

Multi-Unit Apartment Buildings in Albania

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1. Introduction

Albania has a population of about 3.2 million, of which an estimated 40% now resides in urban areas. The country has a total land area of 28.7 thousand km², with the following breakdown:

Agricultural land	7.0 thousand km ²
Forest land	10.5 thousand km ²
Pasture land	4.2 thousand km ²
Nonagricultural land (including urban areas, roads, quarries, rivers and lakes)	7.0 thousand km ²

The 1976 Constitution formalized the several decade effort to socialize the ownership of all real estate so that no private ownership of land or buildings formally existed.

The Hoxha regime established one of the more extreme forms of socialism in Eastern Europe. Beginning in 1991, and following various programs of land¹ privatization, by 2001 more than 4 million new properties have been created, mostly privately owned. About one-third of these properties are located in urban areas. This paper focuses on the ownership and management of privatized state owned apartments and of the private sector built new apartment buildings, and the issue of how such properties are being maintained physically under the new ownership arrangements.

2. Legal Framework

The overall framework for privatization is established by Law 7512, (August, 1991) *On Sanctioning and Defending Private Property, Free Enterprise, Private Independent Activities, and Privatization*. A significant policy decision of the Albanian Government is stated in this law:

“All sectors of the economy are open to private activity including state owned institutions and other units, with all of the following fields of activity being converted to private property; industry, handicraft, agriculture, building, transportation, banking services...etc.”²

¹ We define the term “land” when analyzing privatization as the surface of the earth and structures attached to it. The Albanian term “immovable property” is more precise. In English, the term “real estate” is equivalent.

² Law 7512, Article 3

This was a significant step for the government to take and embodied the ideas which paved the way for the massive privatization Albania has experienced in the last decade. The law puts a minimum amount of restrictions on privatization. The law established the National Agency For Privatization to oversee the transformation of ownership through sale to employees, auction, distribution of shares and other methods. By the end of 1992, a very rapid privatization of retail trade and service establishments resulted in 75% being privately held³.

The privatization of these establishments, typically in the initial phase, transferred ownership only of non-land assets. A number of issues concerning the land had yet to be dealt with, most importantly being the nature and extent of restitution of land to owners from whom the land had been taken after November, 1944. As in other countries, efforts were made from an accounting perspective to place a value on the equipment and buildings of the enterprises, and then transfer the ownership of these assets as indicated above. The land issue was left for later resolution.

Concerning agricultural land, however, privatization proceeded on a de facto basis until the Law on Land was approved by the interim coalition government in 1991. The land privatization process began officially with this distribution of agricultural land, but was soon expanded to include other efforts, as described below.

Pertaining to state owned apartment blocks, in 1992, the government continued the privatization process by passing Law 7652, *On the Privatization of State Housing*. The objectives of this law were to completely privatize State constructed housing, to create a free market for dwelling units and other buildings and to improve the use and administration of buildings. During the communist era almost all new urban housing was in the form of 4-5 story multi-unit blocks. These blocks were managed by “Communal Enterprises”, which were responsible for the assignment of apartments to families and for the maintenance of the apartment blocks. In Tirana these apartments after privatization comprise about 56% of all properties (privately owned and publicly owned, land and buildings) in the city.⁴

Under Law 7652, rights of ownership were sold to adult (males and females 18 years old or older) occupants in households who had rental contracts with the State as of December 1, 1992⁵. Flats with two rooms and a kitchen built prior to December 31, 1965, flats with one room and a kitchen built prior to 31 December, 1970 and those flats which were considered in danger of collapse were given free of charge. In addition, former political prisoners and war invalids did not have to pay for their housing. For state owned housing which was sold to occupants, the sale was done for a nominal fee, approximately US \$100-\$400 for apartments which subsequently sold for US \$10,000-US\$20,000.⁶

³ Hashi, Iraj and Lindita Xhillari. 1999. “Privatization and Transition in Albania”, Post-Communist Economies, Vol 11, No. 1, p. 107.

⁴ See Margaret Moores, Malcolm Childress, Fioreta Luli, Dritan Caro, and Llukan Puka, “Emerging Uses of the Urban Landscape in Tirana, Albania”, Land Tenure Center Working Paper, June, 1998.

⁵ See Article 9 and Article 20 of Law 7652.

⁶ Taken from Kathrine Kelm, Petrit Harasani and David Stanfield with Fioreta Luli, Llukan Puka, Malcolm Childress and Dwight Haase, “Land Privatization in Albania”, Project Management Unit, Immovable

These new private owners of apartments were granted the right to sell, lease and mortgage their property.

Occupants of State owned housing were under no obligation to become owners of their flats although the overwhelming majority chose to do so. By 1995, approximately 230,000 housing units (apartments) were privatized, and less than 10% remained State owned.

The law provided the option to continue to rent from the state. After 1995, subsidization of rent was discontinued and every 6 months to one year, the Council of Ministers can reassess State rental rates. Rental rates in the private sector are determined by the parties involved and are not regulated by the state.

Table 1 shows the overall results of privatization of agricultural, urban and peri-urban immovable properties. "Privatization" refers to the creation of private ownership rights through the sale of state owned properties or granting them free of charge to private persons, the restitution of land and buildings to owners prior to their acquisition by the state under the Hoxha regime, and the informal occupation of land mostly in the peri-urban areas of the Tirana-Durres-Kavaja triangle. The data in Table 1 come from estimates made by the Project Management Unit for the Land Market Action Plan in late 2001. Some comments are in order:

Immovable properties in villages are composed of agricultural parcels with *tapis*, or allotment certificates, and those parcels without such certificates. Other village properties include house parcels on which families have built houses, and in some cases multi-family apartment buildings. Village properties also include state owned infrastructure parcels (roads, public buildings) state owned agricultural parcels and state owned forest and pasture parcels. There are about 3.2 million of such "village" properties.

Due to significant migration of people from villages to urban areas and nearby seashores, and the difficulty that such people have had in getting access to housing in such areas, many have settled on the outskirts of cities, particularly in the Tirana-Durres-Kavaja triangle. Nearly 90% of the estimated 213,400 holders of properties in these peri-urban environments have acquired access to land and/or have built homes without following the dictates of the law⁷. Most of the housing units in such informal settlements are single family (albeit extended) dwellings.

According to Table 1's estimates, there were approximately 552,000 immovable properties in urban areas, of which over half were apartments in multi-apartment

Property Registration System Tirana, Albania, and Land Tenure Center, University of Wisconsin-Madison, 25 September, 2000.

⁷ See Kathrine Kelm and Ahmet Jazoj, "Provisional Immovable Property Registration in Informal Settlements: A study in Kamza", Land Tenure Center, June, 2001 and Haxhi Aliko and Romeo Sherko, "On Regularization of Informal Settlements in Albania", National Land Forum, Tirana, Albania, December, 2002.

buildings. Due to the continued boom in apartment building construction especially in the Tirana area, it is likely that the number of new apartments is substantially higher than that reported in Table 1.

Table 1: Number of Immovable Properties in 2001

Type of Immovable Property	Number of Properties
Village Properties:	
Agricultural parcels with <i>tapi</i>	1,686,565
Agricultural parcels w/o <i>tapi</i>	97,630
Privatized housing and business	219,300
State owned parcels	919,131
Subtotal Village land parcels	2,922,626
Forest and Pasture parcels	309,600
Subtotal Village Parcels	3,232,226
Urban Area Properties:	
Apartments—Privatized	231,000
New Apartments-Private	55,000
Villas, businesses w/ doc.	88,256
Land, with documents	3,312
Villas, businesses w/o doc.	59,616
Land without docs.—vacant	2,208
Buildings done after 1991, informal	29,808
State properties, urban	82,800
Subtotal Urban Properties	552,000
Peri-Urban Areas:	
Peri-urban build buildings, w/o doc.	94,000
Peri-urban parcels, w/o doc.	94,000
Properties with documents	16,000
Peri-urban state owned prop.	9,400
Subtotal Peri-Urban Prop.	213,400
Total Properties	3,997,626

Source: Project Management Unit, Land Market Action Plan, Tirana, Albania, September, 2001

3. Problems with Apartments

3.1 Ownership and Family Dynamics

The privatization of state owned apartments to “adult occupants as of 1992” has led to a problem involving those occupants who were under 18 years of age at the time of

privatization. Since those who were not 18 are not included in the privatization documents as co-owners, they have no legal right to a share in the property. Some families have tried to remedy the situation by completing a gift contract to the younger family members but this requires the payment of notary and registration fees, an official valuation and transfer taxes.

3.2 Apartment Block Maintenance of Co-Owned Buildings and Surrounding Public Areas

The land on which the State constructed apartment building sits, as well as the outside walls and water and sewage pipes, electrical installations outside of apartments are legally defined as being co-owned by the owners of the individual units. Their rights and obligations of these co-owners are now governed by the Civil Code, approved by parliament in August, 1994 (see Annex 1 for the text of the Civil Code dealing with co-ownership of multi-unit apartments in Albania. For comparison purposes, Annex 2 has the text of the Georgian Civil Code dealing with this same situation).

The expectations of many if not most of the new owners of apartments were that they became owners of their apartments, without concern for the common areas within buildings and areas surrounding these apartments buildings. The expectation of people prior to privatization was that the communal housing enterprises would maintain these common assets, which they had done with varying degrees of effectiveness. This expectation continued after privatization, even though the communal housing enterprises were disbanded or became inoperable in 1994-96, and in any case did not have any mechanism for carrying out maintenance even if the new owners collectively had desired to contract for such services. The communal housing enterprises were part of the rejected “previous regime”.

Another “expectation” in the minds of people was that exhortations by public officials and their foreign advisors to form associations were another attempt to exploit the people through labor brigades as has been done for decades under the previous regime. Most people had developed an “allergy” against the concepts of cooperation and association.

The important functions of building and surrounding area maintenance were not ignored by the Albanian “reformers” and their foreign advisors, who advocated successfully for the legal concept of building co-ownership, putting the responsibility of building maintenance on the shoulders of the apartment owners.

Unfortunately the owners of the apartments in nearly all cases after privatization did not form the assemblies of building management defined in the Civil Code. Their “expectations” from the previous regime were too strong. The owners of the top floor apartments were expected to repair the roofs of the buildings, since they were directly affected by any defects in the roof. For other maintenance issues, the apartment owners preference has been to take collective action to collect funds from the owners to repair sewer lines, electrical installations, water lines and tanks. Neighbors have organized the cleaning of the stairways. Such *ad hoc* actions are facilitated by the privatization of

ownership to occupants, which occurred throughout Albania. This owner-occupant situation is changing, however, as renting becomes more prevalent. The owners are often abroad, or at least not easily found, and the renters do not feel responsible for contributing to building repairs. Also, some owners are simply not able or willing to contribute to repairs and maintenance of common assets, leading to delays and difficulties in keeping up the buildings appearances.

The problems of maintenance and ownership of formerly state owned apartment blocks have also been experienced by privately constructed apartment buildings. The current boom in building has resulted in most new flats being sold without indicating whether the common areas are transferred in co-ownership or whether the builder continues to own these areas.

In these new buildings, common areas in the buildings represent about 10-20% of the total construction area. In general, the builders sell this area by including it in the area of the sold apartments. In many cases (over 90%) in the Certificate of Ownership issued by the Immovable Property Registration Offices, the area of the owned property indicated in the Certificates includes the common areas, which are not specifically distinguished from the area of the apartment. In the Certificate of Ownership, there is no special item for the common areas. Even in the sales contracts where the common areas and apartment areas are defined, the Certificate gives only the total area.

Many builders of multi-unit apartment buildings try to put certain rules in place for the administration of common areas. However, they have had little or no success in this effort, because the owners-buyers of apartments are not concerned about the management of common areas. An exception to this trend are the apartment buildings constructed in the "block", a part of Tirana where former party officials lived and where there was a substantial investment in infrastructure prior to 1991. In these "block" buildings the owner-buyers have showed more concern for maintenance of common areas, perhaps due to the higher value of such apartments. They are more willing to pay for the maintenance of elevators and for the cleaning of stairs and entry-ways. In some of the "better" areas of the city people have come to realize that the value of their apartments diminishes if common areas are not maintained. The trend for owners to rent out the higher valued apartments has had a big role in this increasing awareness of the maintenance of common areas. In some sales contracts there is a special annex specifying the obligations of the buyers to contribute to common area maintenance. Monthly contributions to this maintenance range from US\$5 to US\$50 per month.

Parking spaces have become a problem through out the city. In the cases where the land around an apartment building is owned by the builder, he will sell parking spaces as separate parcels, or will lease this land (sometimes containing constructed garages) to people who may or may not be owners of apartment in the neighboring building.

When the area around the apartment building is publicly owned, then people make arrangements to get a place to park. In some neighborhoods, the inhabitants of buildings have invested in upgrading the surrounding land to construct and maintain gardens and

parking spaces for themselves. Their investments give them the right to manage the space, even if publicly owned, including the hiring of a guard for the parked vehicles.

It seems that such actions and concerns about common areas are coming from a growing realization that the market values of apartments are influenced by the maintenance of common areas. Variations in private market values produce a consciousness of the need to manage common areas which may be collectively or publicly owned.

In some areas, people have started to create informal condominium associations. They have no written by-laws and are not registered officially or legally. They are, however, based on the agreement of the neighbors who have begun to understand that no one else will maintain their apartment buildings and surrounding common areas.

A second “solution” to the maintenance issue was to give the Municipalities the responsibility for keeping surrounding areas clean and available for common use. Municipalities have had a chronic shortage of funds and most have not been able to fulfill these new expectations. In Tirana, however, in recent years the new Mayor managed to implement these “cleaning” responsibilities into the dismantling of kiosks and at times substantial commercial buildings on park and other green space land in the city center, and the fortunate innovation of painting the facades of buildings along the main streets of the city center in a variety of striking colors.

4. Conclusions

Within a few months of the passage of legislation for the privatization of state owned housing, over 90% of apartments in state built apartment blocks were privatized. Intra-family conflicts over the ownership of these formerly state owned apartments may result due to the privatization of ownership to adult occupants only, excluding younger children or children born after the privatization.

Following restitution of urban land to ex-owners, a privately financed building boom in recent years, has resulted in a substantial increase in the stock of apartments, nearly all of which are now privately owned.

Unfortunately, the expectations from the past clashed with the expectations for the future, and the associations of apartment owners for the management of common areas within buildings and land surrounding the apartment buildings did not materialize.

Nonetheless, in recent years there are indications that the apartment owners in some apartment buildings are forming associations, for the maintenance of buildings and the surrounding land. There are also successful experiences where the owners of apartments have organized to manage public spaces near their homes. In both instances, part of the motivation for taking collective action has come from the realization that the values of their apartments can be increased by more attractive buildings and surrounding areas.

Annex 1: Civil Code Building Co-Ownership Provisions in Albania (approved August, 1994)

Co-owned objects of buildings

Article 209

In the floors or divided units of floors of a building that are in separate ownership of different owners, the following objects are in their obligatory co-ownership, unless otherwise determined in the ownership act:

- a) the land over which the building is constructed, the foundations of the building, the main walls, the internal separating walls, the stairs, halls, the roof and terrace, chimney, and also all those objects of the building which have such a character and serve for common use.
- b) wells, installations for water, electricity, gas, telephone and central heating, including the pipes and lines and channels until the place of their branches inside of the individual units of floors.

Article 210

The right of each co-owner to the objects mentioned in the above article is in proportion to the value of floor or the part of floor which belongs to him, except when the title says differently.

The renouncement from the right to the above-mentioned objects, does not allow the owner to refuse his obligation to pay for maintenance expenses.

Indivisibility of co-owned objects

Article 211

The co-owned objects of buildings are not allowed to be divided, except when the division of any one of them can be done without causing difficulties in its use for any of the co-owners.

The membership of the Assembly and the election of executive

Article 212

The Assembly is made up of the owners of each floor or separated unit of each floor, who have in co-ownership the co-owned objects of the building.

In the first meeting of the Assembly its members chose, from the Assembly, the executive, which is charged to do in their name and on their account all the needed operations for the administration and normal maintenance of the co-owned objects, except those operations that are the exclusive competence of the Assembly, and also represent the Assembly in the competent court and in arbitration.

The Assembly Meetings and the Validity of Decisions

Article 213

After the first organisational meeting, the Assembly meetings are organised at least once a year. Other meetings of the Assembly can be organised by its executive or with the initiative of not less than 20% of the membership of the Assembly.

The Assembly meeting can be opened and can make decisions when there are personally present or represented by proxy the co-owners, who have at least two thirds of the total shares. When this number is not present, the meeting is postponed and the next meeting will be held if the normal majority of co-owners participates.

The Assembly decisions are made with a simple majority of votes of co-owners except in cases when in the provisions of this Chapter or with special provisions is required a specific majority. When the voting is tied, the vote of the chairman will be the deciding vote.

The Main Powers of an Assembly

Article 214

The Assembly has the following powers:

1. Approves the regulations for administration of the building, which is formed according to the typical regulations approved by the Council of Ministers.
2. Creates the reserve fund for common expenses, and determines its annual sum.

3. Approve the lists of expenses which has decided to do during the year, and also the division of their sum among co-owners.

The common expenses for maintenance, repairs, and normal improvements of these objects must be approved by the assembly through a simple majority vote, whereas the expenses for major improvements or renovations are decided by majority of the co-owners possessing at least 75% of the shares.

4. Nominates when judged necessary, the person who cares for the building defining his responsibilities and his salary.

5. Authorises the executive to secure, within reasonable bounds, the objects which are co-owned property, and also to make other needed contracts for maintenance, repairs, and normal improvements, or as the case may be, of major improvements or renovation of these objects.

Article 215

The decisions that are taken by the Assembly according the above provisions are compulsory for all co-owners.

Legal claims against the Assembly Decisions

Article 216

When an assembly decision is illegal or harms the interests of any of the co-owners of these objects, each co-owner has the right to bring a lawsuit to a competent court for the rendering the decision invalid, within 30 days from the date of the decision. Presentation of the lawsuit does not suspend the decision of the assembly, except when the court decides otherwise.

Obligations of Co-owners

Article 217

Each co-owner has the following obligations:

1. To pay the expenses for the protection and the enjoying of the common parts of the building, for the providing of services for the good of all co-owners and for the changes that are decided by the most of the co-owners, in proportion with the value of their share, except when there exists another agreement. For the objects that serves the co-owners in different amounts, the expenses are divided in proportion with the use which is made by each of them.
2. Not to construct on his floor or in his part of the floor, that is specifically owned by him, constructions which can damage the co-owned objects of the building.
3. To repair damage or to pay the expenses for its replacement, which he alone or a member of his family has caused, to any co-owned object.
4. Not to do, without the prior permission of the assembly, in his floor or in his individual unit that is in his ownership, any extension or changes which can affect the outside appearance of the building.

The New Extensions over the top floor

Article 218

The construction over the top floor of the building, of other floors or works, can be realised with the decision of $\frac{3}{4}$ of the co-owners of the building.

Article 219

Issuing a permission to undertake extensions or such actions over the top floor is expressly forbidden, if the physical conditions of the building do not allow such extensions.

The co-owners can oppose the permission which is given by the competent state agency for the construction of extensions or other constructions over the top floor and when it is proved that these will decrease the amount of air or light for the lower floors or when they negatively affect the architectural appearance of the building.

Article 220

They who are allowed to construct an extension or other works over the top floor are obliged to reconstruct the terrace, which all or part of the co-owners had the right to use.

Total or Partial Demolition of the Building

Article 221

When the building is totally demolished or a part of it which is not less than three fourths of its total value, each of the co-owners can ask to sell by auction the land and the materials, except when decided otherwise. When the building is damaged less than mentioned above, the Assembly will decide for the reconstruction of the common objects of the building and each of the co-owners is obliged to contribute in proportion to his rights over the objects.

A co-owner who does not want to take part in the reconstruction of the building, must sell to other co-owners or to any one of them the objects, which are owned only by him, according to a valuation which is to be done.

Annex 2: Co-Ownership of Buildings in the Georgian Civil Code, approved in 1997

CHAPTER 4. RIGHT OF OWNERSHIP TO AN APARTMENT IN APARTMENT BUILDING

I. General Provisions

Article 208. Concept

1. In apartment buildings there exists the right of ownership to an apartment (apartment ownership) and to the part of the building which is not used as an apartment (non-residential area ownership).
2. The apartment ownership and the non residential area ownership are deemed to be the individual property.
3. A land plot, part of a building and the structures and facilities which do not constitute the individual property are the common property. The number of shares in the common property is determined according to the number of apartments.
4. The individual property may exist only for separate apartments or other separate portions of the building. Parking lots are considered to be separated if their boundaries are outlined as a result of the continuous use.

Article 209. Right of First Option to an Apartment

1. Tenants, who have lived in an apartment for more than three years, shall have the priority right to purchase the apartment. They shall address the last owner of the apartment with an application concerning the application of this right.
2. If a person acquires the rented apartments, he shall take the lessor's place.

Article 210. Grounds for Acquiring an Apartment

A notarially authenticated transaction and its registration in the public register are necessary for the acquisition or termination of the right individual ownership to an apartment.

Article 211. Object of the Individual Ownership

1. The area specified in accordance with item 2 of Article 208 is an object of the individual ownership, as well as the constituent parts thereof which may be remade, separated, or added to the area in such a way as to avoid the unjustified violation of the common property or the right of any owner of the apartment based on the individual ownership, or the alteration of the outward appearance of the building.
2. Parts of the building, which are necessary for the stability and safety of the building, as well as the structures being in the common ownership of owners may not be an object of the individual ownership even if they are located on the areas within the individual ownership.

Article 212. Determination of a Share in the Common Property

1. A share of the apartment owner in the common property is determined in proportion to the area being in his individual ownership to the total area being in the individual ownership.
2. In the event of liquidation of a partnership of dwelling owners the share of the common owners is determined pursuant to item 1 of this Article.

Article 213. Inadmissibility of Alienation of the Individual Property without the Appropriate Share in the Common Property

1. Alienation, rental or other encumbrance of the individual property without due regard for the appropriate share in the common property shall be inadmissible.
2. An owner of the apartment shall concurrently be a shareholder in the common property.

Article 214. Apartment Ownership Registration in the Public Register

1. A separate sheet shall be filled in for each owner of the apartment in the public register.
2. The registration materials in the public register concerning the apartment ownership shall be supplemented with a construction certificate, the building lay-out, as well as location and dimensions of parts of the building which are in the common ownership certified by the building agency.

II. Relations Among Apartment Owners

Article 215. Registration of Agreements in the Public Register

1. Relations among apartment owners are regulated by this Code. The agreements, under which the apartment owners regulate their relations in contrast to the norms of this Code, as well as the alteration or revocation of such agreements, shall be valid for third persons only if these agreement are registered in the public register.
2. The decisions which, pursuant to this Code or an agreement of the apartment owners, require a majority vote shall be valid upon their making for the owners who did not participate in voting or voted against.

Article 216. Concept of Partnership of Dwelling Owners

A totality of individual owners constitutes a partnership of dwelling owners which is not a legal person.

Article 217. Inadmissibility of a Demand for Dissolution of a Partnership of Dwelling Owners

An owner is not entitled to demand for the dissolution of a partnership of dwelling owners. Such a demand is admissible only if the building is being completely or partially destroyed.

Article 218. Rights of Dwelling Owners

1. A dwelling owner may use at his option the parts of the building being in the individual ownership and exclude any impact of other persons thereupon unless by doing so he violates a law or rights of third persons.

2. Pursuant to Article 219 and 220, each apartment owner is entitled to use the common property. For other use of the common property each apartment owner shall be given a corresponding share pursuant to the provision provided for in Article 212.
3. The matters stipulated by items 1 and of this Article are specified in detail in the regulations of the partnership of dwelling owners to be submitted by chairman of the partnership and approved by the general meeting of dwelling owners in compliance with item 4 of Article 224.

Article 219. Duties of Apartment Owners

1. An apartment owner shall:
 - a) maintain and use parts of a building held in individual ownership as well as the common property in such a way as not to violate the rules of joint habitation of the owners and without causing damage thereto;
 - b) see to it that the person engaged in his production located in the building or those to whom he transfers the existing land plot or parts of the building held in his individual or common ownership for use observe the duties indicated in subparagraph «a»;
 - c) forbear impacts on parts of the building held in his individual ownership and on the common property insofar as the impacts are in compliance with the terms provided for in subparagraphs «a» and «b»;
 - d) allow authorized persons to enter into parts of the building held in individual ownership and use them provided it is required for bringing them to a proper condition and effecting routine repairs thereof; the damage incurred during the period shall be subject to indemnification;
 - e) forbear measures required for arranging communication means and supply facilities. An owner, to whose benefit such measures are effectuated, shall indemnify the damage which may result during the period.
2. In the event of the building's destruction where the damage is not secured by insurance or other alike means, individual owners shall not take part in the restoration and reconstruction of the building. In such case the partnership shall be dissolved.

Article 220. Right to Use the Common Property

1. Any apartment owner may use the common property proportionally to his share therein.
2. In the building, despite its location, every apartment owner shall be liable before other apartment owners to bear the common property expenses proportionally to his share, in particular the maintenance, current repair, management and the common property use expenses.
3. An apartment owner, who has not voted for the measures not connected with the maintenance and routine repair of the building, shall not be held liable for indemnifying the expenses resulting from such measures. Concurrently, they shall not be entitled to the benefits proceeding from such measures.
4. A share is determined pursuant to Article 212.

Article 221. Determination of a Share Upon Dissolution of a Partnership

Upon dissolution of a partnership, a share of joint owners is determined according to the value of apartments thereof as of the date of dissolution. If the value of a share in the common property has

changed as a result of the measures not backed by an apartment owner, such change shall be taken into account while assessing the value of the share.

Article 222. Imposing an Apartment Alienation Obligation

1. If an apartment owner violates his obligations before other apartment owners in such gross a manner that the further partnership with him is impossible, other owners may demand from him the alienation of the apartment.
2. The prerequisite of item 1 of this Article shall apply, in particular, where an apartment owner, in spite of a written notice, is in gross violation of the duties provided for in Article 219.
3. A decision concerning provisions of item 1 of this Article shall be taken by a two-thirds majority vote of the persons voting.

Article 223. Bodies of Management in a Partnership of Apartment Owners

The management of the common property shall be assigned to apartment owners pursuant to Article 224-228, and to chairman of the partnership of apartment owners pursuant to Articles 229-231, while upon establishment of an advisory council, the management shall be carried out pursuant to Article 232.

Article 224. Common Property Management

1. The common property management is effected jointly by apartment owners unless this Code or an agreement of apartment owners provides otherwise.
2. An apartment owner is entitled to take necessary measures for preventing the damage directly endangering the common property without a consent of other apartment owners. An apartment owner is entitled to indemnification of losses incurred by him.
3. Each apartment owner may demand the performance of activities pursuant to the agreements and decisions made, or in accordance with the general interests of the apartment owners - should such be missing.
4. The proper management of the general interests of apartment owners shall, in particular, include:
 - a) the proper maintenance and repair of the common property for residential fitness of he building, where necessary;
 - b) the proper insurance of the common property;
 - c) the adoption of economic plans;
 - d) the accomplishment of all the measures which are required for arranging the communication and supply facilities to the benefit of the apartment owners.
 - e) adoption of the economic plan;
 - f) Implementation of all measures those are necessary for arranging the communicational and supply objects for the benefit of the apartment owners.

Article 225. Joint Competence of Apartment Owners

Apartment owners shall settle jointly such the matters as drawing up the economic and financial plans, full or partial restoration of a building, adoption of regulations, election and dismiss of a chairperson of the partnership, determination of amount of expenditures for maintenance of the building.

Article 226. Meeting of Apartment Owners

1. Apartment owners shall make decisions at the meeting of apartment owners.
2. A decision shall be valid if its object was announced at the time of holding a meeting.
3. A decision may also be taken without a meeting provided the apartment owners have agreed to it in writing.

Article 227. Calling a Meeting of Apartment Owners

1. A meeting of apartment owners shall be called by the chairman of partnership once a year at least.
2. A meeting of apartment owners shall also be called by the chairman of partnership if so required by more than one fourth of the apartment owners. If the chairman is absent or avoids the calling of a meeting to the detriment of general interests, a meeting may be called by the apartment owners as well.
3. A meeting shall be called within a week's period as of the date of written notice thereon; in the case of urgency, the meeting shall be called immediately.
4. A meeting of apartment owners shall be presided over by the chairman of partnership unless the meeting decides otherwise.
5. A decision of the meeting shall be recorded in minutes to be kept by the chairman. Each apartment owner is entitled to check up the minutes.

Article 228. Competence of a Meeting

1. Each owner shall have one vote. If the apartment has several owners, they shall vote only jointly.
2. A meeting shall be competent if attended by more than half of the apartment owners.
3. If, pursuant to item 2 of this Article, a meeting is not competent to decide, the chairman may call a new meeting with the same agenda. This meeting shall be competent in spite of the number of participants which is to be noted upon calling the meeting.

Article 229. Rights and Duties of the Chairman of Partnership of Apartment Owners

1. The chairman of partnership of apartment owners shall be entitled and liable:
 - a) to implement decisions made at the meeting of apartment owners and to see to the observance of the rules of the house;
 - b) to take necessary measures for proper maintenance and routine repairs of the common property;
 - c) to take measures which are necessary for observance of any term or for avoidance of any negative legal outcome;
 - d) to be in charge of the common funds.
2. The chairman shall, on behalf of all apartment owners, be authorized:
 - a) to demand, receive and pay the amounts to cover the expenses incurred and debts as well as mortgage interests, provided they relate to general matters of the apartment owners;

- b) to effect settlements, accomplish liabilities and other money transactions which are connected with the current management of the common property;
- c) to conclude contracts and submit necessary documents provide they relate to the interests of apartment owners.
3. The chairman shall keep the amounts of the apartment owners separately from own property.
4. The chairman shall, where necessary, act under an assignment issued by the apartment owners including the extent of his representative power.

Article 230. Economic Plan

1. The economic plan shall be worked out by the chairman prior to the beginning of each calendar year.
2. The economic plan shall include:
 - a) prospective revenues and outlays in managing the common property;
 - b) a liability on expenses in proportion to a share of the apartment owners.
3. Each apartment owner shall be entitled to carry out measures for the proper maintenance and routine repair of the building in person or through a third person. In this case the chairman shall take into account, assess this activity, and enter in into the economic plan. Installments of an apartment owner to repay the expenses shall be subject to a reduction according to the work performed.
4. The apartment owners are required on the basis of the chairman's requisition to pay a certain advance to secure the economic plan. In the event of difficulties with regard to payments, the chairman may apply to respective bank credits.
5. Making a decision in relation to the economic plan entitles the chairman to take a loan as well.
6. The chairman is required to present a financial report at the end of the calendar year.
7. The apartment owners are entitled to demand from the chairman the account of the work performed, whenever they consider it fit.

Article 231. Apartment Repair Obligations

1. Each apartment owner shall be obliged before other apartment owners to undertake expenditures in connection with the maintenance, routine repair, management of the building as well as other expenses.
2. The expenditures and payment indicated in item 1 of this Article shall be paid proportionally to share of each apartment owner.
3. The expenses provided for the current year shall be paid in twelve equal installments unless otherwise specified. Should the collection of funds for the proper maintenance of the building not be envisaged, the chairman may require an advance payment of these amounts before making a statement on the repair of the building.

Article 232. Advisory Council

1. The apartment owners may, by a simple majority vote, form an advisory council. The council shall be composed of a chairman and two members.
2. The advisory council shall assist the chairman in carrying out his tasks.

3. Financial and economic plans, the results of execution thereof, a report, an estimate of cost shall be subject to a check-up and conclusion of the advisory council prior to the consideration thereof at the meeting of apartment owners.