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***The Opportunity of the State Land Hypothecation Bank Organization
and its Role on Land Consolidation and Land Market in Ukraine***

By the last statements of Land Code of Ukraine (2001) of the Cabinet of Ministers of Ukraine legal texts set by the Code, including the Law about State Land hypothecation bank should be worked out in six-month term.

By this time the following laws were worked out and presented to the Verkhovna Rada of Ukraine:

- “About **Land hypothecation bank**” (registration № 3139 from 19.03.99, by the depute of Ukraine Shmidt R.M.);
- “About Land hypothecation bank ” (registration № 5443 from 06.07.2000, by the deputies of Ukraine Shepa V.V., Marchenko O.A., Martynovskyi V.P., Borzyh O.I.);
- “About State Land hypothecation bank” (registration № 3566 from 30.05.2003, by the deputies of Ukraine I.Tomych, M. Gladii, M. Melnyk, M. Polianych);
- “About State Land hypothecation bank” (registration № 3566-1 from 11.06.2004, by the depute of Ukraine Voiush V.D.).

The Ministry of Agricultural Policy of Ukraine took the statement of the Law of Ukraine “About State Land hypothecation bank” (registration № 3566 from 30.05.2003) as a basis developing the scheme of State Real Estate Bank.

The tasks of State Land hypothecation bank are the following: creating of long-term mortgage lending system (15-20 years) of agricultural producers for technical and technological re-equipment of agriculture, formation of competitiveness of agricultural sector and rural territories development.

The functions of State Land hypothecation bank:

- refinancing of commercial banks which give on the security of land;
- control of obeying the laws for the mortgage lending;
- issuing mortgage bonds;
- other activity due to the current legislation.

State Land hypothecation Bank is a specialized financial institution, established and controlled by the state.

The State Budget of Ukraine, international financial institutions (World Bank, European Bank of Reconstruction and Development, other financial institutions),

mortgage bonds of State Land hypothecation bank, private investments can form the State Land hypothecation bank statute.

The size of statute fund is defined by the shares holder and can't be lower than mentioned by the National Bank of Ukraine.

The part of the State in the statute fund of State Land hypothecation bank can't be lower than 51 per cent of the statute fund.

On the opinion of the Ukrainian and foreign experts the value of 32 ml ha of agricultural lands in Ukraine is about 60-70 billion euro. It is a huge 'credit portfolio' of future Land hypothecation bank. Even with 70-percent mortgage lending the long-term 10-year credit resource would cost 42-49 billion euro or 32-38 billion UAH annually.

The formation of land market and its effective functioning needs appropriate legislation (the scheme is provided).

According to the sub-paragraph 'c' of paragraph 4 of the ending statements of the Land Code of Ukraine (2001) the Cabinet of Ministers of Ukraine should work-out laws and legal texts including projects of laws about State Land Cadastre, about Land Market and others in the six-month term after the date of this Code being published.

By this time the following laws were worked out and presented to the Verkhovna Rada of Ukraine:

- "About Land Market" (registration № 2143 from 28.02.2008, by the Cabinet of Ministers of Ukraine);

- "About Lands Market" (registration № 2143-1 from 03.04.2008, by the deputies of Ukraine Sulkovskyi P.G., Bevzenko V.F., Sigal I. I., Tereshchuk S.M., Tkach R.V., Tymoshenko M.M.);

- "About Lands Market" (registration № 2143-2 from 21.04.2008, by the deputy of Ukraine Zaiets I.O.).

On June,17 2008 The Committee of Verkhovna Rada of Ukraine in agricultural policy and land relations passed the project of the law of deputies of Ukraine Sulkovskyi P.G., Bevzenko V.F., Sigal I. I., Tereshchuk S.M., Tkach R.V., Tymoshenko M.M.

The State Committee of Land Resources cooperates with the Center of State Land Cadastre, created in order to establish the computer-based system for state land cadastre of Ukraine and system of land registration.

Structure subdivisions of this Center operate at regional and district levels.

The project of Law of Ukraine 'About State Land Cadastre', worked-out by the State Committee of land resources of Ukraine, is being on the approval by Cabinet of Ministry. This Law was passed by Verkhovna Rada of Ukraine in 2006 but was returned by the President of Ukraine for the further revision.

By this time there is no unique Register of right of possession for the land and other landed property in Ukraine. Also there is no state institution for this Register

including the right of possession for the land and other landed property which is in state, municipal and private ownership, rent, etc. For this purpose the State Agency of right of possession for the land and other landed property registration, that would be one of the most important elements of land market infrastructure.

The project of Law of Ukraine 'About registration of rights of possession for the land and other landed property' is being revised by Verkhovna Rada since 1999. Passing this law allows creating single system of rights of possession for the land and other landed property registration, keeps owners rights recognition and protection, and improves the development of market relations in the country.

Ukrainian legislation defines the subject of mortgage as the right to rent or use landed property. The Law of Ukraine 'About Mortgage Lending' subscribes the peculiarities of land real estate. Due to the fact that land market formation gives agricultural producers the opportunity to take long-term credits on the security of land and other landed property, the laws 'About land as real security' and 'About right for rent of land as real security' should be work-out and passed.

Of course, land market can't function properly without such important elements of its infrastructure as: real estate and intermediary firms, agricultural extension services which provide all kind of informational support