



NATIONAL BUREAU OF ENFORCEMENT

ENFORCEMENT POLICY

AIM OF THE ENFORCEMENT POLICY

Enforcement Policy is a steering document, which defines main guidelines, governing principles and attitudes of our organization by means of which our stakeholders presume us as an organization bearing an important public function.

Enforcement Policy encourages our employees to carry out a more proactive and effective enforcement in favor of our stakeholders. Enforcement Policy is a preventive mechanism which helps debtors avoid new debts.

Enforcement Policy comes in tact with enforcement process and is a helping source for enforcement officers which facilitates to the simplification of setting priorities on different stages of the enforcement process. Moreover, it helps us maintain a uniform enforcement process.

By the help of Enforcement Policy National Bureau of Enforcement aims to meet with the creditors' demands and at the same time, uphold the rights of the debtors.

We carry out enforcement process in accordance with "The Law on Enforcement Proceedings" and other by-law acts related to it. Our organization ensures that all obligations imposed on it will be fulfilled and that the high-quality service and full reporting is guaranteed.

PURPOSE OF AN ENFORCEMENT INSTITUTION

Main purpose of an enforcement institution is to restore violated rights of its stakeholders and to maintain balance between them in order to ensure that justice is guaranteed.

Stakeholders of an enforcement institution are private and legal persons, entities and the state – or in other words those persons and entities whose rights have been breached and the breaches are recognized in a respective way.

When a debtor fails to repay his debt or does not fulfill his obligations, the creditor may apply to the only public organization which by the power of law,

is entitled to use compulsory measures and help the creditor. This organization is the National Bureau of Enforcement.

Enforcement law imposes an important function on us. This function obliges us to act in respect to law, be just, fair, fast and daring. We bear responsibility for all actions carried out by us.

NATIONAL BUREAU OF ENFORCEMENT (NBE)

National Bureau of Enforcement is a legal person of public law under the jurisdiction of the Ministry of Justice of Georgia. National Bureau of Enforcement, as an entity independently carrying out enforcement proceedings was established in 2008.

The purpose of the National Bureau of Enforcement is to carry out enforcement of judiciary, administrative and other legal decisions. In order to be able to achieve this purpose National Bureau of Enforcement carries out enforcement procedures within which it is entitled to use compulsory measures.

The system of the National Bureau of Enforcement consists of its territorial bureaus and structural entities (offices) that guarantee the daily flow of enforcement proceedings.

RIGHTS AND EXPECTATIONS OF OUR STAKEHOLDERS

Our stakeholders are parties a particular claim – a creditor and a debtor, as well as participants in the public auctions including winners in the bidding (the buyers); institutions involved in the process of enforcement who are as well responsible for the provision of all the necessary information regarding the debtors' economic well-being and setting limits on property ownership rights as well as third parties whose movable property may become subject to seizure.

Rights of the creditors and debtors are the following:

- Follow the whole flow of the enforcement process;
- Receive full information regarding enforcement procedures including all actions planned by the enforcement officer.
- Take part in the auctions held by us and purchase assets;
- Attend different enforcement actions and facilitate to the enforcement of the verdict'
- Facilitate to the effective enforcement of a claim by means of active involvement in the process;
- To receive consultations regarding enforcement actions, conditions for the auction and other legal issues;
- Before the auction is announced creditors and debtors may:
 - ✓ Come to an agreement;
 - ✓ Introduce people interested to purchase the property on sale;
 - ✓ Submit a conclusion of an independent valuation expert on the property to sell before the National Bureau of Enforcement carries out valuation;
 - ✓ Take part in the auction held by the National Bureau of Enforcement and purchase the property;
 - ✓ Choose how to appeal any act of an enforcement officer – in court or with the Chairman of the National Bureau of Enforcement whose refusal to appeal may be later appealed in court.
- Receive information regarding enforcement procedures including the ground for the initiation of the enforcement procedures, development of investigation, rights and obligations of the involved parties, auction rules, etc.
- Take part in the auctions held by us and purchase assets;
- To see case documentation if they represent legal parties of the claim

or if this rights and interests (except documentation that contain secret information and are not for public use)

- To appeal decisions made by enforcement officers that are perceived to breach against their rights and interests.

Expectations of our stakeholders

All our stakeholders expect:

- ✓ High quality of enforcement proceedings;
- ✓ Simple procedures;
- ✓ Their time and financial resources not to be wasted;
- ✓ Their rights to be respected and interests taken into consideration;
 - ✓ Treatment which is full of respect and attention;
 - ✓ Received information to be reliable;
 - ✓ The possibility to use their rights.

Moreover, separate parties of the enforcement process – creditor, debtor and participants in the auction held by us, have specific expectations:

Creditors expect:

- ✓ fast and effective restoration of their legal rights and repayment of their debt in the face of financial means, property or in any other acceptable manner;
- ✓ receiving without delay all the necessary information regarding the claim or actions to be taken by the enforcement officer;
- ✓ to receive a desired result in as short a time and with as little expenses a possible.

Debtors expect:

- ✓ full information about creditor's demands, additional fees and com-

pulsory measures that are to be taken against them;

- ✓ to be able to voluntarily comply with the creditor's demands;
- ✓ to be able to fulfill their financial liabilities;
- ✓ to have immediate and full information about enforcement procedures taken against them;
- ✓ to appeal for a delay of enforcement procedures due to the unfavorable conditions in the family or regarding health;
- ✓ their case to be treated individually and with attention;

Expectations of the participants of the auction and the buyers:

Participants of the auction and potential buyers become involved in the enforcement process from the date auction is announced. They expect:

- ✓ To receive quality auction service with terms and conditions that are sophisticated and easy to understand;
- ✓ To be able to purchase the property/assets in a favorable environment;
- ✓ To receive full information and be able to visually examine the asset that they are intending to bid for;
- ✓ To receive legal consultancy regarding the transfer of property rights and consequences of the purchase;
- ✓ To start bidding from an adequate starting price;
- ✓ To take possession of the newly purchased property after the auction is over;
- ✓ To be able to use the property after it has been purchased.

ENFORCEMENT PROCEEDINGS

- ⤴ Our attitudes and approaches are uniform, but at the same time we prioritize claims that demand immediate action from our side. Such claims are: claims of new creditors, new information about the debtor which needs to be carefully studied or demands compulsory actions, alimony claims; claims concerning reimbursement of damages caused by criminal activity; “expensive” claims and claims to be enforced in favor of the state budget.
- ⤴ Every new claim is a ground for new investigation for us. We start enforcement procedures as soon as a new claim is registered. After registration the claim is handed over to an enforcement officer or an enforcement team who plan further actions and with no delay takes measures which are vital to successful enforcement of a claim.
- ⤴ We consider that our Debtor Register is of vital importance in property search and repayment of the debt. For this reason, enforcement process started as a result of a new claim is a base for registering new debtors in the Debtor Register. When registered as debtor, as provisioned by the law, we set a packet of certain conditions and limits on the debtor.
- ⤴ In order to keep the debtor informed we send him/her a notification letter where we inform him/her how to voluntary comply with the creditor’s demands and avoid selling off of his/her movable and immovable property, as well as property rights at the auction.
- ⤴ From the very moment enforcement process is launched we start search for the property and attachment procedures so that we do not wait for the deadline of the period for voluntary payment by the debtor to end. In order to carry out attachment of the property of the debtor, first of all, we turn to:
 - ✓ To banking institutions – in order to investigate whether the debtor owns bank accounts we can attach;
 - ✓ Registering bodies – to investigate and limit property rights on the immovable property, non-material property goods, automobiles, marine and air vehicles and weapons.

- ✓ The debtor and those persons who are parties of the contract who might be able to give full information about the debtor's economic situation.
- ✓ We visit a debtor's home or if a debtor is a legal person or an organization, the work place. We describe, register and value the property.

When arresting movable property, we consider that the property that is in his possession is owned by him, but at the same moment we study the actual ownership situation at place and register the property respectively in the act of seizure. Moreover, we do not arrest the property that is of vital importance to the debtor's everyday life or represent his/her main income that does not exceed the living wage

- ✓ We turn to our valuation experts – the valuation office, when carrying out property valuation, in case valuation of a particular piece of property demands a more specific expertise in the field. Valuation experts have valuation limits and bottom-line and receive full information about the property including photographs from us. Enforcement officers assist valuation officers while inspecting the site. We know that exact valuation of the property is of vital importance in order to protect parties from damages caused by the misvaluation and realization of the property. Any damage made by us to our stakeholders is a damage made to our own image and financial condition. For this reason, our valuation officers try to set the estimated market price based on all the information including data received from the enforcement officer as well as knowledge about the property acquired after the inspection at the address personally by the valuation officer.
- ✦ We grant the debtors and creditors a possibility to submit expert valuation statements by the time we make our own valuation of the property. If we consider that valuation statements submitted by them are trustworthy, we start the realization process. If doubts arise, we start setting the market price.
- ✦ We strictly control the time and try to fit all enforcement procedures starting from sending a notification to the debtor and finishing with distribut-

ing the money among creditors, into the timelines determined by the law. For this reason, we carefully plan all proceedings beforehand by determining presumable period of time needed for a certain activity and set midterm and final dates.

- ⤴ We encourage the debtor to cover the debt within 12 months with payment-by-installment. The Creditor's agreement is of first relevance when enforcing private claims, which is not the case with public claims. With administrative claims we discuss debtor's request, examine his/her financial conditions and make decision accordingly so that neither the creditor's or the debtor's rights are violated.
- ⤴ We carefully carry out preparatory procedures before an auction takes place: we study physical and legal state of the property and make full information about the property publicly available. We let parties interested in buying the property examine and see the asset at the indicated address/location.
- ⤴ After the auction is over we make a plan for distribution of the money between the creditors in as short a time as possible. The rest of the money goes back to the debtor. In case we fail to sell the property on the auction, we lift attachment on the property and return it back to the debtor.
- ⤴ We do not limit debtors but let them sell the attached property on their own and present persons interested in purchasing the property. In such cases it is required that the price the property has been purchased at is enough to repay the debt as well as cover the NBE service fee;
- ⤴ We offer consultancy service to any person interested in legal issues related to enforcement procedures and the methodology we use;
- ⤴ Every employee is obliged to submit monthly report to his immediate supervisor. Heads of all internal offices are obliged to report to the Head of the National Bureau of Enforcement. Reports should completely depict work processes and statistic. According to these reports NBE makes an annual report which is published on our website and is publicly available.

By doing this we make enforcement process completely transparent and try to deepen our trustworthiness.

PREVENTIVE MEASURES

- ✦ We emphasize the importance preventive measures and use various resources in order to make information about the debtor's obligations available to everyone. By doing this we facilitate to the increase of the awareness of legal issues among our ordinary citizens
- ✦ We help creditors and debtors by explaining their obligations to them so that they are able to fully and timely guard their rights during the enforcement process.
- ✦ We help creditors and debtors by explaining their rights to them so that they do not default on their own obligations causing an unfavorable legal consequence.
- ✦ We encourage parties of a claim to come to an agreement. We participate in defining conditions for the agreement and present them to the court.

FUTURE PERSPECTIVES

- ✦ In order to enhance our activities we make use of all possible means of Informational Technologies, the purpose of which is to simplify electronic case management, data elaboration process, accounting and communication.
- ✦ We believe that as an authority we can only progress through increasing competence professionalism of our employees. For this reason, we continuously improve our internal education and work evaluation.
- ✦ Developments in the field of statistics and analysis will support evaluating our work processes and discovering our weaknesses in order to know in which direction to move further.
- ✦ Constant amendments and improvements made to the legislation are

aimed at compiling a well-elaborated legislative base.

- ▲ Honesty of our staff and raising the quality of our services will enhance the society's trust, benevolent disposition and support towards us.

A handwritten signature in black ink, appearing to read 'James', written in a cursive style.

**Chairman,
National Bureau of Enforcement**

