



SPI Project

Improving auction procedures for immovable collateral under foreclosure

Minutes

Third meeting

September 26, 2008—AAB premises
10:00 – 12:30

Project Objectives

1. To undertake analytical activities that would support the enactment of law amendment proposals.
2. To support the improvement of the Bailiff Office activity.
3. To improve the quality of the buildings evaluation.

Project Management Team

Project Owner (PO): Seyhan Pencapligil, General Director, BKT
Project Manager (PM): Veronika Prifti, Legal Department Manager, BKT
Deputy Project Manger (DPM): Rudina Gorishti, Legal Department Deputy Director, Bank of Albania

Attendees:

Veronika Prifti, BKT (PM)
Rudina Gorishti, BoA (DPM)
Kimmo Vikman, EURALIUS (peer-reviewer)
Andin Jakova, BNT (member)
Ermal Dobi, Tirana Bank (member)
Andon Daka, Credins Bank (member)
Elona Bollano, SPI Albania Director of Analysis and Policy
Anuela Ristani, SPI Albania Director of Operations

SPI Albania Secretariat

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AGENDA

- I. Project Activity Brief
- II. Scoping of the Problem Presentation (Discussion and Approval)
- III. CPC Proposals (Discussion and Approval)
- IV. Bailiff Liberalization Draft Proposal Law
- V. Conclusions and distribution of tasks
- VI. Closing Remarks

I. Project Activity Brief

- After the second PWG meeting, SPI Secretariat distributed through AAB the questionnaire on Banks' difficulties in dealing with Bailiff Offices to all the Banks' Legal Departments. SPI Secretariat followed up with all the individual legal departments to collect their responses, analyzed them and drafted the summary of findings.
- The PMT has drafted PWG proposals in order to facilitate consensus building among PWG members on individual CPC articles.
- SPI Secretariat collected, with PM's help, illustrative examples of Banks' problems with the bailiff's office.
- SPI Secretariat together with the PM has prepared a document covering the complete cycle of mortgage creation focusing on foreclosure procedures.
- SPI Secretariat and the PMT participated in the MoJ Consultation Hearings on the Bailiff Office Liberalization.
- SPI Secretariat sent to PWG members the MoJ document on the Bailiff liberalization.
- Based on PMT and other PWG members' individual contributions, SPI Secretariat has drafted a note with PWG possible recommendations on the Bailiff Office, and has sent it to MoJ

II. Scoping of the Problem Presentation

SPI Secretariat presented the Scoping of the Problem Document for approval to the working group. The document identifies a regulatory failure (regulations wrongly prescribed) in the current situation. This failure generates negative externalities as most consumers are bearing higher lending costs and have lower access to credit due to the inefficiencies of the current regulatory framework.

The document includes 3 alternative policy options referring to the auction procedures, to bailiff services, and to appraising standards.

The Scoping of the Problem Document was approved without objections by the PWG members.

III. CPC Proposals (Discussion and Approval)

The SPI Secretariat and the PMT lead the working group through all the aggregated comments received from PWG members and the PMT on separate issues/articles of the CPC. The PWG discussion was extensive on the time limits for notifications, auction provisions and executive title options for multiple property collaterals. The aggregated comments and decisions for the proposed changes are reflected in the Appendixes hereby attached.

The PWG succeeded to cover all the pre-identified articles of the PCP. Upon exhaustion of all the presented arguments, the present PWG members unanimously agreed on each proposal. The agreed proposals for amending CPC will be sent to all PWG members for inputs and approval.

IV. Bailiff Liberalization Draft Proposal Law

SPI Secretariat presented the Report on the main findings of the survey on bank's difficulties in dealing with the Bailiff Office as well as the aggregated comments on the Bailiff Liberalization Law Proposal issued by MoJ. Both these documents were sent to the MoJ for consideration, without a formal approval/ discussion from the PWG, but only after consultations with the PMT, due to their sudden deadline for submission to the Council of Ministers. The PWG congratulated the SPI Secretariat on the timely job done under extraordinary circumstances and fully endorsed the documents presented.

V. Conclusions and distribution of tasks

- SPI Secretariat will draft an all-inclusive summary of the PWG proposals for amending CPC. PWG members will review the document and will send their feedback within a week time from the day of the delivery.
- SPI Secretariat will draft a complete document on the Bailiff Service based on the three documents prepared until now on this issue: the note on international experience, PWG feedback on MoJ initiative to liberalize bailiff service and findings of the banking survey on the banks' difficulties in dealing with bailiff service.
- SPI Secretariat will prepare the IAAD Draft for approval in the next PWG.
- SPI Secretariat will draft the questionnaire for impact assessment to be approved in the next PWG meeting.

VI. Closing Remarks

Before the fourth meeting, PWG will be asked to send their comments and suggestions on the documents prepared by SPI Secretariat. The forth meeting is planned to focus on validating the results of the impact assessment and on the third stage of the project - appraising standards - and is preliminarily scheduled to take place in the last week of October, 2008.