

Case 1

Potential claim by the Romanian State and
invalid sale/purchase agreement

VALUE: €35 million

Background:

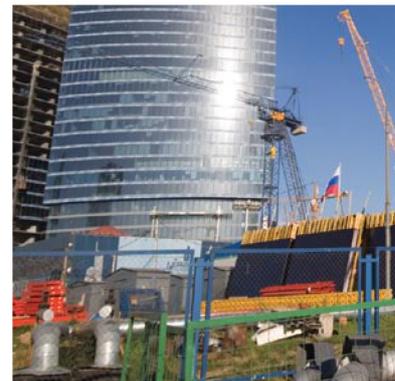
A large Romanian company intended to acquire a property from a company that had acquired it from a state-owned enterprise. A few weeks before the transaction was due to take place, a detailed analysis of the title to the property revealed the transfer of the property from the state enterprise to the current owners was invalid, as the sale-purchase agreement was not concluded in an authenticated form as required by Romanian law.

Risk:

There was a legal risk that the state authorities could use the Civil Code to file a claim challenging the validity of the title transfer and potentially succeed in claiming back ownership of the property from the intended purchaser. If the state did bring a claim, the only remedy available to the intended purchaser of the property would be to argue that they had acquired the property in good faith and that a ten to twenty-year adverse possession or usucaption period had elapsed. However, it was debatable whether even this remedy would be available because the property transferred by the state enterprise may have been public property, which would mean usucaption would not apply.

First Title Solution:

First Title was able to provide the intended purchaser of the land and buildings with a comprehensive insurance policy which insured, among other risks, the potential risk of the state authorities successfully reclaiming ownership of the land and buildings.



Case 2

Invalid sale/purchase agreement

VALUE: €16 million

Background:

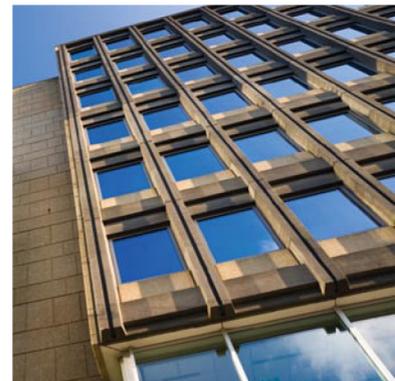
A real estate company was acquiring land and buildings in Bucharest. The due diligence process revealed a number of title defects.

Risk:

A previous owner had acquired the land by a restitution decision issued by the Bucharest Municipality. The restitution decision was grounded on various inheritance certificates. Despite the decision of the Bucharest Municipality, a further examination of the various inheritance certificates revealed some uncertainty as to whether the land expropriated from the former owner's relative was the same land that was transferred from the Bucharest Municipality to the former owner. There was a risk that the Bucharest Municipality had no right to dispose of the land and that the restitution decision, which was the basis for the title, could be invalidated.

First Title Solution:

Within days of receiving the due diligence report, First Title was able to insure the real estate company purchasing the land and their lender against the risk of losing title to the property.



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