# International Property Markets Scorecard

Brazil Market Conditions – Desktop Survey May 2011

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## Scorecard Background & Information

The Scorecard reflects the status of the six Core Elements necessary for transparent and efficient property market development. Each Core Element includes three Lead Indicators that are further divided into Sub-Indicators. Colors signify the strength of institutions that support market development – very strong, strong and weak. No color indicates that institutions are very weak. Gray indicates more information is needed for an objective determination.


### Acknowledgement

The International Property Markets Scorecard Project is the latest development in the continued cooperative work between the Center for International Private Enterprise (CIPE) and the International Real Property Foundation (IRPF). The Scorecard derives from the work of an academic panel led by Richard Green, PhD., Director of the University of California's Lusk Center for Real Estate and the University of Denver, Burns School of Real Estate and Construction Management's Global Real Estate Project under the direction of Dr. Mark Lee Levine.

**Patrick B. Findlay contributed greatly to the research results for this Scorecard as a part of course work for the Masters of Science in the Edward St. John Real Estate Program at Johns Hopkins University.**


### For Education Purposes Only

While great care has been taken to provide accurate and current information, neither the Center for International Private Enterprise, the International Real Property Foundation nor its editors, staff or contractors assume responsibility for the accuracy of the data contained herein. Further, the general principles and conclusions presented in the text are subject to significant market fluctuations over time as well as local, state, and federal laws and regulations, court cases, and any revisions of the same. This publication is distributed for education purposes with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional service.


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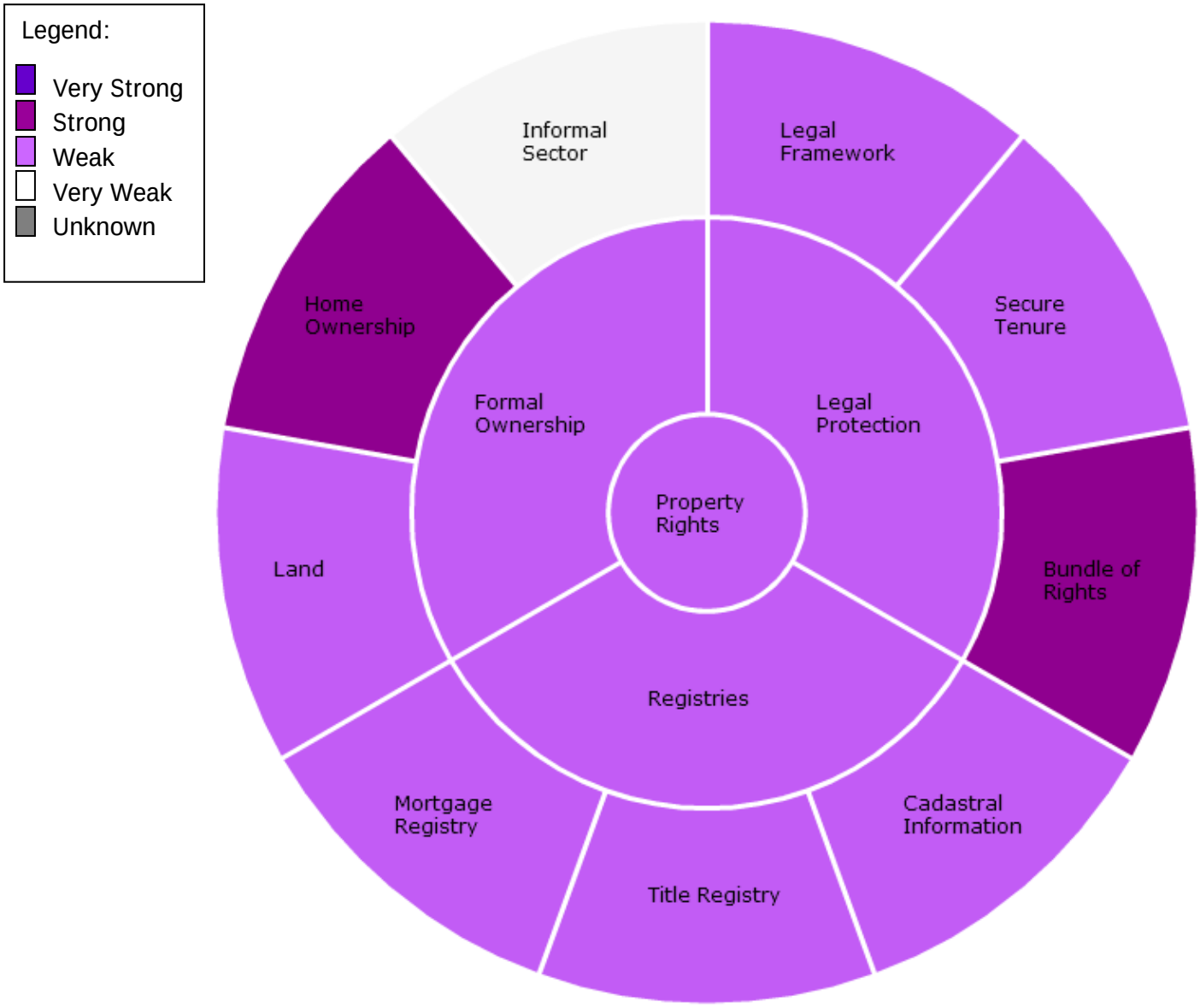
## 1. Property Rights




**Goal – Property rights that are legally protected, secure, recorded in a single, accurate, widely accessible electronic registry and that lead to high levels of formal ownership for all citizens**

### 1.1 Legal Protection

| | |
|---|---|
| Core Question: | Does an effective and sufficient legal framework exist to protect property rights for all citizens? **No – Weak, while contracts are generally secure, the judiciary is inefficient and dispute resolution can take years.** |

**Legal Framework**

1.1.1 Are property rights clearly defined and protected by law? **No – Weak – Ranking 72nd out of 139; Score 4.3 out of 7**

**Security of Tenure**

1.1.2 Can citizens challenge the legality of government takings? **No – Weak – 71st out of 139; Score 3.5 out of 7**

Source: *Global Competitiveness Report 2010* – World Economic Forum
www.weforum.org/issues/global-competitiveness

**Bundle of Rights**

Survey Question

SQ1 What is the bundle of rights (group of rights such as occupancy, use and the right to sell or lease) associated with both residential and commercial property ownership? **Strong – private ownership is allowed with limited government control.**

## 1.2 Registries

| | |
|---|---|
| Core Question: | Does a reliable property registry exist including cadastral, title and mortgage lien information? **No – Weak, Brazil suffers from corruption in some public bodies so regulations may not always protect the interests of existing owners.** |

### 1.2.1 Cadastral Information

**Status – Weak, while information is fairly available in large cities, information is unreliable in many areas.**

Survey Questions

SQ 2 Is cadastral information (information about the dimensions and location of land parcels) accessible to the public? **Yes**

SQ 3 Is zoning/permitted use information included are use regulations respected and enforced? **No – information is inconsistent between different municipalities.**

SQ 4 Are Geographic Information Systems (GIS) including Global Positioning Satellite (GPS) information used to create and update the registry? **No, the system lacks technical capacity and updated maps.**

*Civil Society Resource: Brazilian Society of Cartography* www.cartografia.org.br/

### 1.2.2 Title Registry

**Weak – Ranking – 122nd out of 183 Trend ↓**

1.2.2.1 What is the number of procedures required to register the transfer of a property from one owner to another? **14**

1.2.2.2 What is the duration of time in calendar days that it would take to complete the transfer? **42**

1.2.2.3 What is the total cost of the transfer including all fees, taxes, etc. expressed as a percentage of the value of the property? **2.7%**

See **Appendix** for complete procedure for registering property

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Sources – *Doing Business* – Registering Property, World Bank www.doingbusiness.org/data/exploreeconomies/brazil; Association of Notaries & Registrars www.anoregsp.org.br/

### 1.2.3 Mortgage Registry

**Status – Weak – the mortgage market is still small compared to other countries (smaller than Chile, Mexico and Panama.)**

Survey Questions

---

SQ 5 The mandatory use of notaries or similar officials slows down and adds cost to the process. Does a notary need to be involved in the registration process? **Yes**

SQ 6 Is information in the registry available electronically? **No**

SQ 7 Title insurance is indemnity insurance against financial loss from defects in title and from the invalidity or unenforceability of mortgage liens. Is title insurance available to lenders? **Yes, but mainly from U.S. Companies**

---

Source – *Financing Homes 2008*, World Bank and International Housing Finance Corporation www.ifc.org/ifcext/sme.nsf/AttachmentsByTitle/financinghomes/$FILE/FinancingHomes.pdf

## 1.3 Formal Ownership

| | |
|---|---|
| Core Question: | Do citizens understand and trust property rights institutions and avoid the informal sector? **No – Weak, strong in urban areas, but disputes are still common in peri-urban and rural areas.** |

Survey Questions

### 1.3.1 Land

SQ 8 What is the status of land ownership? **Weak –66th out of 129, Score 6.1 out of 10**

Source: International Property Rights Index
www.internationalpropertyrightsindex.org/brazil-c17

### 1.3.2 Home Ownership

SQ 9 What is the percentage of formal home ownership? **Strong –63%**

Source: U.N. Habitat www.unhabitat.org

### 1.3.3 Informal Sector

What is the percentage of services firms that report competing with unregistered or informal firms? **55% - Very Weak Formal Sector (2009)**

Source: Enterprise Surveys
www.enterprisesurveys.org/ExploreEconomies/?economyid=28&year=2009

**In-Country Assessment Information**

**Field Question (FQ) 1** **Even if legal provisions exist, what is the actual status of property rights and ownership for small businesses?**

**FQ 2** **Are standard purchase contracts used for commercial properties? If not, how are property purchases usually completed?**

**FQ 3** **Do separate contracts or other means exist to hide value from authorities when registering property transactions?**

**FQ 4** **Are standard leases used for commercial space? If not, what is a typical arrangement for rental?**

**FQ 5** **What are the typical rates, terms and availability of office, retail, manufacturing and logistics facilities in both cities?**

**FQ 6** **What are the processes for government expropriation of property especially notice and due process for owners? Are those laws followed or do expropriations happen by collusion between officials and connected elites?**

**FQ 7** **Are businesses owners compensated fairly when their property is taken for public use?**

**FQ 8** **What protections do businesses who lease space have from arbitrary eviction by owners?**

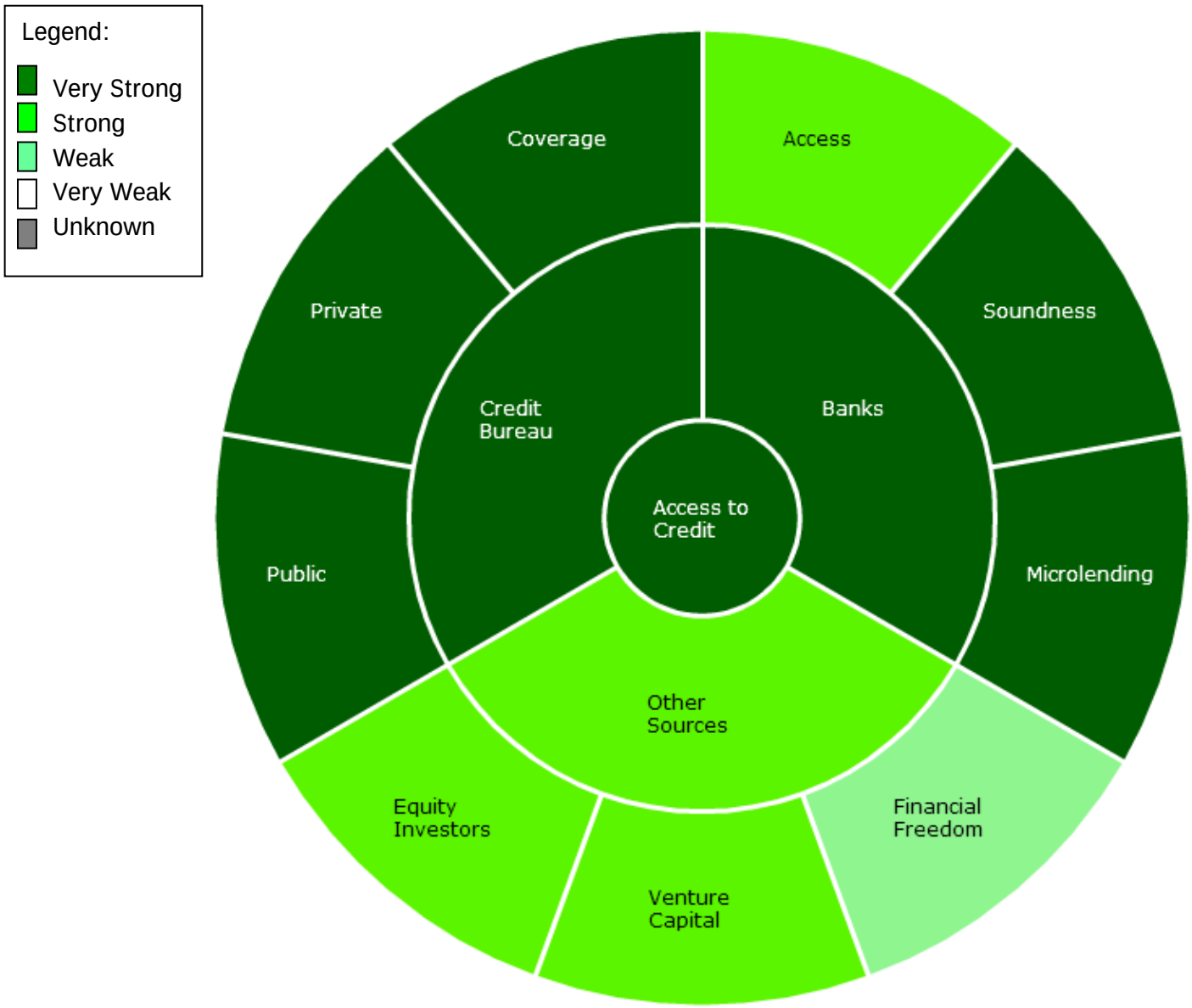
**FQ 9** **What services are typically provided to tenants (common areas, public access, security) and what means of redress are available if services are not provided?**

**FQ 10** **What is the actual experience of transferring a property, accessing the registry and dealing with registry officials?**

**FQ 11** **How large is the presence of unregistered and/or illegal uses of commercial property?**

**FQ 12** **How large is the presence of informal markets for goods, i.e. itinerate vendors?**

## 2. Access to Credit




**Goal – An efficient, transparent financial sector that provides a broad range of citizens with access to multiple forms of competitive credit so that they can start businesses, build wealth, and purchase property**

## 2.1 Banks

| | |
|---|---|
| Core Question: | Are traditional banking services robust and extensive enough to serve the needs of the population to help them build wealth and purchase property? **Yes – Very Strong, prudent fiscal and monetary policies helped Brazil avoid the worst of the global financial crisis.** |

### Access

2.1.1 How easy is it to obtain a bank loan? **Strong – Ranking 65th out of 139; Score 2.8 out of 7**

Source: *The Global Competitiveness Report 2010,* World Economic Forum www.weforum.org/issues/global-competitiveness

### Soundness

2.1.2 How sound are the country's banks? **Very Strong – Ranking 14th out of 139; Score 6.2 out of 7**

Source: *The Global Competitiveness Report 2010,* World Economic Forum www.weforum.org/issues/global-competitiveness

### 2.1.3 Microlending

### Status – Very Strong

2.1.3.1 Microfinance allows citizens without traditional creditworthiness to build a credit history. How many microfinance institutions are operating in the country? **34**

| | |
|---|---|
| **Banco Popular do Brazil** | www.bb.com.br/portalbb/home23,116,116,1,1,1,1.bb |
| **CEAPE** | www.ceapema.org.br/Innovares/ |
| **CrediAmigo** | www.bnb.gov.br/ |
| **Cresol Central** | www.cresolcentral.com.br/ |
| **Santander Microcedito** | |

2.1.3.2 What is the number of active borrowers per institution?

| | |
|---|---|
| **Banco Popular do Brazil** | **9,270,259** |
| **CEAPE** | **20,715,683** |
| **CrediAmigo** | **302,853,100** |
| **Cresol Central** | **216,137,336** |
| **Santander Microcedito** | **84,533** |

Source: Microfinance Information Exchange www.mixmarket.org/mfi

## 2.2 Other Sources

| | |
|---|---|
| Core Question: | Are entrepreneurs free to raise capital outside the banking system including venture capital and/or by issuing stock in a well-regulated stock exchange? **Yes –Strong, despite some progress, organizing new investment and production remains cumbersome and bureaucratic.** |

**Financial Freedom**

2.2.1 How much control does the government exert over financial services? **Weak for entrepreneurs – Score 50 out of 100 – significant government control**

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Source: *Index of Economic Freedom*, Heritage Foundation
www.heritage.org/index/Country/Brazil

**Venture Capital**

2.2.2 How easy is it for entrepreneurs to find venture capital?
**Strong – 60th out of 139; Score 2.6 out of 7**

**Equity Investors**

2.2.3 How easy is it to raise money by issuing shares on the stock market? **Strong – 45th out of 139; Score 3.9 out of 7**

---

Source: *The Global Competitiveness Report 2010,* World Economic Forum
www.weforum.org/issues/global-competitiveness

## 2.3 Credit Bureau

| | |
|---|---|
| Core Question: | Is comprehensive credit information available through public and private credit bureaus? **Yes – Very Strong, Dun & Bradstreet, Equifax and Experian have Brazilian Branches.** |

**Overall Ranking 89th out of 183**

**Coverage**

2.3.1 What is the depth of information available in credit bureaus? **Very Strong – Score – 5 out of 6 with a higher number indicating more information is available**

**Public**

2.3.2 What is the extent of public credit registry coverage? **27% Very Strong**

**Private**

2.3.3 What is the extent of private credit registry coverage? **53.5% Very Strong**

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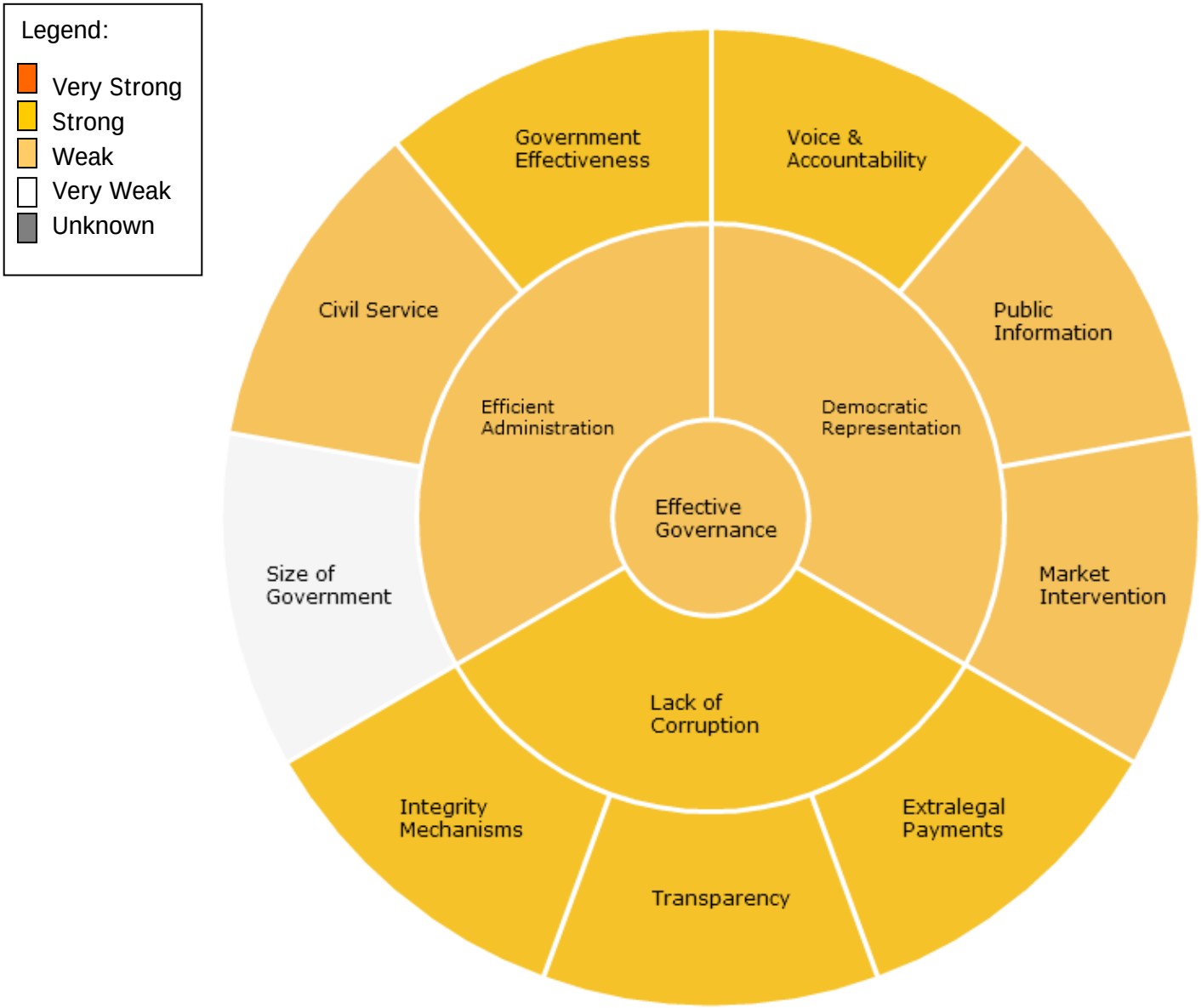
Source: *Doing Business* – Getting Credit, World Bank
www.doingbusiness.org/data/exploreeconomies/brazil

Armenia Credit Reporting Agency: www.acra.am/

| **In-Country Assessment Information** | |
|---|---|
| **FQ 13** | **How available are mortgage loans for purchasing commercial property (office, retail, industrial and logistics), who is the typical user and what are the prevailing trends?** |
| **FQ 14** | **What are the interest rates, term and loan-to-value ratios?** |
| **FQ15** | **In addition to microloans, to what extent are microenterprises (5 or fewer employees) active in the country? Approximately what percentage are formally registered firms?** |
| **FQ16** | **What services other than loans such as insurance, funds transfers, and business development training are available from microfinance organizations for formal businesses?** |
| **FQ17** | **What professional financial services are available outside state owned banks including insurance, credit cards and investment management?** |
| **FQ18** | **What has been the appreciation (or depreciation) rate for commercial property over the last several years?** |
| **FQ19** | **How available is seed money or angel investors for the start up of small businesses?** |

| | |
|---|---|
| **FQ20** | **Do small businesses have access to credit information about potential customers?** |
| **FQ21** | **Can businesses gain access to information about them contained in credit bureaus and correct inaccuracies?** |

## 3. Effective Governance




**Goal – A popularly elected government free of corruption and functioning efficiently and transparently enough to guarantee economic freedom to individuals and support equitable property markets**

## 3.1 Democratic Representation

| | |
|---|---|
| Core Question: | Does the country have free and open elections for the leadership and can citizens engage in free enterprise? **Yes – Weak, unfortunately there are several dimensions of governance that remain in need of significant improvement. While a constitutional right to access government information exists, no law or institutional mechanism is in place to operationalize that right.** |

### 3.1.1 Voice & Accountability

3.1.1.1 Are citizens able to elect their government and do they enjoy freedom of expression, association and a free media? **Yes – Strong – Percentile Rank – 62.1 Trend ↑**

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Source: *Governance Matters*, World Bank
http://info.worldbank.org/governance/wgi/sc_chart.asp

3.1.1.2 Are citizens free to form political and civic organizations free of state interference and surveillance? **Yes – Very Strong – Score 9.41 out of 10**

**Overall Ranking – 41st out of 167**

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Source: *The Economist* Intelligence Unit Democracy Index 2008
http://graphics.eiu.com/PDF/Democracy%20Index%202008.pdf

### 3.1.2 Public Information

**Overall Ranking – Weak; Score 76 out of 100 (2009)**

3.1.2.1 Are there regulations governing conflicts of interest in the executive and legislative branches of government? **Yes – Executive Score 79 out of 100 – Strong; Legislative Score 73 out of 100 – Strong**

3.1.2.2 Can citizens access legislative processes and documents? **No – Score 54 out of 100 – Very Weak**

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Source: *Global Integrity Report* – http://report.globalintegrity.org/Brazil/2009

### 3.1.3 Market Intervention

**Overall Freedom Ranking – Weak 113th out of 179 Trend =**

3.1.3.1 To what extent does the government intervene in the private sector including state owned industries? **Score 49.6 out of 100 with a higher score indicating less intervention**

3.1.3.2 To what extent does the government control prices? **Score 75.9 out of 100 with a higher score indicating less control**

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Source: *Index of Economic Freedom* – Heritage Foundation
www.heritage.org/index/Country/Brazil

## 3.2 Lack of Corruption

| | |
|---|---|
| Core Question: | Is the public sector transparent and free of corruption? **Yes – Strong, civil society, voting and elections, privatization, and anti-corruption regulations are strong.** |

### Transparency

3.2.1 What is the perceived level of corruption in the country? **Ranking – 69th out of 178; Score 3.7 out of 10 Trend ↓ - Low corruption - Strong**

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Source: *Corruption Perception Index*, Transparency International
www.transparency.org/policy_research/surveys_indices/cpi/2010/results

### Integrity Mechanisms

3.2.2 A National Integrity System is a framework where the principle institutions that contribute to integrity, transparency and accountability in a society can address corruption in a systematic way. Does a National Integrity System exist? **Yes – Strong, (2001).**

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Source: *National Integrity System Assessment*, Transparency International
www.transparency.org/policy_research/nis/nis_reports_by_country

### Extralegal Payments

3.2.3 How often do companies report that officials and/or companies expect additional payments to "expedite" services or gain business? **11.9% of firms say they are expected to make unofficial payments – Low occurrence - Strong**

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Source: *Enterprise Surveys*, World Bank
www.enterprisesurveys.org/ExploreEconomies/?economyid=28&year=2009

## 3.3 Efficient Administration

| | |
|---|---|
| Core Question: | Are quality services and qualified civil servants available to the public through the efficient use of public money free of corruption? **No – Weak, the state's role in the economy is heavy and has been increasing. The efficiency and overall quality of government services remain poor despite high government spending as a percentage of GDP.** |

### Size of Government

3.3.1 What is the size of government relative to GDP? **49.6% - 25 to 30% considered optimum – Very Weak**

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Source: *Index of Economic Freedom*, Heritage Foundation
www.heritage.org/index/Country/Brazil

### Civil Service

3.3.2 What is the quality of the civil service? **Weak – Score 69 out of 100**

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Source: *Global Integrity Report* – http://report.globalintegrity.org/Brazil/2009

### Government Effectiveness

3.3.3 What is the overall effectiveness of the government? **Strong - Percentile Ranking – 57.6 Trend ↓**

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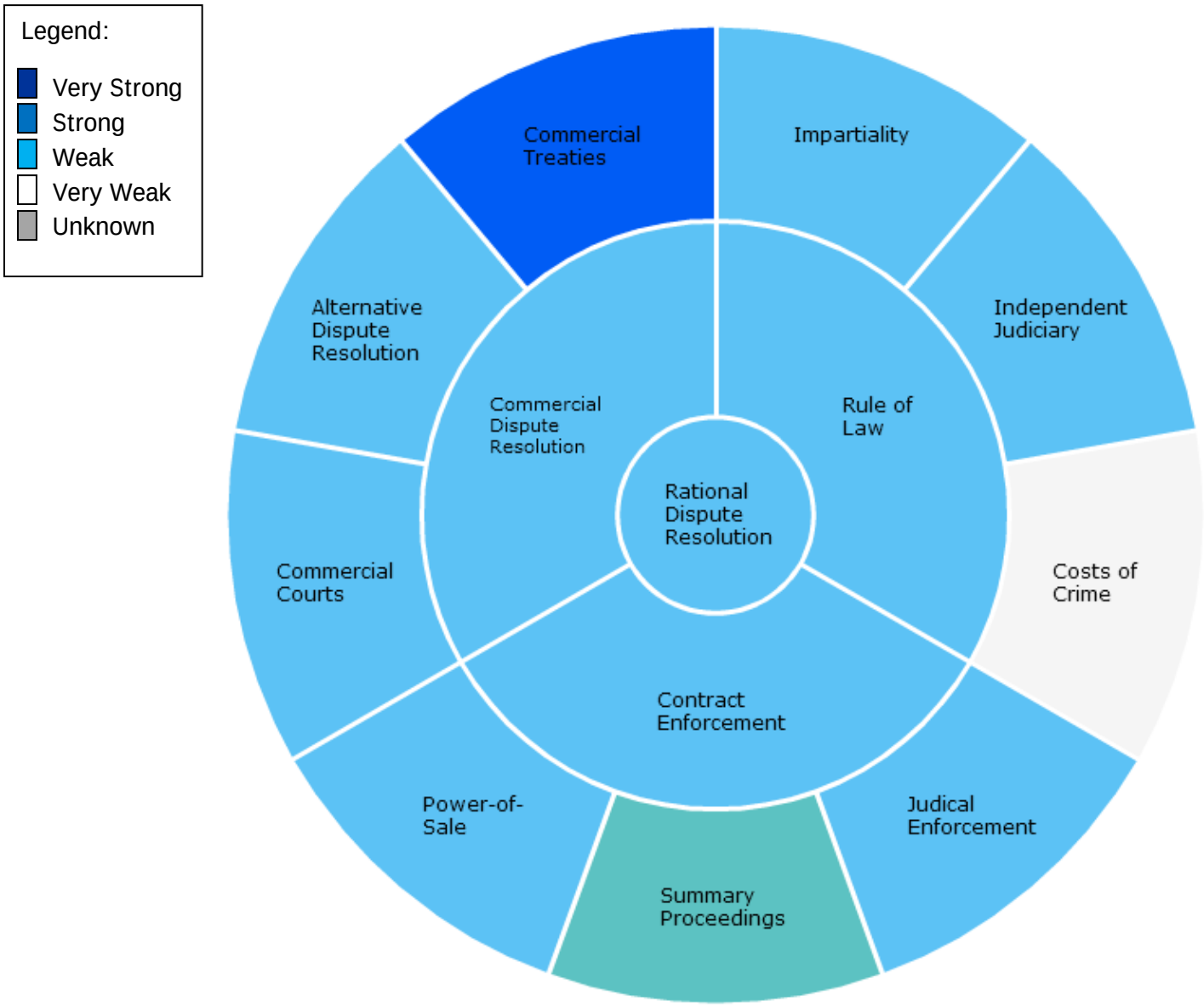
Source: *Governance Matters*, World Bank
http://info.worldbank.org/governance/wgi/sc_chart.asp

**In-Country Assessment Information**

**FQ22** **What is the actual experience of small businesses in dealing with the government, particularly the number and complexity of required procedures and the prevalence of extra payments to facilitate services such as licenses or permits?**

## 4. Rational Dispute Resolution




**Goal – An efficient institutional framework that balances the rights of the public, owners, lenders and borrowers in the event of a dispute or loan default**

## 4.1 Rule of Law

| | |
|---|---|
| Core Question: | Do all market participants abide by the rule of law and have confidence in the courts and the ability of police to control crime? **No – Weak, the judicial system remains vulnerable to political influence and corruption.** |

### Impartiality

4.1.1 What is the confidence level of the strength and impartiality of the police, courts and contract enforcement? **Weak – Percentile Ranking – 49.5 Trend ↑**

Source: *Governance Matters*, World Bank
http://info.worldbank.org/governance/wgi/sc_chart.asp

### Judiciary

4.1.2 Can members of the judiciary be held accountable for their actions? **No– Score 77 out of 100 – Weak**

Source: *Global Integrity Report* – http://report.globalintegrity.org/Brazil/2009

### Costs of Crime

4.1.3 What are the business costs of crime and violence? **High Costs – Ranking 123rd out of 139 – Score 5.8 out of 7, Very Weak**

Source: *The Global Competitiveness Report 2010,* World Economic Forum
www.weforum.org/issues/global-competitiveness

## 4.2 Enforcement of Contracts

| | |
|---|---|
| Core Question: | Are systems in place for timely and efficient enforcement of contracts? **Commercial – No – Weak, while costs are generally low; the time for enforcement is lengthy.** |

### 4.2.1 – Judicial Enforcement

**Commercial – Weak – Ranking 98th out of 183 Trend ↓**

4.2.1.1 What is the number of procedures involved in resolving a commercial dispute? **45**

4.2.1.2 What is the time between the filing of a lawsuit and resolution in judicial enforcements? **616 days**

4.2.1.3 What is the cost of judicial enforcements as a percentage of debt value? **16.5%**

Source: *Doing Business* – www.doingbusiness.org/data/exploreeconomies/brazil

### 4.2.2 – Summary Proceedings

SQ 10 Summary proceedings are alternative dispute resolution processes where creditors can apply for a direct court order in property disputes. What is the time between notice of intent to foreclose and loan collection in summary proceedings if available to lenders? **271 days – Weak**

SQ 11 What is the cost of summary proceeding if available to lenders as a percentage of property value? **7.2% – Strong**

### 4.2.3 – Power-of-Sale

SQ 12 Power-of-sale agreements give creditors to power to sell properties after notice to the borrower without court intervention. What is the time between notice of intent to sell and loan collection for power-of-sale agreements if available to lenders? **Weak – see above**

SQ 13 What is the cost of power-of-sale agreements if available to lenders as a percentage of property value? **Strong – see above**

Source – *Financing Homes 2008*, World Bank and International Housing Finance Corporation www.ifc.org/ifcext/sme.nsf/AttachmentsByTitle/financinghomes/$FILE/FinancingHomes.pdf

## 4.3 Commercial Dispute Resolution

| | |
|---|---|
| Core Question: | Can commercial disputes be resolved efficiently and fairly without exorbitant expense and delay? **No – Weak, legal disputes can be time-consuming; bureaucracy and administration are non-transparent, burdensome, complex, and subject to corruption.** |

Survey Questions

### Commercial Courts

SQ 14 Do specialized commercial courts exist for the handling of property disputes and foreclosures? **No – Weak, commercial cases are primarily handled by State Courts, although a Commercial Court exists in Rio and a Bankruptcy court exists in Sao Paulo.**

Source: *Legal Guide for Investors in Brazil* www.investinbrazilagency.org/sys/images/stories/pdfs/legal-guide-for-foreign-investors-in-brazil.pdf

### Alternative Dispute Resolution

SQ 15 Are alternative dispute resolution mechanisms in place including commercial arbitration, private mediation and community based processes? **Yes – Weak, although the law exists, there are conflicts in its implementation and a general culture against arbitration.**

Source: International Commercial Arbitration in Brazil
www.cmted.com.br/restrito/upload/artigos/48.pdf

### Commercial Treaties

SQ 16 What bilateral, regional and international commercial treaties exist concerning business between countries? **Strong – the Mercosul free trade agreement exists between Brazil, Argentina, Paraguay and Uruguay and agreements exists or are being pursued with Canada, Egypt, Israel and Mexico.**

Source: U.S. State Dept Background Notes www.state.gov/r/pa/ei/bgn/35640.htm

### In-Country Assessment

**FQ23** **To what extent do small businesses trust public institutions to support contract enforcement?**

**FQ24** **To what extent are alternative dispute resolution procedures used and trusted by small businesses?**

## 5. Financial Transparency

**Goal – A well developed and transparent financial system that includes strong supporting institutions and highly trained and ethical professionals that contribute to effective financial intermediation and deep and broad access to capital and financial services**

## 5.1 Market Stability

| | |
|---|---|
| Core Question: | Are market risks sufficiently transparent and diversified so that efficient capital allocation can occur? **Yes – Strong, the global financial crisis impact has been moderate and the financial services sector has seen rapid growth.** |

### Financial Reporting

5.1.1 What is the strength of the country's auditing and reporting standards? **Strong – 64th out of 139; Score 4.8 out of 7**

### Financial Services

5.1.2 Are a wide variety of financial services and products available? **Very Strong – 27th out of 139; Score 5.6 out of 7**

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Source: *The Global Competitiveness Report 2010,* World Economic Forum
www.weforum.org/issues/global-competitiveness

### Insolvency Process

**Weak – Ranking – 132nd out of 183 Trend ↓**

5.1.3 What is the average time to complete bankruptcy proceedings? **4 years**

5.1.4 What is the cost of bankruptcy proceedings as a percentage of the estate? **12%**

5.1.5 What is the recovery rate of bankruptcy proceedings? **17.1 cents on the dollar**

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Source: *Doing Business* – Closing a Business
www.doingbusiness.org/data/exploreeconomies/brazil

## 5.2 Independent Asset Valuers

| | |
|---|---|
| Core Question: | Do trained, independent and ethical asset valuers exist for all types of assets? **No – Weak, the profession is still dominated by engineers.** |

Survey Questions

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### Standards

SQ 17 How easy is it to find a valuer who implements International Valuation Standards? – **Weak – 64 companies listed as of 2007, standards still focus on the replacement cost approach.**

*Civil Society Resource: International Valuation Standards Council www.ivsc.org*

**Training**

SQ 18 What is the level of training of valuers? **Weak – while the level of training is high, it lacks focus on Generally Accepted Valuation Principals (3 approaches)**

*Civil Society Resource: Appraisal Institute www.appraisalinstitue.org*

**Ethics**

SQ 19 Are opinions offered by valuers free of influence from parties to the transaction? **Unknown**

*Civil Society Resource: International Valuation Standards Council www.ivsc.org*

## 5.3 Data Standards

| | |
|---|---|
| Core Question: | Is accurate property information available electronically in formats that are consistent with international standards? **Yes – Strong, although accurate sales data is not publicly available.** |

Survey Questions

**Sales & Operating Data**

SQ 20 A multiple listing service is an electronic exchange system where brokers and agents can widely share contracted real estate listings of properties that are for sale. Do multiple listing type services exist? **No – Weak, data quality and exclusive listings are lacking**.

*Civil Society Resource: International Consortium of Real Estate Associations www.worldproperties.com*

SQ 21 Do resources exist for obtaining building income and expense estimates? **Yes – Strong**

*Civil Society Resource: SECOVI* www.secovi.com.br/

**Interchange Formats**

SQ 22 Do electronic data interchange formats conform to international standards (ebXML – electronic business using extensive markup language)? **No – Weak**

*Civil Society Resource: Open Standards Consortium for Real Estate International www.oscre.org*

**Technical Standards**

SQ 23 Do building codes and office building measurement standards (ANSI/BOMA Z65.1) conform to international standards? **Yes – Strong**

*Civil Society Resource: Associacã Brasileira do Mercado Imobiliario (ABMI)*
www.abmi.org.br/Site/home/home.asp

**In-Country Assessment**

**Valuation Profession**

**FQ25** **How many independent valuers exist in the market? Can small businesses obtain fair valuations for property they want to buy or sell?**

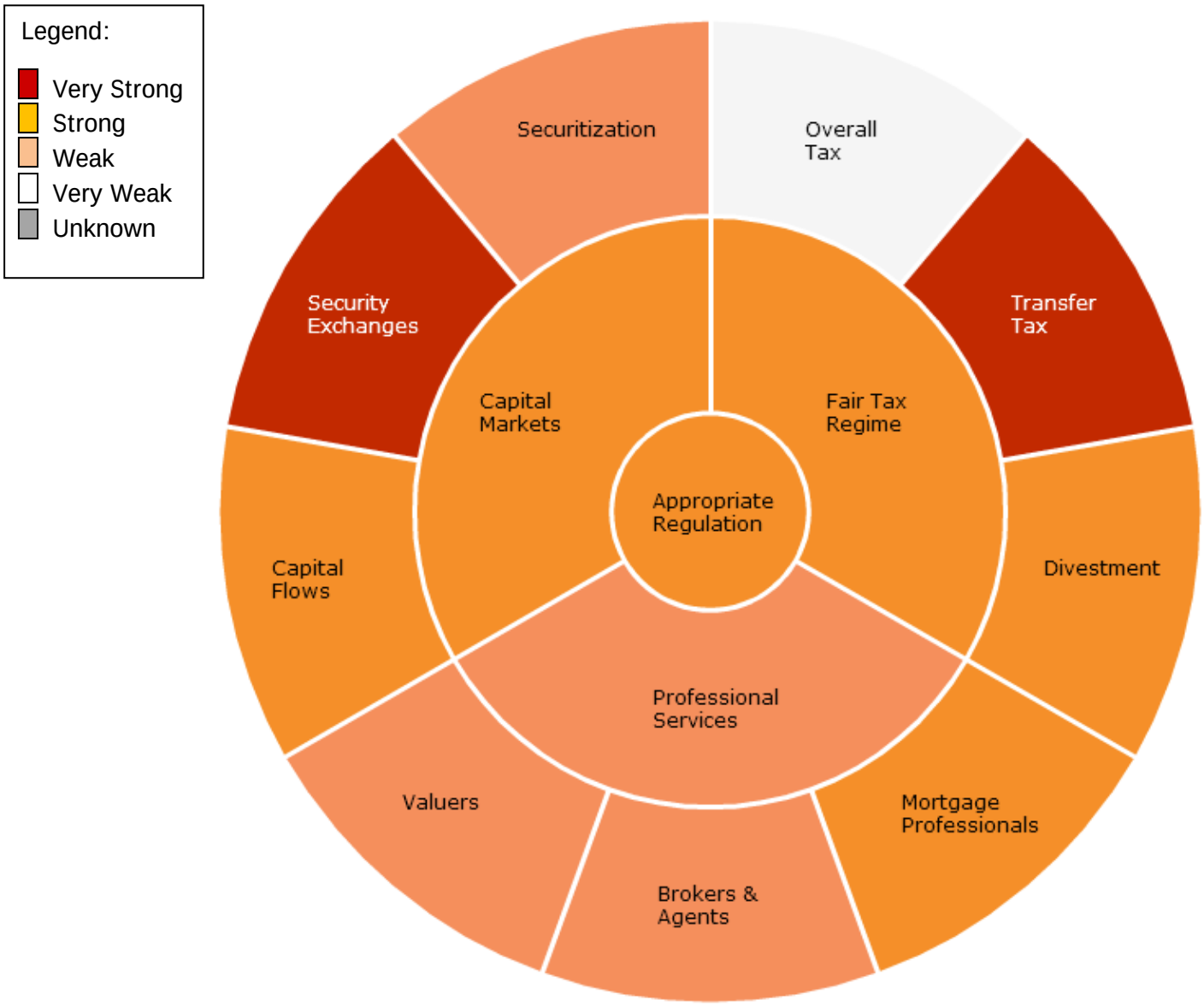
**FQ26** **What are the valuation standards and do they conform to international and regional standards?**

**FQ27** **What valuation methods and techniques are used in the market?**

**Data Availability**

**FQ28** **How available is information for commercial properties that are for sale or that have sold?**

## 6. Appropriate Regulation




**Goal – A comprehensive regulatory regime that is transparent, efficient, simple in its implementation and that leads to accurate reporting of property values and prudent protection from market risks**

## 6.1 Fair Tax Regime

| | |
|---|---|
| Core Question: | Do market participants feel the overall tax rate is fair and participate in formal transactions? **Yes – Strong – the top income tax rate is 27.5%, although social contributions are high.** |

### Transfer Tax

6.1.1 What is the total property transfer tax including all duties and payments? **Very Strong – 2.7%**

### Overall Tax

6.1.2 What is the overall tax rate on entrepreneurs (as a percentage of profits)? **69% – Ranking – 152nd out of 183, Very Weak – Trend ↓**

Source: *Doing Business* – Paying Taxes & Registering Property, World Bank
www.doingbusiness.org/data/exploreeconomies/brazil

### Divestment

Survey Question

SQ 24 What is the tax on profits for foreign investors when divesting property? **15% - Strong**

## 6.2 Professional Services

| | |
|---|---|
| Core Question: | Are the professional services necessary for efficient and transparent property markets available and appropriately regulated and supervised? **No – Weak, the pace of regulation has not kept up with growth.** |

### Asset Valuers

Survey Questions

SQ 25 Are property valuers licensed and/or certified by the government? **Yes – Weak, valuers are licensed as engineers.**

*Civil Society Resource: The Appraisal Foundation www.appraisalfoundation.org*

SQ 26 How effective are mechanisms in place to discipline valuers who engage in misconduct? **Unknown**

### Brokers & Agents

Survey Questions

SQ 27 Are real estate brokers and agents licensed and/or certified by the government? **Yes – Weak, while real estate brokers and agents are licensed, there are a large number of informal agents.**

SQ 28 How effective are mechanisms in place to discipline brokers or agents who engage in misconduct? **Weak**

### Mortgage Professionals

Survey Questions

SQ 29 Are mortgage professionals licensed and/or certified by the government? **Yes – Strong, recent regulatory changes have accelerated the mortgage market.**

SQ 30 How effective are mechanisms in place to discipline mortgage professionals who engage in misconduct? **Unknown**

## 6.3 Capital Markets

| | |
|---|---|
| Core Question: | Are capital markets well-regulated and diversified enough to provide financial resources to private-sector entrepreneurs and innovators? **Yes – Strong, Brazil's financial sector is diversified and competitive.** |

### Capital Flows

6.3.1 How restricted is the flow of capital into and out of the country? **Strong – Ranking 73rd out of 139; Score 4.3 out of 7**

### Security Exchanges

6.3.2 Is the regulation of securities exchanges transparent, effective and free of influence from government and industry? **Yes – Very Strong, Ranking 5th out of 139; Score 5.7 out of 7**

Source: *The Global Competitiveness Report 2010,* World Economic Forum
www.weforum.org/issues/global-competitiveness

### Securitization

6.3.3 What is the depth of asset-backed securities, mortgage-backed securities, high-yield bonds and highly leveraged loans? **Weak – 41st out of 57, 0.8% of GDP**

Source: *Financial Development Report*, World Economic Forum
www3.weforum.org/docs/WEF_FinancialDevelopmentReport_2010.pdf

**In-Country Assessment**

**Taxation**

**FQ29** **What is the level of taxation for small businesses? Are any of those taxes an excessive burden on small businesses? Are any tax discounts provided for small businesses?**

**Professional Services**

**FQ30** **What is the experience of small businesses in dealing with professional property market service providers such as real estate agents, brokers and valuers?**

## Appendix – Procedures for Registering a Property

Source – *Doing Business* – Registering Property, World Bank

1. **Acquire a Labor Justice Certificate (Certidão da Justiça do Trabalho) from the Labor Justice Department**

   Time to Complete: 3 days (simultaneous with procedures 2, 3 and 4)

   Cost to Complete: R$ 5,53

2. **Request three documents on the property from the relevant jurisdictional Land Property Registry (cartório)**

   Time to Complete: 7 days (simultaneous with procedures 1, 3 and 4)

   Costs to Complete: R$ 31,37

3. **Request a Land-Tax Certificate from City Hall**

   Time to Complete: 1 day (simultaneous with procedures 1, 2 and 4)

   Costs to Complete: no cost

4. **Acquire the most recent Commercial Certificate (Certidão de Breve Relato) at the city's chamber of commerce (Junta Comercial)**

   Time to Complete: 4 days (simultaneous with procedures 1, 2 and 3)

   Costs to Complete: R$ 9,00

5. **Acquire a Clearance Certificate (Certidão Negativa de Débito) from the Tax agency (Receita Federal)**

   Time to Complete: 1 day

   Costs to Complete: no cost

6. **Acquire a Worker's Fund Certificate (Certidão de Regularidade de Situação do FGTS) at the federal bank- Caixa Economica Federal**

   Time to Complete: 1 day

Costs to Complete: no cost

7. **Acquire a Federal Tax Clearance Certificate from the Ministério da Fazenda (Certidão Negativa de Tributos Federais)**

   Time to Complete: 1 day

   Costs to Complete: no cost

8. **Acquire a Certificate of Registries and Disputes (Certidão dos Cartórios de Protestos) from the Distributor of Disputes Registry**

   Time to Complete: 2-3 days

   Costs to Complete: R$ 81,38

9. **Acquire a Civil Distributor's Certificate (Certidão dos Distribuidores Cívies), a Fiscal Executive Certificate (Certidão de Executivos Fiscais) and a Bankruptcy Certificate (Certidão de Falencias e Concordatas) from the City Court Office**

   Time to Complete: 5 days

   Costs to Complete: R$ 14 x 3

10. **Acquire a Federal Justice Certificate (Certidão da Justiça Federal) from the Receita Federal**

    Time to Complete: 1 day

    Costs to Complete: no cost

11. **Drafting of Public Deed of Purchase and Sale (Escritura Pública de Venda e Compra) by a Public Notary (Tabelião de Notas)**

    Time to Complete: 12 days

    Costs to Complete: R$ 3,025

12. **Register the escritura (transfer deed) at the appropriate Real Estate Registry with jurisdiction over the property to finalize registration and name change**

    Time to Complete: 5 days

Costs to Complete: R$ 2,078

**13. Pay ITBI (transfer tax) at Banco do Brasil**

Time to Complete: 1 day

Costs to Complete: 2% of property value

**14. Update the land taxation records (IPTU – Imposto Predial e Territorial Urbano) to the new owner's name at City Hall**

Time to Complete: 1 day

Costs to Complete: no cost