

**UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE  
COMMITTEE ON HUMAN SETTLEMENTS  
WORKING PARTY ON LAND ADMINISTRATION**

**Workshop "Customer - Co-operation - Services"**  
Vienna, Austria 12-13 September 2002

**Theme II. Customers and Services**

**CUSTOMERS AND SERVICES IN LITHUANIA**

Response paper submitted by the delegation of Lithuania

## **1. Introduction**

The paper provides an overview on the real property administration and information system in Lithuania, its legal, institutional, administrative and technical aspects with great focus on customers and services. Customers services related to real property is a very important part of the Land Administration in Lithuania.

In the world of modernisation and speedy progress in information technologies and expanding flows of information, the client service, customers' needs and requirements are becoming more and more important. No company or institution can be successful if its products and services do not satisfy customers' needs and expectations. Governments are emphasising the importance of improving the services, modernisation of management and administration, application of new technologies and establishment of e-government and e-commerce.

The Government of the Republic of Lithuania in the National Programme for the Adoption of the *Acquis* and Government Programme indicates the task to improve customer services, to strengthen the land administration system and develop information society. The development of information society aims at promoting the development of information society in Lithuania and supporting citizens to integrate in the global information society.

The Lithuania's integration to the European Union puts even more tasks and demands an appropriate preparation and capability to manage and administer real property cadastre and register system, to develop an efficient land information system able to provide good service to customers.

Nowadays, the real property cadastre and register service means more than improving and tuning of procedures, introducing tools like database, infrastructure and networking. Different professions like surveyors, lawyers, registrars and valuers are involved in the real property cadastre and register data service. On international level, initiatives of the UN ECE Working Party on Land Administration (WPLA) bring awareness to the ongoing administration, legal and technical changes of land administration and customer service development in Europe.

The land administration system, real property cadastre and register is very important for every country's economy, thus the state forces stability and security of the real property and credit market by legislation and services, guarantees information and title of ownership. The development of good customer service considering the quality, speed, accessibility and economic factors of information, are the main parameters in developing an integrated real property cadastre and register system in Lithuania.

## **2. Legal Framework**

A number of new laws and amendments to the existing ones affecting the land administration system and real property registration and customer service have been adopted during the recent years.

A new Civil Code adopted by the Seimas of the Republic of Lithuania came into effect on 1 July 2001. It introduced new provisions and regulations requiring some reform in the real property registration system. Some new concepts affecting the customer services in the area of land administration brought in by the new Civil Code are as following:

- Expanded range of real rights subject to registration;
- Abolished 3-months term for registration of property and real rights to it;
- Real rights come into effect after the concluding of a contract between parties. It emphasises the registration of real property and real rights thereto as a security against third parties.

To correspond to the new provisions of the Civil Code, amendments were made to the Law on Real Property Register (21 June 2001), which provided for the registration of immovable objects, real rights thereto and legal facts. This new edition of the law besides the registration of immovable property, real rights to it, added the registration of legal facts. The law extended the validation of the certificate necessary for transaction for 30 days instead of 15.

Law on Real Property Register states, that ***“Immovable items, real rights to them, encumbrances of these rights and legal facts shall be considered registered when the respective data is recorded into the Real Property Register. Confirmation from the Central Registrar about the recording of data into the Central Databank shall be considered the moment of recording the data”***.

On the basis on the latter law a Commission for Dispute Solving has been set up. Now the customer may appeal against the refusal to register or other decision made by the territorial registrars to this Commission instead of addressing directly the court. This procedure for dispute solving is less bureaucratic, saves time and money of a customer. Consequently the Regulations of the Real Property Register were redrafted and passed on 12 July 2002.

On 27 June 2000, the Seimas passed a new Law on the Real Property Cadastre. It regulates the principles for keeping the cadastre of land parcels, buildings and other real property, the procedure for recording real property data into the Real Property Cadastre Databases, defines legal status of the Real Property Cadastre specifies the rights, duties and responsibilities of the institutions managing this Cadastre. The new law de-monopolised the execution of cadastral activities.

The Amendments to the Law on the Register of Legal Entities (1 July 2002) came into effect and assigned the State Land Cadastre and Register to be a chief administrator of the Register of Enterprises. On 1 July 2002 a Centre for Administration of Enterprise Register was established.

On 11 July 2000, the Law on the Electronic Signature was adopted which is approximated with the provisions of Directive 99/93/EC. The Law regulates the creation of the electronic signature, its validity, the rights and obligations of the electronic signature users, defines certification services and requirements for their providers, as well as the rights and functions for the institution responsible for the supervision of electronic signatures.

On 10 August 2001 the Government of the Republic of Lithuania passed a Resolution On Approval of the Strategic Plan for the Development of Information Society", which set forth the goals, priorities and objects in developing the information society in Lithuania.

On 22 December 2000 the Government of the Republic of Lithuania adopted the Resolution on the Exchange of Information Regarding Standards, Technical Regulations, Legal Acts and Draft Legal Acts related to the Provision and Use of Information Society Services and

Conformity Assessment Procedures. The provisions of the Directives 98/34/EC and 98/48/EC have been fully transposed in the Government Resolution.

With a view to approximating the national legislation with requirements of the Council Directives 95/46/EC and 97/66/EC, on 17 July 2000 the Seimas adopted the Law on Amendments to the Law on the Protection of Personal Data and it came into force on 1 January 2001.

On 20 February 2001 the Seimas ratified Convention ETS No 108 for the Protection of Individuals with regard to Automatic Processing of Personal Data.

### **3. Institutions in the Land Administration**

To ensure the management and administration of real property, ownership, to create favourable conditions for the development of land and crediting markets, to promote the development of information society, the institutional framework coping with these tasks is very important.

The **Ministry of Justice**, besides other tasks, is also delegated to supervise the activity of the State Land Cadastre and Register, the Central Mortgage Institution and Notary Offices.

**The Information Society Development Committee** under the Government of the Republic of Lithuania deals with the development of the information society, implementation of electronic signature, e-government, and other related tasks.

The **State Land Cadastre and Register (SLCR)** is one of the important institutions in the area of land administration, at present supervised by the Ministry of Justice. The SLCR is responsible for registration of immovable objects, real rights to them and legal facts and, from 1 July 2002, for registration of legal entities, also for collection and storage of information about real property cadastre and register and providing official information thereof.

Basic institutions preparing the data and documents for registration of immovable objects, real rights to them and legal facts are tightly related to each other, observe single methodological regulations and instructions, and are as follows:

**Administrations of County Managers** administer the documents for restoration of ownership rights to the existing real property and prepare the files of land parcels designed in the course of the land reform subject to registration;

**City and District Municipalities** prepare documents for privatisation of buildings, make decisions regarding changes in the addresses, administer the municipal flat stock, and etc.

**Mortgage Register Institutions (mortgage judges)** register mortgages, provide information about mortgages on real property, registered in the Mortgage Register;

**Surveyors** form land parcels, survey them and prepare their files and provide to the SLCR for registration of cadastral data;

**Notaries** act on behalf of the state, and on the base of laws, and ensure that there are no illegal transactions or documents. They validate purchase-sales contracts, contracts of gift and

other transfers, and notify the SLCR about the concluded transactions on real property transfers.

#### **4. Integration of Public Registers**

The changing society, increasing customer needs and demands and advancing technologies greatly affect the development of registers, information infrastructure and require greater integration of information.

The linking of registers, information systems and cadastres is a fundamental step towards the creation of "E-Government" leading to improved services for citizens and reduced demand upon public resources and budgets. All real property market participants, including state and private sector, citizens will benefit from the improvement in efficiency brought about by the linking of registers.

Integration of the registers and information systems improves the information infrastructure of the country, ensures better administration and exchange of data and contribute towards improving the customer service. It allows improve the quality and expand the range of information a customer requires.

However this area requires a very elaborated, clear and comprehensive legal, technical, administrative regulation. When talking about the integration and linking of the registers and information systems the state policy, strategy and the issues of standardisation are of great importance. These are becoming even more important considering the introducing of electronic signature.

The Real Property Cadastre and Register, being one of the base registers, is closely linked to other information stored in other public cadastres and registers. Information from the following public registers and cadastres is used for the operation of the system:

**Population Register** – personal code, name and family name of a natural person;

**Register of Legal Units** – code and name of a legal person;

**Forestry Cadastre** – cadastral address of forestry land parcel;

**Entrails Cadastre** – restrictions on real property use, related to underground resources;

**Cadastre of Protected Areas** – restrictions on the use of real property, related to protected areas;

**Register of Cultural Heritage** – restrictions on the use of real property, related to the objects of cultural heritage;

**Address Databases (Register)** – unique address of a property object, unique number of a building, postal address of a land parcel and (or) building and other address data and geo-data;

**Mortgage Register** – data on mortgage bonds;

**Register of Territory Planning Documents** - data about approved territory planning documents.

The Real Property Cadastre and Register has a very tight co-operation with the notary system. On 1 July 2001 an agreement between the SLCR and the Chamber of Notaries was signed which provided for involvement of the notaries in updating the real property register data.

However the integration of registers and the development of information infrastructure still requires more transparent policy and strategy, complete legal framework approximated with the EU requirements, smooth data exchange procedures and the development of administrative and technical capacities.

## **5. SLCR in the Real Property Administration**

Mission of the State Land Cadastre and Register (SLCR) is to pursue the state policy in the area of real property management and administration - to improve the multi-functional system of real property cadastre and registration of immovable objects and real rights thereto, which guarantees the protection of registered rights and the supply of reliable information to the citizens, market participants, state authorities and institutions.

The SLCR is delegated to fulfil the following main functions:

- to register real property of natural and legal persons, rights of ownership and other real rights to immovable objects, encumbrances on these rights, as well as legal facts stipulated by the laws;
- to register legal entities and provide data about them;
- to provide official information about the stored register data;
- to conduct cadastral surveying of buildings;
- to build, administer and update the Databank of the Real Property Cadastre and Register;
- to carry out real property market research and property appraisal.

The other very important task of the SLCR is to ensure practical use of the real property administration system and guarantee proper services provided to customers.

According to the Law on Real Property Register is fully responsible for the correctness and completeness of the data and is liable for its mistakes by the specially accumulated indemnity fund.

To ensure good customer service the SLCR must ensure that:

- The provided data is correct, reliable, complete and up-to-date;
- The supply of and access to the data is simple, customer-friendly, cheap and efficient;
- The management of the real property register is transparent and based on publicity principles;
- Correspond to customer needs and demands;
- Technically advanced.

### ***5.1. Structure of SLCR***

The structure of the SLCR consists of three levels:

- Central Headquarters;
- Branch Offices (11) in every county and in one more town;
- Client Service Bureaux (35).

**Central Office** administers Real Property Cadastre and Register, real property valuation for taxation, designs, installs and uses the information system of the Real Property Register, supervises and monitors the work of the Branch Offices.

**11 Branch Offices**, located in county centres and one district centre, collect cadastre and register data, carry out cadastral surveys, property valuation and market research, register immovable objects, collect cadastral GIS data, keep the archive of property formation.

To ensure better service for clients and convenient access **35 Client Service Bureaux** are located in district centres and towns. They accept the documents for the registration of real property, register immovable objects and rights to them, issue documents proving the right of ownership or possession of the immovable items, provide information services to owners or users of real property.

### ***5.2. Central Databank of Real Property Register***

The integrated Central Databank of Real Property Register combines data on land, buildings, and premises and real rights thereto and ensures the storage of cadastre data and legal registration data in one system.

Reliability and accuracy of data are ensured through the single data transmission network, which has a constant connection with the central databank. The on-line system makes it possible to carry out a computerised registration of immovable objects and real rights in any Branch Office or Client Service Bureau of the SLCR throughout the country.

Having established an integrated Central Databank of the Real Property Register:

- data on registered buildings are combined with data on registered land parcels;
- computer on-line network is developed and connects 11 Branch Offices and all Client Service Bureaux;
- all procedures related to the registration of real property are computerised in Client Service Bureaux;
- a multi-purpose real property cadastre system is developed.

The structure of the Central Databank is in line with the guidelines of the UN Economic Commission for Europe regarding development of the real property administration system. Basic principles on developing such a system were presented in the conferences held in Europe where the chosen strategy was approved.

Most suitable methods to access data are being figured out for the customers' convenience. The Internet, which currently seems to be the most popular means of providing information, is constantly used for a wide scope of areas.

The SLCR has developed a special software application for making the digital cadastral map available on the Internet. Currently, there is a possibility for the customer to obtain not only the necessary information about real property objects, but also copies of the cadastral map picturing those objects.

Prior to its registration in the Real Property Register, a land parcel is entered on the cadastral map, and its area and geographical location among other parcels are checked. Modern and globally used GIS software is used to compile and maintain the cadastral map, administer cadastral GIS databases, provide graphical data on the Internet.

By 1 August 2002, more than 4 677 220 real property objects and rights to them have been registered in the Real Property Register of Lithuania. The land reform, privatisation process, new constructions and the need to certify the legal status of the possessed real property result in the constantly growing number of the Register records and increasing flows of the Register data.

## **6. Services provided to customers**

### ***Information for the customers can be provided:***

- on written requests;
- by e-mail;
- via Internet when registered users can access the Real Property Register data .

Main services provided by the SLCR are:

- Registration of immovable objects, real rights to them and legal facts;
- Cadastral surveying of buildings;
- Registration of legal entities and their registration documents;
- Real property valuation and research of real property market data;
- Geodetic tasks;
- Designing of databases;
- Services related to GIS;
- Supply of information about registered real property, rights, restrictions to it, legal entities.
- Preparation of certificates, excerpts from the Real Property Register and other documents about real property and rights to it.

### ***New WEB services started to be provided from 2001:***

- To file an application to register immovable object, real rights and order other service via Internet from any place in the country.
- To file an application to print the extracts from the digital cadastral map;
- To order the certificates and cadastral activities via the Internet.

This system allows the private and legal persons to save their precious time. The goal of the SLCR is to expand the use of the Internet and make possible to order all the jobs performed by the SLCR via the Internet.

Persons interested in accessing the Central Databank of the Real Property Register must apply to the State Land Cadastre and Register, the application is investigated and in a case of the access a contract for data supply is signed. Only registered users who are granted identification number could access the Central Databank of the Real Property Register. Every registered user is given identification number, which is registered, and computer is given a code.

The data provided can be downloaded across the Internet, sent by e-mail, provided on a digital portable medium (CD) and in paper form.

Search keys for searching data in the Real Property Register are:

- property identification number
- address of real property object
- owner's name (search is limited )
- personal code of an owner (search is limited)
- register number

While improving the services the security of data is of great importance. Since the majority of customers uses SLCR's Internet web site [www.kada.lt](http://www.kada.lt), the audit system for Internet customers has been built, and the real property information system has been supplied with a reliable protection against potential damage risks.

External users are blocked from a direct access to information storage facilities and can not make any changes there. To ensure the protection of data, proper operation of the Real Property Register and reliability of data three classes of data protection are specified. They are:

- **1<sup>st</sup> class.** Data of the first data protection class are provided about real property by making search according to property address, property identifier, name of natural or legal person and identifier (personal code) of natural or legal person. The data of this data protection class can be provided to state institutions for the purposes specified by laws, to banks, notary offices, insurance companies.
- **2<sup>nd</sup> class.** Data of the second data protection class can be provided by making search according to property address and property identifier. The data of such data protection class can be supplied to the state and municipal institutions, representatives of mass media, attorney offices, real estate agencies and other persons except those of the first and third class.
- **3<sup>rd</sup> class.** Data of the third data protection class are supplied according to special queries. Receivers of this data class can be institutions that carry out general functions of scientific research and social planning, management improvement and statistical analysis.

Now it is possible to file an application to register immovable object, real rights and order other service via Internet from any place in the country.

#### ***The customers have a right to choose***

The real property register system is oriented towards quick supply of the information necessary for the customers to make transactions.

Law on Real Property Register states, that "***The application to register the right of ownership to an immovable item must be examined, decision made and data recorded to the database of the Real Property Register within 10 workdays after the day of submitting the application. The application to register other real right to an immovable item must be examined, decision made and data recorded to the database of the Real Property Register within five workdays after the day of submitting the application.***"

Certificates about the immovable object and rights to it, registered in the register, designed for real property transactions, must be prepared within 7 workdays after the day of submitting the application. On customer's request these certificates can be prepared by urgent order:

- within 5 workdays;
- within 3 workdays;
- within 1 workday.

#### ***Payment for services***

One of the tasks of the SLCR is to operate on full cost recovery basis, though all customers and user of the Real Property Register should pay for services.

Registration fee is fixed and depends on the value of the immovable property however minimum and maximum amount paid for registration is specified.

Every search in the Central Databank of the Real Property Register cost 2,9 Euro. An agreement is signed with a customer specifying the terms for payment that usually include a

subscription fee and charge for searches. All the payment, data use and other provisions are specified in an agreement.

## **7. Customers of the Real Property Register**

The "customer" or "user" means any person or any organisation that may want to access information. This includes citizens, natural and legal entities, private and public bodies, and government or government departments.

Payment for provided information and services should be made either by the customer or through taxation. The data and information should be understood as a commodity that is *never "free"*. This issue is still important in Lithuania. Some very specialised register information required by Governments or some minority users may be very expensive to collect and keep updated.

Main customers of the Central Databank of the Real Property Register dealing with real property are shown in Figure 1.

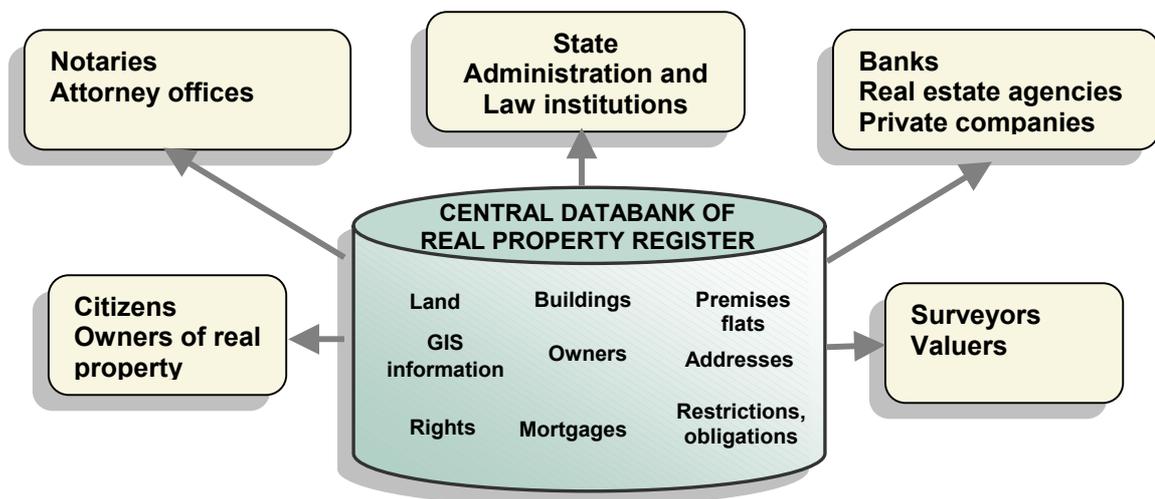


Figure 1. Main customers of the Central Databank of the Real Property Register

Statistics show an ever-increasing interest in the real property information system, the customers are growing in number and diversity. Currently include natural and legal entities, public and private companies and organisations. Banks, the State Tax Inspectorate, law enforcement agencies, municipal institutions, organisations responsible for the land reform, notaries, real estate agencies are the major customers of the system. The dynamics of other customers who are related to the real property market is also on the increase. Data stored in the Central Databank becomes the key instrument for the real estate agencies and property valuation companies in carrying out their clients' orders.

Figure 2 shows the increased number of searches made in the Central Databank of the Real Property Register via the Internet.

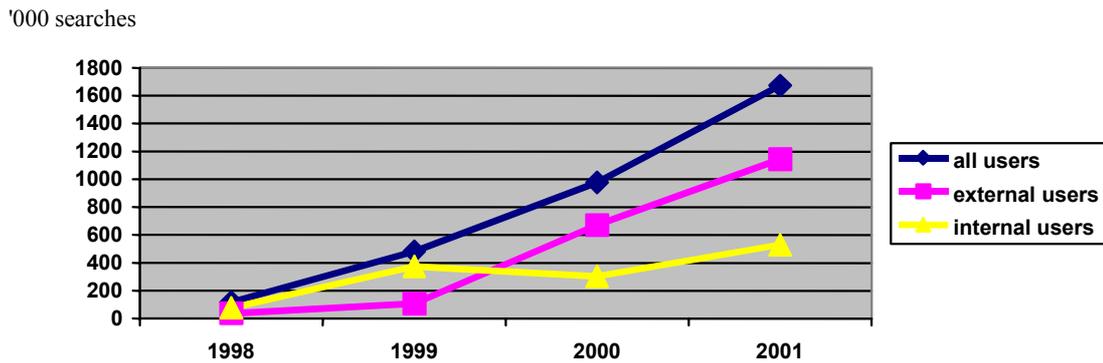


Figure 2. Number of searches in the Central Databank of the Real Property Register via the Internet (1998-2001)

## **8. Main Trends on Improving Customer Service**

### ***8.1. Improve the registration process of the Real Property Cadastre and Register***

- Reduce time - minimum delay, reduce time of ordering registration;
- Simple procedures - checking of title documents and all the data in Internet;  
- design better and simpler applications for customers;
- Measure the efficiency - simplify internal procedures carrying out benchmarking and audit of the system;  
- external procedures (implement the integration of the state registers).

### ***8.2. Increase training***

Provide ongoing training to all staff (management, registration, legal technical issues) on central as well as on regional and local levels:

- management of staff;
- information systems;
- business and marketing;
- economy and accounting;

### ***8.3. Products and Services:***

In the nearest future the activity of the SLCR must be consolidated and developed taking into consideration customers' needs and demands in these spheres:

- extend marketing of Real Property Cadastre and Register data;
- develop accepted real property cadastre and register products, services and fees;
- develop the products and services of the legal entities register ;
- develop mass valuation products based on market principles;
- improve quality of the provided data and services.

### ***8.4. Improve Data Storage***

Among other tasks the SLCR is going:

- To improve data storage by identifying the relationship between registrars, archive staff and central databank;
- To establish a balance between the ease of access to working documents and the security measures;

- To apply data recovery measures in a case of loss or damage of important archive material;
- To improve data updating from the point of time and security.

### **8.5. Awareness**

The purpose of applying these methods:

- Optimise work - no duplication of work
- Optimise costs per unit - estimate unit costs "one off" approach;
- Bring public awareness of the system, services and data;
- Benefit of registration: to inform about legal consequences in a case of registered titles against unregistered ones.

### **8.6. Factors for improvement of customer service:**

These factors can also improve customers' service:

- Consideration of customers' suggestions, comments and complains;
- Feedback from the SLCR staff;
- Government strategy to improve the information infrastructure;
- The development of information society;
- More efficient procedures result in reduction of fees.

## **9. Costs and Benefits**

The costs and benefits of the real property cadastre and register are very dependent on country's economy, its size, density of population, and market activity. Specific juridical, economic aspects, traditions and habits also influence it.

From information aspect it is difficult to decide what model - centralised or de-centralised - for capturing cadastral and register data is more applicable. In Lithuania the centralised real property registration system is introduced that allows the customers access the information on property, rights, mortgages and encumbrances from any place in the country or outside the country.

Investments in infrastructure are still required in the following areas:

- Completing and then maintaining all data about real property and rights thereto;
- Additional arrangement to make the Real Property register data and service available for wide range of users including the customers from foreign countries;
- Complete and comprehensive set of data standards, including coding standards;
- Building the technology making data available to users for integrating spatial information into their decision making process;

## **10. Concluding Remarks and Recommendations**

1. The fact that the land restitution is not fully finished does not allow complete the registration of all properties in the country and have a comprehensive and complete central databank of real property register and cadastre.

2. There is still a need to develop an efficient billing system, which is especially important when the customer uses data via Internet.

3. To achieve broader integration of registers, cadastres and information system there is a need to have a clear state policy, strategy from legal, institutional, administrative and technical aspects.
4. To support the establishment of modern infrastructure of electronic signature, elaborating its technical and technical base and if necessary adapt the infrastructure of the SLCR to international and domestic legal and technical standards and requirements.
5. Promote the creation of e-commerce and use new information technologies.
6. To complete the restoration of ownership rights and establish favourable environment for the development of land market.
7. All users, including public and/or private and/or State or Governmental, should pay for information.
8. Land information system and registers should respond to the needs of customers and society. Information should be available in a format the customer needs and wants, where they want it and at a price they are prepared to pay taking into consideration the cost-recovery principle.
9. To support and encourage the development of "one-stop-shops" services.

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