

## Registration of Title in the Land Registry

### Reservation of Title to Fixtures

Currently, real estate owners also legally own all components (i.e. structures, fixtures, etc.) pertaining to the property. The provision of Section 508 of the Civil Code provides an important option: to maintain double ownership of real estate, machines or other equipment fixed to the real estate by means of a "reservation" entered in the Land Register. This reservation will be appreciated by those installing machines or other equipment on land or in buildings which they do not own, and it also applies to banks financing such projects.

In essence it is quite simple. The Land Registry records the reservation of title in the form of a note based on an application from the equipment owner. The application must also be supported by the consent of the real estate owner.

Doubts about whether a thing is "firmly fixed" or when the connection is less permanent will be resolved by the higher courts. In such situations it is strongly recommended to use this option and to register reservation of title in the Land Registry.

Tomáš Mls

**The process of transferring real estate starts with the signing of the relevant purchase agreement. Even once the demanding negotiations about the terms and conditions of the purchase agreement are behind you, the real estate will only be transferred once the buyer is registered as the new owner in the Land Registry.**

The first step in the registration process is to fill in the web-based application form. The signatures on the form do not have to be officially certified, but if you are being represented by another person in the proceedings, the signature on the power of attorney must be certified. A copy of the purchase agreement must be attached to the application for registration and the signatures must always be officially certified. The application fee is CZK 1,000.

Once you have submitted the application, the Land Registry will make an appropriate entry in its records, which includes, among other things, the exact time when the application was submitted, and will issue a note on pending legal relationships to the building with regard to the property in question. Then a 20-day period will commence to run during which no registration is permissible. The purpose of this period is to give the current owner the opportunity to avoid a potential fraudulent transfer prior to making the registration and entering the new owner in the Land Registry. After the expiry of the 20-day period, the Land Registry will review the application for registration, and if everything is in order, will approve the application. Afterwards, the Land Registry will send you a notification informing you of the changes made to the title deed and of the fact that the registration was performed.

We recommend providing your e-mail address in the application so that the Land Registry can keep you updated about the proceedings after you submit your application.

Dominika Veselá



## Another Way to Strengthen Creditors' Rights under the New Civil Code

Banning alienation of title and encumbrance is nothing new in contractual practice. This was already part of agreements signed under the old private-legal regulations. The Civil Code, however, now regulates the possibility of the material-legal effects of these bans, i.e. effects towards third parties.

In practice, this involves a simple obligation not to encumber and alienate a thing which is owned by a person who provides the thing as a security. In order to ban alienation and encumbrance towards third parties, it is absolutely necessary to have such a ban explicitly included in the agreement as a right in rem. Otherwise, it will have the effect of a mere contractual obligation between the parties. Bans must be agreed for a limited and adequate period of time and they must pursue an interest which is worthy of legal protection.

In order to ban alienation and encumbrance on a property with material and legal effects, it is further necessary to ensure its registration in the Land Registry. For the purposes of making such an entry in the Land Registry it is particularly necessary to properly specify the debts covered by the relevant security as well as the legal title for their existence.

Lukáš Zahradka

## What to Keep in Mind when Buying Real Estate – Part I

**Almost everyone will at some point go through the experience of buying real estate, whether land, a house or a flat. It's certainly no easy matter. We therefore offer some practical recommendations of what you should look out for when buying a property:**

- Always verify the legal and factual condition of the property. At the very least you should check entries in the Land Registry (especially the existence of mortgages, liens, easements, etc.). For buildings, we recommend checking public permits and related documents.
- Ask the seller to submit the contract (or other legal title) on the basis of which they acquired the property. If you have doubts, or if the property in question has a significant material value for you, consider whether it is worth having the property's legal condition reviewed by an expert.
- Pay the purchase price by placing the relevant amount in escrow with a notary, bank or lawyer, and allow it to be released only once you have been registered as the owner of the property in the Land Registry. In addition, arrange for payment of the property acquisition tax (which you as the buyer are responsible for) directly from the amount placed in escrow.
- Make sure that the property is accessible (e.g. via a public road or easement).

Stanislav Servus



**Dvořák Hager & Partners**  
Czech Republic

Oasis Florenc, Pobřežní 394/12  
186 00 Prague 8  
Czech Republic

tel.: +420 255 706 500  
fax: +420 255 706 550  
e-mail: praha@dhplegal.com

**Dvořák Hager & Partners**  
Slovakia

Cintorínska ul. 3/a  
811 08 Bratislava  
Slovakia

tel.: +421 2 32 78 64 – 11  
fax: +421 2 32 78 64 – 41  
e-mail: bratislava@dhplegal.com