

Purchase of Real Property in Belarus: Modelling and Evaluation

Marina VASKOVICH, Belarus

Key words: Republic of Belarus, real property, purchase, mortgage, modelling, transaction cost, Corruption Perceptions Index (CPI).

SUMMARY

The most active sector of the real property market in Belarus deals with privately owned apartments (mainly in multi-stored buildings), whereas the land market is regarded as undeveloped and strongly regulated by the state. This paper addresses purchase as a specific case of property transfer with special emphasis on the available mortgage system. It is also aimed at identifying the obstacles in property purchasing, particularly in its organisational framework that hinder development of the real property market.

Specifically the paper considers purchase of a land plot with a single-family house on it both held in private ownership by the same owner. The purchase process is presented in Unified Modelling Language (UML) notion and the developed models are supplemented with explanatory text.

Moreover, the paper assesses transaction cost (expressed in time term) of this particular purchase for the parties involved (i.e. seller and buyer) and compares it with the similar data for several European countries taken from “Doing Business in 2005” (World Bank 2004). It also argues that long administrative procedures for property purchase extend the grounds for corruption as parties may try to speed up the process by bribing public officials.