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## **Amendments to Law no 7/1996 regarding the Cadastre and Real Estate Publicity**



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# Amendments to Law no 7/1996 regarding the Cadastre and Real Estate Publicity

*On July 18, 2018 Law no 185/2018 (the “Law no 185/2018”) was adopted for the approval of Government Emergency Ordinance no 31/2018 (“OUG 31/2018”) on the amendment and completion of the Law regarding cadastre and real estate publicity no 7/1996 (“Law 7”).*

*Law no 185/2018 was published in the Official Gazette, Part I no 638 on July 23, 2018 entering into force on July 26, 2018 and brought the following main changes.*

## **Reorganization Certificate is needed for the registration of a merger or spin-off**

In case of the reorganization of a legal entity by merger or spin-off, the ownership rights and other real rights over immovable assets will be registered with the Land Book based on a Reorganization Certificate. This certificate is issued by a public notary on the basis of the resolution of the general meeting of shareholders/the decision of the sole shareholder for approving the merger/spin-off, the resolution of the court ruling on the validity of this operation, as well as the proof of the registration of the merger/spin-off with the Trade Registry.

This amendment sought to clarify arguable interpretations raised in practice regarding the deed required to be concluded in authentic form in case of a merger or spin-off. Note should be made that, in the past, in accordance with the provisions of the Regulation for applying Law 7 (the “Regulation”), an authenticated resolution of the general meeting of shareholders/ decision of the sole shareholder approving the merger/spin-off was required for the registration with the Land Book.

The provisions of the Regulation have not been explicitly repealed. In any case however, all provisions of the secondary legislation in this field must be read in conjunction with the general provisions from the Civil Code which requires the deed of reorganization to be concluded in an authenticated form, but does not specify which deed (among the ones concluded in the context of the merger or spin-off) should qualify as the reorganization deed.

## **Mortgage on a future immovable asset**

Until the entry into force of the Law no 185/2018 there were two preconditions for registering the mortgage on a future asset, namely: (i) recording the building permit and (ii) recording the minutes of partial reception. The new provisions make things easier and one of these conditions is removed. Consequently, the recording of the building permit has been kept as a sole condition.

## **Changes to the systematic registration procedure**

Several changes were brought to the procedure for the systematic registration in the general cadastre. Please find below a selection:



- ◆ The procedure for the final registration of the possessors identified as a result of the systematic registration works was changed, the provisions that governed the release procedure by the public notary of the registration certificates of the possessor as owner being repealed;
- ◆ New provisions have been introduced to regulate the disputed cases where on the occasion of the systematic registration more owners who have acquired the ownership right based on separate legal deeds are identified. In this case, a sole Land Book will be opened and the disputed case will be recorded in Part II of it, without registering the ownership rights (the registration being finalized based on the final settlement of the related cases);
- ◆ New provisions have been introduced to ease the access of the public authorities to contracting of the systematic registration works for some land plots which are in private or public ownership of the state;
- ◆ When the systematic registration works are finished for a territorial and administrative unit, the old evidences are not closed, but the public is made aware of this stage by an order of the general director of the National Land Book Registry Agency published in the Official Gazette.

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