

## **THE LAW**

### **ON FOUNDATIONS OF PROPERTY LAW RELATIONS**

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#### Chapter 1

### **BASIC PROVISIONS**

#### Article 1

Natural persons and a legal entities may have the ownership right on movables and immovables.

#### Article 2

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#### Article 3

An owner shall be entitled to posses, use and dispose with his/her thing (property), within the limits prescribed by law.

Everybody shall be obliged to sustain from infringing the ownership rights of another.

#### Article 4

An owner shall acquire the ownership right in accordance with the nature and purpose of the thing.

Exercising of the ownership right contrary to the purpose for which it has been established or recognised shall be forbidden.

#### Article 5

An owner of immovables shall, whilst using the immovables, restrain from activities and eliminate the causes deriving from his property, which hinder the use of other property (dispersion of smoke, unpleasant odours, heat, soot, quakes, noise, spillage of waste waters, etc.) above the usual extent considering the nature and purpose of the immovable property, as well as the local circumstances, or which cause a significant damage.

Without a soecial legal ground any hindrances specified in para. 1 of this Article caused through special devices, shall be prohibited.

## Article 6

An easement, the right of real encumbrance and pledge right may be established over a thing (property) to which there is an ownership right under the conditions prescribed by law.

Exercising of the rights specified in para. 1 of this Article contrary to the purpose for which they have been established or recognised shall be forbidden.

## Article 7

Acquisition, protection and cessation of ownership right, right of easement, right of encumbrance and pledge right shall be prescribed by law.

## Article 8

The ownership right may be taken away or restricted in accordance with the Constitution and law.

## Chapter II

### **REGHT OF OWNERSHIP**

#### 1. Subject of the Right of Ownership

## Article 9

Any natural person and legal entity may have the right of ownership over buildings, flats, business facilities and premises, agricultural land and other immovables, except over the natural treasures which are owned by the State.

Any natural person and legal entity may also have the right of ownership over a specific estates in general use and on the urban buidling land, as well as over the forests and forest land, within the limits prescribed by law.

## Article 10

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## Article 11

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## Article 12

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### Article 13

Several persons shall have the right of co-ownership over an undivided thing where each person's share is defined in proportion to the entirety (an ideal share).

Should the co-ownership shares be not defined, it shall be presumed that they are equal.

### Article 14

A co-owner shall be entitled to possess and use the thing (property) along with other co-owners in proportion to his share, without infringing the rights of other co-owners'.

The co-owner may dispose of his share without the consent of other co-owners.

In case of sale of the co-owner's share, other co-owners shall have the right of pre-emption only if so prescribed by law.

### Article 15

The co-owners shall have the right to joint management of a thing (property).

The consent of co-owners, whose shares together make more than a half of the value of the thing, shall be required in undertaking of regular management of the thing.

Where in cases specified in para 2 of this Article is not reached, and the undertaking of a specific transaction be necessary for regular maintenance of the thing, the matter shall be decided by the court.

The consent by all co-owners shall be required for undertaking the specific transactions that exceed the regular framework of management (disposal of the whole thing, change of the purpose of a thing, leasing of the entire thing, mortgage, establishment of easement, major repairs, etc.).

Co-owners may entrust the management of the thing (property) with one or several co-owners or a third person.

The expenses of the use, management and maintenance of the thing and other burdens relative to the whole thing, shall be borne by the co-owners proportionate to their share.

### Article 16

A co-owner shall be entitled to request at any time the division of thing, except during the time when such division may cause damage to other co-owners, unless otherwise prescribed by law.

The right referred to in para. 1 of this article shall not fall under the statute of limitations.

The contract whereby a co-owner permanently waived his/her right to division of a thing shall be considered null and void.

Co-owners shall define, by mutual agreement, the method of division of a thing and in case they may not reach an agreement, the court shall decide on the matter.

Should physical division of thing be impossible, or be possible only with a significant depreciation of the thing, the court shall decide on execution of division by sale.

Other co-owners shall guarantee for legal and physical defects of the thing to the coowner who acquired a whole thing or a part of it by division up to the amount of the value of their co-ownership shares.

The right specified in para. 6 of this Article shall cease to be valid three years after the day of the executed division.

#### Article 17

Co-ownership shall exist over the undivided thing whose parts are the subjects of various forms of ownership.

#### Article 18

A thing (property) may be the subject of joint ownership only on in cases and under the conditions prescribed by law.

Joint ownership is the ownership over an undivided thing where the shares are definable but not defined.

#### Article 19

The ownership right over a specific part of a building may be established in respect of a flat, business premises or a garage or the marked space for a garage.

The owners of the specific parts of a building shall have the right to indivisible joint ownership over the joint parts of the building and installations in the bulding.

### 2. Acquiring the Right of Ownership

#### Article 20

The ownership right shall be acquired by the operation of law, by a legal transaction and by inheritance.

The ownership right shall also be acquired by the decision of a state agency, in the mode and under the conditions prescribed by law.

#### Article 21

The ownership right shall, by the very law, be acquired through creation of a new thing, combining, mixing, building on the land of another, separation of fruits, possession, acquisition from a non-owner, occupying, and in other cases defined by law.

#### Article 22

A person who out of his own materials and through his own work has created a new thing, shall acquire the right of ownership right over it.

The right of ownership over a new thing shall belong to the owner of the material used by another person to make the thing on the basis of a legal transaction.

Should someone make a new thing by using another person's material, such thing shall belong to the maker who is honest, with the proviso that the value of the work exceed the value of the material, while should both values be equal - the co-ownership shall be established.

#### Article 23

When the things, belonging to various owners, are combined or mixed in such way that they may not be separated without substantial damage, or without incurring disproportionate expenses, the co-ownership right of the earlier owners shall be established over the new thing, in proportion to the value that the individual things had at the moment of their combining or mixing.

If one of the owners was not acting honestly, the owner who acted honestly may request within one year from the date of combining or mixing the thing, that the whole thing be conveyed into his ownership or that the whole thing be conveyed into the ownership of the owner who has not acted honestly and that the latter reimburses him for the market value of his thing.

Should one of the two combined or mixed things have insignificant value in comparison to the other, the owner of the more valuable item shall acquire the right of ownership over the new thing, and shall be obliged to compensate the value of his thing to the person who lost the right of ownership.

#### Article 24

A person who entitled to erect a building or any other structure (construction) on the land belonging to another (builder), shall acquires the right of ownership also on the land on which the building is erected, as well as on the land that is necessary for regular use of such construction, if he was not aware or could not have been aware that he/she has built on someone else's land, where the owner of the land was aware of constructor's activities and did not immediately object.

In the case specified in para. 1 of this Article, the owner of the land shall have the right, within three years from the day of he/she became aware of the finished construction, to claim compensation of the value of the land in the amount of its sale price at the time of rendering the court decision, the relevant time-limit being ten years from the finished construction.

#### Article 25

If a constructor was aware of building at another's land, or was not aware, and the owner did object immediately, the owner of the property may claim the acquisition of the right of ownership over the building, or to have the builder level the building and bring the land to its former state, or to be paid off by the builder at the market value of the land.

In the cases specified in para. 1 of this Article, an owner of the land shall have the right to damages.

Should the owner of the land claim to acquire the right of ownership over the building, he shall be obliged to pay to the builder the value of the building in the amount of average building price of a building in that location, at the time of rendering the court decision.

An owner of the land may effect the right of option, specified in para. 1 of this Article, at the latest within three years from the day the construction was finished. Upon the expiry of the period, the owner may claim the payment of market value of the land.

#### Article 26

If the builder is honest and the owner of the land was not aware of the construction, and if the value of the building is considerably higher than the value of the land, the building together with the land shall belong to the builder who shall compensate the owner the market value of the land.

If the value of the land is considerably higher than the value of the building, the court, on the ground of land owner's claim, shall award the building to him and shall make him liable to compensate the builder for the building value of the property in the amount of the average building price of building in that location. The claim in the above respect may be filed by the owner of the land within three years from the day of completion of the construction of the building.

If the builder is honest and the owner of the land was not aware of the construction, and if the value of land and the value of building are about the same, the court shall award the building or both the land and the building to the owner of the land or to the builder, by taking into account their needs and their housing situation.

Pursuant to the provision of para. 1 of this Article, the owner of the land or the builder shall be entitled to compensation for the land or the building.

## Article 27

The right of ownership over the yields emanating from the thing shall belong to its owner.

An honest possessor, a holder of the right to usufruct and a lessee of a thing (property) giving yields, shall acquire the right of ownership over the yields at the moment of their separation.

The yields specified in para. 2 of this Article, until their separation, shall make the component part of the thing and shall belong to its owner.

## Article 28

An honest and lawful possessor of movables, owned by another, shall acquire the right of ownership over the thing through adverse possession over a three year period.

The honest and lawful possessor of immovables owned by another, shall acquire the right of ownership over the thing through adverse possession over a ten year period.

The honest possessor of movables, owned by another, shall acquire the ownership right over the thing through adverse possession over a ten year period.

An honest possessor of immovables, owned by another, shall acquire the right of ownership over the thing through adverse possession over a twenty year period.

An heir shall become an honest possessor from the moment of opening of succession, even if the testator was not an honest possessor, and the heir was not or could not have been aware of it; whilst the time for adverse possession shall start running from the moment of opening of succession.

## Article 29

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## Article 30

The time required for the adverse possession to take place shall start running from the day the possessor has acquired possession over the thing, and shall cease with the last day of the period required for the adverse possession to take place.

The period of adverse possession shall include the time possessor's predecessors have been holding the thing in lawful and honest possession, and/or the time they were honest possessors.

The interruption or suspension of adverse possession shall be subject respectively to the provisions governing the interruption or suspension of the unenforceability due to lapse of time.

#### Article 31

An honest person shall acquire the ownership right to movables, acquired for consideration (*quid pro quo*) from a non-owner who, within the scope of his trade, markets such items, from a non-owner, entrusted possession of the thing by the owner on the ground of a legal transfer that is not apt for acquiring the right of ownership, as well as on a public sale.

A previous owner may request from an honest acquirer the return of the thing against a compensation on the ground of the sale price, should the thing have a special meaning for him.

The request specified in para. 2 of this Article shall not be possible after the time-limit of one year has elapsed from acquiring the right of ownership over the thing.

#### Article 32

A person in possession of movables abandoned by the owner, with intent to appropriate (occupy) then, unless otherwise provided by law, shall acquire the right of ownership over such thing.

The right of ownership to immovables may not be acquired by occupying.

#### Article 33

The ownership right to immovables, on the ground of a legal transaction, shall be acquired by entry into the public register (books of title) or other appropriate mode determined by law.

#### Article 34

The right of ownership to movables shall be acquired, on the ground of a legal transaction, by delivering the thing into the possession of an acquirer.

The delivery of movables shall also be considered executed when a document, on the ground of which an acquirer may dispose with such thing, as well as by delivery of a portion of the thing or by separation and other singling out of the thing that would stand for its delivery.

Where movables are in possession of an acquirer, on certain legal ground, he/she shall acquire the right of ownership over it at the moment of concluding the legal transaction

with the owner of the thing, on the ground of which it is possible to establish the right of ownership.

If an acquirer of the ownership right to movables leaves them in continuous possession of the delivering party supplied with another ground, he/she shall acquire the right of ownership to such movables at the moment of concluding the legal transaction with the owner of the movables on the ground of which it is possible to establish the right of ownership.

The right of ownership to movables in possession of a third party shall be transferred to an acquirer at the moment of concluding the legal transaction whereby the delivering party transferred the right to request the return of the thing to the acquirer. The third party shall be entitled to lodge any objections against the new owner that he/she had in respect to the previous owner.

The delivery of movables shall also be considered executed when the specific circumstances indicate that delivery of the thing has been executed.

#### Article 35

When several persons conclude a legal transactions in order to acquire the ownership right over the same individually determined movables, that right shall be acquired by a person to whom the thing was initially delivered.

#### Article 36

The ownership right of a thing shall be acquired by inheritance at the moment of opening of succession to the property of a deceased, unless otherwise determined by law.

### 3. Protection of the Right of Ownership

#### Article 37

An owner of an individually singled out thing (property) may request its return, by action with the court, from a person in its actua possession.

In order to establish his/her right to request restitution of his/her property from a person who possesses it, the owner shall have to prove his/her ownership right as well as that the property is actually in the dominion of the defendant.

The right to file the action with the court specified in para. 1 of this Article shall not fall under the statute of limitations.

## Article 38

An honest possessor shall deliver the thing (property) to the owner, together with the uncollected yields.

An honest possessor shall not be obliged to pay the compensation for using the property or for deterioration and loss of the property whilst in his/her honest possession.

An honest possessor shall be entitled to reimbursement of the basic maintenance costs of the property.

An honest possessor may claim reimbursement of appropriate expenditures invested in the property in the amount proportional to its increased value.

An owner shall recover to an honest possessor all the necessary and appropriate costs referred to in paras.3 and 4 of this Article, in the amount excluding the advantages acquired by the honest possessor therefrom.

An honest possessor shall be entitled to recovery of expenditures invested into the property for his own satisfaction or embellishment of the property, only where the value of property has been increased thereby. Should it be possible, without causing any damage, to separate that what has been made for satisfaction or embellishment of the property, the honest possessor shall have the right to separate such addition and to keep it for himself.

An honest possessor shall be entitled to hold the property in his/her possession until being reimbursed for the necessary and appropriate expenses entailed in respect of maintenance of the property.

A reimbursement claim in respect of necessary and appropriate expenses shall be barred by lapse of time within three years following delivery of the property.

## Article 39

A dishonest possessor shall be obliged to deliver the property to the owner including all belonging yields.

A dishonest possessor shall compensate for the value of yields consumed, abalienated or destroyed, including the value of the yields that were not collected by him.

A dishonest possessor shall be obliged to recover the loss caused through deterioration and destruction of property, unless such damage has occurred whilst the property was in owner's possession.

A dishonest possessor may claim reimbursement of necessary expenses that would have occurred to the owner if in possession of the property.

A dishonest possessor shall be entitled to reimbursement of the appropriate expenses only should they benefit the owner.

A dishonest possessor shall have no right to be reimbursed the expenditures made for his own satisfaction or embellishment of the property, but may separate the property installed for his own satisfaction or embellishment of the property, where it would be possible to separate it without causing any damage to the main property.

An honest possessor shall become a dishonest possessor from the moment of being served a formal accusation, but the owner may prove that the honest possessor was a dishonest possessor even before being served the accusation.

#### Article 40

The right of owner to request the delivery of yields collected, and the compensation for the value of the yields that the possessor has consumed, alienated, failed to collect or destroyed shall be barred by lapse of time within three years following the day of delivery of the thing.

The claim for reimbursement of expenses by a dishonest possessor shall be barred by lapse of time within three years following the day of delivery of the thing.

#### Article 41

A person who acquired an individually defined thing (property) on a legal ground and in a lawful manner, and was not aware or could not have been aware of the fact that he/she has not become owner (a presumed owner), shall be entitled to demand its return also from an honest possessor holding such thing without legal ground or on a lesser legal ground.

When two persons are deemed presumed owners of the same thing, the stronger legal ground shall be with the person acquiring the thing against consideration (*quid pro quo*), as compared to the person acquiring it without consideration. If legal grounds of both persons are of the same degree, priority shall lie with the person having actual possession.

The right to file a claim with the court specified in para. 1 of this Article shall not be subject to the statute of limitations.

#### Article 42

If a third party disturbs the owner or a presumed owner in a manner other than depriving him of the property, the owner, i.e., presumed owner, may file a claim for termination of the disturbance.

Where the disturbance specified in para. 1 of this Article results in a loss, the owner shall be entitled to claim damages pursuant to the general rules of tort liability.

The right to file the claim specified in para. 1 of this Article shall not be subject to the statute of limitations.

#### Article 43

A co-owner and/or a joint owner, shall be entitled to file a claim for protection of his/her ownership rights over the whole thing, while the co-owner may in addition file a claim for protection of his right over a portion of the thing.

#### 4. Cessation of the Ownership Right

#### Article 44

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#### Article 45

A particular person's ownership right to a thing (property) shall cease after another person acquired the right of ownership to such thing.

#### Article 46

The ownership right shall cease by abandonment of the thing.

A thing shall be considered abandoned where its owner expresses beyond any doubt his intent to relinquish it.

Abandoned immovables shall convert to government property at the moment of its abandonment.

#### Article 47

Ownership right to a thing shall cease by its destruction.

The owner shall retain the right of ownership over the remains of the destroyed thing.

#### Article 48

The right of ownership shall also cease in other cases specified by law.

## Chapter III

### **EASEMENT**

#### Article 49

The easement is a right of owner of one immovable property (dominant estate) to perform certain activities for the benefit of this property on an immovable property of another (servient estate), or to demand from the owner of the servient estate to refrain from doing something otherwise lawful on his estate.

Easement may be established for a definite time or for a particular season of the year.

#### Article 50

Easement shall be utilised in the manner least encumbering the servient estate.

Where the easement requires use of some device or undertaking of some action, the cost of maintenance of such device and of undertaking such action shall be defrayed by the owner of the dominant estate.

Where the device or activity serves also the interests of the owner of the servient estate, the cost of maintenance of such device and the cost of undertaking of such action shall be defrayed, proportionally to the benefit thus obtained, by the owner of the dominant and the owner of the servient estate.

#### Article 51

Easement may be created by a legal transaction, decision of a government agency and by adverse possession.

#### Article 52

An easement on the ground of a legal transaction shall be established upon entry into the public register or by other adequate modes prescribed by law.

#### Article 53

An easement shall be imposed by court decision or by other government agency when the owner of a dominant estate, fully or in part, may not use such estate without adequate use of the servient estate, as well as in other cases specified by law.

The easement specified in para. 1 of this Article shall be established on the effective date of the decision, unless otherwise specified by law.

At the request by the owner of the servient estate, the competent government agency shall determine adequate compensation to be paid by the owner of the dominant estate to the owner of the servient estate.

#### Article 54

An easement shall be created by adverse possession where the owner of the dominant estate has enjoyed actual easement for a period of 20 years without objection from the owner of the servient estate.

An easement may not be obtained through adverse possession if effectuated through abuse of trust of the owner or possessor of the servient estate, or by force, fraud or if the easement has been granted until recall.

#### Article 55

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#### Article 56

An owner of a dominant estate may claim for an easement to be formally recognized on the estate of the servient owner.

The provisions of Article 37, para. 2 of this Law shall be accordingly applied to the claim specified in para. 1 of this Article.

#### Article 57

Should the owner of the dominant estate be groundlessly prevented or disturbed in enjoying the easement, he/she may file a claim with the court against such trespass.

#### Article 58

An easement shall cease if the owner of the servient estate objects thereon and if the owner of the dominant estate fails to exercise his right during three consecutive years.

An owner of a servient estate may claim cessation of easement when it becomes redundant for the use of the dominant estate, or if other reasons, being the ground of its establishment, cease to exist.

An easement shall cease if not exercised over the statutory time period for obtaining it by adverse possession, where the same person becomes owner of the dominant and the servient estate, or by destruction of the dominant or servient estate.

## Article 59

If the dominant estate is divided, the easement shall remain in favour of all its parts.

An owner of a servient estate may file a claim for termination of an easement in respect of an owner of an individual part in divided dominant estate if easement is not required for the enjoyment of that part.

If the servient estate is divided, easement shall remain only on the parts where exercised.

## Article 60

Right to usufruct, right of use, tenancy rights and encumbrance right shall be prescribed by law.

## Chapter IV

### **RIGHT OF PLEDGE**

#### Article 61

A right of pledge may exist on movables, immovables and rights.

A right of pledge is established by legal transaction, court ruling and law.

#### Article 62

Provisions on pledges contained in the regulations governing obligations (contract and torts) shall be accordingly applied to pledge rights on movables and pledges on rights.

#### Article 63

As surety for a particular debt on immovables may be encumbered by the right of pledge in favour of the pledgee (mortgage) who shall be entitled, in the manner prescribed by law, to demand settlement of his claim from the value of such immovables in precedence over other pledgees that do not hold a mortgage, as well as other pledgees who acquired mortgage subsequently, regardless of any change of ownership over the encumbered immovables.

A mortgage shall include the whole real property, its yields while not separated, as well as other component parts and appurtenances.

Several immovables may be mortgaged as security for a single debt (joint mortgage).

The mortgaged immovables shall as a whole secure a creditor's claim until full settlement of such claim, regardless of subsequent division of real property (mortgage indivisibility).

#### Article 64

Based on a legal transaction or court decision, a mortgage shall be instituted by entry into a public register or by some other adequate mode as provided by law.

A mortgage by operation of law (legal, statutory) shall be established at the moment of fulfilment of requirements provided by law.

#### Article 65

If one and the same real property is encumbered by several mortgages, the order of mortgages shall be determined pursuant to the moment of their establishment, unless otherwise provided by law.

#### Article 66

A mortgage may be transferred to another only together with conveyance of the claim secured by such mortgage.

A mortgage creditor may establish a mortgage on the existing mortgage in favour of a third party without agreement of the mortgage debtor (additional mortgage).

#### Article 67

If the mortgage debtor reduces the value of mortgaged real property or otherwise depreciates its condition, the mortgage creditor may be entitled to petition the court for an injunction against such acts in respect of the mortgage debtor, and if he/she fails to conform, may demand enforced settlement of the claim secured by mortgage even before due date.

#### Article 68

Removal of mortgage may be requested:

- where a mortgage debtor settles the claim secured by mortgage;
- where a mortgage creditor renounces the mortgage by written statement made before the appropriate government authority in charge of the register in which the mortgage is entered;
- the same person acquires ownership and mortgage rights over the same real property, and
- where a mortgaged real property be destroyed, unless being subsequently restored.

## Article 69

A contract provision granting the mortgage creditor the right to settle his claim in the event of default through acquisition of ownership right on the real property, right to usufruct or otherwise using the real property, shall be null and void.

## Chapter V

### **POSSESSION**

#### Article 70

Any person shall be deemed in possession of a thing (property) when exercising actual dominion over the thing (direct possession).

Possession of a thing shall pertain to any person exercising actual dominion over it through another person to whom, by way of usufruct, lease, rental, safekeeping, use or other legal transaction, such a thing was given into direct possession (constructive possession).

A person shall have possession of the right to an easement when directly using the property of another to a degree conforming to the content of such easement.

Several persons may hold possession of a thing or right (joint or co-possession).

#### Article 71

A person exercising actual dominion over a thing on behalf of another due to employment or similar relationship, or in a household, while being required to proceed by instructions of that person, shall have no possession.

#### Article 72

Possession shall be legal if founded on valid legal ground required for acquiring the right of possession and if not acquired through force, fraud or abuse of trust.

Possession shall be deemed honest if the possessor is not or may not be aware of the fact that the thing in his/her possession is not his/her.

Honesty of possession shall be presumed.

#### Article 73

An heir shall become possessor at the moment of opening of succession, regardless of when he acquired actual dominion over a thing.

#### Article 74

Possession shall lapse when the possessor ceases to exercise dominion over a thing.

Possession shall not lapse if the possessor is temporarily prevented to exercise dominion over a thing independently of his/her will.

#### Article 75

Any possessor of things and rights (Article 70) shall be entitled to protection from trespass or depriving of possession (obstruction of possession).

#### Article 76

The possessor shall be entitled to self-defence against whomever trespasses or deprives him of possession, with the proviso that the danger is immediate, that such self-defence is indispensable and that the manner of such reaction corresponds to the circumstances of the danger.

#### Article 77

Court protection against obstruction or deprivation of possession, may be requested within 30 days from the date of becoming aware of the obstruction and perpetrator, and at latest within one year from the trespass (proceedings relating to the obstruction of possession).

#### Article 78

The court shall order protection pursuant to the last state of affairs of the possession and to the trespass that has occurred; the right of possession, legal ground of possession and honesty of possessor shall have no relevance in his respect.

A possessor who has acquired possession through force, clandestinely or through abuse of trust shall also be entitled to protection except towards the person from whom the possession was so acquired, unless the time-limits for trespass specified in Article 77 of this Law have elapsed.

#### Article 79

The writ entertaining the petition for protection against trespass shall prohibit further disturbance of possession under threat of fine, and/or restoring of deprived possession, including other measures required for protection against further trespass.

## Article 80

A co-possessor shall enjoy protection pursuant to provision of Article 75 of this Law against a third party, as well as against other co-possessors in their mutual relations, if one of them prevents the other in the execution of dominion over the thing in their possession in previous manner.

## Article 81

Irrespective of the dispute on disturbance of possession (Article 77) a court order may be demanded for protection of possession pursuant to the right of possession.

## Chapter VI

### **RIGHTS OF FOREIGN CITIZENS**

## Article 82

Foreign natural persons and legal entities may acquire ownership rights on movables equally as domestic persons.

## Article 82a

Foreign natural persons and legal entities conducting a business activity in the Federal Republic of Yugoslavia may, under the terms of reciprocity, acquire ownership rights on such immovables on the territory of the Federal Republic of Yugoslavia as are necessary for conducting of such activity.

A foreign natural person not conducting a business activity in the Federal Republic of Yugoslavia may, under the terms of reciprocity, acquire ownership rights over a flat and an apartment building, as may a citizen of the Federal Republic of Yugoslavia.

The Federal law, in exception to provisions of paras. 1 and 2 of this Article, may provide that a foreign natural person and legal entity may not acquire ownership rights over immovables located in certain areas of the Federal Republic of Yugoslavia.

## Article 82b

A foreign natural person may, under the terms of reciprocity, acquire the right of ownership over immovables on the territory of the Federal Republic of Yugoslavia through inheritance, as may a citizen of the Federal Republic of Yugoslavia.

#### Article 82c

A contract on acquiring the right of ownership over immovables pursuant to Article 82a of this Law may be certified if requirements provided in that Article for acquiring the right of ownership have been met.

A court or other competent agency proceeding in the matter of reciprocity, in accordance with Articles 82a and 82b of this Law, may request relevant clarification from the federal agency in charge of matters of justice.

The clarification specified in para. 2 of this Article shall also be supplied by the federal agency in charge of judicial matters upon request by an interested party.

A federal agency in charge of matters of trade shall present an opinion on whether the type of immovables, acquired through contract specified in para. 1 of this Article, is indispensable for performing the activities of the foreign natural person and the legal entity.

#### Article 82d

The agency competent for registering rights on immovables shall deliver the data on effected filing of the right of ownership of a foreign citizen specified in Articles 82a and 82b of this Law, within 15 days of the effected filing, to the appropriate federal agency in charge of matters of justice keeping the record thereof.

#### Article 82e

Foreign natural persons and a legal entities may, by way of legal transaction, transfer the right of ownership onto a local person, as well as onto a foreign person eligible to acquire the right of ownership.

#### Article 83

Foreign states, with prior approval to be issued by the federal agency in charge of matters of justice, may purchase buildings and apartments for the needs of their diplomatic and consular representation offices, as may organisations and specialised agencies of the United Nations Organisation, as well as building sites for the purpose of construction of such buildings.

#### Article 84 and 85

(Deleted)

#### Article 85a

An enterprise engaged in tourist or catering activities may grant a long-term lease on a tourist or other related facility to a foreign natural person or legal entity under conditions set out in a written agreement.

A long-term lease may be concluded for a minimum of five and a maximum of thirty years.

Upon expiry of the lease period, a lease may be extended.

At the request by the lease-holder, the long-term lease shall be entered into a public register or filed in another adequate mode provided by law.

A registered long-term lease shall have legal effect also on the subsequent acquirer.

#### Article 85b

Unless otherwise provided by federal law, the provisions of this Law shall apply to foreign natural persons and legal entities as well.

#### Chapter VII

### **LAW APPLICABLE IN CASE OF CONFLICT BETWEEN REPUBLIC LAWS**

#### Article 86

The law of the republic on whose territory immovables are located shall be applicable to the form of a legal transaction relating to ownership thereof.

#### Article 87

The law of the Republic on whose territory immovables are located shall be applicable for rights and obligations deriving from ownership relations thereof.

The law of the republic on whose territory the movable property is located shall be applicable, at the time of instituting the dispute, to rights and obligations deriving from ownership relations in respect thereof.

The law of the republic on whose territory the public register is kept shall be applicable to rights and obligations deriving from ownership relations in respect of movables that are recorded into the public register, as of the moment of entry.

## Article 88

Should a natural person or a legal entity possess immovables on the territory of several republics, the law of the republic that is most favourable shall be applicable in determining the ownership maximum, with the proviso that they may not have more than the republic real property ownership maximum on the territory of such republic.

The provision specified in para. 1 of this Article shall be applicable also to foreign natural persons and legal entities.

## Chapter VIII

### **CONCLUDING PROVISIONS**

## Article 89

On the day of the present Law coming into force, the provisions of Articles 40b, 40c, 40d and Article 41 of the Law on Trade of Land and Buildings ("Official Gazette of the SFRY", Nos. 43/65, 57/65, 17/67 and 11/74) and the provisions of Article 439, Article 441 paras. 2 and 3, and Article 443 para. 1 of the Law on Civil Procedure ("Official Gazette of the SFRY", no. 4/77) shall cease to be valid.

## Article 90

The present Law shall enter into force on September 1, 1980.