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**BOSNIA-HERZEGOVINA**

Collateral Law:

Creditors Handbook  
(Vetted)

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## TABLE OF CONTENTS

TAB A: INTRODUCTION

TAB B: LAWS

TAB C: QUESTIONS, ANSWERS AND PRACTICE

TAB D: LEGAL FORMS FOR ENFORCEMENT PROCEDURE

TAB E: LOAN DOCUMENTATION

## INTRODUCTION

This Handbook has been prepared by USAID's Fostering an Investment and Lender-Friendly Environment, or FILE, Project. FILE represents USAID's continuing investment in modernizing BiH's economy. It is a 3-year commercial law reform project which seeks to create an environment that protects creditors' and investors' rights.

FILE's goal is to assist our BiH counterparts in three key areas:

1. making the collateral law system work effectively;
2. making the bankruptcy and liquidation laws and procedures work; and
3. Court administration and case management.

Among the systemic obstacles to doing business and promoting private sector investment is the collateral law system. Many changes and programs are underway to introduce more effective and efficient systems into the collateral law regime.

Effective collateral law regimes are characterized by efficient court systems that enable lenders to enforce loans and security interests in a timely, efficient and predictable manner. While recent changes to the civil procedure codes and laws on enforcement of judgments in the Federation and RS should create greater efficiencies, these changes must be fully understood and implemented.

Effective collateral law regimes are also characterized by easy and reliable registries of moveable and immovable property from which lenders can easily identify and verify security interests in pledged assets. Modern land and pledge registry systems are currently being created and will be introduced into BiH's collateral law regime. Once well-functioning registries are established, both borrowers and lenders will need to understand how to utilize these tools to make capital flow to investments that yield the best returns.

It is important that legal experts have access to court forms that increase their efficiency and that they develop "best practices" to expedite enforcement claims. It is also important that Attorneys and Notaries have access to commercially acceptable business forms to prepare loan documents and other transactional instruments acceptable for use in a global economy.

FILE and other USAID projects such as FSBAT and the Pledge Registry Project, as well as GTZ and others in the international and local legal communities, are working to improve the legal framework and to ensure effective implementation of the collateral law system.

The purpose of this Handbook is to provide creditors with written reference materials to assist them in documenting business transactions and in resolving commercial disputes. The Handbook is presented in loose-leaf format so that it can be updated and expanded from time to time. It will ultimately be placed on a website in MS Word format for easy access.

This initial draft of the Handbook reserves space for the addition of forms and other documents as well as additional information, as it is collected during the term of the project. FILE encourages contributions and comments to the Handbook. Contributions and comments in English should be emailed to Craig Benson at [cbenson@usaidfile.ba](mailto:cbenson@usaidfile.ba). Contributions and comments in Bosnian should be sent to Mihridzana Muratbegovic at [mmuratbegovic@usaidfile.ba](mailto:mmuratbegovic@usaidfile.ba). Non-email contributions and comments can be sent to USAID (FILE), Fra Andela Zvizdovica 1, UNITIC Tower A, 2<sup>nd</sup> Floor, 7100 Sarajevo, BiH, Attn: Collateral Law Project. All contributions should be sent in MS Word format. Where possible, it is requested that hard-copy contributions be accompanied by a disk in MS Word format.