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## real estate lawflash

31 January 2013

### Amendments to Russian Civil Code Related to Immovable Property

*Amended code, including provisions on state registration and notes of objection, will take effect on 1 March.*

On 30 December 2012, President of the Russian Federation Vladimir Putin approved proposed amendments to the Russian Civil Code by signing Federal Law No. 302-FZ, "On amending Chapters 1, 2, 3 and 4 of Part 1 of the Russian Federation Civil Code" (Law), which will take effect on 1 March 2013.

After lengthy deliberations, the Law is less radical than initially proposed.<sup>1</sup> For example, the proposal to subject all real estate transactions to notarization was rejected. The rule remains the same as before—unless otherwise specifically required by law or agreed to by the affected parties, all real estate transactions must be in simple written form.

Importantly, the Law provides that only the property ownership rights of a particular person, or liens or encumbrances, shall be subject to state registration in cases required by law. Accordingly, state registration will no longer be required for certain contracts involving real property; these include agreements for the sale or lease of an enterprise, sale of residential property, gift of real property, or lease agreements for a term exceeding 364 days. Instead, the party acquiring rights to real property will need to register its ownership, leasehold, or lien or encumbrance over the property. To implement these changes, certain amendments to Federal Law No. 122-FZ, "On State Registration of Rights to Immovable Property and Transactions," may be required, followed by corresponding revisions to the procedures for state registration.

Another novelty introduced by the Law is the concept of a note of objection. A person who previously had registered rights to real property may request that the Unified State Register of Legal Entities record a "note of objection" in respect to the rights of any other persons who have been registered for the same property. Such a note of objection will be valid for three months but will then be removed if the complaining person has not filed a lawsuit within this period. Because it does not prevent a registered owner from selling or leasing the property immediately, such a note of objection appears to be mainly designed to warn prospective buyers or lessees that there is a potential dispute.

#### Contacts

If you have any questions or would like more information on the issues discussed in this LawFlash, please contact any of the following Morgan Lewis lawyers:

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1. Most of the amendments proposed at the first hearing were dismissed.

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