

The *Saeima*<sup>1</sup> has adopted and the President has proclaimed the following law:

## **Law on the Activity of Real Estate Agents**

### **Chapter I General Provisions**

#### **Section 1. Terms Used in this Law**

The following terms are used in the Law:

- 1) **real estate transaction** – alienation, leasing, renting, or any other transfer for use of real estate.
- 2) **intermediation services of real estate transactions** (hereinafter – the intermediation services) – services provided for remuneration within the scope of economic activity: expressing of an offer of a real estate transaction, conducting of the negotiations and preparation of the documents necessary for the conclusion of a real estate transaction, preparation and explanation of the provisions of a real estate transaction (including the rights and obligations related to the transaction);
- 3) **real estate agent** – a private person who provides intermediation services of real estate transactions.

#### **Section 2. Purpose of this Law**

The purpose of this Law is to promote the provision of stable, secure, and reliable intermediation services, and also to prevent money laundering and terrorism and proliferation financing by using such real estate transactions in which intermediation services have been provided.

#### **Section 3. Scope of Application and Exceptions of Application of the Law**

- (1) The Law shall apply to all private persons who wish to provide or are providing the intermediation services.
- (2) Only Sections 10 and 11 and Section 12, Paragraph one of this Law shall apply to sworn notaries, sworn advocates, sworn bailiffs, sworn auditors, commercial companies of sworn auditors, administrators of insolvency proceedings, and capital companies of a public person which alienate the property of a public person in conformity with the Law on the Alienation of the Property of a Public Person or are managing the real estate of a public person in conformity with the Law on Prevention of Squandering of the Financial Resources and Property of a Public Person.

#### **Section 4. Real Estate Agents**

The intermediation services may be provided only by such private person who has been included in the Register of Real Estate Agents (hereinafter – the Register). A citizen of the European Union or a merchant registered in a European Union Member State which wishes to provide the intermediation services in Latvia shall register in the Register.

<sup>1</sup> The Parliament of the Republic of Latvia

## **Chapter II**

### **Requirements for Real Estate Agents, the Register and Registration**

#### **Section 5. Requirements for Real Estate Agents**

(1) A real estate agent may be a natural person who:

1) in accordance with the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing, has established an internal control system for the prevention of money laundering and terrorism and proliferation financing (hereinafter – the internal control system);

2) has not been punished for committing an intentional criminal offence against the property, for committing an intentional criminal offence in national economy, or for committing a terrorism related criminal offence, or who has been punished for such offences, however, the criminal record thereon has been set aside or extinguished;

3) has insured the professional civil liability thereof.

(2) A real estate agent may be a legal person or partnership:

1) which has established the internal control system in accordance with the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing;

2) the board members, members, and beneficial owners (natural persons) of which have not been punished for committing an intentional criminal offence against the property, for committing an intentional criminal offence in national economy, or for committing a terrorism related criminal offence, or which have been punished for such offences, however, the criminal record thereon has been set aside or extinguished;

3) to which the coercive measure – liquidation or such restriction of rights which prohibits the provision of the intermediation services – has not been applied;

4) which has insured the professional civil liability thereof.

#### **Section 6. Register of Real Estate Agents**

(1) The Ministry of Economics shall maintain the publicly available Register on its website. If the Register is placed on another website, a reference thereto shall be included on the website of the Ministry of Economics.

(2) The information referred to in Section 7, Paragraph one, Clause 1 of this Law shall be indicated in the Register. The personal identity number of a natural person is not included in the public part of the Register.

(3) If a real estate agent has been excluded from the Register on the basis of Section 16, Paragraph two, Clause 3 of this Law, the information on such agent shall be published in the Register for five more years from the moment when the decision has ceased to be subject to appeal.

#### **Section 7. Registration of Real Estate Agents**

(1) A person who wishes to commence the provision of the intermediation services shall submit an application to the Ministry of Economics indicating or attaching the following information and documents:

1) the following information shall be indicated in the application:

a) the given name, surname, and personal identity number of a natural person or the name and registration number of a legal person;

b) the time when it is intended to commence the provision of the intermediation services;

2) the following documents shall be attached to an application:

a) a copy of the policy of professional civil liability insurance;

b) a confirmation that the internal control system has been established for the person in accordance with the laws and regulations in the field of the prevention of money laundering and terrorism and proliferation financing;

c) a statement of the competent authority on non-existence of criminal record if the real estate agent is a citizen of the European Union or a merchant registered in a European Union Member State, and also documents certifying that a coercive measure – liquidation or such restriction of rights which prohibits the provision of the intermediation services – has not been applied to the merchant.

(2) In order for the Ministry of Economics to be able to ascertain whether the person who wishes to commence the provision of the intermediation services complies with the requirements of this Law, the Ministry of Economics has the right to enter into an inter-ministerial agreement with the manager and holder of the Punishment Register and to request and receive the following information on the relevant person from the Punishment Register:

1) on a natural person – whether the person has been punished for committing an intentional criminal offence against the property, for committing an intentional criminal offence in national economy, or for committing a terrorism related criminal offence, and if the person has been punished for such offences, whether the criminal record thereon has been set aside or extinguished;

2) on a legal person – whether a coercive measure – liquidation or such restriction of rights which prohibits the provision of the intermediation services has been applied to such person.

(3) When examining the application of the person and the documents attached thereto, the Ministry of Economics shall take one of the following decisions:

1) to register the person if it complies with the requirements of this Law;

2) to postpone the registration of the person, setting a reasonable term for elimination of deficiencies if all the necessary information has not been indicated in the application or all the necessary documents have not been appended to the application;

3) to refuse registration of the person if it does not comply with the requirements of this Law.

(4) The Cabinet shall determine a fee for inclusion of the person in the Register to the real estate agent.

(5) A real estate agent shall, without delay, notify the Ministry of Economics of the errors detected in the information included in the Register and the necessary corrections, and also of the changes in the information referred to in Paragraph one, Clause 2, Sub-clause “b” of this Section and of the changes in the civil liability insurance policy.

### **Chapter III**

#### **Provisions for the Provision of the Intermediation Services**

##### **Section 8. Form of Intermediation Services Contracts**

Intermediation services contracts shall be concluded in writing.

##### **Section 9. Professional Civil Liability Insurance**

(1) Prior to commencing the provision of the intermediation services, a real estate agent shall insure its professional civil liability. The insurance contract shall be maintained in effect for the entire period of provision of the intermediation services.

(2) The real estate agent has an obligation to notify the Ministry of Economics without delay of the occurrence of any professional civil liability insurance event.

(3) The Cabinet shall determine the procedures for the professional civil liability insurance of a real estate agent, the minimum limit of liability of the insurance contract a year, and the mandatory risks to be insured by the real estate agent.

### **Section 10. Prevention of Money Laundering and Terrorism and Proliferation Financing**

A real estate agent shall comply with the requirements of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing the supervision and control of the fulfilment of which is performed by the supervisory and control authority designated in the abovementioned Law.

### **Section 11. Provision of Information**

(1) A real estate agent shall provide comprehensive and true information in the intermediation services on the concerned real estate and real estate transaction – not only on the significant components of the transaction but also on deficiencies, burdens, encumbrances, and taxes of the real estate, and also other significant information which might affect the conclusion of the real estate transaction.

(2) If the real estate agent knew about deficiencies in the real estate or he or she should have known about them and he or she has not provided an appropriate information on them, he or she shall be liable for the harm arising from deficiencies of the real estate.

### **Section 12. Provision of Information to a State Authority**

(1) A real estate agent shall, each year by 31 January, provide information to the Ministry of Economics on the intermediation services contracts concluded in the previous calendar year indicating their number and the sums of transactions, and events attended for raising of qualification.

(2) If a real estate agent is excluded from the Register, he or she shall, not later than within one month from the date of exclusion, provide information to the Ministry of Economics on the intermediation services contracts concluded in the relevant calendar year indicating their number and the sums of transactions.

(3) The real estate agent is obliged to provide to the Ministry of Economics the information requested thereby which is necessary for the performance of the tasks laid down in the laws and regulations in the field of activities of real estate agents.

### **Section 13. Qualification of Real Estate Agents**

A real estate agent shall participate in events for raising qualification. The Cabinet shall determine the minimum amount and content of the events for raising qualification.

## **Chapter IV Supervision of Real Estate Agents**

### **Section 14. Supervision Procedures**

(1) The Ministry of Economics shall have the following tasks:

- 1) to supervise the compliance of real estate agents with the requirements of this Law;
- 2) to maintain the Register and to update the information included therein;
- 3) to inform the State Revenue Service of the possible violations of the laws and regulations in the field of the prevention of money laundering and terrorism and proliferation financing.

(2) The Ministry of Economics and the State Revenue Service shall enter into a mutual inter-ministerial agreement on the exchange of information in the field of the supervision of real estate agents.

(3) The real estate agent shall pay an annual fee for the supervision of a real estate agent. The amount of the abovementioned fee and procedures for the payment thereof shall be determined by the Cabinet.

### **Section 15. Rights of the Ministry of Economics**

The Ministry of Economics shall have the following rights:

1) to request and receive information, documents, and other materials from a real estate agent on the intermediation services in order to check how he or she complies with the requirements of this Law;

2) to access all types of information necessary for the carrying out of the tasks of the Ministry which is included in registers, information systems, and databases, and to become acquainted with it in the fulfilment of the requirements of this Law.

### **Section 16. Exclusion of Real Estate Agents from the Register**

(1) The Ministry of Economics may exclude a real estate agent from the Register if he or she:

1) does not comply with the requirements of Section 5, Paragraph one, Clause 1 or Paragraph two, Clause 1 of this Law or violates the requirements of Section 8 or Section 9, Paragraph two of this Law;

2) upon request of the Ministry of Economics, has not provided the information necessary for the carrying out of the tasks thereof or has provided such information, however, it is not in the requested amount;

3) has not paid the supervision fee laid down in Section 14, Paragraph three.

(2) The Ministry of Economics shall exclude the real estate agent from the Register in the following cases:

1) the real estate agent has been excluded from the Commercial Register (if the real estate agent is a merchant);

2) the real estate agent as a performer of economic activity has been excluded from the Register of Taxpayers and Units of Taxpayers;

3) the real estate agent does not comply with the requirements of Section 5, Paragraph one, Clause 2 or 3 or Paragraph two, Clause 2, 3, or 4 of this Law or violates the requirements of Section 9, Paragraph one of this Law;

4) a natural person has deceased;

5) on the basis of an application of the real estate agent;

6) the real estate agent does not comply with the minimum requirements for raising qualification laid down in Section 13 of this Law.

(3) Upon excluding a real estate agent – a citizen of the European Union or a merchant registered in the European Union Member State – from the Register, the Ministry of Economics shall inform the competent authority of the relevant European Union Member State thereof.

(4) In the cases referred to in Paragraph one of this Section, the real estate agent shall be renewed in the Register after prevention of irregularities.

### **Section 17. Appeal of Decisions**

(1) The decision of the Ministry of Economics to exclude a real estate agent from the Register may be appealed to a court in accordance with the procedures laid down in the Administrative Procedure Law.

(2) Appeal of the decision shall not suspend the operation thereof.

## **Transitional Provisions**

1. Starting from 1 July 2021, only such persons may provide the intermediation services which are included in the Register.
2. Until the day when relevant amendments to other laws and regulations come into force, the text “persons operating as agents or intermediaries in transactions involving real estate” used therein shall conform to the term “real estate agent” used in this Law.
3. Section 13 and Section 14, Paragraph three of this Law shall come into force on 1 October 2020. The Cabinet shall issue the regulations referred to in Section 13 and Section 14, Paragraph three of this Law by 30 September 2020.

This Law shall come into force on 1 August 2020.

This Law has been adopted by the *Saeima* on 11 June 2020.

President

E. Levits

Adopted 22 June 2020