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Global Legal Group



## The International Comparative Legal Guide To Real Estate 2010

A practical cross-border insight  
into real estate law



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# Albania

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## 1 Real Estate Law

- 1.1 Please briefly describe the main laws that govern real estate in Albania. Laws relating to leases of business premises should be listed in response to question 10.1. Those relating to zoning and environmental should be listed in response to question 11.1.**

The main laws that govern the real estate in Albania are listed, as follows:

Law no. 7850, dated 29.07.1994 “Civil Code of Republic of Albania” (amended).

Law no. 7843, dated 13.07.1994 “On the registration of immovable properties” (amended).

Law no. 7980, dated 27.07.1995 “On the acquisition of the land for construction” (amended).

Law no. 8337, dated 30.04.1998 “On the transfer of ownership title of agricultural land, forest, pasture and meadows”.

Law no. 9235, dated 29.07.2004 “On the restitution and compensation of property” (amended).

Law no. 8743, dated 22.02.2001 “On the State immovable property” (amended).

Law no. 8744, dated 22.02.2001 “On the transfer of public-owned properties to the local government units” (amended).

- 1.2 What is the impact (if any) on real estate of local common law in Albania?**

This is not applicable.

- 1.3 Are international laws relevant to real estate in Albania? Please ignore EU legislation enacted locally in EU countries.**

There are no international laws specifically regulating real estate.

## 2 Ownership

- 2.1 Are there legal restrictions on ownership of real estate by particular classes of persons (e.g. non-resident persons)?**

Pursuant to Law no. 8337, dated 30.04.1998 “On transfer of ownership title of agricultural land, forest, pasture and meadows” and Law no. 7980, dated 27.07.1995 “On acquisition of the land for construction”,

a foreign person (including an individual or legal entity) is prohibited to acquire the ownership title over the agricultural land, forests, pastures and meadows. The foreign person is only allowed to lease these typologies of real estate for ninety nine years provided that the foreign person complies with the compulsory requirements provided in our Civil Code. Pursuant to the Law no. 7764, dated 2.11.1993 “On foreign investments”, in order for the person to overcome this obstacle, the foreign person must be organised and registered under the laws of Republic of Albania (RoA), as an Albanian legal person. In addition to this point and with regards to the acquisition of title over the construction land, the foreign person must either be organised or registered under the laws of the RoA, as an Albanian legal entity or the foreign person must carry out an investment value amounting to at least three times the price of the construction land.

## 3 Real Estate Rights

- 3.1 What are the types of rights over land recognised in Albania? Are any of them purely contractual between the parties?**

These types of rights are as follows:

- a) ownership rights;
- b) real and personal easements (including legal and compulsory easements); and
- c) mortgages.

Legal easements are created on the basis of mutual agreements among the contractual parties, whereas compulsory easements are set forth by the court.

## 4 System of Registration

- 4.1 Is all land in Albania required to be registered? What land (or rights) are unregistered?**

All lands in Albania are legally required to be registered with the local offices for registration of immovable properties. The systematic first registration of all lands has not still been completed in fifty cadastral zones. This is an on-going process under the technical assistance of the World Bank Office in Albania.

- 4.2 Is there a state guarantee of title? What does it guarantee?**

No, there is no state guarantee of title in Albania.

#### 4.3 What rights in land are compulsory registrable? What (if any) is the consequence of non-registration?

Ownership, real and personal easements, mortgages and leases which are granted for a period of over nine years are legally required to be registered with local offices; registration of immovable properties must take place within thirty calendar days. Failure to adhere to such a provision results in a daily fine, which amounts to 10% of the registration fee.

#### 4.4 What rights in land are not required to be registered?

Leases which are granted for a period of less than nine years and contracts for pastures and meadows are not legally required to be registered with the respective office for registration of immovable properties.

#### 4.5 Where there are both unregistered and registered land or rights is there a probationary period following first registration or are there perhaps different classes or qualities of title on first registration? Please give details. First registration means the occasion upon which unregistered land or rights are first registered in the registries.

From the Albanian legal perspective, there is no probationary period following first registration, nor are there different classes or qualities of title with regards to the systematic first registration of immovable properties.

#### 4.6 On a land sale, when is title (or ownership) transferred to the buyer?

The Albanian Civil Code stipulates that the ownership title is transferred to the buyer upon registration of the contract of sale with the real estate registry. With regards to this provision, the Albanian Supreme Court has ruled through unified decision no. 6/4 dated 6.01.2009 that the ownership title on a notarial contract of sale is transferred to the buyer upon its signing by the parties. Following the Albanian Civil Code approach and with regards to the protection of the interests of third parties, related to the real estate title, we opine that the transfer of title to the buyer should be registered with the respective real estate registry.

#### 4.7 Please briefly describe how some rights obtain priority over other rights. Do earlier rights defeat later rights?

Registered earlier rights obtain priority over later registered rights. Accordingly, earlier rights defeat later rights. This approach holds for mortgages as well.

## 5 The Registry / Registries

#### 5.1 How many real estate registries operate in Albania? If more than one please specify their differing rules and requirements.

There is one real estate registry in Albania, namely the central office for registration of immovable properties operating through its local offices.

#### 5.2 Does the Land Registry issue a physical title document to the owners of registered real estate? Can any transactions relating to registered real estate be completed electronically? Can information on ownership of registered real estate be accessed electronically?

With regards to property units that have been subject to the initial systematic registration, an 'ownership certificate' is issued to the owner. With regards to property units that have not undergone the initial systematic registration, an ownership attestation together with an index map is issued to the owner.

We note that there are no legal restrictions for the purpose of performing transactions with a property unit, regardless of the fact that its owner has been provided with an 'ownership certificate' or an 'ownership attestation'.

No property transaction can be performed electronically. No information on ownership can be accessed electronically.

#### 5.3 Can compensation be claimed from the registry/registries if it/they makes a mistake?

Financial compensation can be claimed upon written request of the affected party if mistakes have been made during the registration of title by the local office responsible for the registration of real estates.

#### 5.4 Are there restrictions on public access to the register? Can a buyer obtain all the information he might reasonably need regarding encumbrances and other rights affecting real estate?

Pursuant to Law no. 7843/1994 (as amended and as mentioned in question 1.1), each person is entitled to access the register. From the Albanian legal perspective, a potential buyer is entitled to obtain information with regards to the up-to-date legal status of a registered real estate. In practice, we note that the local offices for registration of immovable properties allow only for the owner or for any authorised person to access the register.

## 6 Real Estate Market

#### 6.1 Which parties (in addition to the buyer and seller and the buyer's finance provider) would normally be involved in a real estate transaction in Albania? Please briefly describe their roles and/or duties.

The following are involved in a real estate transaction: a public notary is involved in a real estate transaction that is legally required to be completed under the form of a notarial deed; a lawyer is involved to carry out the legal due diligence and advise on the terms and conditions of the real estate transaction; and a real estate broker is involved to act as an intermediary between the seller and the buyer of a real estate.

#### 6.2 How and on what basis are the persons remunerated?

A public notary is paid as per the list of tariffs approved by the Ministry of Justice and the Chambers of Notaries. A lawyer is paid as per a flat fee or percentage of transaction. A real estate broker is paid as per a percentage of the transaction value.

**6.3 What are the main observable consequences on the real estate market in Albania arising out of the global credit crunch and worldwide recession in 2008/9? Please include both local and international investors in your answer.**

We note that the global credit crunch and the worldwide recession has affected the real estate market in Albania quite significantly (international investors in particular have not been as forthcoming). Whilst there was much interest in 2008, with what some may call a property boom, the following year the interest fell and banks restricted lending to the local market, as they found that there were an increasing amount of defaulting loans. Terms and conditions for granting a mortgage loan have also since been restrained, accompanied by higher costs and interest rates. In addition, banks have switched to the local currency in Albanian Lek (ALL) for the purpose of financing mortgage loans to reduce the risk of currency depreciation.

## 7 Liabilities of Buyers and Sellers in Real Estate Transactions

**7.1 What (if any) are the minimum formalities for the sale and purchase of real estate?**

The minimum formalities required for the sale and purchase of real estate is the execution of the contract of sale between the seller and the buyer under the form of a notarial deed. At present, following the decision of the Supreme Court (binding case law), registration of the contract for the purpose of effecting transfer of title is not mandatory. If parties choose however to register, they must pay the tax related to the property transfer before a second-tier bank or the respective real estate registry, and register the contract of sale with the respective real estate registry.

**7.2 Is the seller under a duty of disclosure? What matters must be disclosed?**

The seller must disclose all matters related to the real estate, including real or personal easements, mortgages, court claims etc. Therefore, the seller is legally required to submit before the notary public the ownership certificate of the real estate to certify its up-to-date legal status, including real, personal easements and mortgages.

**7.3 Can the seller be liable to the buyer for misrepresentation?**

The seller shall be liable to the buyer in case of misrepresentation with regards to the real estate transaction.

**7.4 Do sellers usually give contractual warranties to the buyer? What would be the scope of these? What is the function of warranties (e.g. to apportion risk, to give information)? Are warranties a substitute for the buyer carrying out his own diligence?**

Sellers usually warrant the transfer of free title from any encumbrance or burden, real or legal defects. The purpose of these warranties is to hold the seller liable for remedies in any event of misrepresentation. Representations and warranties serve as a substitute for a buyer's due diligence; it is however advisable for the buyers to carry out a due diligence in any real estate transaction.

**7.5 Does the seller warrant its ownership in any way? Please give details.**

The seller warrants its ownership, as described in question 7.4. Ownership title is evidenced by the updated record file of the property together with an index map issued by the responsible local office for registration of immovable properties.

**7.6 What (if any) are the liabilities of the buyer (in addition to paying the sale price)?**

Apart from paying the sale price to the seller, the buyer has to register the purchase contract to the real estate registry within thirty days, otherwise he will pay a fine of 10% of the registration tariff for each day of delay.

## 8 Finance and Banking

**8.1 Please briefly describe any regulations concerning the lending of money to finance real estate. Are the rules different as between resident and non-resident persons and/or between individual persons and corporate entities?**

Law no. 9662, dated 18.12.2006 "On Banks in the Republic of Albania" states that financial activities shall be considered lending of all types including, *inter alia*, mortgage loans. This law also states that such financial activities can be carried out only by banks or non-banking financial institutions licensed by the Central Bank of Albania. Furthermore, the Regulation of the Bank of Albania no. 5, dated 11.02.2009 "On the Consumer Credit and Mortgage Credit for Households" defines the mortgage credit contract/agreement for the household as the agreement whereby a bank or non-banking financial institution grants, or promises to grant to a household, a credit that simultaneously meets the following characteristics: i) the purpose of the credit is the purchasing or the complete or partial construction of a property for dwelling purposes (a house, apartment); and ii) the borrower is the purchaser or the owner of this property designed for dwelling purposes. There are no different legal provisions under banking legislation applicable to lending to residents and non-residents.

**8.2 What are the main methods by which a real estate lender seeks to protect itself from default by the borrower?**

According to the Regulation no. 52, dated 14.07.2004 "On credit risk management", (amended), banks and non-banking financial institutions operating in Albania will carry out the following analysis with regards to the lending activity, including: a) the financial condition of the borrower; b) the financial condition of the guarantor; and c) an assessment of the loan guarantee and quality of collateral and/or guarantee, when such a collateral and/or guarantee do exist. The lender/bank mostly uses the mortgage, which is the only method of securing an immovable property, as a security mechanism available under the Albanian law, to secure the credit obligation of the borrower. The Albanian Civil Code defines a 'mortgage' as a real right of the creditor over the property owned by the debtor or a third person for the purpose of securing an obligation, and can be created by law or by contract. Any mortgage should be registered with the responsible local office for the registration of immovable properties and shall not be enforceable, unless so registered. The Albanian Civil Code provides that the mortgage becomes effective as of the date of its registration, including the cases of future or conditional credits. The registration number of the mortgage determines its rank in priority of creditors over that property. If different mortgage applications over



the same property unit have been filed with the respective local office for registration of real estates, the registration will be completed under the same registration number. Such mortgagees (of the same rank in priority) shall be reimbursed on the basis of the proportion of the respective credit amounts.

### 8.3 What minimum formalities are required for real estate lending?

Minimum formalities to be performed by a lender for real estate lending are as follows:

1. loan/credit contract signed by and between the lender and the borrower;
2. assessment of the borrower's and the guarantor's capability for liquidity;
3. evaluation of the collateral; and
4. signing of the mortgage contract followed by its registration with the responsible local office for registration of immovable properties.

### 8.4 How is a real estate lender protected from claims against the borrower or the real estate asset by other creditors?

As stated in question 8.2, the registration number of the mortgage determines the priority rank of the creditors in this regard. When the creditor/lender registers a mortgage interest over a real estate asset, in case of default of the borrower to repay its obligations and execution of such property, the credit of the lender that has registered the first rank of priority over the real estate property will be totally repaid, and afterwards the credit of other creditors, if any, ranked after the first one will be repaid. We note that the Albanian Civil Code has provided for a preferential legal treatment for various creditors.

## 9 Tax

### 9.1 Are transfers of real estate subject to a transfer tax? How much? Who is liable?

Tax on transfer of title over immovable property is applied over the transfer of title of buildings and of any other kind of immovable property. This tax is paid by the person who transfers the title (the transferor).

**a) The tax on the transfer of title of building:** The tax on the transfer of title of building is based on the size of the building (expressed in square metres). The law provides for different tax levels (expressed in ALL per each square metre), depending on the categories of buildings to be transferred.

**b) The tax on the transfer of ownership of other immovable properties:** The tax basis on the transfer of title of other immovable properties (i.e. other than buildings) is calculated on the sale price. The tax rate is expressed in percentage and is 2% of the sale price. The tax liability is calculated by multiplying the tax rate (2%) with the sale price.

The law provides for some relevant exemptions.

This tax is not applied to:

- a) the transferors who are subject to personal income tax;
- b) the National Entity of Premises, Ministry of Finance and central and local government bodies; or
- c) the donors that donate real estate to the governmental entities (central or local), to religious institutions or to not-for-profit

organisations, when the donation is related to the not-for-profit activity of the NGO. But, yet, in these cases, these donors are liable to pay the part of this tax for which the tax agent is entitled to get (3% of the relevant tax liability).

### 9.2 When is the transfer tax paid?

This tax is executed before the respective local office for registration of immovable properties.

### 9.3 Are transfers of real estate subject to VAT? How much? Who is liable? Are there any exemptions?

The rate of VAT in Albania is 20% and is levied on the total sale price of goods and services. Supply of land and of land for construction, and the lease of such is exempt from VAT, unless they are used as a parking place or as a warehouse for transportation vehicles and other vehicles. Supply of a fully constructed building is exempt from VAT. VAT law provides for the exemption of a lease on buildings from VAT, and this exemption is only granted to any lease that is for a period longer than two months.

### 9.4 What tax or taxes (if any) are payable by the seller on the disposal of a property?

If the transferor is a legal entity, the entity is taxed also for the income generated from the transfer of title of immovable property together with the other income generated by the entity during the relevant financial year. As from January 1, 2008, the corporate tax in Albania is at the rate of 10%.

If the transferor is an individual, he/she is taxed for the income generated from the transfer of title of immovable property. Starting from January 1, 2008, this tax for the income generated by the individual is at the rate of 10% of the capital gained by the transfer of title. Capital gain is determined as the difference between the sale price and purchase price of the real estate (the definition of the sale price and purchase price are defined in the relevant instruction of the Ministry of Finance).

This tax should be paid by the transferor prior to the registration of the transfer of title, with the Real Estate Registry. Please note that the Albanian legislation provides for the prices which have to be used for purposes of the calculation of the tax on income (capital gain), generated by the transfer of title.

Please also note that if a Double Taxation Treaty is in place, a different taxation rate may exist according to the provisions of such a treaty, as the transferor may pay such tax in his country of residence.

### 9.5 Is taxation different if ownership of a company (or other entity) owning real estate is transferred?

The Albanian Legislation does not contain such a provision. The taxation is the same even when the ownership of a company is transferred.

## 10 Leases of Business Premises

### 10.1 Please briefly describe the main laws that regulate leases of business premises.

Leases of business premises are mainly regulated through the Albanian Civil Code, as described in Articles 841 to 849.

## 10.2 What types of business lease exist?

Pursuant to the Albanian Civil Code, there is one type of lease contract for business or non-business use.

## 10.3 What are the typical provisions for leases of business premises in Albania regarding: (a) length of term; (b) rent increases; (c) tenant's right to sell or sub-lease; (d) insurance; (e) (i) change of control of the tenant; and (ii) transfer of lease as a result of a corporate restructuring (e.g. merger); and (f) repairs?

The special provisions for lease of business are set forth in the Albanian Civil Code as follows:

### (a) Length of term

Business premises can be leased up to 30 years with an exception in certain cases provided special laws. If the business lease is agreed for a longer term and in the absence of a special term, the lease is to be valid for 30 years.

### (b) Rent increases

Parties agree on a flat rate in the majority of cases.

### (c) Tenant's right to sell or sub-lease

The sub-lease of a contract is subject to prior notification of the landlord by the tenant. The landlord has the discretionary power to allow or decline the tenant to exercise the right to sub-lease.

### (d) Insurance

Lease of business premises is not subject to compulsory insurance.

### (e) (i) Change of control of the tenant

The legislation does not provide for any consequences in case of the change of control of the tenant.

### (e) (ii) Transfer of lease as a result of a corporate restructuring (e.g. merger)

The legislation does not provide for any consequences in case of corporate restructuring.

### (f) Repairs

Ordinary maintenance/repairs of the business premises are legally required to be carried out by the tenant. Extraordinary maintenance/repairs are legally required to be carried out by the landlord.

## 10.4 What taxes are payable on rent either by the landlord or tenant of a business lease?

The taxes payable on rent by the landlord (a physical person) is the tax on capital gain (10% of the rent) and the property tax (payable per each year on the basis of the leased surface). The tenant is not legally required to pay any taxes to the relevant state authorities.

## 10.5 In what circumstances are business leases usually terminated (e.g. at expiry, on default, by either party etc.). Are there any special provisions allowing a tenant to extend or renew the lease or for either party to be compensated by the other for any reason on termination?

The lease is terminated upon expiry of the agreed term, as stipulated in the lease agreement. If the lease term is not defined, each party is entitled to terminate the lease upon notification to the other party. Existing tenants are entitled to the priority right to renew the existing business lease *vis-a-vis* to any potential tenants. No compensation is stipulated in the Albanian legislation on termination.

## 10.6 Does the landlord and/or the tenant of a business lease cease to be liable for their respective obligations under the lease once they have sold their interest? Can they be responsible after the sale in respect of pre-sale non compliance?

The landlord and the tenant of a business lease cease to be liable with regards to obligations under the lease once they have sold their interest to a third party. The seller is responsible after the sale with regards to pre-sale non compliance provided that the buyer denounces such a right within ten days if it is not otherwise stipulated by special law or by mutual agreement among the parties.

## 10.7 Green leases seek to impose obligations on landlords and tenants designed to promote greater sustainable use of buildings and in the reduction of the "environmental footprint" of a building. Please briefly describe any "green obligations" commonly found in leases stating whether these are clearly defined, enforceable legal obligations or something not amounting to enforceable legal obligations (for example aspirational objectives).

There are no provisions under banking and financial legislation with regards to "green obligations".

# 11 Zoning and Environmental Issues

## 11.1 What are the main laws which govern zoning and related matters concerning the use and occupation of land? Please briefly describe them and include environmental laws. Can the state force land owners to sell land to it? If so please briefly describe including price mechanism.

The main laws governing zoning, environment and related matters concerning the use and occupation of land, are as follows:

Law no. 8405, dated 17.09.1998 "On urban planning" (amended) determines the rules for the construction and architecture of buildings within the territory of the Republic of Albania (RoA). Accordingly, all types of constructions are legally requested to be erected within the urban areas on the basis of prior approval of urban planning instruments. Exceptionally, constructions are erected outside the urban areas on the basis of prior approval of regional studies and master plans by the competent urban planning authority, at the local or at the national level. This Law will be replaced by the Territorial Planning Law (10 119/2009) that is expected to become fully effective as from September 1, 2010.

Law no. 10119, dated 23.04.2009 "On territorial planning" sets forth the rules and procedures with regards to the urban planning of the albanian territory. This law will be effective as from September 1, 2010.

Law no. 8402, dated 10.09.1998 "On supervision and disciplining of construction works" (amended) provides for the implementation and supervision of construction works in compliance with zoning and environmental regulations.

Law no. 8934, dated 5.09.2002 "On environmental protection" (amended) is the cornerstone of environmental legislation in Albania. As set forth by the law itself, any activity that has an impact on the environment is legally required to be licensed according to the regulations provided in the environmental protection legislation.

Law no. 8990, dated 23.01.2003 "On environmental impact assessment" (amended) regulates the procedural details of an environmental impact assessment (EIA). This law has been

supplemented by a ministerial decision concerning the certification of environmental specialists on EIA and environmental auditing and other important related processes, such as the methodology of the EIA process and report, which have been determined by subsidiary legislation.

Law no. 9103, dated 10.07.2003, "On protection of bordering lakes" provides for the legal obligation of the owners of immovable properties bordering lakes to be provided with an environmental permit in case they carry out activities that produce a negative externality into the environment.

Law no. 9010, dated 13.2.2003 "On environmental management of solid waste" (amended). The aim of this law is the protection of the environment and health from the pollution caused by solid waste, the protection of which can be achieved through the environmental management of solid waste at different stages in order to reduce the amount of waste and its hazardous effects.

Law no. 9379, 28.04.2005 "On energy efficiency" sets forth the general rules to achieve the energy efficiency level in buildings.

Law no. 9774, dated 12.07.2007 "On assessment and administration of noise pollution" provides that the legal entities producing noise during their activity are legally required to be provided with an environmental permit and must therefore; undertake preventive measures in this regard.

Law no. 9482, dated 3.04.2006 (amended) "On legalisation, urbanisation and integration of informal settlements" (the Legalisation Law) provides for the legalisation of informal settlements. This law does not define any geographic limitation for legalisation purposes and therefore, it applies in all urban and rural areas, with regards to informal constructions and building extensions. The Albanian legislator provides for "the informal settler" to become the owner of the informal construction or informal extension to the existing building against payment of the legalisation fee in cash or in privatisation bonds. In addition to this amendment, the legislator provides for the transfer of such a fee in the state budget. This source of income will apply to the financial compensation of former owners of properties that have lost their ownership title over their ancestral property/ies due to adoption of the legalisation law by the Albanian Assembly.

Law no. 8561, dated 22.13.1999 "On expropriations and the temporary use taking of the private-owned properties for public interest" stipulates that the expropriation in Albania is governed by the Civil Code and the Expropriation Law. Immovable state-owned properties can be expropriated when required for a public purpose (interest) defined by law and with full compensation to the owner. Furthermore, the state must compensate any reduction in the value of property caused to nearby property

Compensation to Owners: The expropriation law does not expressly mention who is responsible for the costs of compensating the expropriated owners. This should be done in accordance with the list of prices "region by region" that is approved pursuant to Law no. 9235 dated 29.7.2004 "On the Restitution and Compensation of Properties" (as amended). The Agency for the Restitution and Compensation of Properties must provide to the concerned subjects/parties, within seven days, the list of prices for the areas where the expropriation process will take place.

#### **11.2 Which bodies control land/building use and/or occupation and environmental regulation? How do buyers obtain reliable information on these matters?**

The authorities that control the land/building use and/or occupation are the construction inspectorates operating at the local level (including the operation of the construction inspectorate at the

commune/municipality and county level) and the state construction inspectorate (operating at the central level). The authorities that control the enforcement of environmental regulations are the regional environmental agencies. We note that if an activity is carried out at a national level the environmental permit is approved by the Minister of Environment, whereas for local activities the permit is granted by the responsible regional environmental agency.

Buyers are entitled to obtain official information on the aforementioned matters upon the filing of a written request with the responsible state authorities. These authorities are legally required to provide an official response within thirty days as from the receipt of the written request.

#### **11.3 What main permits or licences are required for building works and/or the use of real estate?**

The main permits required for building works and/or the use of real estate are the site permit, the construction permit and the permit of use.

#### **11.4 Are building/use permits and licences commonly obtained in Albania? Can implied permission be obtained in any way (e.g. by long use)?**

Building/use permits and licences are commonly obtained in Albania. Implied permission is not obtainable.

#### **11.5 What is the appropriate cost of building/use permits and the time involved in obtaining them?**

Cost and the estimated time to obtain a building/use permit varies as per local government authority and the type of construction works to be carried out. We note that for each approved building permit, the developer is legally required to pay 1% of the investment project value. In legal terms, a building permit is required to be approved by the responsible authority within forty five days upon the filing of the application, followed by supporting documents. Use of a permit is legally required to be approved within thirty days upon the filing of the application followed by supporting documents.

#### **11.6 In what circumstances (if any) is environmental clean up ever mandatory?**

Regulation no. 1, dated 30.03.2007 "On the treatment of construction waste from its creations, transportation to neutralisation" applies to: (a) adoption and implementation of construction works, reconstruction or demolition of buildings; (b) adoption and establishment of plants and areas for temporary storage of construction waste; (c) handling and transportation of construction waste; and (d) functioning of plants and waste disposal areas for construction (Article 2). According to this regulation, any physical or legal person whose activity produces, possesses, transports and manages construction waste is obliged to keep, deposit, transport and deliver them for allocation in specified plants.

#### **11.7 Please briefly outline any regulatory requirements for the assessment and management of the energy performance of buildings in Albania.**

We note the following legal regime providing for the assessment and management of the energy performance of buildings in Albania:

Law no. 9379, dated 28.04.2005 "On the efficiency of energy" provides for the ways to increase the energy efficiency in public, private and industrial buildings.

Law no. 8937, dated 12.09.2002 "On the heat (thermal) preservation in buildings", stipulates requirements with regards to the application of standards to preserve, save and efficiently use the heat in buildings. Pursuant to this law, the new buildings that will be erected after the effective date of this law must provide for the compulsory establishment of a central or local thermal installation.

Council of Ministers Decision no. 584, dated 2.11.2000 "On the energy saving and heat (thermal) preservation in constructions", which obliges all the natural or legal persons dealing with the drafting of designs for construction of buildings to comply with the requirements of the European Union regarding the heat preservation in public or private buildings. In this regard, the energy sources to be used for heating must be organic, solid, liquid and gaseous fuel. The heating systems are legally required to omit from using the electricity as an energy source. The central or local heating installations in new constructions are a condition precedent with regards to the approval of the site and building permits.



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Ms. Xhaferri is the Head of Commercial Property Department in Kalo & Associates' Tirana Office with over 8 years of experience, among others, in the area of commercial property rights. Ms. Xhaferri holds a double Masters Degree in European Law and Economics issued from Erasmus University Rotterdam, Netherlands and Hamburg University, Germany. Ms. Xhaferri, since having qualified, has focused her legal expertise in the field of movable and immovable property rights. Ms. Xhaferri offers extensive legal expertise in a broad range of property legal services, primarily on matters pertaining to drafting of secondary legislation, expropriation in public infrastructure, compensation of landholdings to former owners, legal due diligences for constructions projects, urban planning, lease and acquisition of aircrafts by international companies etc.

## 12 General

### 12.1 Are there any current proposals for significant reform of real estate law in Albania? Please give details.

The territorial planning law, as described in question 11.1, is expected to become effective on September 1, 2010. Following this law, three by-laws have been proposed by the Minister of Public Works, Transport and Telecommunications for approval by the Council of Ministers providing for the following: (a) approval of structure and common geodesic standards and GIS; and (b) organisation and functioning of the Territorial Planning Register.

### 12.2 Date at which law is stated.

January 22, 2010.



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Mr. Oltjan Hoxholli is a qualified lawyer who graduated with a BA in Legal Studies in 2004 from Tirana University. Mr. Hoxholli has over 6 years of legal experience in the area of commercial property issues. He is an associate of the Commercial Property Department in the law firm Kalo & Associates' Tirana Office. Mr. Hoxholli has rendered legal expertise in all aspects of commercial property transactions, including without limitation, drafting of the contract agreements, reservation agreement, aircraft leasing, real estate due diligences as well as providing legal expertise with regards to urban planning, expropriation, restitution, registration of properties etc.



Kalo & Associates has long been a leading law practice in Albania and more recently in Kosovo. The firm is very often a first choice as reflected by its impressive client portfolio (including a considerable number of Fortune 500 companies) of such industries as banking and financial services, aviation, energy resources, general manufacturing, insurance, commercial property, retailing, technology and telecom, and transportation.

The firm has a wealth of property related client credentials spanning over many years, and experience of having carried out in-depth legal analysis of property legal issues that are often tricky issues for foreign investors. The key focus of our advice is to ensure that our clients safely and efficiently acquire the ownership rights over the desired property-unit(s) with minimum, if any, risks of potential third party claims. Such requires a thorough knowledge of property legal and institutional framework that vests property rights upon owner or alike, and, *inter alia*, the various mechanisms of property-unit(s) registration that has taken place over the years in Albania.