

Applicability of Databases in the Real Estate Valuation Process in the Conditions of the Emerging Economy of the Republic of Moldova

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Abstract

The real estate valuation activity in the Republic of Moldova dates from 2002, with the adoption of Law No. 989 on Evaluation Activity. Nevertheless, the legislative and methodological framework is extremely limited. There are no national professional standards. Meanwhile, the situations that require real estate valuation are multiplying and diversifying. Therefore, the valuers apply the provisions of the International Valuation Standards (IVS) and of the European Valuation Standards (TEGoVA) adapting them to the national realities by virtue of their knowledge and experience. Information stored in databases plays an important role in the real estate valuation process. In this paper, the authors analyse the content of existing databases in the Republic of Moldova (the databases of normative documents, the information system for the cadastre of real estate, the statistical databases, and specialized databases), the quality of the included information, as well as the applicability of that information in the real estate valuation process. The disadvantages, limitations and shortcomings of databases are highlighted, and measures are proposed to increase their usefulness.

Keywords

Cadastre, Information, Statistics, Macroeconomic and Microeconomic Indices, Valuation, Databases

1. Need for Evaluation

The real estate valuation activity in the Republic of Moldova was formalized in 2002, with the adoption of Law No. 989 on Evaluation Activity [1]. The valuation may be voluntary or mandatory. The mandatory valuation is carried out at

the initiative of the central and local public administration authorities, as well as regardless of the type of property ownership in the following cases:

- privatization or other ways of alienating the objects of valuation (seizure, including in the event of insolvency of the owner of the object, etc.);
- transfer of the right of use of objects in the public property of the state or leasing of these objects;
- transfer of the objects of valuation in fiduciary administration;
- expropriation for the cause of public utility of the objects of valuation;
- taxation of property and forced collection of taxes;
- reorganization and liquidation of state and municipal enterprises, and insolvent enterprises, regardless of the type of property ownership;
- the appearance of the patrimonial litigation in connection with the decision of the court, at the request of the court, including in the case of the examination of the cases concerning the amount of damage caused to the owners as a result of unlawful actions and unfair competition;
- pledging objects that are in public ownership of the state or administrative-territorial units;
- the transmission of the objects of valuation as a contribution to the share capital of the enterprises;
- the use of intellectual property objects financed from budgetary resources and introduced in the economic circuit by economic agents, regardless of their ownership type;
- the introduction into the economic circuit of intellectual property objects by enterprises predominantly in-state property;
- the request of the administrative body carrying out the registration of the legal person.

The law also provides for the possibility of occurrence of other situations to be legislated. Evidently, the valuation can also be voluntary at the initiative of the beneficiary. The highest share of requests for voluntary valuations is for the valuations in order to guarantee loans (including for the insurance of the mortgaged/pledged assets), followed by consultations for negotiation of sale-purchase contracts, investment consultations, etc.

Over the last two decades, valuation activity has undergone multiple international changes and almost nothing nationally. The International Valuation Standards [2] after the 2000 edition, which was considered for elaboration of national normative acts, were modified and updated 7 times (in 2003, 2005, 2007, 2011, 2013, 2017, 2020 editions).

2. Shortcomings of the Legal Framework

In the Republic of Moldova, the legal framework of the evaluation activity was created in the period 2001-2003 by adopting the Basic Law [1], two Government Decisions No. 958 on the Approval of the Provisional Regulation on the Valuation of Real Estate [3] and No. 783 on the Evaluation of Intellectual Property