



**BULBOACĂ & ASOCIAȚII**  
ATTORNEYS AT LAW

# OUR HERALD

**Newsletter / July 23, 2018**

## **Relaunch of the Romanian saving-lending system for housing purposes (Bauspar)**



**Paula Crînganu-Filip**  
*Senior Associate*

Phone: +40 21 408 89 25

E-mail: [paula.cringanu@bulboaca.com](mailto:paula.cringanu@bulboaca.com)



# Relaunch of the Romanian saving-lending system for housing purposes (Bauspar)

*The Law no. 164/2018 amending Government Emergency Ordinance no. 99/2006 on Credit Institutions and Capital Adequacy has been published in the Official Gazette no. 626 of July 19, 2018. The new law will unblock the saving-lending system for housing purposes in Romania. The main amendments brought by the legislation are the following:*

## **Conditions for concluding a saving-lending contract**

- a. eligible persons continue to be any natural person who is a Romanian citizen, domiciled in Romania, irrespective of their age. In spite of the objections as to eligibility of certain clients raised by the Court of Auditors which led to the blocking of the saving-lending system, minors and persons over the age of 65 continue to be eligible to receive the Government subsidy;
- b. in order to receive the state premium, the contracts will be concluded for a period of minimum 5 years. The clients can however request a housing credit with anticipated or intermediary financing before the expiry of 5 years;
- c. the state premium has remained at a value of up to 25 percent of the amount deposited over one year, but no more than EUR 250 per person.

## **The client's obligation to justify the use of the state premium and the relevant interest for housing purposes**

The main novelty of the regulation resides in the client's obligation to justify the use of an amount at least the equivalent of the state premium and the

relevant interest, and not of the entire saved amount, for housing purposes. The justifying documents proving the use for a housing purpose will be provided to the bank within a maximum of 6 months following the release of the saved amounts to the client.

## **Supplemented control mechanism of the distribution system of state premiums**

The distribution of the state premium can be suspended by the Ministry for Development for an individual client or for all the clients of a housing bank. Compliance with applicable legal provisions is performed by the Ministry of Finance.

The distribution of the state premium can be suspended for all the clients of a bank in the following circumstances:

- The Ministry of Finance and/or the Court of Auditors have notified the Ministry of Development regarding the existence of indications of non-compliance with legal provisions in the case of more than 20% of clients;
- The Ministry of Development finds that the distribution of state premiums in the case of at least 50% of the clients for which the bank has submitted requests is non-compliant with legal conditions.



The distribution of the state premium will be resumed, in each case, in the following conditions:

- after the finalization of investigations if no breach of legal provisions has been found;
- notification by the Ministry of Finance and/or the Court of Auditors that the conditions for suspension are no longer met;
- following a remedy of deficiencies or a communication of a rejection of the request to distribute state premiums.

The clients who receive the state premium in breach of applicable legal provisions or without fulfilling the legal conditions, will have to return the state premium and the relevant interest under the saving-lending contract.

Housing banks will be able to relaunch their activity after the publication of the methodological norms. The methodological norms will be elaborated by the Ministry of Finance together with the Ministry of Development within 30 days following the entry into force of the law.

*Note: This information does not represent and may not be construed as legal advice. Professional advice is strongly recommended to be obtained prior to any decision in the context of this information note.*

## **CREDO**

**Born to make a difference.**

**Romanians by destiny,  
we are grateful for our past, embrace our present and,  
through the distinctive, top quality legal work  
provided to our local and international clients,  
will shape the future of our country  
within the context of its European aspirations.**

**This is Bulboacă & Asociații.**

**At your service.**

