### Regulation regarding the reception of the construction works and the corresponding installations in Romania

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#### Abstract

The new Regulation regarding the reception of construction works and corresponding installations, approved by Government's Decision no. 347/2017 ("Regulation 2017") has general applicability for all construction works for which there is an obligation to obtain a building permit. Regulation 2017 brings significant changes and clarifications expected by the real estate sector regarding: (i) the composition of the commissions involved in the reception procedure, (ii) the role of the site supervisor who thus gains significant participation in the reception procedure, and (iii) the participation of the public authorities' representatives at the reception, having the veto right on the decision of the reception commission upon the completion of the construction works. Another element of novelty brought by Regulation 2017 is the possibility to do the reception upon the completion of the construction works, respectively the final reception for parts / objectives / sectors of or from the building, if they are distinct/independent from a physical and functional point of view. Thus, the new regulation facilitates the procedure of authorizing investment objectives and the costs of the process. The partial reception is another innovation brought by the Regulation 2017 in support of the investor, who can thus take over a part of the construction, at a certain stage, and obtain its registration with the Land Book.

**Keywords:** construction law, construction works, construction quality, authorisation of construction

JEL Classification: K25

1. The reception of buildings as a complex legal institution that crosses the vast legal framework governing the construction works and the corresponding installations

The reception of construction works is a component of the construction quality system<sup>2</sup> and represents a complex process by which, according to the law, it is certified that the construction works are finalized, either for new buildings or for interventions to existing buildings, with the observance of the applicable basic re-

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<sup>&</sup>lt;sup>2</sup> Art. 9 of Law no. 10/1995 on construction quality, republished in the Official Gazette no. 689 dated 11.09.2015, as modified and amended hereinafter. The construction quality system represents a series of organizational structures, responsibilities, regulations, procedures and means, which contribute to the realization of the construction's quality in all stages of conception, realization, exploitation and post-use of the buildings.

quirements and in accordance with the provisions of the building/demolition permit, as well as in accordance with the documents provided in the technical book of the construction.<sup>3</sup>

Thus, the reception is carried out in accordance with the provisions of the Regulation regarding the reception of construction works and corresponding installations, approved by Government's Decision no. 347/2017 ("Regulation 2017") by the investor / owner for both new construction works, and interventions to existing construction works for which building permits are issued. The reception takes place in two stages: (i) the reception upon the completion of the works and (ii) the final reception, upon expiration of the warranty period.

It should be noted that Regulation 2017 provides a more detailed legal definition than the existing definition in the previous legislation<sup>4</sup>, placing a particular emphasis on the need for conformity of the execution with the legal provisions which authorize the execution of the construction works.

The reception of construction works has an independent regulation that complements the different provisions inserted in several legislative acts that regulate the execution of construction works. Therefore, for a better understanding of this legal institution, a cross-cutting analysis of the legal provisions that refer to construction works is needed.

### 1.1. The Civil Code

We start with the analysis of the provisions of the Civil Code<sup>5</sup> that regulate the construction agreement and stipulate that the reception of the work consists in verifying and approving the manner in which the contractor executed the work. The reception is usually performed globally and only once, whereas the takeover of the building may coincide with its reception. The takeover of the building without

<sup>&</sup>lt;sup>3</sup> Art. 1 of Annex 1 to Government Decision no. 343/2017 regarding the amendment of Government Decision no. 273/1994 for the approval of the Regulation regarding the reception of construction works and the corresponding installation, published in the Official Gazette, Part I no. 406 dated 30/05/2017.

<sup>&</sup>lt;sup>4</sup> Art. 1 of Regulation regarding the reception of construction works and the corresponding installation from 14.06.1994, approved by Government Decision no. 273/1994 for the approval of Regulation regarding the reception of construction works and the corresponding installation.

<sup>5</sup> Art. 1862 of Civil Code approved by Law no.287/2009, republished and up-to-date: Reception of construction works:

<sup>(1)</sup> As soon as he received the communication regarding the finalization of the construction works by the contractor, the beneficiary has the obligation, within a reasonable period of time, corresponding to the nature of the works and the customs in the respective area, to verify it and if it corresponds to the conditions established in the agreement, to receive it and, if the case, to collect it.

<sup>(2)</sup> If, without any solid reason, the beneficiary fails to present or to communicate without delay the outcome of the verification, the construction works are considered to be received without any reserve.

<sup>(3)</sup> The beneficiary who received the construction work without objections does not have the right to invoke apparent defects or apparent non-conformities regarding the qualities agreed upon.

any objections, releases the contractor from the obligation to guarantee for apparent defects, namely the beneficiary is deprived of the right to invoke these defects.<sup>6</sup>

The reception is defined<sup>7</sup> by the doctrine as the *unilateral legal act* according to which the beneficiary approves the execution of the construction works, and which has the following consequences: (a) the price of the construction agreement becomes due, if not provided otherwise by law or in the agreement (as per Article 1864 NCC); (b) the security and the risks are transferred; (c) the contractor *is exempt from the guarantee for apparent defects* of the works and/or for the *apparent lack* of the agreed quality [Article 1862 paragraph (3) NCC] <sup>8</sup>; for hidden defects, the beneficiary has at his disposal a separate legal action.

If the beneficiary does not fulfil its obligation to receive and takeover the executed work, the contractor can request the court of law to ascertain the execution of the works according to the contractual provisions and the beneficiary shall be liable for the failure to observe the obligations regarding the reception and the takeover of construction works, by paying damages for the preservation of the works.<sup>9</sup>

We suggest *de lege ferenda* that the legislator correlates the legal regime of the reception procedure for construction works in a compact legal rule system, as well at Civil Code level, as at special provisions level.

### 1.2. Law no. 10/1995 on construction quality

Further, we shall analyse the provisions of Law no. 10/1995 on construction quality, which provides a definition according to which the reception of construction works represents the **certification of the** *execution's* **quality of the construction works**, based on the direct examination, according to the execution documentation and to the documents comprised in the technical book of the construction. <sup>10</sup>

The provisions under Law no. 10/1995 also establish specific obligations for the construction works participants, regarding the reception of the construction works. Therefore, the **investors** who finance and establish new objectives or interventions at the existing constructions have the **obligation** to perform the reception of the construction works at their finalization, as well as the final reception at the *expiry date of their guarantee*. <sup>11</sup>

<sup>&</sup>lt;sup>6</sup> New Civil Code commented dated 20 February 2013, Hamangiu, author Afrasinei Madalina, collective.

<sup>&</sup>lt;sup>7</sup> New Civil Code commented dated 20 February 2013, Hamangiu, author R. Sanilevici, op. cit. p. 169.

<sup>&</sup>lt;sup>8</sup> New Civil Code commented dated 20 February 2013, Hamangiu, author I. Sava, op. cit. p. 191.

<sup>9</sup> New Civil Code commented dated 20 February 2013, Hamangiu, author Afrasinei Madalina, collective

<sup>&</sup>lt;sup>10</sup> Art. 17 of Law no. 10/1995 on construction quality, republished in the Official Gazette no. 689 dated 11 September 2015, as further amended.

<sup>&</sup>lt;sup>11</sup> Art. 22 of Law no. 10/1995 on construction quality, republished in the Official Gazette no. 689 dated 11 September 2015, as further amended.

The contractor of the construction works has the obligation to perform the reception only for constructions works that correspond to the quality requirements and for which the contractor handed over to the investor the necessary documents for the establishment of the technical book of the construction.<sup>12</sup>

The owners of the buildings have the obligation to use the buildings only after the admission of the reception upon completion of the works, after their takeover and after obtaining the authorizations requested by law.<sup>13</sup>

According to the provisions of Law 10/1995, the following constitute contraventions, sanctioned with a fine between RON 20.000 and RON 40.000: the reception of the building by the investor with the breach of the legal provisions, the breach of the owner's obligation to use the building only after the admission of the reception upon completion of the works, after their takeover and after obtaining the authorizations requested by law, and the breach of the investor's obligation to perform the reception upon the completion of the works, as well as the final reception at the expiry date of their guarantee.

### 1.3. Law no. 50/1991 on the authorisation of construction works

Through the analysis of Law 50/1991 on the authorisation of construction works, we observe the iteration of the fact that the reception of the construction works is a component of the quality system in the construction field. In addition, it is highlighted that this judicial institution **represents the act, which certifies the completion of the construction works performed in accordance with the technical project and the execution details**.

The provisions of Law 50/1991 indicate the fact that the reception of the construction works of any category and of their installations must be performed for new works, as well as for interventions to existing construction works. Also, the reception shall be performed in two stages (i) the reception upon the completion of the works, and (ii) the final reception.<sup>14</sup>

According to the provisions of Law 50/1991, the natural persons and legal entities, which perform construction works, are obligated to *fully* execute the works within the term established in the building permit. This provision was also resumed by Regulation 2017. The construction works are considered finalized when all the elements of the building permit were executed and the reception upon the completion of works was performed.

<sup>&</sup>lt;sup>12</sup> Art. 25 of Law no. 10/1995 on construction quality, republished in the Official Gazette no. 689 dated 11 September 2015, as further amended.

<sup>&</sup>lt;sup>13</sup> Art. 27 of Law no. 10/1995 on construction quality, republished in the Official Gazette no. 689 dated 11 September 2015, as further amended.

<sup>&</sup>lt;sup>14</sup> Point 23 of Annex no. 2 of Law 50/1991 on the authorisation of construction works, republished in the Official Gazette no. 874 dated 01.11.2016, as modified and amended hereinafter.

Thus, the reception upon the completion of works is mandatory for all types of buildings authorized, **including when such construction works are performed as "self-constructed"** buildings (Romanian: *in regie proprie*).

The provisions of Law 50/1991 state that **partial reception protocols** may be concluded until the completion of the construction works. Such protocols shall attest the physical execution status, at the investor's request. The reception may be performed for construction works executed based on distinct execution agreements, but *for works authorized by the same building/demolition permit*.

The buildings without a reception upon the completion of the works are considered not finalized, according to the provisions of art. 37 of Law 50/1991, and the legislation establishes the principle that the judicial existence of the building and the property right over the building begin on the date of the reception and registration in the Land Book.

In addition, Law 50/1991 states that the absence of the reception upon the completion of the works in accordance with the provisions of the applicable law represents a contravention and is sanctioned with a fine in amount of RON 2000. 16

### 1.4. Law no. 7/1996 on cadastre and real estate publicity

The property right over the building can be registered in the Land Book based on the reception protocol upon the completion of the works, together with the documentation mentioned in the Ordinance no. 700/2014 for the approval of the Regulation on attestation, reception and registration in the cadastre and real estate registers, published in the Official Gazette no. 571 dated 31/07/2014, as modified and amended hereinafter.

The buildings erected without a building permit or with disregard of the provisions of the building permit, and buildings without the reception upon the completion of the works are considered not finalized and therefore they cannot be registered in the Land Book.<sup>17</sup>

# 1.5. Ordinance no. 700/2014 for the approval of the Regulation on attestation, reception and registration in the cadastre and real estate registers, published in the Official Gazette no. 571 dated 31/07/2014, as modified and amended hereinafter

According to the provisions of Ordinance no. 700/2014, the unfinished buildings registered in the Land Book, which don't have a reception protocol upon the completion of the works, cannot be divided in apartments.

Art. 37 of Law 50/1991 on the authorisation of construction works, republished in the Official Gazette no. 874 dated 01.11.2016, as modified and amended hereinafter.

Art. 24<sup>1</sup> of Law 50/1991 on the authorisation of construction works, republished in the Official Gazette no. 874 dated 01.11.2016, as modified and amended hereinafter.

<sup>&</sup>lt;sup>17</sup> Law 50/1991 on the authorisation of construction works, republished in the Official Gazette no. 874 dated 01.11.2016, as modified and amended hereinafter – comment Wolters Kluwer.

## 2. Short overview over the reception procedure of the construction works and their corresponding installations; a practical comparison with the old regulation

The new Regulation regarding the reception of construction works and the corresponding installation, approved by Government's Decision no. 343/2017 ("Regulation 2017") has entered into force on 29.07.2017 bringing a series of important modifications regarding the entire reception procedure of the construction works. With these modifications, it is also important to follow their impact over the future real estate projects.

Regulation 2017 regarding the reception of construction works is not applicable for the buildings with the reception upon the completion of works, respectively the final reception, in progress at the date when Government's Decision no. 343/2017 entered into force. However, the final reception shall take place in accordance with Regulation 2017, if the reception upon the completion of works took place in accordance with the Regulation regarding the reception procedure approved by Government's Decision no. 273/1994, but the reception commission decided to approve the reception with objections. The objections that were not remedied are considered non-conformities according to the new regulation and trigger the suspension of the final reception procedure.

Regulation 2017 has a general applicability, in contrast with the old regulation, which instated an exception from the reception procedure for specific categories of buildings. The reception upon the completion of the works is mandatory for every type of buildings, and is applicable for all construction works that need a building permit. In this context, we believe that a stricter monitoring regarding the quality of the execution of construction works is possible, while trying to eliminate a wide range of possible defects, with the risk of increasing the necessary time for the capitalization of the investment objective.

The reception upon the completion of the works and the final reception can be performed in accordance with Regulation 2017 also for parts/objectives/sector of the building, if these are physically and functionally independent.<sup>18</sup>

Thus, the new regulation offers the solution of a flexible authorization procedure of the investments, while granting the possibility to obtain a single building permit for more buildings part of a residential project. According to the old regulation, the reception for such buildings could not be performed in order to register these buildings in the Land Book, unless all objectives of the building permit were completed. In the absence of a possibility to perform the reception for specific objectives or independent elements, the investors developed a custom, who, in order to prevent the lack of financing, were forced to perform the authorization procedure for each building of the residential project, in order to perform the reception

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<sup>&</sup>lt;sup>18</sup> Art. 9 of Annex 1 to Government Decision no. 343/2017 regarding the amendment of Government Decision no. 273/1994 for the approval of the Regulation regarding the reception of construction works and the corresponding installation, published in the Official Gazette, Part I no. 406 dated 30/05/2017.

independently for each objective, instead of obtaining one single building permit for the entire project.

From this perspective, the modification brings a more flexible market frame, limiting the necessary time and costs for obtaining the building permit.

In addition, Regulation 2017 establishes the possibility of **a partial reception**, through a partial reception protocol concluded between the investor and the contractor. The partial reception protocol is the official document, which attests the physical execution status of the building, in order to register the property right in the Land Book, and to grant the investor, who decides according to his economic interest, the possibility to perform the reception of a part of the building, in a specific physical execution status.<sup>19</sup>

However, the partial reception doesn't allow the use of the buildings. The use of the building is forbidden until **the admission of the reception upon the completion of the works**, and until the necessary authorizations for its use are obtained.

The partial reception protocol refers to the following mandatory aspects: the state of the building part, the discovered defects caused by the improper execution, for which the parties have established remediation periods, preservation measures of the executed works.<sup>20</sup>

If the investor took over parts of the building in physical execution stages, he shall provide the reception commission upon the completion of the works with the partial reception protocol. The reception procedure is structured in two distinct stages.

### 2.1. The reception upon the completion of the construction works

The contractor must communicate to the investor the necessity to perform the reception upon the completion of the works and to establish the meeting date and place of the reception commission upon the completion of the works.

The contractor's communication to the investor shall take place on the date when all the works are finished, or when the corresponding parts/objectives/sectors of the works, which require an independent reception are finished, and mandatory within the validity period of the building/ demolition permit.

The investor is obligated to convene the reception commission upon the completion of the works within 5 days as of the communication receipt. If the in-

Art. 7 of Annex 1 to Government Decision no. 343/2017 regarding the amendment of Government Decision no. 273/1994 for the approval of the Regulation regarding the reception of construction works and the corresponding installation, published in the Official Gazette, Part I no. 406 dated 30/05/2017.

<sup>&</sup>lt;sup>20</sup> Art. 6 of Annex 1 to Government Decision no. 343/2017 regarding the amendment of Government Decision no. 273/1994 for the approval of the Regulation regarding the reception of construction works and the corresponding installation, published in the Official Gazette, Part I no. 406 dated 30/05/2017.

vestor doesn't fulfil its obligation to convene the commission, or if he doesn't present himself or through a representative on date when the commission convened, the contractor shall repeat the communication procedure upon the completion of the works. If the investor doesn't fulfil its obligation to convene the commission, the contractor notifies the investor and the commission members a last term to convene, with an express indication that the investor is liable for all expenses and damages caused by the absence of reception upon the completion of the works.<sup>21</sup>

A first novelty brought by Regulation 2017 refers to the structure and decision-making mechanism of the reception commission upon the completion of the works. The commission is composed of minimum 3 members, depending on the importance category and class of the building. The members of the reception commission upon the completion of the works are: a representative named by the investor, which is the president of the commission, a representative named by the local authority that issued the building permit, 1-3 specialists in the field of the construction works subject to the reception, depending on the importance category and class of the building, named by the investor (others than those involved in the design/execution of the same investment objective). For specific investment objectives (i.e. of public interest, classified as historical buildings), the commission shall also include a special representative named in accordance with Regulation 2017 (i.e. ISC, ISU, Culture Department, etc.).<sup>22</sup>

Through the new legislative modifications, the existing inconsistency regarding the representative of the local authorities was eliminated. Thus, Regulation 2017 clarifies this inconsistency through an explicit provision, which states that the representative of the local public authority is a member of the commission upon the completion of the works, named by the public authority that issued the building permit. Regulation 2017 grants a decisive role to the opinion of the local authority's representative in the decision-making process of the reception. In case of disagreements between the local authority's representative and the investor or its representatives, Regulation 2017 states that the opinion of the public authority shall prevail. Moreover, the admission of the reception upon the completion of the works is not possible, if any of the authorities involved depending on the category of the objective subject to the reception (i.e. ISC, ISU, Culture Department, etc.) propose the rejection of the reception upon the completion of the works.

It is interesting to analyse the situation where the authority, which issued the building permit, refuses to delegate a representative for the reception commis-

<sup>&</sup>lt;sup>21</sup> Art. 14 of Annex 1 to Government Decision no. 343/2017 regarding the amendment of Government Decision no. 273/1994 for the approval of the Regulation regarding the reception of construction works and the corresponding installation, published in the Official Gazette, Part I no. 406 dated 30/05/2017.

<sup>&</sup>lt;sup>22</sup> Art. 11 of Annex 1 to Government Decision no. 343/2017 regarding the amendment of Government Decision no. 273/1994 for the approval of the Regulation regarding the reception of construction works and the corresponding installation, published in the Official Gazette, Part I no. 406 dated 30/05/2017.

sion upon the completion of the works, after it has been notified with respect to the beginning of the reception procedure upon the completion of the works. Therefore, we propose the establishment of a derogatory legal framework that expressly regulates this situation of an administrative refusal.

The secretarial work of the reception commission upon the completion of the works is assured by the site supervisor (Romanian: *diriginte de santier*), who lays out the reception documents upon the completion of the works for the investor and drafts the technical book of the construction. The site supervisor is not a member of the reception commission upon the completion of the works, nor are the representatives of the contractor or of the designer; however their participation at the reception is mandatory, as guests.

An important consequence consists in the fact that a reception of a building is no longer possible without the direct involvement of the site supervisor, who supervised the erection of the building. Even if the previous regulation also provided the obligation to designate such a specialist as a representative of the beneficiary, the presence of the site supervisor was most of the times viewed as optional in the practice (at the beneficiary's choice). In the previous regulation, the site supervisor was also named as secretary of the reception commission, but he was not directly mentioned in the signed documents, and therefore he didn't sign the reception protocol. His absence didn't trigger the annulment of the reception protocol, as opposed to the present regulation. In this way, the erection of "self-constructed" buildings (Romanian: *in regie proprie*) was allowed, which were not subject to a rigorous supervision for their execution.

The reception commission upon the completion of construction works may function only in the presence of at least 2/3 of its members, and it directly investigates the building in all cases.

The reception commission upon the completion of the works analyses amongst others: (i) the compliance with the provisions of the building permit and the authorisations/ approvals and the execution conditions imposed by the competent authorities, (ii) the execution of the works in compliance with the execution agreement, the design documentation, the execution documentation and the specific regulations, with the observance of the fundamental requirements according to the law, (iii) the existence of the energetic performance certificate, (iv) the existence and the content of the partial reception protocol, provided for the case when the investor takes over a part of the building, depending on the execution stages, etc.

The reception commission upon the completion of the works may also examine and request any other necessary documents.

The decision of the reception commission upon the completion of the works is taken with the majority of its members, and with the observance of the

opinion of the competent authority representative, which issued the building/demolition permit, who holds a veto right over the commission's decision.<sup>23</sup>

At the end of the direct examination of the building, the reception commission upon the completion of the works issues the reception protocol at the completion of the works and decides the admission or the rejection of the reception, or decides to suspend the reception procedure.

Regulation 2017 eliminates the provision that granted the possibility of a maximum 90 days term for the completion of the works considered not finalized, without any consequence over the reception. This provision was eliminated and substituted with another provision more adaptable to the market's reality. Thus, according to Regulation 2017, the reception commission upon the completion of the works has no longer the possibility to postpone the reception upon the completion of the works, but it may decide to suspend the reception.

The reception commission on the completion of works decides upon the suspension of the reception procedure if it is ascertained: (i) the existence of non-conformities, inconsistencies, defects or deficiencies that are likely to affect the intended use of the building; (ii) the existence of inappropriately performed, unfinished or not performed construction works that may affect the applicable fundamental requirements; (iii) the building has flaws, remediation of which takes a long period of time and is strictly necessary to ensure the usefulness of the building according to the intended use; (iv) the existence of reasonable suspicions regarding the quality of the performed works and the necessity to perform a technical expertise, additional trials and tests in order to clarify them.

The remediation term established by the reception commission on the completion of works together with the contractor must not exceed 90 days as of the suspension protocol. If the contractor does not remedy the defects within the agreed term, the investor is entitled to carry out the remediation works at the expenses and on the risk of the contractor in default, and to request damages.

The reception commission on the completion of construction works **decides to reject the reception** if it ascertains that: (i) it cannot examine directly the building; (ii) the contractor dose not remedy the issues that led to the suspension of the reception procedure within the remedy period; (iii) the measures indicated in the fire safety notice and in the documentation of execution from the perspective of fire prevention and fire extinction have not been carried out; (iv) the existence of flaws that cannot be remedied and which, by their nature, imply the failure to fulfil one or more fundamental requirements; (v) the construction works do not comply with the building permit.

The investor approves and signs the protocol upon the completion of the construction works within 3 days as of the commission's decision regarding the

<sup>&</sup>lt;sup>23</sup> Art. 16 of Annex 1 to Government Decision no. 343/2017 regarding the amendment of Government Decision no. 273/1994 for the approval of the Regulation regarding the reception of construction works and the corresponding installation, published in the Official Gazette, Part I no. 406 dated 30/05/2017.

admission or rejection of the reception. The completion date of the reception upon the completion of the works is the date when the investor signs the protocol. At this date, the warranty periods established in the execution agreement begin.<sup>24</sup>

In contrast to the old regulation, which provided a 20 days term for the contestation of the reception protocol upon the completion of the construction works, Regulation 2017 has eliminated the possibility for the contractor to object to the reception protocol.

After the reception protocol upon the completion of the works is concluded, the investor cannot request any other remediation works, penalties, decreasing values, and others, then those indicated in the reception protocol upon the completion of the works. An exception are the hidden defects arisen within the legal period, and the defects of the resistance structure caused due to the breach of the design and execution norms, and which are discovered during the entire existence period of the building.<sup>25</sup>

The investor takes over the building from the contractor based on the reception protocol upon the completion of the works. If the investor is not the owner of the building, the investor is further obligated to hand over the building to the owner.

The use of the building, for which the reception upon the completion of the works was rejected, is forbidden, until the completion of the remediation works. The building will be put in a state of conservation by the care and at the expense of the investor.

### 2.2. Final reception

The last stage of the reception procedure of construction works is represented by the final reception, which takes place within maximum 10 days after the expiration date of the warranty period and is organised by the owner.

The warranty period is the one set by the law or established in the execution agreement, in which case it may not be shorter than the warranty period provided by the law.<sup>26</sup>

<sup>&</sup>lt;sup>24</sup> Art. 20 of Annex 1 to Government Decision no. 343/2017 regarding the amendment of Government Decision no. 273/1994 for the approval of the Regulation regarding the reception of construction works and the corresponding installation, published in the Official Gazette, Part I no. 406 dated 30/05/2017.

<sup>&</sup>lt;sup>25</sup> Art. 21 of Annex 1 to Government Decision no. 343/2017 regarding the amendment of Government Decision no. 273/1994 for the approval of the Regulation regarding the reception of construction works and the corresponding installation, published in the Official Gazette, Part I no. 406 dated 30/05/2017.

<sup>&</sup>lt;sup>26</sup> Art. 24 of Annex 1 to Government Decision no. 343/2017 regarding the amendment of Government Decision no. 273/1994 for the approval of the Regulation regarding the reception of construction works and the corresponding installation, published in the Official Gazette, Part I no. 406 dated 30/05/2017

The members of the final reception commission are: a representative named by the owner, a representative named by the investor, and 1-3 specialists in the field of the construction works subject to the reception, named by the owner, others than those involved in the design/execution of the same investment objective; they conduct their activity as employees of the owner, or based on a service agreement, as self-employed persons.

The representatives of the contractor and designer are mandatory participants at the final reception, as guests.

The final reception commission decides to suspend the final reception process, if it discovers defects occurred during the warranty period, other than those caused by the improper exploitation of the building, and which can be remedied.

If the final reception commission decides to suspend the final reception process, it shall issue a protocol in this respect. The remediation term is established by the final reception commission together with the contractor and it can not exceed 90 days as of the protocol date.

If the contractor doesn't remedy the defects within the remediation term, the owner shall notify him in this respect, and if the contractor doesn't respond to the notification, the owner may perform the remediation on the contractor's risk and expense, and is entitled to damages, according to the law.

The final reception commission decides the admission of the final reception, if it doesn't discover defects, other than those caused by the improper exploitation of the building, or if the defects were remedied within the period when the final reception process was suspended.

The final reception commission decides the **rejection** of the final reception, if it discovers defects, other than those caused by the improper exploitation of the building, which can not be remedied and which imply by nature the non-fulfilment of one or more fundamental requirements; in such cases technical assessments, new designs, the remake of the works, and other are required.<sup>27</sup>

The final reception commission presents the final reception protocol to the owner, together with the observations of the participants and with the commission's decision. In accordance with the commission's decision, the owner shall approve the admission or the rejection of the reception and signs the final reception protocol within 3 days as of the commission's decision. The completion date of the final reception is the signing date of the final reception protocol through the owner.

The use of the building is forbidden, if its final reception was rejected on grounds of non-fulfilment of the fundamental requirement - mechanical resistance and stability, until the remediation through the contractor. Initially, the interdiction to use the building was not conditioned by the rejection of the final reception.

<sup>&</sup>lt;sup>27</sup> Art. 29 of Annex 1 to Government Decision no. 343/2017 regarding the amendment of Government Decision no. 273/1994 for the approval of the Regulation regarding the reception of construction works and the corresponding installation, published in the Official Gazette, Part I no. 406 dated 30/05/2017

In order to cover the damages, the owner **may turn against** the factors involved in the execution of the building, which are guilty of the defects discovered at the final reception, or of the dysfunctionalities of the building.

Any expenses regarding the activity of the reception commission upon the completion of the works are borne by the investor, whereas the expenses regarding the final reception commission are borne by the owner.

We may conclude that Regulation 2017 aims to facilitate new real estate investments of a higher execution quality. Moreover, it aims to grant the possibility of a rapid capitalization of the construction works, through the reduction of the reception terms and the possibility of partial receptions or receptions for specific objectives.

As proposal for future law amendments, the authorities should be more involved in the temporization of the construction works.

Furthermore, it is recommended that the veto right of the authority's representative be regulated in detail, in order to avoid blockings in the reception process.

In order to avoid the rejection of the reception in any of its phases and the delay through the suspension of the procedure, we recommend drafting a contractual framework that temporizes the execution of the construction works by establishing preliminary receptions.

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- 7. Law 50/1991 on the authorisation of construction works, republished in the Official Gazette no. 874 dated 01.11.2016, as modified and amended hereinafter;
- 8. Law 7/1996 on cadastre and real estate publicity, republished in the Official Gazette no. 83 dated 07.02.2013, as modified and amended hereinafter;
- 9. Ordinance no. 700/2014 for the approval of the Regulation on attestation, reception and registration in the cadastre and real estate registers, published in the Official Gazette no. 571 dated 31/07/2014, as modified and amended hereinafter.