, which were bought by foreigners from non-EU countries in order to receive residential permits. After September 2014 activity in this market segment decreased because the price of the real estate purchased has been increase from approx. €142,000.00 up to €250,000.00; • After the financial crisis banks increasingly, grant fewer credits. In the period 2011 – 2015, the number of loans for financing purchase of residential immovable properties, which were issued by banks or other credit institutions, has decreased. Only 1/3 of all residential transactions are financed by such loans.
<p>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</p>	<p>Buying:</p> <ul style="list-style-type: none"> • Total sales of apartments € 524,792.94; • Total sales of land plots for building of one family houses € 254,933.43; • Total sales of land plots for building of apartment houses € 87,890.10. <p>Renting: N/A</p>

³ The main sources were statistical data (<http://kadastralavertiba.lv/tirgus-dati/statistika/>) and thematic reports (<http://www.vzd.gov.lv/lv/parskati-un-statistika/tematiskie-parskati/nekustama-ipasuma-tirgus-parskati/>) of the State Land Service [*Valsts Zemes Dienests*].

Table 5: Key market data³

Ratio house owners – tenants (i.e. the percentage of households that are owners resp. tenants of dwelling units)	Owners 80.2 %; tenants 19.8%	
Usage of land (Quotas for built land, agricultural land, “wild land” (forests, lakes etc.)	<ul style="list-style-type: none"> • Total housing stock 74,670 sqm; • Agricultural land 1,877.7 ha (statistical data available only for 2013); • Forest land 3,575 ha (statistical data available only for 2014); • Total area of the biggest lakes 426.7 sqm. 	
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 	<ul style="list-style-type: none"> • 3-room flat* (average flat of 70sqm) - € 10,000.00; • Detached(one family house) of 110 -180 sqm - € 30,000.00**; <p>* 3-room flat means a flat with 3 habitual dwellings and auxiliary rooms. Under the law, the habitual dwelling is a living room, bedroom, dining room, cabinet or rooms with similar aims; the auxiliary dwellings are dwellings required for use of the apartment: a corridor, kitchen, bathroom and other rooms with similar purposes. Thus, for example, a 3 room flat can consist of 1 living room, 2 bedrooms, 2 bathrooms, 1 kitchen and 1 corridor.</p> <p>** It is the average price while regional prices are different.</p>
	<p><i>According to the type of location</i></p> <ul style="list-style-type: none"> • Capital city • Urban areas • Rural areas 	<p>Capital city:</p> <ul style="list-style-type: none"> • 3-room flat (average flat of 70sqm) - € 62,000.00; • Detached (one family house) of 110 -180 sqm - € 66,500.00. <p>Urban areas:</p> <ul style="list-style-type: none"> • 3-room flat (average flat of 70sqm) - € 30,000.00; • Detached (one family house) of 110 -180 sqm - € 47,000.00. <p>Rural areas</p> <ul style="list-style-type: none"> • 3-room flat (average flat of 70sqm) - € 7,000.00 – 10,000.00; • Detached (one family house) of 110 -180 sqm - € 10,000.00 - € 20,000.00.

Table 5: Key market data³

Price development of residential property	<i>According to the type of property</i>	N/A
	<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 	
	<i>According to the type of location</i>	N/A
	<ul style="list-style-type: none"> • Capital city • Urban areas • Rural areas 	
Development of price index (Housing price index if existing, otherwise Consumer price index)	N/A	

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

As to apartment houses, the most appropriate form of diversification to be chosen is the classification in accordance with the so-called series or typical layout projects designed and constructed in the Soviet time. The most common types of such flats and their areas are the following:

- 1-room apartment – approx. 35 sqm;
- 2-room apartment – approx. 40 sqm;
- 3-room apartment – approx. 60 sqm;
- 4-room apartment – approx. 70 sqm;
- 5-room apartment – approx. 80 sqm (very rare).
- 4-room apartment (approx. 70 sqm) is not an average flat, therefore the data about 3-room apartment, which can be considered as an average flat under specific circumstances, is given above.

Terrace houses are not typical.

For calculation of average prices in urban areas the prices of the biggest cities (Riga, Daugavpils, Jelgava, Jekabpils, Jurmala, Liepaja, Rezekne, Valmiera, Ventspils) were taken into account.

Prices vary very much and they depend on location of an immovable property.

Main source: Valsts Zemes Dienests, <http://kadastralavertiba.lv/tirgus-dati/statistika/>, July 25, 2017; Central statistical bureau of Latvia, <http://www.csb.gov.lv>, July 31, 2017.

2.2 Service providers

	Total number of firms (n/a)	Total number of professionals	Total number of employees	Branch offices per firm	Market concentration in % of turnover	Average turnover per firm (expressed in EUR)
Estate agents	13,434 in 2015	N/A	N/A	N/A	N/A	N/A
Lawyer/Advocate/Solicitor	N/A	1 360	N/A	N/A	N/A	N/A
Notary	N/A	107	Approx. 214	N/A	N/A	N/A
Licenced conveyances	The profession does not exist in Latvia	-	-	-	-	-
Architects	N/A	N/A	N/A	N/A	N/A	N/A
Surveyor	N/A	N/A	N/A	N/A	N/A	N/A
Engineers	N/A	N/A	N/A	N/A	N/A	N/A

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

Table 7: Role of professionals in the real estate market

	Estate agent	Property valuator ⁴	Lawyer/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?	Independently/ as part of a firm	Independently/ as part of a firm	Independently/as part of a firm	Independently	N/A	Independently/as part of a firm
Extent of engagement (at which point(s) does each professional intervene in the process?)	During the whole process of buying/selling, renting or letting until the conclusion of the contract	Time of survey, just before contract	In case a request is formulated by a party	<ul style="list-style-type: none"> At least at the point of land registration; The main requirements for the transfer of in rem rights relating to an immovable property are a legal ground (for example, transactions, court decisions, administrative acts etc.) and registration of in rem rights in the Land Book; The notary can draft a contract in the form of public deed, but it is not mandatory; Simultaneously the notary must certify at 	Not existing	In case a request is formulated by a party

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

Table 7: Role of professionals in the real estate market

				<p>least signatures of private individuals on the application for registration of in rem rights in the Land book. This application is an obligatory part of registration with some exceptions.</p>		
Mandatory involvement	No	Yes, in case of mortgage	No	Yes, in cases of land registration	N/A	No
How are their fees/charges structured	Agreement	Agreement	See below	See below	Agreement	Agreement

4. Land registration

Table 8: Land registration	
Responsible authority(ies) dealing with land registration	Land Book (<i>Zemesgrāmata</i>)
Actors involved in the registration procedure and their main functions	The consumer or other party, for example the estate agent, lawyer, or notary prepares the written transaction document. Afterwards the notary prepares the application for registration of the buyer's title in the Land Book.
Intermediate steps of the registration procedure	Not applicable

Main sources: Civil Law; Land Book Law; Law on Notarial Practise

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	Unusual	<p>Approx. 27% of economic active people would use services of the real estate agent (Source: Opinion of the law office „Advokātu birojs Rozenfelds un partneri” on the procedural rules of the conclusion of real estate transaction alienation and its impact on the stability of civil circulation [Zvērinātu advokātu biroja „Advokātu birojs Rozenfelds un partneri” atzinums „Nekustamā īpašuma atsavināšanas darījumu noslēgšanas procedūra un tās ietekme uz civiltiesiskās apgrozības stabilitāti”] available at: https://www.tm.gov.lv/lv/pakalpojumi/nozares-pakalpojumi-1/notari-1/nekustamo-ipasumu-darba-grupa).</p> <p>To sum up, estate agent services are rather unusual.</p>
Alternative matching devices	Matching the parties	Yes	Newspaper or Internet advertisement; personal contact
Preliminary contract	Securing the transaction before the final contract is concluded	Unusual	Parties/Estate agent/Lawyer/Notary
Preliminary checks (land register, administrative permits)	Ensuring that the buyer knows all legal obligations and relevant features related to the property	Unusual	Parties/Estate agent/Lawyer/Notary

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

Drafting the sales contract and/or deed of conveyance	Summarising the agreement of the parties	Yes	Parties/ Estate agent/Lawyer/Notary
Legal advice or counselling	Ensuring that the transaction is valid and that the parties know about their rights and duties	Unusual	<p>Estate agent/Lawyer/Notary</p> <p>It depends on parties and other factors, including (but not limited to) their solvency, whether parties will seek legal advice.</p> <p>A notary counsels parties only if s/he drafts the sales agreement in the form of public deed.</p> <p>No legal advice is provided in case the parties do not explicitly ask for it and pay for it.</p> <p>Conclusions based on the results obtained during another survey show as follows. From March 17 until April 7, 2016, the Ministry of Justice gathered information whether the notary must mandatory draft real estate contracts in the form of public deed. One of the survey's questions was why a respondent does not use this option and ask a notary to draft a contract. The figures are as follows:</p> <ul style="list-style-type: none"> • 31.02% of respondents answered that they can draft a contract themselves; • 43.71% replied that costs for the particular service of the notary are high; • 16.59% answered that they use services of other lawyers (for example, of attorneys at law etc.); • 1.30% answered that there are problems with availability of notaries; • 7.38% could not indicate a precise reason why they do not use the option mentioned above. <p>(Source: the presentation of the Ministry of Justice [Tieslietu Ministrijas prezentācija par sabiedrības aptauju], available at https://www.tm.gov.lv/lv/pakalpojumi/nozares-pakalpojumi-1/notari-1/nekustamo-ipasumu-darba-grupa).</p>

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

Certification of signatures	Certification of signatures on the agreement (usual, but not mandatory) and on the application for the registration of the buyer's title (mandatory) ensures the validity.	Usual	<p>Upon request of parties, a notary may certify signatures on the private agreement, which was drafted by parties themselves, or other persons (for example, by an estate agent). This step is not obligatory.</p> <p>Once the purchase agreement is concluded, parties must go to a notary who will prepare the application for the registration of the buyer's title. This application together with other documents, including (but not limited to) purchase contract, will be submitted to the Land Register for registration. This step is mandatory.</p> <p>Registration of sales in the Land Register is also obligatory.</p> <p>Under Art. 994, 1477-1480 of the Civil Law transfer or acquisition of real rights must be registered. The written sales contract, which has not been registered in the Land Register, is not binding for third parties. Until registration in the Land Register, an acquirer of immovable property has no in rem rights against third parties, s/he may not use any of the priority rights associated with ownership, and s/he must recognise as valid any acts pertaining to such immovable property by the person who is indicated, pursuant to the Land Register, as the owner of such property.</p> <p>As a result, Art. 2031 of the Civil Law stipulates, if one and the same immovable property has been sold to two purchasers (two purchase contracts with different buyers have been concluded regarding one and the same property), the purchaser whose contract has been registered in the Land Register has priority, i.e., this purchaser becomes the owner, but other purchaser may only claim compensation.</p>
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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	<ul style="list-style-type: none"> Parties/Bank; Transfer of ownership can take place before or after the purchase price has been paid. More concrete information depends on the sales contract; In some cases, parties can use the escrow account, then the bank transfers payment from this account.
Contract execution (transfer of property)	Executing the contract (and securing that both parties perform their obligations)	Yes	<ul style="list-style-type: none"> Parties/ Estate agent/Lawyer/Notary; Physical delivery is not mandatory condition of the ownership transfer. The ownership right must be registered in order to execute the sales contract.
Registration	Making the transaction visible to third parties and the public	Yes	<ul style="list-style-type: none"> Parties/ Estate agent/Lawyer; A notary must certify signatures of parties on the application for the registration of the buyer's title. The application for the registration of the buyer's title shall not be confused with the sales contract.
Taxation (esp. transfer tax)	Creating revenue for the state	Yes	Duties and fee must be paid before registration. In specific cases, the seller must also pay capital gain tax (personal income tax) and/or VAT.
Post-transaction controls	Securing that the contract is duly executed	Unusual	-
Other steps	Money laundering checks.	Yes	Credit institutions, notaries, attorneys at law, real estate agents etc. – all these persons must establish an internal control system for prevention of money laundering and terrorism financing. They must identify a customer before a transaction is taken and determine the beneficial owner of legal and natural persons if it is known or suspicions have aroused that the transaction is carried out in the interests or on behalf of other person.

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

			<p>When establishing a business relationship, the professionals mentioned shall obtain and document information on the purpose and intended nature of the business relationship, including the information on the services that the customer intends to use, the planned number and amount of transactions, the customer’s economic or personal activity within the framework of which the customer will use the relevant services and, where necessary, the origin of the customer’s funds and the origin of wealth characterizing the material status. In specific cases these professionals must notify the competent state institution [Noziedzīgi iegūtu līdzekļu legalizācijas novēršanas dienests] etc.</p>
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5.2 Sale contract and transfer of ownership

Table 10: Contract of sale and transfer of ownership

Table 10: Contract of sale and transfer of ownership				
Main steps	Actors involved per intermediate step	Payment details ⁵		Typical risks associated to these steps
		Payments expressed :	When is the payment made	
	When several parties are indicated, not all of them intervene. It depends on particular circumstances. For example, if one of the parties hired a real estate agent, it is normally expected that the agent will carry out preliminary checks and draft a contract. However, parties may decide to ask a notary to draft their contract in form of public deed although they have already hired the real estate agent.	<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) 		
Estate agent services or alternative matching devices	Individual estate agent or agency; personal contact; advertisements	Costs for services of estate agents depend on an agreement; they can be fixed or percentage of the purchase price.	Agreement. Normally a debtor has to make advance payment and full payment for services after provision of the services.	-
Preliminary contract (usual)	<ul style="list-style-type: none"> • Unusual; • Parties/Estate agent/Lawyer/Notary 	Costs for services of estate agents or lawyers depend on an agreement; they can be fixed or percentage of the purchase price.	Normally a debtor has to make advance payment and full payment for services after provision of the services.	-
Preliminary checks (land register, administrative permits)	<ul style="list-style-type: none"> • Usual; • Parties/Estate agent/Lawyer/Notary 	Costs for services of estate agents or lawyers depend on an agreement; they can be fixed or percentage of the purchase price.	Normally a debtor has to make advance payment and full payment for services after provision of the services.	-

⁵Payment 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

		<p>If the notary carries out preliminary checks and therefore requests different documents from competent institutions and these checks are not a part of certification of signatures on the application for registration, fees are € 6.26 for each permit, certificate or other document.</p>		
<p>Drafting the sales contract and/or deed of conveyance</p>	<ul style="list-style-type: none"> • Usual; • Parties/Estate agent/Lawyer/Notary 	<p>Costs for services of estate agents or lawyers depend on a particular agreement; they can be fixed or percentage of the purchase price.</p> <p>In case of notaries drafting a private document, costs correspond to € 54.78.</p> <p>Preparation of a notarial deed for a transaction in the amount of:</p> <ul style="list-style-type: none"> • up to € 1,424 costs €15,65 EUR; • € 1,425 to € 7,115– €15.65plus 0.9 % of the transaction value exceeding € 1,424; • € 7,116 to €28,458– €72 plus 0.7 % of the transaction value exceeding € 7,115; • € 28,459 to € 71,145– €236.34 plus 0.5 % of the transaction value exceeding € 28,458; 	<p>Normally a debtor has to make advance payment and full payment for services after provision of the services.</p>	<p>Indication of a price, which is lower than the actual cost with the purpose to reduce the tax burden.</p> <p>Falsification of documents. The practical trends are the following*:</p> <ul style="list-style-type: none"> • Criminals can falsify a private testament (i.e. testament prepared by private persons what is possible under the Civil Law) if a deceased person does not have any relatives; • Powers of attorneys can be falsified as well; • Applications for registration of in rem rights and donation or

Table 10: Contract of sale and transfer of ownership

		<ul style="list-style-type: none"> • €71146 to 142 288 €– 471.11 plus 0.3 % of the transaction value exceeding € 71,145 EUR; • More than €142,289 – €705.89 plus 0.1 % of the transaction value exceeding € 142,288. 		<p>purchase contracts are falsified;</p> <ul style="list-style-type: none"> • Criminals can provide false information to victims to get the power of attorney to dispose of an immovable property; • A victim can sign a loan contract and mortgage his immovable property because of deceit; • Criminals can deceive people with a low level of education about content and meaning of a contract.
Legal advice or counselling	Estate agent/Lawyer/Notary	<ul style="list-style-type: none"> • Costs for services of estate agents or lawyers depend on a particular agreement; they can be fixed or percentage of the purchase price; • In case of notaries consultation regarding notarial matters if it is not followed by a notarial deed or certification €10.96 per each full hour. 	Normally a debtor has to make advance payment and full payment for services after provision of the services.	

Table 10: Contract of sale and transfer of ownership

Certification of signatures	Notary	Approx. € 50 + VAT tax	Normally a debtor has to make advance payment and full payment for services after provision of the services.	Falsification of the application for registration of the buyer's title in the Land Book or of the sales agreement.
Contract execution (transfer of payment and registration; transfer of property)	Parties/Bank/Notary	<ul style="list-style-type: none"> • If relevant, escrow account costs constitute approx. 0.4 % of the of the purchase price; • Notary can also accept bailment money. The fee is 70% of the notary fee for preparation of a notarial deed of a transaction (see above), but at least € 7.83 per month. 	Normally a debtor has to make advance payment and full payment for services after provision of the services.	Non-payment of the purchase price after transfer (registration) of the ownership rights.
Registration in land register or similar device	<ul style="list-style-type: none"> • Mandatory; • Parties/Estate agent/Lawyer/Notary 	<ul style="list-style-type: none"> • Costs for services of estate agents or lawyers depend on a particular agreement; they can be fixed or constitute a percentage of the purchase price; • If a notary registers the title, his/her services cost € 4.70 per hour, but not more than € 20.35 per 24 hours; 	Normally a debtor has to make advance payment and full payment for services after provision of the services.	<p>Higher costs of registration after 6 months and risk of double selling.</p> <p>Art. 2031 of the Civil Law states that double selling is alienation of the immovable property to two independent purchasers. In this case, priority is given to the buyer whose title has been registered in the Land Book. Another buyer who suffered losses shall be compensated by the seller.</p>

Table 10: Contract of sale and transfer of ownership

		<ul style="list-style-type: none"> • Fixed amount of the stamp duty is € 14.23; • If a buyer wishes to receive the registration certificate (it is not obligatory), in addition s/he must pay the stamp duty of € 7.11 for each certified document. 		
Taxation (esp. transfer tax)	Parties	<ul style="list-style-type: none"> • The State fee amounts to 2% of the purchase price for an immovable property; • The State fee is determined by applying ratio of 1.5, if more than 6 months have passed, starting from the day of signing the document (sales agreement) that confirms the rights to be registered. 	Normally a debtor has to make advance payment and full payment for services after provision of the services.	Indication of a reduced purchase price or artificial splitting thereof between the value of the immovable property and the value of “furnishings” which are “sold” together with the immovable to reduce the payable fees and taxes.
Other steps	Spouse of a seller/Third parties	<ul style="list-style-type: none"> • In case of registered marriage, the spouse of a seller must give a consent to alienation. Latvian 	Normally a debtor has to make advance payment and full payment for services	

Table 10: Contract of sale and transfer of ownership

		<p>laws do not recognize marriage relationship, which was not registered by the competent institution.</p> <ul style="list-style-type: none"> • Under statutory property regime, everything acquired during the marriage by the spouses together, or by one of them, but from the resources of both spouses, or with the assistance of the actions of the other spouse, is the joint property of both spouses (Art. 89 of the Civil Law). Any legal acts regarding such immovable property by one of the spouses shall require the consent of the other spouse (Art. 90 of the Civil Law). • When the immovable is pledged, the consent of the mortgage creditor must be given too. An owner's rights of 	<p>after provision of the services.</p>	
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Table 10: Contract of sale and transfer of ownership

		<p>alienation may be restricted by a prohibition provided by law, court decision or legal transaction. If the actions of an owner regarding immovable property are restricted by a court decision or legal transaction, the prohibition mark shall be entered in the Land Book (Art. 1076, 1081 of the Civil Law). Prohibition marks existing on the basis of the law shall not be registered (Art. 1077 of the Civil Law).</p> <ul style="list-style-type: none"> • If prohibition mark is registered, the third party for whose benefit such prohibition is set out can decide to accept or refuse alienation. For this reason a seller must ask for consent of such third party. • In practice prohibition marks are often entered in 		
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Table 10: Contract of sale and transfer of ownership

		favour of mortgage creditors and allows them to exert control over alienation of a real estate property pledged since the mortgage does not prevent alienation.		
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▲ Legal position of a tenant occupying the dwelling to be sold. In particular: Does the rule *emptio non tollit locatum* apply?

The tenant to the residential contract is protected against a new acquirer. Art. 8 of the Law on Residential Tenancy (*Likums „Par dzīvojamu telpu īri”*) specifies that the rental contract about residential dwellings is binding to a new acquirer in all cases of alienation, except for the public auction. It is not necessary to register such a contract with a tenant.

* The data is provided by the State police officer I. Sokolovska during the conference “Real estate transaction fraud” [Krāpšana darījumos ar nekustamajiem īpašumiem] of May 18, 2017, which was organized by the Ministry of Justice (see also <https://www.tm.gov.lv/lv/cits/diskute-par-krapsanu-darjumos-ar-nekustamajiem-ipasumiem>).

Costs for notarial authentication of real estate transactions and registration in the Land Book in Latvia (euro)

Real estate purchase agreement is concluded between two natural persons.

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	Fees expressed: • In EUR as % of total purchase price <u>and</u> • As a fixed amount (if available)
Estate agent services or alternative matching devices	Not existing, no such standards exist	Estate agent	Optional, usual	See Table 10
Provision of mandatory information before the start of the transaction	Not existing, no such standards exist	Parties/Estate agent/Lawyer/Notary	Mandatory, usual. Mandatory means that the subject matter of a transaction shall be precise, otherwise the transaction is invalid (Art. 1417 of the Civil Law). The subject matter of the contract is not completely unspecified, if the contract in question contains objective criteria that allow to concretize the subject matter. Therefore, it is recommendable to include a cadastre number, an address and other features of the subject matter. However, it is not mandatory and parties may	See Table 10

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

			determine the subject matter in other way.	
Preliminary contract (usual)	Not existing, no such standards exist	Parties/Estate agent/Lawyer/Notary	Optional, unusual	See Table 10
Preliminary checks (land register, administrative permits)	Not existing, no such standards exist	Parties/Estate agent/Lawyer/Notary	Optional, usual	See Table 10
Drafting the sales contract and/or deed of conveyance	Not existing, no such standards exist	Parties/Estate agent/Lawyer/Notary	Mandatory (written deed itself), usual	See Table 10
Legal advice or counselling	Not existing, no such standards exist	Estate agent/Lawyer/Notary	Optional, usual	See Table 10
Certification of signatures	Not existing, no such standards exist	Notary	Certification of signatures on the application for registration of the buyer's title in the Land Book	See Table 10
Contract execution (transfer of payment; transfer of property)	Not existing, no such standards exist	Parties/Estate agent/Lawyer/Notary	Optional, usual	See Table 10

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

Registration in land register or similar device	Not existing, no such standards exist	Parties/Estate agent/Lawyer/Notary	Mandatory, usual	See Table 10
Taxation (esp. transfer tax)	Not existing, no such standards exist	Parties	Mandatory, usual	See Table 10

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)	Parties/Estate agent/Lawyer/Notary /Bank or other credit institution/Credit intermediary. Parties do not intervene at the same time.	The creditor must evaluate the consumer's creditworthiness, requesting a statement from the State Revenue Service regarding the income of the consumer and receive other information (evaluation of the immovable property prepared by a	The lender (creditor) must assess the capacity of the debtor to repay credit. In addition, Cabinet Regulation No. 691 of 25.10.2016 comprises detailed indications on what information must be provided or gathered before conclusion of credit and mortgage agreement.	-	Credit fraud

Table 12: Mortgage requirements

		certified proper property valuator). The creditor must offer at least two different possibilities about crediting approaches.			
Insertion of mortgage in the land register, usually at first rank		n/e	n/e	<ul style="list-style-type: none"> • State fee – 0.1% of the loan agreement amount or the main claim that is stated in the agreement which is the basis for pledge liabilities; • Processing fee for the registration of title - € 14.23; • Notary fees, VAT etc. 	-
Credit sum paid to mortgagor (buyer) or seller			No more than 90% of the market value of the relevant immovable property and no more than 95 % of the purchase transaction amount or planned construction costs of the relevant immovable property, if repayment is ensured with an immovable property mortgage and a State guarantee.	-	-

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 involved⁶
Finding and matching landlords and tenants	Newspapers, the Internet, bulletin board, through acquaintances, with help of a real estate agent etc.
Information search by landlords or tenants (e.g. about salary, outstanding debts)	The landlord can check the public register about tax debtors of the State Revenue Service, the public insolvency register of natural persons etc. The landlord can also ask to retrieve the information from the Credit Register. There are also private credit reference agencies. The tenant may receive an extract about a particular property from the Land Book, including information about disposal restrictions (seizures, prohibition marks because of civil proceedings etc.) and hypothecs.
Inspection of the property by tenants (in some cases with the help of professionals)	<ul style="list-style-type: none"> • Yes • The transfer of premises is usually accompanied by a signing of an additional document – deed of transfer and acceptance (also an inventory deed).
Delivery of mandatory information to tenants prior to the conclusion of the contract	Not usual: no mandatory precise provisions exist; therefore, it depends on actual circumstances. Moreover, according to one survey, approx. 27% of respondents do not have a written rental contract, as a result it is difficult to evaluate whether a landlord has provided his/her tenant with all information which is necessary to conclude a valid rental contract (Source: Survey of Latvian notaries and The research centre SKDS of 2013 [Latvijas notāru un SKDS pētījums] available at https://www.latvijasnotars.lv/lv/actual/news/entry/169/).
Delivery of energy performance certificate to tenant	Not in all cases. Certification of energy performance is not necessary (it is optional) if a residential property does not have an individual accounting of energy carrier or thermal energy.
Provision of additional guarantees to landlord	Depends on an agreement. Additional guarantees can be security money, earnest money or contractual penalty.

⁶Explain more precisely to what extent each step is relevant and how the step is performed

Table 13: Main steps of the process to rent and let a property

Conclusion of the contract in the usual form (e.g. oral, written, preformulated)	<p>Transaction is not valid when the parties have not observed the written form. However, the court jurisprudence recognizes so-called ‘actual (legal) rental relations’, which are per se oral contracts. Art. 1488 of the Civil Law states: if a written deed has not been prepared when law makes a claim based on a contract, in particular, the claim about its enforcement, dependent on the written form, the following rules apply:</p> <ul style="list-style-type: none"> • The contract performed by both parties have the same consequences as if the contract was concluded in writing and reclamation of performance is not possible; • The contract voluntarily performed by one party ,if the second party is ready to perform, has the consequences described in the Subsection 1, but if the second party evades performance, the contract is not valid, although the first party may reclaim performance in kind or its value; • Until parties have performed, the contract is not valid and each party may resign from it. <p>Thus actual rental relations are valid if the tenant can prove that the landlord has voluntarily transferred a residential space to the tenant for living and accepted payments thereof (See also Kull I., Kolomijceva J., Hussar A. Comparative Remarks on Residential Tenancy Law in Latvia and Estonia. LU žurnāls “Juridiskā Zinātne”, 2015, nr. 8, p. 9 -11. Available at https://www.lu.lv/fileadmin/user_upload/lu_portal/apgads/PDF/Jurid-zin-8.pdf).</p>
Rent payment and deposit (e.g. bank account)	<ul style="list-style-type: none"> • Rent payment is paid in cash or transferred to a bank account; • Deposit (<i>drošības nauda</i>) is a sum of money transferred to the landlord to cover his future claims. It shall cover debts for rental payments, utilities, as well as possible future losses caused by the tenant. The usual amount of the security money usually equals the amount of rental and/or payments for utilities for 1-3 months.
Registration of the contract in the land register (e.g. excluded, optional or mandatory)	<p>It is not necessary to register the rental contract about residential dwellings because it is binding to a new acquirer in all cases of alienation, except for the public auction.</p>

6.2 Rent contract

Table 14: Rent contract				
Main steps	Actors involved per intermediate step	Payment details ⁷		Typical risks associated to these steps
		Payments expressed : • In EUR as % of total purchase price <u>and</u> • As a fixed amount if available (add if VAT applies)	When is the payment made	
Finding and matching the parties	Parties/Estate agent	Real estate agent: 1%-5%	Real estate agent: according to an agreement or on conclusion of the rental contract	Unsuitable tenant. The unsuitable tenant is a tenant who: <ul style="list-style-type: none"> • Fails to pay rent and make other payments on time; • Does not keep in order the rented dwellings; • Damages or destroys the rented dwellings; • Without warning leaves the dwellings. These are most typical problems which a landlord may face (Source: Survey of Latvian notaries and The research centre SKDS of 2013 [Latvijas notāru un SKDS pētījums] available at https://www.latvijasnotars.lv/lv/actual/news/entry/169/).
Information search by landlord on tenant (e.g. about salary, outstanding debts)	Parties/Estate agents/ Lawyers	Normal lawyer fees apply, see below	N/A	Invalid contract when a landlord was not entitled to rent property.

⁷Payment 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)	Parties/ Estate agents	N/A	N/A	Poor quality accommodation
Delivery of mandatory information to tenant prior to the conclusion of the contract	Not explicitly regulated, therefore can be practically problematic. If a tenant does not ask for this information, the tenant can have different problems. For example, a person who concluded the rent contract was not entitled to do so.	N/A	N/A	N/A
Delivery of energy performance certificate to tenant	Landlord	N/A	N/A	N/A

Table 14: Rent contract

Conclusion of the contract in the usual form (e.g. oral, written; if written, indicate whether preformulated are usual)	Parties/Estate agent/ Lawyer/Notary	Normal fees for pertinent professionals apply, see below	N/A	If the parties have not observed the written form of the contract, the rental contract may be invalid unless the tenant can prove actual (legal) rental relations.
Rent payment and deposit (e.g. bank account)	Parties/Bank	<p>Art. 11 of the Law on Residential Tenancy stipulates that rent consists of residential house (space) maintenance expenses and profit. Payments for utilities provided to the tenant are not included in rent and shall be additionally covered (Art.11.3 of the Law on Residential Tenancy).</p> <p>Art. 12.1 Para. 1 of the Law on Residential Tenancy states that the security money (or deposit) is a sum of money transferred to the landlord to cover his/her future claims. The deposit shall cover debts for rental payments, utilities, as well as secure recovery of losses caused by the tenant.</p>	N/A	N/A

Table 14: Rent contract

		<p>In 2015 the average rent price for apartments in Riga (the main rental market of the country) was from € 250-400 per month, excluding utilities (source: The association believes that rental market of apartments is currently distorted)</p> <p>[Dzīvokļu īres tirgus pašlaik ir izkropļots, uzskata asociācija] available at http://jauns.lv/raksts/business/51217-dzivoklu-ires-tirgus-paslaik-ir-izkroplots-uzskata-asociacija)</p>		
Registration of the contract in the land register or other device (excluded, optional or mandatory)	It is not necessary to register the rental contract about residential dwellings because it is binding to a new acquirer in all cases of alienation, except for the public auction.	N/A	N/A	N/A

For fees of an estate agent/lawyer/notary, if relevant, please see Table 10.

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

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

Services in the real estate market	Minimum standards for information provided by law	Service providers involved	Quality of involvement (e.g. mandatory; exclusive rights)	Fees expressed: <ul style="list-style-type: none"> In EUR as % of total purchase price <u>and</u> As a fixed amount (if available)
Finding and matching landlords and tenants	No such standards exist	Estate agent	Depending on the request from landlords/tenants	1% - 5% of the transaction
Information search by landlords or tenants (e.g. about salary, outstanding debts)	No such standards exist	Private credit reference agencies. The biggest private database is the database of Credit reform (available at http://www.creditreform.lv/lat/clients/privatepersons/privatepersons/). There are also inner databases of private companies which are not banks, but issue credits.	Depending on the request from landlords/tenants	Not existing
Inspection of the property by tenants (in some cases with the help of professionals)	No such standards exist	Estate agents	Depending on the request from landlords/tenants	Not existing
Delivery of mandatory information to	No such standards exist	-	-	Not existing

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

tenants prior to the conclusion of the contract				
Conclusion of the contract in the usual form (e.g. oral, written, pre-formulated)	No such standards exist	Estate agent/Lawyer/Notary	-	The notarial form for the rent contract is not mandatory. However, if a notary has helped with a rental contract, fees are calculated according to the information provided in table 10.
Rent payment and deposit (e.g. bank account)	No such standards exist	Bank	-	Not existing
Registration of the contract in the land register (e.g. excluded, optional or mandatory)	No such standards exist	-	-	Not existing

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"> • Age (at least 25 years old); • Higher professional education diploma and lawyer qualification; • Fluent Latvian language; • Work experience as an academic personnel specialising in law at an institution of higher education or judge, prosecutor, court bailiff, etc.; • Passing of the notary exam.
Objective requirements	<i>Do numerus clauses and other objective requirements exist?</i>	Yes. Numerus clausus and objective requirements mean that the State determines the total number of notaries (125) and the place where a notary shall exercise his activities.
Citizenship requirements	<i>Are foreign candidates admitted de iure and also de facto under the same conditions as nationals?</i>	<ul style="list-style-type: none"> • Yes • Citizenship of Latvia or other countries of the EU is required.
Inter-professional cooperation	<i>Are forms of collaboration between notaries and other professionals allowed and usual?</i>	It is prohibited to collaborate with other professionals.
Business structure	<i>Are notary associations/corporations allowed?</i>	Notaries practise individually or together with their assistants (who are entitled to replace the notary in cases of justified absence of the notary) and other employees (for example, a secretary).
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>	There are statutory provisions - the Cabinet Regulation No. 215 of 29.03.2005 that specify the number of notaries for regions and the whole country. For example, there shall be 73 notaries in the region of Riga, 15 - in Kurzeme Region, 13 – in Latgale Region, 10 – in Vidzeme Region, 14 – in Zemgale region. The total number is 125.

Table 16: Market entry and structure regulation

		<p>The Cabinet regulation also specifies where exactly notaries must exercise their activities. For example, in Zemgale Region there are:</p> <ul style="list-style-type: none"> • 2 notaries in Aizkraukle (city); • 2 - in Bauska (city); • 2 - in Dobeles (city); • 4 - in Jelgava (city); • 2 – in Jekabpils (city); • 2 – in Tukums (city).
	Are these limitation restricted to specific tasks?	No

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>	Making certifications, including (but not limited to) certification of signatures of parties on the application for registration of the buyer's title in the Land Book, and preparing notarial deeds (public documents)*.
Duty to provide services	<i>Are notaries allowed to refuse a request to act?</i>	When provision of services is optional and not obligatory, a notary may refuse.
Professional standards	<i>How are professional standards regulated? What are the tasks of the professional representation (e.g. Chamber of Notaries) in this context?</i>	Professional standards are regulated by law and other binding rules are adopted by different bodies of the professional organization of the Latvian notaries, including (but not limited to) the Ethics Code of Notaries.

Table 17: Market conduct regulation		
Mandatory intervention	<i>Is the intervention of a notary required for the registration procedure?</i>	Certification of signatures of parties on the application for registration of the buyer's title in the Land Book
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 (if applicable).</i>	<ul style="list-style-type: none"> • Yes; • Individual (for each notary) and group (for all notaries) professional activity risk insurance. According to the Cabinet Regulation No. 227 of 09.04.2005 the minimum amount of the individual insurance is € 71,100.00, but the minimum group insurance is € 711,400.00.
Continuing education	<i>Do forms of continuing education exist? If yes, is continuing education mandatory?</i>	<ul style="list-style-type: none"> • Yes; • A notary must pass a regular qualification test at least once every five years counting from the day of appointing in a position or from the previous regular qualification test. A notary must also pass an extraordinary qualification test if within a year of the imposition of a disciplinary punishment a repeated disciplinary punishment has been imposed on the notary; • The theoretical and practical knowledge, necessary for the activity of a notary, is assessed in the qualification test.
Advertising restrictions	<i>Are there limitations on advertising?</i>	<ul style="list-style-type: none"> • Art. 243 of Notariate Law states that only notaries are entitled to offer notarial assistance and legal assistance in the conduct of matters in offices of the Land Book, as well as to advertise such assistance; • Advertising provisions for notaries of Latvia are determined in the Statutes of the Chamber of Notaries of Latvia [Latvijas Zvērinātu notāru kolēģija];

Table 17: Market conduct regulation		
		<ul style="list-style-type: none"> • According to Art. 19 of the Statutes the Council of Notaries of Latvia [Zvērinātu notāru padome] organizes advertising for all notaries. Individual advertising is prohibited; • The Code of Ethics of Notaries includes also additional provisions (restrictions).
Fee regulation	<i>Notarial fee system</i>	<ul style="list-style-type: none"> • Notarial expenses consist of state fees, payment for services and VAT. The amount of state fees and payment for concrete notarial services are fixed by statute (law); • Payments for services of notary is set taking into account the value of the deed or certification (amount of transaction) and the liability of the notary associated with the deed or certification, the social balance in society and the time necessary for the drawing up of the deed or certification; • The law stipulates that those persons who have assigned work to a notary are jointly liable for payment irrespective of the terms for division of the payment to be paid to the notary provided for in the contract.

*If parties deliberately decide that the sales contract shall be drawn up by a notary, such contract is supposed to be more authentic in comparison with the contract drawn up by parties themselves or by attorneys at law (lawyer).

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"> • Age (at least 25 years old); • Higher professional education diploma and lawyer qualification; • Fluent Latvian language; • Work experience as an academic personnel specialising in law at an institution of higher education or judge, prosecutor, court bailiff, etc.; • Passing of the bar exam.
Objective requirements	<i>Do numerous clauses and other objective requirements exist?</i>	No
Citizenship requirements	<i>Are foreign candidates admitted de iure and also de facto under the same conditions as nationals?</i>	Yes
Inter-professional cooperation	<i>Are forms of collaboration between lawyers and other professionals allowed and usual?</i>	Attorneys practice individually or in collaboration exclusively with other attorneys. Sometimes they can practise together with lawyers who are not attorneys*.
Business structure	<i>Are lawyer associations/corporations allowed?</i>	<ul style="list-style-type: none"> • In accordance with Art. 116 of the Advocacy Law of the Republic of Latvia attorneys at law shall practice individually or also in collaboration exclusively with other attorneys at law; • Attorneys at law may establish offices which shall be registered in the Council of Attorneys at Law [Latvijas Zvērinātu advokātu Padome]; • In 2012 the Council of Attorneys at Law [Latvijas Zvērinātu advokātu Padome] explained in its decision No. 26 of January 31, 2012, that attorneys at law may not collaborate together with lawyers (jurists) who are not attorneys at law (zvērīnāts advokāts) or assistants of attorneys at law (zvērīnāta advokāta palīgs) if these lawyers (jurists) provide legal aid;

Table 18: Market entry and structure regulation

		<ul style="list-style-type: none"> • Assistants of attorneys at law (<i>zvērīnāta advokāta palīgs</i>) are future attorneys at law who act under control of an experienced attorney at law; • The decision No. 26 has been widely discussed since many attorneys at law or law offices of attorneys employ or collaborate with lawyers (<i>jurists</i>) who are not attorneys at law (<i>zvērīnāts advokāts</i>) or assistants of attorneys at law (<i>zvērīnāta advokāta palīgs</i>). At the moment, this particular issue is unclear.
Geographical limitations	<i>Are there limitations with respect to the area in which the lawyer can exercise his/her activities (e.g. at the regional or municipal level)?</i>	No
	<i>Are these limitation restricted to specific tasks?</i>	No

* A person can address an attorney at law (*zvērīnāts advokāts*) or a lawyer (*jurists*) and ask for legal assistance. Lawyers are not attorneys at law. Professional services regulation of lawyers lacks, except several aspects such as taxation. The reason for this was insufficient number of attorneys at law in 2003 when the Constitutional Court found that representation and qualified legal assistance can be provided not only by an attorney at law, whose qualification and ability to provide legal assistance can be presumed, but in some cases also by other persons with corresponding legal education and experience in jurisprudence. As a result, lawyers, who are not attorneys at law, are entitled to provide legal assistance. Nevertheless, the legislator failed to regulate professional services of lawyers. Thus the profession of the attorney at law is a regulated profession (see the table above and below), but of the lawyer – unregulated.

The Constitutional Court of Latvia expressed the following opinion:

"(..) Side by side with the attorneys at law there are other adequately qualified persons, who are able to ensure qualified legal representation (..) For example, judges and prosecutors are able to conduct court proceedings (in cases envisaged by law) as well as attorneys at law, so can doctors of juridical sciences, specific non-governmental or state financed institutions, which render juridical assistance, also persons, who have higher juridical education and who have taken examination, which attests their skills and abilities etc. The Council of Europe Committee of Ministers in its March 2, 1978 Resolution 78(8) "On Legal Aid and Consultations" also stresses the necessity of qualified legal representation. It determines that persons of professional qualification, who are engaged in legal practice in accordance with the law, should render legal aid, especially in cases "when in accordance with the law representation of the person at the respective state court is mandatory". As far as it is possible the person shall be given the possibility of freely choosing a qualified representative, e.g. attorneys at law." (Source: Judgement of the Constitutional Court of Latvia of June 27, 2003, case No. 2003-04-01, available at http://www.satv.tiesa.gov.lv/wp-content/uploads/2003/02/2003-04-01_Spriedums_ENG-1.pdf).

Until the judgment mentioned, only attorneys at law could provide legal aid in civil matters; after the said judgment, the restriction has been cancelled. At the moment, lawyers who are not attorneys at law may provide legal assistance and represent parties in civil matters.

The Latvian legislator -parliament [Saeima] has not passed statutory provisions to regulate professional activity of lawyers (jurists) who are not attorneys at law. In other words, no rules exist in accordance to which the qualification, skills and abilities of such persons can be determined, for instance, no obligation to pass a final exam at a university exists.

However, the State Revenue Service [Valsts Ieņēmumu dienests] controls observance of anti-money laundering requirements and tax payments in case of lawyers who are not attorneys (zvērināts advokāts) at the same time.

Additionally, rules about consumer protection may be applicable if a lawyer (jurists) is an individual merchant registered in the Commercial register or if a lawyer (jurists) provides legal services by means of a private limited company (sabiedrība ar ierobežotu atbildību).

To sum up, professional activity of lawyers who are not attorneys at law is the topic, which is discussed from time to time, but no solution has been found yet.

8.2 Market conduct regulation

Table 19: Market conduct regulation

Table 19: Market conduct regulation		
	Regulation	
Exclusive rights	<i>Transactions or parts of them only lawyers may act against payment</i>	<ul style="list-style-type: none"> All, except free legal advice ensured by the state when the state pays for services. There are almost no restrictions what an attorney at law may not do; Art. 63 of the Advocacy Law of the Republic of Latvia determines that an attorney at law may not purchase or acquire in other way the rights of clients in their cases not only in his/her name, but also in such a way as if s/he acquires these rights for other persons; any deals of this kind are invalid; Under Art. 64 of the Advocacy Law of the Republic of Latvia an attorney at law may not act in court as the authorized person of his/ her relatives in ascending and descending line, spouse, brothers or sisters of whole blood, as well as the brothers and sisters of his/her father or mother; According to Art.65 of the Advocacy Law of the Republic of Latvia, an attorney at law may not simultaneously be both the advisor and the authorized person of both parties, and s/he may not change sides from one party to the other in one and the same case. Nevertheless this restriction is not in force if it is a pre-trial matter and no conflict of interests is existent (Art. 4 of the Code of Ethics of Attorneys at Law [Latvijas Zvērinātu advokātu ētikas kodekss]); To note lawyers (jurists) who are not attorneys may act against payment for different transactions. The restrictions mentioned above are not applicable in this case.
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>	<ul style="list-style-type: none"> In out court matter an attorney at law may represent both parties if both parties gave consent and possible conflicts of interest are investigated and do not exist; Fees are determined in accordance with a mutual agreement of parties.
Duty to provide services	<i>Are lawyers allowed to refuse a request to act?</i>	<p>Yes, excluding provision of the state ensured legal aid unless the requested legal aid does not conform to the conditions of the legal aid contract or ethical considerations or restrictions provided for by regulatory enactments do not permit such aid.</p> <p>An attorney may decide if s/he will enter an agreement with a potential client or accept a task, which was assigned (Art. 55 of the Advocacy Law of the Republic of Latvia). If an attorney agreed, s/he may not refuse unless a justified reason is existent and the Council of Attorneys at Law [Zvērinātu advokātu padome] permitted it (Art. 55 of the Advocacy Law of</p>

Table 19: Market conduct regulation

the Republic of Latvia; Art. 2.3.6. of the Statutes of the Latvian Collegium of Sworn Advocates [Latvijas Zvērinātu advokātu kolēģija]; Arts. 2.3. – 2.5. of the Code of Ethics of Attorneys at Law [Latvijas Zvērinātu advokātu ētikas kodekss]).

Art. 6 of the Advocacy Law of the Republic of Latvia states that an unlawful action of an attorney at law in the interests of a client, as well as an action for the promotion of an unlawful offence of a client shall not be recognized as a provision of legal assistance.

Art. 55 of the Advocacy Law of the Republic of Latvia and Art. 2.3.6. of the Statutes of the Latvian Collegium of Sworn Advocates [Latvijas Zvērinātu advokātu kolēģija] stipulates that an attorney may refuse to act if a justified reason exists. For instance, an attorney can refuse a request to act because of his/her long-term illness, complicated personal circumstances etc.

Additionally, Arts. 2.3. – 2.5. of the Code of Ethics of Attorneys at Law [Latvijas Zvērinātu advokātu ētikas kodekss] states, for example, that if an attorney is entitled not to fulfil the duties assigned, the attorney may not do so if his/her client cannot find another attorney.

To provide the state ensured legal aid an attorney has to conclude an agreement with the competent institution - the Legal Aid Administration [Juridiskās palīdzības administrācija] (Art. 32 of the State Ensured Legal Aid Law).

The State ensures inter alia legal consultations and drafting up of procedural documents in civil matters (Art. 9 of the State Ensured Legal Aid Law).

Art. 6 of the State Ensured Legal Aid Law states that legal aid shall be refused if:

- the person does not conform with the criteria of the law, for example, does not have the status of a low-income person;
- This Law does not provide for the respective case for ensuring legal aid;
- The legal aid requested by a person is unfounded;
- A person has not requested legal aid on time;
- A competent authority has assisted a person by indicating the options for solving the legal situation, preparing the documents necessary for the protection or implementation

Table 19: Market conduct regulation

		<p>of the protection of the rights of the person or by providing aid of another kind, which indicates that legal aid is no longer necessary;</p> <ul style="list-style-type: none"> ▪ During the last two years since the previous application for legal aid the provision of legal aid to a person has been discontinued due to the fact that, in applying for legal aid, s/he had provided false information; ▪ The person who was bound to cover the expenses related to legal aid has not done it within the time period and in the amount specified; ▪ It concerns a claim directly connected with the commercial activities or independent professional activities of the applicant; ▪ It is related to customs or tax matters; ▪ It concerns a claim regarding defamation and injuring dignity; ▪ It is related to the compensation of moral detriment, except the case when provision of legal aid is related to reimbursement of moral detriment caused to the victim as a result of a criminal offence; ▪ A dispute is settled in a court of arbitration or by using other alternative mechanisms for the settlement of disputes; ▪ It concerns a claim related to luxury items or luxury services; ▪ The costs related to the provision of legal aid are incommensurably high in comparison with the amount of the claim; ▪ A decision has been taken in respect of a person regarding the suspension of the provision of legal aid, based on Section 33, Paragraph seven, Clause 4 of this Law and a year has not passed since the taking of this decision; or ▪ The opinion of a legal aid provider regarding the inexpediency of further legal aid has been received. <p>Under Art. 32 Para. 5 and 6 of the State Ensured Legal Aid Law a legal aid provider may refuse to provide legal aid in the cases mentioned above (Art. 6), as well as in case if the requested legal aid does not conform to the conditions of the legal aid contract or ethical considerations or restrictions provided for by regulatory enactments.</p>
<p>Professional standards</p>	<p><i>How are professional standards regulated? What are the tasks of the professional representation in this context?</i></p>	<ul style="list-style-type: none"> • Professional standards are regulated by law and binding rules adopted by different bodies of the professional organization of the Latvian attorneys, including (but not limited to) the Ethics Code of Attorneys; • The Latvian Council of Attorneys manages the organisational matters, supervises the activities of attorneys and their assistants, ensures continuing education, examines complaints and initiates disciplinary proceedings etc. The Disciplinary Proceedings Commission examines the disciplinary cases of attorneys and their assistants.

Table 19: Market conduct regulation

Compulsory indemnity insurance	<i>Is indemnity insurance compulsory? If yes, what is the indicative amount of the insurance?</i>	No, but attorney at law must inform a client if there is no insurance.
Continuing education	<i>Do forms of continuing education exist? If yes, is continuing education mandatory?</i>	<ul style="list-style-type: none"> • Yes, mandatory. In this regard, the Council of Attorneys at Law [Zvērinātu advokātu padome] has adopted several internal regulations binding for all attorneys at law. The most important of them is the Regulation about Continuing Education of Attorneys at Law [Noteikumi par zvērinātu advokātu kvalifikācijas paaugstināšanu un tālāk apmācību] approved by the Council on June 26, 2012, and amended on February 2, 2016; • Continuing education must last minimum 16 qualification hours per year. These qualification hours are calculated depending on an educational activity. For example, if an attorney attends lectures, seminars etc., one academic hour (1.5h) corresponds to one qualification hour. Publishing a professional article equals to 8 qualification hours. A survey or monography about a legal issue correspond to 16 qualification hours; • Until January 31 each attorney must inform the Council of Attorneys at Law of continuing education – activities and hours obtained during the previous year.
Advertising restrictions	<i>Are there limitations on advertising?</i>	<ul style="list-style-type: none"> • Yes. Limitations are set by Art. 5 of the Code of Ethics of Attorneys at Law [Latvijas Zvērinātu advokātu ētikas kodekss]). Advertisement may not be importunate or state that a particular attorney is superior in comparison with other attorneys; • An attorney may not advertise his/her services in such country where it is prohibited; • On March 23, 2010, the Council of Attorneys at Law [Latvijas Zvērinātu advokātu Padome] has adopted fundamental principles regarding personal advertisement of Latvian attorneys at law [Latvijas zvērinātu advokātu personiskās reklāmas pamatprincipi]. For example, information about professional activity must be precise.
Fee regulation	<i>Lawyer fee system.</i>	<ul style="list-style-type: none"> • Fees are determined in accordance with a mutual agreement of parties, the only restriction is <i>pactum de quota litis</i> agreements. <i>Pactum de quota litis</i> or an agreement by which a client promises to pay a portion of a sum which an attorney will recover are not allowed (Art. 63 of Advocacy Law of the Republic of Latvia); • For free legal aid that is provided to specific social groups (for example, low income persons) the state pays fixed fees indicated in law.

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>	Registration in the Commercial Register (Komercreģistrs). This is the only requirement and it implies that estate agents shall mandatorily register in the Commercial Register.
Objective requirements	<i>Do numerous clauses and other objective requirements exist?</i>	No
Licence requirements	<i>Are estate agents licenced or do they work as employees?</i>	No licence is necessary. They can work individually or as employees.
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>	Estate agents are allowed to exercise another profession or business activity. Inter-professional cooperation is not explicitly regulated by law.
Business structure	<ul style="list-style-type: none"> • <i>Indicate the share of estate agent acts acting as sole practitioners and as companies (if data are available)?</i> • <i>Can the agent be employed by another agent or establish a partnership with other agents?</i> • <i>Are there any restrictions on the corporate structure of a real estate enterprise (such as voting rights reserved to qualified members</i> 	<ul style="list-style-type: none"> • N/A • Yes No

Table 20: Market entry and structure regulation		
	<i>of a profession, shareholding requirements etc.)?</i>	
Geographical limitations	<ul style="list-style-type: none"> • <i>Are there limitations with respect to the area in which the estate agent can exercise his/her activities (e.g. at the regional or municipal level)?</i> 	No
	<ul style="list-style-type: none"> • <i>Are these limitation restricted to specific tasks?</i> 	No

9.2 Market conduct regulation

Table 21: Market conduct regulation		
	Regulation	
Neutrality	<i>Is neutrality regulated? Is the agent allowed to act on behalf of both parties involved in the transaction? In this case, what type of fees applies and which party bears these?</i>	<ul style="list-style-type: none"> • No; • The agent is allowed to act on behalf of both parties involved in the transaction; • Fees depend on a mutual agreement. If parties have not agreed between themselves which of them has a duty to pay remuneration to a real estate agent, parties shall pay the remuneration in equal parts.
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>	No

Table 21: Market conduct regulation		
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>	No
Advertising restrictions	<i>Are there limitations on advertising?</i>	General rules and restrictions regarding advertising. See Table 19 on advertising restrictions for attorneys.
Fee regulation	<i>Are fees limited by statute? Which party is responsible for their payment?</i>	Fees are determined in accordance with a mutual agreement. Normally a party who hires a real estate agent bears costs of services.
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 agent ⁸	Technical services (if usual)	Legal services	Land register fee	Transfer tax/stamp duty	Total usual transfer costs
						Estate agent services, technical services, legal services are not included under this column. The reason is that these services are not mandatory.
€100,000 sales price (no mortgage)	1-5% depending on a type of a transaction (sale or rent), subject matter and other circumstances.	From € 45 to € 300 depending on a type of an immovable property (for example, an apartment in a Soviet block or new project), its location, area etc. <ul style="list-style-type: none"> Average approximate prices of evaluation of an apartment in Soviet blocks in Riga start from € 80, including VAT; 	Depends on an agreement	€ 2,000.00	€ 14.23	Starting from € 2,014.23
€100,000 sales price + 100,000€ mortgage				€ 2,000.00 + € 100.00	€ 14.23 + € 14.23	Starting from € 2,128.46
€250,000 sales price (no mortgage)				€ 5,000.00 +	€ 14.23	Starting from € 5,014.23
€250,000 sales price + 250,000€ mortgage				€ 5,000.00 + € 250.00	€ 14.23 + € 14.23	Starting from € 5,278.46
€500,000 sales price (no mortgage)				€ 10,000.00	€ 14.23	Starting from € 10,014.23

⁸ An agent usually receives a percentage of the transaction value.

Table 22: Transaction costs VAT excluded

<p>€500,000 sales price + €500,000 mortgage</p>		<ul style="list-style-type: none"> • Average approximate prices of evaluation of an apartment in Riga start from € 90, including VAT; • Average approximate prices of evaluation of an apartment outside Riga (30-100km from Riga) start from € 95-110, including VAT; • Average approximate prices of evaluation of one-family house start from € 190, including VAT. 		<p>€ 10,000.00 + € 500.00</p>	<p>€ 14.23 + € 14.23</p>	<p>Starting from € 10,528.46</p>
<p>%VAT applicable</p>	<p>21%</p>	<p>21%</p>	<p>21%</p>			

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	Usually parties agree that the buyer bears the costs, but parties can also agree otherwise that the seller or both parties bear the costs.	Depends on an agreement	VAT corresponding to 21%
Technical services	Usually parties agree that the buyer bears the costs, but parties can also agree otherwise that the seller or both parties bear the costs.	Depends on an agreement	VAT corresponding to 21%
Legal services	Usually parties agree that the buyer bears the costs, but parties can also agree otherwise that the seller or both parties bear the costs.	Depends on an agreement	VAT corresponding to 21%
Land register fees	Usually parties agree that the buyer bears the costs, but parties can also agree otherwise that the seller or both parties bear the costs.	<ul style="list-style-type: none"> • Costs for services of estate agents or lawyers depend on a particular agreement; they can be fixed or constitute a percentage of the purchase price; • If a notary registers the title, his services cost € 4.70 per hour, but not more than € 20.35 per 24 hours; • Fixed amount of the stamp duty is € 14.23; • If a buyer wishes to receive the registration certificate (it is not obligatory), in addition s/he must pay the stamp duty of € 7.11 for each certified document. 	-

Table 23: Transaction features

Taxes on conveyancing	-	VAT on fees in cases prescribed by law corresponding to 21%	
Transfer taxes	-		

10.3 Taxes during the process of buying and selling a property

Table 24: Taxes related to buying and selling a property

	Relevance of the tax	When to pay the tax as part of the process of buying or selling	Tax amount (expressed in EUR as % of total purchase price <u>and</u> as a fixed amount if available)
Registration tax⁹	No		
Mortgage tax	No		
Cadastral tax	No		
Stamp tax	No		
Transfer tax (tax on the acquisition of property)	No		
Archives tax	No		
Other taxes	Capital gain tax	In general, capital gain tax (personal income tax) must be paid by the seller if the residential immovable property was in the ownership of the seller for less than 60 months and this property has not been the only declared place of residence of the	15% of the gain, i.e., the difference between the acquisition value (price), including further investments, and the selling price.

⁹Registration 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.

Table 24: Taxes related to buying and selling a property

		<p>seller for at least 12 months in the period mentioned before.</p> <p>Within 15 days starting from the day of submission of a declaration about payable capital gain tax, a seller must pay capital gain tax.</p> <p>The declaration must be submitted to the State Revenue Service:</p> <ul style="list-style-type: none"> • Until the 15th day of the month following the month in which the transaction occurs and the gain has been received, if the income from the alienation of capital assets exceeds € 711.44. For example, the gain exceeding € 711.44 has been received on May 2, 2017, the declaration must be submitted till June 15, 2017; • Until the 15th date of the month following the quarter, if the income from the alienation of the capital is from € 142.30 up to € 711.44. If the gain has been received, for example, on July 20, 2017 (the 3rd quarter: July-September), the declaration must be submitted till October 15, 2017 (i.e., till the 15th date of the month following the 3rd quarter); • Until 15 January of the year following the taxation year, if the income from the alienation of the capital is up to € 142.29. 	
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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	Personal income tax and sometimes VAT	<ul style="list-style-type: none"> • Percentage of the personal income tax depends on the payment regime chosen by the payer and taxable income: 10%, 12%, 15%, 20% or 23%; • VAT: 21%

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>	No data available
<p>Which existing marketing practices are non-compliant with national consumer legislation?</p>	No data available
<p>Which existing marketing practices are non-compliant with EU consumer legislation?</p>	No data available
<p>Are there existing marketing practices detrimental to consumers, even if not necessarily illegal, in both domestic and cross-border transactions?</p>	No data available

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)?	No data available
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)?	According to the Court Information System, the most frequent disputes are about eviction of tenants. Information in detail about disputes is not available.
Are consumer complaints against a professional service provider frequent, in particular as regards the fees and quality or service?	The statistics of Consumer Rights Protection Centre shows that consumers mainly submit complaints against mortgage creditors, developers, landlords, providers of different utilities and managers of apartment houses. The question about frequency cannot be replied due to lack of comprehensive statistics.
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"> • National courts; Consumer Rights Protection Centre; Out-of-court dispute resolution bodies (Out-Of-Court Dispute Resolution Commission; Public Utilities Commission; Council of the Attorneys; Association of Latvian Commercial Banks Ombudsman; the Motor Insurers' Bureau of Latvia; Latvian Insurers Association Ombudsman; Alternative Financial Services Association of Latvia Ombudsman). • Consumers must submit a formal letter or document signed by the secure virtual e-signature. • Average time needed for reply is approx. 30 days or more.