Annex 1

LAW

ON TEMPORARY TAKING OVER AND ADMINISTRATION OF SPECIFIED PROPERTY

Article 1

This law shall regulate the temporary taking over, use, administration and supervision of the property of natural persons specified under this Law in order to protect this property and to safeguard the claims of creditors arisen in connection with it.

Article 2

As of the date of entering of this Law into force, the property to be placed under the temporary administration of the Republic of Croatia and for use under this Law is the one situated in the previously occupied, now liberated territory of the Republic of Croatia abandoned by its owners and not personally used by them.

As of the date of entering of this Law into force, under a temporary administration of the Republic of Croatia and for use under this Law shall be placed the property in the territory of the Republic of Croatia owned by the persons who left the Republic of Croatia after 17 August 1990 or who are staying in the occupied area of the Republic of Croatia or in the territory of the "Federal Republic of Yugoslavia (Serbia/Montenegro)" or in the occupied territory of the Republic of Bosnia-Herzegovina and who are not personally using this property since the date on which they have abandoned it.

As of the date of entering of this Law into force, under a temporary administration of the Republic of Croatia shall be placed the property in the territory of the Republic of Croatia owned by citizens of the "Federal Republic of Yugoslavia (Serbia/Montenegro)" who are not per using this property.

The provisions of this Law shall not apply to the property co-owned by the citizens of the Republic of Croatia and persons who are not Croatian citizens.

Article 3

A property under this Law shall be considered any movable and immovable property, notably:

- an agricultural property consisting of farm houses and outbuildings, land and other immovables and other real estate with the appurtenant movables (livestock and other domestic animals, vehicles, tolls and other equipment, furniture, etc.), - houses with appurtenant plots and flats (hereinafter referred to as "buildings"), furniture and other movables in them,

- commercial buildings and business premises, as well as other structures (garages, sheds, stores, etc.), and movables in them,

- vehicles, vessels, tools, equipment, etc.

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Article 4

The possession of the property to be temporarily administered by the Republic of Croatia as the date of entering of this Law into force shall be taken over by a municipality or a town and the City of Zagreb (hereinafter referred to as "municipality or town") on the area of which the property is situated.

The prefecture, that is a Commissioner of the Government of Croatia, for a municipality, that is, a town, shall set up a Commission for Temporary Taking Over and Use of Property (hereinafter referred to as "Commission") which shall take an inventory and shall have other powers as specified by this Law. The inventory shall be submitted to the Ministry for Development and Reconstruction which shall keep records on the property.

Appointed as members of the Commission under Paragraph 2 of this Article shall be representatives of town, that is, municipality prefecture and council, prominent citizens, and if possible, representatives of competent ministries (Ministry for Development and Reconstruction, Ministry of Defence, Ministry of Internal Affairs, Ministry of Labour and Social Welfare, Ministry of Agriculture and Forestry, the Croatian Office for Displaced Persons and Refugees and the Public Attorney's Office).

For a municipality or a town area more Commissions under Paragraph 1 of this Article can be set up.

Article 5

The Commissions under Article 4 of this Law can place the property under Article 2 of this Law in temporary possession of and for use of displaced persons and refugees, returnees whose property has been destroyed or damaged during the liberation war, war invalids, families of Croatian defenders killed or missing in the liberation war, and other citizens performing duties vital for the security, reconstruction and development of the previously occupied areas.

Complaints against the Commission's decisions can be sent to the Ministry of Justice within 8 days as of the day of delivery or notice. Lodging a complaint shall not defer enforcement of the decision.

When giving a property in possession and for use minutes shall be prepared on the state of the property and its placing in possession.

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Article 6

The work of the Commissions under Article 4 of this Law shall be guided and coordinated by the Ministry for Development and Reconstruction; Minister for Development and Reconstruction can issue instructions, as required, regarding the implementation of the Law in respect of the property and the persons to whom this property is given in possession and for use.

Article 7

Persons who under the provision of Article 5 of this Law have been given the property under Article 2 of this Law in possession and for use shall run this property with due care of a good manager; in relation to the protection of this property from third parties they shall have all powers vested in a proprietor and shall be free to use proceeds of the property for their own needs.

Persons under Paragraph 1 of this Article cannot dispose of (alienate, exchange, lease, let for temporary paid or free use, mortgage or otherwise encumber) the real estate constituting the property, nor can they dispose of the vehicles and live stock without consent by the Commission under Article 4 of this Law.

Any contracts entered into contravention of the provisions of Paragraph 2 of this Article shall be null and void.

Article 8

As long as the property is administered by the Republic of Croatia its owner cannot dispose of (alienate, exchange, lease, let for temporary paid or free use, mortgage or otherwise encumber) such property.

Excluding the provision of Paragraph 1 of this Article, the Government of the Republic of Croatia can, at the proposal of the Minister of Justice, exempt certain property from the prohibition to dispose of.

The provisions of Paragraph 1 and 2 of this Article do not refer to the cases in which the property administered by the Republic of Croatia, on the basis of a contract of exchange, is acquired by Croatian citizens or Croats who were forced to leave "Federal Republic of Yugoslavia (Serbia/Montenegro)" or the occupied territory of the Republic of Bosnia-Herzegovina.

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The contract of exchange from Paragraph 3 of this Article shall be submitted for consent to the Ministry of Justice. The consent of the Ministry of Justice substitutes the elauses of the notarisation of signatures and tax assessment by competent bodies.

Any contracts entered into contravention of the provisions of this Article shall be null and void.

Article 9

If the property which is the subject of a contract of exchange is previously given by the decision of the Commission in possession and for use to the persons from Article 5, Paragraph 1 of this Law, the Commission's decision will be abolished.

A person who on the basis of the contract of exchange from Article 8, Paragraph 3 of this Law acquires the right of ownership, cannot acquire the possession of the property which is the subject of the contract of exchange until the Commission does not assure an alternative property to the person who is in possession of this property.

Article 10

The Commission under Article 4 of this Law can overrule a decision under Article 5 of this Law, if a person or persons given the property in possession and for use:

- fail to run it with due care of a good manager,

- are given a chance to return and use their own property,

- treat the property in contravention of the provisions of this Law.

Article 11

If the owner of the property under Article 2, Paragraph 1 of this Law returns to the Republic of Croatia and claims this property for his restitution and use within 90 days from the date of entering of this Law into force, the Commission under Article 4 of this Law shall reverse the decision under Article 5 of this Law.

The Commission's ruling revoking the decision under Article 5 of this Law can be disputed by the owner of the property, the person to whom property has been given in possession and for use and the Public Attorney through a complaint submitted to the Ministry of Justice within 8 days.

A person whose title to the possession and use of the property acquired through an effective decision under Paragraph 2 of this Article has expired cannot be dispossessed of the property until he is assured of the possession and use of an alternative property.

Article 12

No right of ownership can be acquired over a movable property under Article 2 of this Law through an act of appropriation (occupation).

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Article 13

Persons who are possessing and using the property under Article 2 of this Law contrary to the provisions of this Law shall be dispossessed of this property by a decision of the Commission under Article 4 of this Law.

No complaint can be lodged against this decision, but an administrative lawsuit can be filed. The decision shall be executed by the authority which has issued it.

Article 14

The provisions of the General Administration Act (Official Gazette No. 53/91) shall apply in administrative affairs in compliance with this Law, unless otherwise provided for by this Law. Administrative matters related to this Law shall be dealt with by a shortened procedure.

Article 15

A special law shall regulate ownership over the property placed under administration pursuant to the provisions of this Law and not returned to its owner for possession and use.

Article 16

Minister of Justice is hereby authorised to pass as required for the implementation of this Law, except for the issues referred to in Article 6 of this Law.

The implementation of this Law shall be supervised by the Ministry of Justice.

Article 17

As of the day of entering of this Law into force, the Decree on Temporary Taking Over and Administration of Specified Property (Official Gazette No. 63/95), becomes void.

Article 18

This Law shall enter into force on the date of its publication in Official Gazette.

Ref: 370-01/95-01/11 Zagreb, September 20, 1995