



The Majilis approved amendments to improve pledge policy of the second-tier banks

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If you are interested in additional information, please contact us.

Briefly

On 24 November 2021, the Majilis of the Parliament of Kazakhstan approved the draft law that will improve the terms of pledge policy of the second-tier banks.

In detail

The main concept of the amendments is to protect the rights of individuals who borrow mortgage loans from the bank. There are following key changes made:

- Criteria to recognize the amount of unfulfilled obligation on mortgage loans as *insignificant* has changed:
 - it became 15% (*instead of 10%*) of the amount of unfulfilled obligation
 - the delay period for payment became 6 months (*instead of 3 months*).
- New provision requires individual who has mortgage loan to sell the pledged property through its own effort in case of both non-judicial and judicial sale of property (*earlier this was applicable only to non-judicial sale*).
- New provision prohibits:
 - participation of a bank, its employees and affiliates in auction on sale of the pledged property
 - participation of a legal entity in auction, if its employee or affiliate is a borrower that sells the pledged property
 - participation in auction of spouses and close relatives, if one of them is selling and another is purchasing the pledged property.
- New provision allows parties to agree and determine attorney who is responsible to sell pledged property in case of non-judicial sale.
- New provision underlines that mortgage loan is terminated upon the sale of the pledged property even if not fully repaid, if a borrower does not have another property or income exceeding the amount of 2 minimum wages (*earlier 1 minimum wage*).

The draft law shall enter into force on 1 January 2022.

Are you interested in this topic?

- We would be pleased to discuss with you the above amendments and how they can impact your business

If you are interested in additional information, please contact PwC specialists working as part of a group serving your company, or to any of the persons listed.

