

**Deloitte &
Touche**



PN. ABZ-526
92265

DRAFT FINAL REPORT

**ASSET DISTRIBUTION PROGRAMS OF THE
REPUBLIC OF ESTONIA**

POLICY AND PROCEDURAL RECOMMENDATIONS

ADMINISTRATIVE AND STRUCTURAL RECOMMENDATIONS

Delivery Order No. 12
Contract No. EUR-0014-I-00-1056-00
Agency for International Development
EUR/RME/ED/ER

December 1992

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ASSET DISTRIBUTION PROGRAMS OF THE
REPUBLIC OF ESTONIA

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INTRODUCTION

The attached report outlines and provides recommendations on the Government of Estonia's programs for housing privatization, restitution and compensation, agricultural privatization, and large enterprise privatization. In addition, it provides a series of findings and recommendations concerning the administrative structure of the housing privatization program which has been highlighted as the highest priority program for the Government.

The report is the result interviews and investigation conducted by members of the Deloitte & Touche consortium team both in Estonia and in the United States between June and September 1992. The team was tasked to provide advice on the integration and implementation of the various asset transfer programs being pursued by the Government of Estonia. In addition, the team provided on-site assistance in identifying and developing appropriate administrative structures and reporting relationships to support the most important asset distribution program of the Government -- the housing voucher program. The team has provided recommendations concerning appropriate administrative structures, including procedures, staffing needs and costs, and forms.

This report is in draft form and reflects data gathered up to September 1992. The Deloitte & Touche team will gather additional data concerning the administrative structure of housing privatization and will finalize its recommendations during January and will submit its final report on or before February 15, 1992.

SECTION I

MEMORANDUM ON INTEGRATION OF ESTONIAN PRIVATIZATION PROGRAMS

The four Estonian privatization and asset distribution programs have been developed by a number of different organizations, but they are interrelated in several ways. The purpose of this memorandum is to outline the most important areas of that interrelationship and to make recommendations about maximizing the coordination of these programs.

One of the simplest ways to evaluate the relationships between the different Estonian privatization programs is to assess how they affect individual Estonian citizens. Most Estonian citizens will be affected by at least two of the programs - housing privatization and large enterprise privatization - because they will have to decide whether to participate in one or both of them. Many Estonians will be affected also by the restitution/compensation program and/or by agricultural privatization. As a result, inconsistencies and uncoordinated scheduling between the programs will make it very difficult for individuals to make decisions about how to participate in privatization. In addition, some of the programs have common challenges which could be worked out more efficiently on a joint basis than singly. The following is a list of some of the most important issues that encompass more than one privatization program. It is not intended to be a comprehensive list, but to emphasize the considerable overlap of these different programs. (This memorandum is also accompanied by a chart which outlines the characteristics of the four privatization programs and which also illustrates their interrelationship.)

ISSUES

1. Convertibility.

There is considerable convertibility between the different privatization instruments. Housing vouchers can be converted to popular capital obligations and agricultural labor shares can be converted to either housing vouchers or popular capital obligations. Compensation securities can be used for the same purposes as housing vouchers or popular capital obligations, i.e. to purchase privatized housing or enterprise shares. There is a need to coordinate the timing and method of these conversions. It is also critically important for each program to be able to communicate to the other programs how many privatization instruments are and are

not being used, so that the other privatization programs can be prepared for conversions into their programs.

2. Priority.

Each privatization program, except for possibly agriculture, establishes some priority for use of privatization instruments or access to privatization assets. It should be ensured that these priority provisions are consistent across all of the programs.

3. Restitution/compensation valuation.

All of the privatization programs are held back in some way by the lack of a valuation methodology for restitution/compensation claims.

4. Local/center communication.

The housing, agricultural, and restitution/compensation programs give considerable responsibility to local authorities. It is not clear that the central authorities are fully informed of the procedures that are being implemented locally to deal with the unknowns of the privatization process. (An example is the local development of leasing restitution properties, pending the establishment of a valuation methodology.) Furthermore, these local improvisations are unlikely to be consistent across the country. In addition, procedures are not always established for sending information about privatization policies from the central to the local authorities.

5. Financing.

Both the housing and the restitution programs require the development of financing programs. In the case of housing, individuals may need financing to supplement their housing vouchers. In the case of restitution, individuals whose property has increased in value have to reimburse the Government. Many of these individuals will require some form of financing or installment payment program to pay for this increase in property value.

6. Privatization instrument design.

It has not yet been determined whether the popular capital obligations and

compensation securities will be physical securities or computer based accounts. Decisions made in one program will have an impact on the other. For example, there may be significant synergies in having both instruments either physical securities or computer based accounts, in which case there would be a strong argument for their having parallel designs.

7. State Computing Center.

All of the privatization programs rely on the capabilities of the State Computing Center. It would maximize efficiency for one person or organization to coordinate the demands being made on the State Computing Center.

8. Funding.

Cash conversion for compensation securities and financing for the Estonian Privatization Company both rely on income from large enterprise privatization. It will be necessary to agree upon how this income is allocated between these two claims.

RECOMMENDATIONS

The Deloitte & Touche team's principal recommendation is that coordination of the privatization programs be maximized, in light of these programs' close de facto interconnections. Such coordination could be accomplished in the following ways, which are listed from most to least forceful:

1. Assign responsibility for coordinating the programs and making binding decisions about necessary trade-offs to one organization. The Government of Estonia has appointed a Minister of Reform who could meaningfully take responsibility for this coordination.
2. Assign responsibility for coordinating the programs to one organization that will have the authority to coordinate and recommend but not to make and enforce decisions. Final decisions will be up to the individual organizations.

3. Establish a coordinating committee with representatives from each privatization program.
4. Increase integration of the agricultural privatization program, which appears to have the lowest coordination with the other programs. If none of options 1-3 above are chosen, and therefore there are no institutional changes, agricultural privatization could be better integrated by establishing a link directly between the Ministry of Agriculture and the Ministry of Economics. The Ministry of Economics is the one organization which is already most closely involved in the other three privatization programs and is therefore best positioned to encourage the informal coordination of all four programs.

The team also recommends that the Government of Estonia continue to strengthen the Central Restitution Commission as the single authority responsible for restitution/compensation, as is discussed in more detail in the accompanying memoranda. The lack of a clear and strong authority causes delays in developing this critically important program, causes confusion among those working on the program and the many individuals eligible for restitution/compensation, and makes it more difficult for this program to be coordinated with the others.

The most important responsibilities of a single privatization coordinating body include the following:

1. Creating an integrated schedule for implementation of all of the privatization programs and avoiding any bottle necks.
2. Ensuring that all necessary legislation and regulations related to privatization are developed and evaluated with consideration of their impact on all of the different privatization programs.
3. Designing a model of all of the assets that are potentially to be privatized and all of the potential claims on those assets. This is important for managing the privatization processes, anticipating the effect of conversions from one program to another, determining the appropriate kroon value of popular capital obligations, etc.

4. Resolving common issues such as financing, priority access to privatized assets, use of accounts vs. physical securities, and related issues noted on page one of this memorandum, in a coordinated and efficient manner.
5. Providing coordinated instructions to the State Computing Center.
6. Improving the information flow from central to local authorities and vice versa.
7. Designing and implementing a public relations program to ensure that the public is well informed about the privatization programs, how the programs fit together, and their options under these programs.

IMPLEMENTATION:

The accompanying memoranda provide in-depth descriptions and analyses of the four privatization programs and conclude with recommendations for dealing with outstanding economic and political issues, program design and implementation issues and organization. With the exception of the organizational issues, most of the recommendations in the other categories can all be pursued at the current organizational levels. For example, recommendations made about the housing program could be implemented by the State Housing Board and the State Property Board.

Two of our recommendations, however, would require institutional changes. The first is the establishment or designation of one authority with responsibility for the restitution/compensation program. It is our understanding that such a step would require the approval of Parliament. Our host-country beneficiary in this project has been the Government of Estonia, which would have to make this recommendation to Parliament.

The second is the establishment or designation of one authority to coordinate all of the privatization programs. It is our understanding that establishing a new organization with responsibility for coordination and decision making, or establishing an organization which acts solely as a coordinating body would require the approval of Parliament. It seems probable that the less powerful coordinating structures, such as joint committees, or simply improved information flows (recommendations (3) and (4)), could be implemented by the appropriate ministries and other involved organizations. In that case the D&T team strongly urges that consideration be given to calling a meeting of all relevant organizations to review possible procedures for increasing the integration of Estonia's privatization programs.

SUMMARY OF PRIVATIZATION PROGRAM CHARACTERISTICS

Program:	<u>Housing</u>	<u>Large enterprise</u>	<u>Compensation</u>	<u>Agriculture</u>
<u>Voucher characteristics</u>				
<u>Eligibility:</u>	Legal res. on 1/1/92 and heirs	Same as housing	Res. on 6/16/40 whose property expropriated and heirs	Those living on farms and heirs
<u>Convertibility:</u>	To large enterprise program	None	Same uses as housing and lg. enterprise	To housing and lg. enterprise
<u>Denomination:</u>	Kroon	Kroon	Kroon	Kroon
<u>Tradeability:</u>	No	Not decided	Not decided	To others elig. for ag. voucher
<u>Account or physical instrument:</u>	Account	Not decided	Not decided	Instrument
<u>Tenor:</u>	Expire April 1, '97	Not clear	Apparently unlimited	Not clear
<u>Value:</u>	50% of avg. mo'ly salary	Not decided	Not decided	Differ by farm
<u>Priority:</u>	Yes, but details unclear	Yes, but details unclear	Yes, but details not decided	None apparent
<u>Interest bearing:</u>	No	No	Yes (in draft)	No
<u>Convertible to cash:</u>	No	No	Possibly	By selling to 3rd party

POLICY MEMORANDUM I

HOUSING PRIVATIZATION IN ESTONIA

1. General characteristics and objectives of the housing privatization program.

The primary objectives of the housing privatization program are to encourage home ownership in Estonia, to return to the population some value for the low wages that they received during the years of Soviet rule, and to remove housing from the responsibility of the Government.

Housing privatization is limited to residential buildings and flats. There are a few exceptions to property which can be privatized, the most notable of which is property subject to restitution to former owners and their heirs.

Approximately 65% of residential housing in Estonia is State-owned. In order to effect the transfer of this property from the Government to private individuals on an equitable basis, the Government of Estonia has developed a voucher-based program.

Permanent residents of Estonia as of January 1, 1992 have the right to apply for housing vouchers¹ which will be distributed free of charge. Each individual will receive one square meter worth of such space for each year that he or she has worked as well as for a number of other activities, including but not limited to time spent studying, caring for infants or the elderly, and time spent in prison if the individual has been rehabilitated. The value of a voucher will be based on the value of one "standard" square meter of living space as defined by the National Housing Board.

¹The terminology regarding housing vouchers and popular capital obligations is somewhat confusing. Every individual who was a permanent resident of Estonia as of January 1, 1992 is entitled, on the basis of work years, to a share of the state's assets. This share is frequently referred to as "popular capital obligations." This share can be used to purchase housing and/or shares in large privatizing enterprises. However, if the share is used to purchase housing, it is frequently referred to as a "housing voucher." If the share is not used or not fully used to purchase housing, then it can be converted and used in large enterprise privatization. The conversion instrument is also frequently referred to as a "popular capital obligation." These memoranda will use the term "popular capital obligation" only when referring to instruments being used for large enterprise privatization.

Vouchers can then be used to purchase the home in which an individual currently lives, to purchase vacant housing space, or to convert them to popular capital obligations to acquire ownership of other assets that are being privatized by the Government of Estonia, such as large enterprises. (The details of the conversion to popular capital obligations have not yet been worked out.) The vouchers can be used for housing purchases until April 1, 1997.

2. Current status of the housing privatization program.

Of the four asset distribution programs in Estonia (housing, large enterprises, agriculture and compensation/restitution), housing privatization is the most advanced. The key laws and decrees (summarized in the accompanying appendix) have been passed and voucher application forms are scheduled to be distributed beginning September 1, 1992. The preliminary deadline for completion of the forms is April 1, 1993, although this may be extended. Additional forms and instructions have been completed for every aspect of the home acquisition process, including for verifying the work data on the voucher card, applying to acquire one's home, establishing housing values, and making a housing purchase. Therefore, individuals can initiate the entire process of home acquisition when they receive their voucher application card in September. The principal exception concerns financing for individuals who will need to supplement the value of their vouchers in order to acquire their homes. Work on a financing program is in process and is due for completion no later than year end.

3. Key players in the housing privatization process

Special Commission on Housing Privatization
National Housing Board
Ministry of Construction
State Property Board
Ministry of Economy
State Computing Center
Local housing offices

4. Outstanding issues

ECONOMIC :

- a. We are not aware of any attempt to estimate the number of housing vouchers that will be used and the relationship that this bears to (1) the total housing stock in Estonia and (2) the impact on the market value of that housing. This is important information to estimate and refine in order to manage the housing privatization process. It is also important to estimate how many housing vouchers will be used in housing, because the remaining vouchers are available for use in large enterprise privatization.
- b. Rent reform is underway, but it will be critical to closely coordinate the all-in costs of home ownership vs. renting to encourage maximum home ownership.
- c. A home mortgage program is being developed through the establishment of a government mortgage bank. We recommend that the funds earmarked to establish a government bank be used instead to support the establishment of a mortgage market in the commercial banking sector.

POLITICAL:

- a. All privatization programs in Estonia, including housing, are highly politicized because everyone is affected financially by these programs. If there are major problems in implementing housing privatization, this will not become apparent until later in 1992 or 1993, when it could become a controversial issue.
- b. It has been estimated that approximately 10% of housing is covered by restitution claims. This housing cannot be restored until it can be valued, and the valuation methodology is highly politicized. This methodology will not be resolved until the new Parliament convenes.
- c. There is a risk that after the Parliamentary elections there will be new political appointments to key Government positions, in which case some of the established expertise in housing and other privatization could be lost.

PROGRAM DESIGN MEMORANDUM I
HOUSING PRIVATIZATION IN ESTONIA

1. Voucher characteristics.

The first section of this memorandum will describe the characteristics of the vouchers to be used for housing privatization. (This section is standardized in the policy design memoranda for all four privatization programs to facilitate comparison.) For housing the key features are as follows:

a. Eligibility.

Legal residents as of January 1, 1992 over the age of 18 and their heirs. Individuals receive one voucher for each year worked in Estonia since January 1, 1945 (with some adjustments for years in university, raising children, etc.).

b. Convertibility.

Vouchers that are not used for housing purchases can be converted and used to purchase shares in government enterprises that are being privatized. The method of this conversion is still being worked out by the Government.

c. Denomination.

One voucher is worth one square meter of a standard nine-story home (type 121-02-E). It is denominated in kroon.

d. Tradeability.

There is currently no provision for housing vouchers to be sold. Vouchers can be given to parents, spouse, descendants, sisters, brothers and their relatives, on the condition that they have been living in Estonia for at least the last 5 years. Vouchers of one family can also be pooled.

e. An account or a physical instrument?

The housing vouchers will be maintained in computer based accounts. Individuals will complete voucher application cards and they will receive notices of their voucher balances, but there will be no physical value-bearing voucher instrument.

f. Tenor.

The housing vouchers can be used until April 1, 1997. This date can be extended by six months if the vouchers are inherited due to the death of the original voucher holder.

g. Value.

The value of one voucher for standard housing is 100 kroon, which is equivalent to 50% of the average monthly salary. This minimum will be adjusted for inflation. Eligible residents will receive one voucher for each year worked (or equivalent).

h. Priority in receipt or use.

Article 5 of the Law on Privatization of State-Owned and Municipal Housing lists those who have priority in receiving housing, such as tenants with existing leases and those in buildings undergoing extensive repairs. Vacant housing is allocated first to people who lost their homes due to restitution and to those with popular capital vouchers and compensation securities. The details are to be decided by local housing commissions. This does not appear to be very clear in the law.

i. Interest bearing?

No

j. Convertible into cash?

No.

2. Program design and implementation

The Deloitte and Touche Consortium has devoted considerable effort this summer to

working with the Government of Estonia on the design and implementation of the housing privatization program. As is described in the accompanying Policy Memorandum, the housing privatization program will begin in September 1992. We believe that the following elements are important to ensure the maximum success of the housing privatization program:

- a. An opinion poll to determine the likely scale of home purchases as well as any the need for any changes to the housing privatization program. For example, a poll could test whether tax concessions would be influential in making a decision about home ownership.
- b. A program to provide supplemental financing for individuals whose allocated vouchers are not sufficient to purchase their housing space. We understand that such a program is due to be completed before the end of 1992 and that the focus of this program will be a government owned mortgage bank. Although the most critical point is that financing be readily available, we urge consideration of providing mortgage facilities through the commercial banking sector, in order to encourage the independent growth of this important market activity.
- c. An extensive public relations campaign to disseminate information and answer questions about the housing privatization program. Such a program is underway; therefore, we only urge that it be as extensive as possible, given the complexities of the housing privatization process.
- d. Close coordination of rent reform so that there is an appropriate relationship between the cost of home ownership and renting.
- e. Review of the regulations establishing priority in receiving housing, to ensure that they are clear and fair.
- f. The National Population Register in Estonia has not been completed; therefore it will not be possible to control fraud by checking housing voucher applications against the National Population Register data. A decision should be made about whether to check the information retroactively - approximately one year from now - to discourage fraud.

- g. An effort to build communications links between housing and large enterprise privatization programs.

3. Organization and coordination

The housing privatization program has benefitted from a high degree of coordination between the relevant government bodies. This seems to be due in large part to the existence of the Special Commission on Housing Privatization, which has brought the appropriate individuals from different parts of government into regular contact.

We recommend, in addition, that close ties be forged with the organizations responsible for large enterprise privatization. This is important because any vouchers that are not used for housing privatization are eligible for use in large enterprise privatization. Therefore their degree of use or non-use in housing will have a significant impact on this other program.

APPENDIX I
HOUSING PRIVATIZATION PROGRAM DESIGN MEMORANDUM

DOCUMENTS

Law on the Principles of Property Reform - June 13, 1991.

Law on Privatization of State Owned and Municipal Residential Buildings and Flats, April 16, 1992. Implementation decree of May 4, 1992.

Government Decree # 416 of June 30, 1992 regarding privatization of living space and implementation of Law on Privatization of State Owned and Municipal Residential Buildings and Flats. Includes methodology for valuing housing. Approved on August 5, 1992.

Government Decree # 226 of August 5, 1992, containing the following:

- Directions for Completing Popular Capital Obligation Card
- Use of Popular Capital Obligation Card for Privatization of Housing
- Order of Transferring Title for Privatized Housing
- Order of Transferring Popular Capital Obligations

LAW
of the Republic of Estonia on the Principles
of Property Reform

I. General Provisions

Article 1. The Tasks of the Law

The Law on the Bases of Property Reform shall determine the aim, content, object and subjects of property reform, the procedures for property reform, and shall be the basis for other legal documents necessary for property reform.

Article 2. The Aim of Property Reform

1) The aim of property reform shall be the re-structuring of property relationships in order to guarantee the inviolability of property and free enterprise, to make good the injustices carried out by the violation of property rights, and to create conditions for the transition to a market economy.

2) In the process of property reform, the return of property or compensation paid to previous owners or to their heirs must not imperil the interests of other persons which are protected by law, nor should it result in new injustices.

Article 3. Content and Object of Property Reform

1) In the process of property reform, the following illegally expropriated property shall be returned or compensated:

- (1) property nationalized on the basis of legal documents which were declared illegal by the December 19, 1990 Resolution of the Supreme Council of the Republic of Estonia, "On the Restoration of the Continuity of Property Rights" (de-nationalization);
- (2) property collectivized during collectivization (de-collectivization);
- (3) property which was expropriated through illegal repressions or other methods which violated the rights of the owner.

2) In the process of property reform, the form of property ownership shall be changed as follows:

- (1) state property shall be transferred free of charge to municipal ownership (municipalization of property);
- (2) property which is state property or property transferred to municipal ownership shall be transferred to private

ownership either for payment or free of charge (privatization of property);

(3) property which was previously transferred free of charge from state to cooperative, state-cooperative and community organization ownership, shall be returned to the Republic of Estonia (re-nationalization of property).

3) Property shall be returned, compensated or transferred under the conditions and in the manner stipulated in the present Law and in other legal documents of the Republic of Estonia.

Article 4. Rightful Subjects of Property Reform

The rightful subjects of property reform are persons, including the state, who, according to the law, have the right to demand the return of property or compensation, or the right to demand or apply for the transfer of property, either for payment or free of charge.

Article 5. Obligated Subjects of Property Reform

The obligated subjects of property reform are the state and other persons, who, according to the law, are obligated to return or compensate property to the rightful subjects of property reform, or to transfer the property either for payment or free of charge.

II. Return and Compensation of Illegally Expropriated Property

Article 6. Interpretation of Illegal Expropriation of Property

1) The illegal expropriation of property is the removal of property against the wishes of the owner, or the placing of the owner in the position where, due to genuine danger of repression, he/she is forced to give up or abandon the property; if the legal act, on the basis of which property was expropriated, is declared illegal or when the property was expropriated on the basis of illegal resolutions or due to an arbitrary act by an official.

2) Illegal expropriation of property in the present Law refers to the expropriation of property through nationalization, collectivization, illegal repressions, including mass repressions and other methods referred to in Paragraph 1 of the present Article, carried out in the period June 16, 1940 to June 1, 1981.

3) Illegal repression in the present Law refers to repres-

sions carried out by the courts and outside the jurisdiction of the courts (death penalty, imprisonment, exile or deportation) on the basis of illegal, or later declared to be illegal, resolutions.

4) Genuine danger of repression in the present Law refers to the threat of repressions carried out by the courts or outside the jurisdiction of the courts (death penalty, imprisonment, exile or deportation).

5) Illegally expropriated property shall be returned or compensated on an integral basis, independent of the method of illegal expropriation described in Paragraph 2 of the present Article, with the exception of the specified cases in Paragraph 3 of Article 13 and Article 14 of the present Law.

Article 7. Previous Owners of Illegally Expropriated Property As Rightful Subjects of Property Reform

1) The return or compensation of illegally expropriated property shall be rightfully demanded by:

(1) persons whose property was nationalized, or collectivized, as well as persons whose property was expropriated in the process of illegal repressions and who have been rehabilitated if they live permanently on the territory of the Republic of Estonia, which is currently under the jurisdiction of the Republic of Estonia at the time the present Law came into effect, or if they were citizens of the Republic of Estonia on June 16, 1940;

(2) persons whose property was expropriated on the basis of illegal resolutions or due to arbitrary acts by officials or who were forced to give up or abandon their property due to the genuine danger of repression, if they live permanently on the territory of the Republic of Estonia which is currently under the jurisdiction of the Republic of Estonia at the time the present Law came into effect, or if they were citizens of the Republic of Estonia on June 16, 1940, and the existence of the illegal resolutions the arbitrary acts of officials or genuine danger of repression is proven in court;

(3) persons who are heirs of persons described in Points 1 and 2 of the present Paragraph, according to the interpretation and conditions established in Article 8 of the present Law;

- (4) organizations, according to the interpretation and conditions established in Article 9 of the present Law;
- (5) districts, townships and towns of the Republic of Estonia with local government status, as well as counties and cities of republican subordination, on whose territory illegally expropriated municipal property was located on June 16, 1940;
- (6) property of the Republic of Estonia which was owned by the Republic of Estonia on June 16, 1940.

2) Applications to return or compensate illegally expropriated property in the Republic of Estonia which was owned by foreign states, their legal entities and citizens, as well as stateless persons, excluding persons described in Points 1-4 of Paragraph 1 of the present Article shall be resolved by mutual agreement between the Republic of Estonia and the respective state.

Article 8. Heirs As Rightful Subjects of Property Reform

1) Should the previous owner of illegally expropriated property be deceased and he/she has prepared a will, the rightful subjects of property reform shall be the heirs who are explicitly stated in the will.

2) The will of the previous owner must have been prepared in accordance with the laws in force at the time, and before the illegal expropriation of the property mentioned in the will, or after the coming into effect of the present Law.

3) Should the previous owner of the illegally expropriated property be deceased, but no will is in existence, or it is not in accord with Article 2 of the present Law, or the will does not include all the illegally expropriated property, then the rightful subjects of property reform of either all the illegally expropriated property or the portion not covered by the will, shall be:

- (1) the parents, spouse and children of the previous owner, in equal shares;
- (2) the spouse of the child of the previous owner, should the child of the previous owner be deceased (unrelated to the date of decease), as well as the grandchildren of the previous owner and other descending relatives, should their parent be deceased (unrelated to the date of decease), in equal shares, whereby they have the right to demand the return, or compensation, of only

that property to which their spouse or parent would have the right.

4) Adoptive parents and adopted children have rights, in the return of illegally expropriated property, equal to the persons described in Paragraphs 1 and 3 of the present Article.

5) The heirs of illegally expropriated property shall be only those persons described in the present Article. Should the heir of the previous owner be deceased, the right to apply for that portion of the estate shall not be transferred to the heir's heirs, except in the cases of persons described in Point 2 of Paragraph 3 of the present Article.

Article 9. Organizations As Rightful Subjects of Property Reform

1) Community and religious organizations, which operated until June 16, 1940 and whose statutory activity has not been terminated, are rightful subjects of property reform.

2) The right of those organizations described in Paragraph 1 of the present Article to be rightful subjects of property reform shall be recognized by the court, and disputes between organizations shall be resolved by the court.

Article 10. Procedures For Recognition of Organizations As Rightful Subjects of Property Reform

1) The court having received an application to be recognized as a rightful subject of property reform from an organization described in Paragraph 1 of Article 9 of the present Law shall place an appropriate advertisement in a national newspaper within ten days.

2) All persons, who object to the afore-mentioned application, are obligated to notify the court within three months of the day of publication of the advertisement.

3) The court shall call upon all persons referred to in Paragraphs 1 and 2 of the present Article in considering the case.

4) The application referred to in Paragraph 1 of the present Article must be presented to the court according to the location of the organization on June 16, 1940.

Article 11. Illegally Expropriated Property As Subjects of Property Reform

1) The objects of property reform are illegally expropria-

ted land and other natural objects, buildings, ships, agricultural inventory, factory fittings, stocks and shares, not taking into account the debts associated with them.

2) The value of property which is an object of property reform shall be determined in the manner determined by the Supreme Council of the Republic of Estonia.

Article 12. Return of Illegally Expropriated Property

1) State and local government bodies, and other legal and physical entities, under whose ownership is the illegally expropriated property which is subject to property reform, shall be obligated to return it to the rightful subject, unless the present Law otherwise states.

2) If the property to be returned is rightfully claimed by numerous persons, the property shall be returned if at least one of the persons demands it. The person who receives the returned property must compensate the respective parts to the other persons.

3) Illegally expropriated property which is an object of property reform shall not be liable for return if:

- (1) the rightful subjects of property reform do not demand the return of the property, but request compensation;
- (2) the property is no longer in existence in its original unitary form;
- (3) the property is under a person's good-faith ownership;
- (4) the property is a building under the ownership of the state, legal entity or municipality, which is occupied by physical or legal entities on the basis of a rental agreement, and the rightful subject is not prepared to adopt the rights and obligations resulting from the present agreement;
- (5) by decision of the Supreme Council of the Republic of Estonia, the return of a cultural or community object, or an object under the protection of the state, damages the interests of the Republic of Estonia, or, by decision of a local government council, the return of a cultural or community object currently under municipal control or on its administrative territory or object under local protection damages the interests of the local administrative body;
- (6) the property is located on territory which currently is not under the jurisdiction of the Republic of Estonia. Questions relating to the return of the afore-mentioned

property shall be resolved by inter-state negotiations. Rightful subjects of property reform have the right to demand compensation, in which case they lose the right to demand the return of the property at a later date.

4) Residential property, under the ownership of the state, a legal entity or municipality, which is occupied by physical entities (persons) as residential accommodation based upon a rental agreement shall be liable for return only should the rightful subject of property reform, who demands the return of the property, take upon his/herself all the rights and obligations resulting from the rental agreement entered into by the renter. The renters living in residential property which is liable for return have the right, in the present case, to apply for new living space.

5) Procedural questions in the return of property shall be decided by the Government of the Republic of Estonia or the executive body of the local government, in the manner determined by the Government of the Republic of Estonia.

6) By decision of the Supreme Council of the Republic of Estonia or local government council, it shall be possible to obligate that the current utilization or the fulfillment of protective procedures in respect of the property be continued. Fulfillment of the above-mentioned responsibility shall be guaranteed by an agreement entered into by the Government of the Republic of Estonia, or the executive body of local government, and the rightful subject of property reform.

Article 13. Compensation Of Illegally Expropriated Property

1) If illegally expropriated property, which is an object of property reform, is no longer in existence, or it is not returned according to Paragraphs 3 and 4 of Article 12 of the present Law, or if the property is stocks or bonds, then the state shall provide compensation. Physical entities (persons), legal entities and local government bodies, who have under their control illegally expropriated property, which is not returned according to the cases specified in Paragraphs 3 and 4 in the present Law, or under whose control the property has been destroyed, or has passed from its control in some other way, are not obligated to provide compensation, except in the cases specified in Article 14 in the present Law.

2) The value of the property shall be compensated to the persons detailed Points 1-4 of Paragraph 1 of Article 7 of the present Law.

3) The illegally expropriated property of illegally repressed and rehabilitated persons, which is not a subject of property reform according to Article 11 Paragraph 1 shall also be compensated to the extent determined by the Supreme Council of the Republic of Estonia.

4) Unreceived profits shall not be compensated.

5) The value of the property shall be compensated based on the value at the time of illegal expropriation. If the value of the returned property has decreased, the difference in value shall be compensated. If the value of the returned property has increased, the person, to whom the property has been returned, shall compensate the difference in value.

6) If it is not possible to determine the value of the illegally expropriated property, it shall be compensated to the extent determined by the Supreme Council of the Republic of Estonia.

Article 14. Return or Compensation of Collectivized Property

1) Property collectivized during the establishment of collective farms shall be returned or compensated on the same bases as other illegally expropriated property, unless otherwise specified in the present Law or in other laws of the Republic of Estonia.

2) A register of collectivized property and their previous owners shall be prepared as a separate register, according to procedures in Paragraph 3 of Article 16 of the present Law.

3) If it is not possible to return collectivized property, it shall be compensated, in the manner determined by laws of the Republic of Estonia, by:

- (1) the collective farm, during the establishment of which the property was collectivized; after the re-organization of a collective farm, that collective farm into whose possession the collectivized property was transferred;
- (2) the legal entity, which was established upon the re-organization or disbanding of the collective farm, if it is the legal successor of the collective farm, or if part or all of the property of the collective farm has been transferred to it;
- (3) the state, if the collective farm which has been established by collectivization of the property has been re-organized into an enterprise based on state property; if the collective farm has no legal successor, or if it

is not possible to determine one; if the collective farm or its legal successor lacks assets.

4) Collectivized property, which has been returned or compensated by the collective farm at the time of enactment of the present Law, shall be settled according to the compensation specified in Paragraph 3 of the present Article.

5) If the rightful subject is a farmer, then he/she has priority to receive compensation in kind.

6) According to the applicable law of the Republic of Estonia, collectivized property may be returned earlier than specified in Paragraph 2 of Article 17 of the present Law.

Article 15. Differences in the Return or Compensation of Nationalized Land

The present Law shall be implemented in the process of the return or compensation of nationalized land or other natural objects, unless the Republic of Estonia Land Law specifies otherwise.

Article 16. Filing Applications For Return Or Compensation of Illegally Expropriated Property, and Assessments

1) Rightful subjects of property reform have the right to file applications for the return or compensation of illegally expropriated property until December 27, 1991. Documents pertaining to the ownership, description and evaluation of the property should be included with the application.

2) Procedures for filing applications and for their examination, as well as documentary evidence and assessments shall be determined by the Government of the Republic of Estonia.

3) Based on the filed applications, the Government of the Republic of Estonia shall compile a register of previous owners and property.

Article 17. Procedures For Return and Compensation of Illegally Expropriated Property

1) According to the value of the property entered into the register as per Paragraph 3 of Article 16 of the present Law, determined by the Supreme Council of the Republic of Estonia according to Paragraph 2 of Article 11, the rightful subject of property reform shall be issued nominal and inheritable bonds. These nominal bonds shall not be issued as compensation for collectivized property by a collective farm or other legal entity

in the cases specified in Points 1 and 2 of Paragraph 3 of Article 14 of the present Law.

2) Illegally expropriated property shall be returned, after the compilation of the register of previous owners and property, by decision of the Government of the Republic of Estonia or the executive body of the local government on the basis of bonds specified in Paragraph 1 of the present Article, abiding by Article 12 of the present Law.

3) Illegally expropriated property shall be compensated by the exchange of bonds specified in Paragraph 1 of the present Article for stocks or other property liable for privatization, or by other means.

4) The method and procedures for compensation shall be determined by the Supreme Council of the Republic of Estonia.

5) A person who is a rightful subject of property reform has no right to demand the return or compensation of illegally expropriated property in regard to that property which has already been returned or compensated.

6) Persons, whose property was expropriated due to repressions or who were forced to give up or abandon their property due to the genuine threat of repression, to an arbitrary act by an official or based on an illegal resolution, shall have returned to them or be provided with compensation, the illegally expropriated property which is subject to property reform, after the presentation of the rehabilitation certificate or the court decision proving the illegality of the expropriation. The above-mentioned persons shall apply to the courts or to the applicable state body for the court decision or rehabilitation certificate within 6 months of the passing of the present Law.

Article 18. Transactions with Illegally Expropriated Property and Responsibility of the Property

1) Until the questions of the return of illegally expropriated property which is subject to property reform has been decided, it is forbidden for the state and local government bodies and other legal and physical entities, under whose ownership or control the property is, to change the form of ownership of the property, unless otherwise specified in the present Law. Transactions which violate this prohibition shall be considered null and void.

2) The owners and proprietors of property described in Paragraph 1 of the present Article are obligated to guarantee

the preservation of the property. Should this obligation not be fulfilled, they shall be obligated to compensate the damage.

Article 19. Resolution of Disputes Regarding the Restoration or Compensation of Illegally Expropriated Property

Disputes arising from the restoration or compensation of illegally expropriated property shall be resolved in court.

III. Municipalization

Article 20. Interpretation of Municipalization

In the present Law, municipalization shall be interpreted as the transfer of property ownership from state to a district, township, town, city of republican subordination or county (henceforth referred to as municipal ownership) or to the common ownership of the stated local government body, with or without future obligation to privatize in the process of property reform.

Article 21. Object of Municipalization

1) The object of municipalization shall be state property located on the territory of the respective district, township, town, city of republican subordination or county and which is not necessary for the Republic of Estonia as a whole to guarantee social and economic development, and for which it is not practical to carry out privatization through state privatization programs. The list of property which shall not be municipalized shall be confirmed by the Presidium of the Supreme Council of the Republic of Estonia.

2) The municipalization of land and other natural objects shall occur according to the conditions and in the manner stipulated by the Land Law of the Republic of Estonia.

Article 22. Subjects of Municipalization

1) The rightful subjects of municipalization shall be the local government councils of districts, townships, towns, cities of republican subordination and counties, which have the right to demand the transfer to municipal ownership of state property, which is located on their territory and subject to municipalization. Until a district, township or town has been accorded local government status, in the manner determined by the Law of the Republic of Estonia, the rightful subject of pro-

property transferred into their municipal ownership shall be the respective village council, township or town council, who has the right to demand the transfer of property located on their territory to the control of the second level of local government.

2) The subject of the obligation to municipalize are those state bodies which are obligated, according to the conditions and in the manner stipulated by law, to transfer state property to municipal ownership; as well as the councils of the second level local government which are obligated, according to Point 4 of Article 25 of the present Law, to transfer property, previously transferred to their control, to the bodies of first level local government.

Article 23. Procedures for Municipalization

1) State property shall be transferred to municipal ownership free of charge, according to the present Law, to the resolutions of the Government of the Republic of Estonia and the procedures stipulated by the Government of the Republic of Estonia.

2) Local government councils may apply for the transfer in stages of property subject to municipalization according to the readiness of the local government to possess, utilize and command property subject to municipalization.

Article 24. Transfer of Property Rights During the Municipalization of Property

1) The transfer of state property to municipal ownership shall be carried out through an agreement signed by the local government body and a state government body as determined by the Government of the Republic of Estonia.

The property rights of property being transferred shall be transferred as of the moment of the signing of the above-mentioned agreement.

2) All rights and obligations arising from present contracts shall be transferred to the local government body at the moment of signing of the agreement mentioned in Paragraph 1 of the present Article.

Article 25. Second Level Local Government Body As Administrator of First Level Municipal Property

Until juridical recognition of the local government status of a town, township or city, the property to be transferred to

municipal ownership shall be received and controlled by the executive body of the second level local government which:

- (1) may alienate the said property, or grant use of, either for payment or free of charge, only by resolution of the respective village, township or town council;
- (2) may reorganize or disband enterprises, institutions or other organizations only by resolution of the respective village, township or town council;
- (3) shall be obligated to guarantee the preservation and use of the said property, proceeding from the interests of the respective village, township or town;
- (4) shall be obligated to transfer the said property to the district, township or town council, once its local government status has been recognized, within three months from the day the demands by the district, township or town are presented.

Article 26. Property Transferred to County Ownership

1) The state shall transfer only such property to county municipal ownership as is necessary for the activity of the county's local government bodies and for the common needs of the county's residents.

2) The interests of first level local government must be given priority over interests of the county if there is no important reason to decide otherwise.

3) In the transfer of property to municipal ownership for common use of residents of a number of first level administrative units, the common property of a number of first level local government units must be given priority over county property.

Article 27. Municipalization of Illegally Expropriated Property

In the case where illegally expropriated property is transferred to municipal ownership, the obligation to return such property is transferred to the local government body. Property under the administrative control of the county government, and property stipulated to be transferred to a district, township or town, shall be returned to the previous owner by the county government, in the manner determined by law, and in this case, the limitations imposed by Point 1 of Article 25, Point 1 of the present Law shall not be implemented.

Article 28. Municipalization with Obligation to Privatize
1) The Government of the Republic of Estonia may stipulate, in its decision to transfer property which is subject to municipalization, the obligation of the local government body to privatize the said property within a determined time period.

2) In the case that the above mentioned obligation is not fulfilled, property transferred to municipal ownership with obligation to privatize shall be returned to the state which shall then carry out the privatization itself.

Article 29. Legal Position of Present Proprietors of Property Transferred to Municipal Ownership

Local government bodies shall determine the legal status of the present proprietors (enterprises, institutions and other organizations) of property which has been transferred to them, within three months of the enactment of municipal property rights.

Article 30. Transfer of Property of Cooperative and Community Organizations to Municipal Ownership

1) The local government body shall have the right of priority of purchase in the expropriation of property under the ownership of cooperative and community organizations and of legal entities, which is required to service the social and cultural needs of residents of the local government administrative units. Should the local government body not utilize the right of priority of purchase, it has the right, regarding the expropriation of the property, to demand that the new owner continue the current utilization of the property.

2) Property under the ownership of cooperative and community organizations, and of other legal entities, which is required to service the social and cultural needs of residents of the local administrative unit, shall be transferred, either for payment or free of charge to municipal ownership, on the proposal of the local government council and by resolution of the Supreme Council of the Republic of Estonia, if the owner of the property changes the utilization of the property, and in doing so, causes a deterioration in the condition of the residents of the local administrative unit. A list of this property shall be approved by the local government council, and the current owner of the property shall be notified. Transactions regarding the property registered in the list are prohibited from the day that the list is approved, and trans-

actions which violate this prohibition shall be considered null and void.

Article 31. Resolution of Disputes Regarding to Municipalization

1) Disputes regarding the transfer of state property to municipal ownership shall be resolved in the manner determined by the Government of the Republic of Estonia.

2) Should there be disagreement with decisions made in accordance with Paragraph 1 of the present Article, there shall exist the right to apply to the courts.

IV. Privatization

Article 32. Interpretation of Privatization

Privatization shall be interpreted, in the property reform process, as the transfer of state and municipal property either for payment or free of charge to the ownership of persons of to the common ownership of persons.

Article 33. Object of Privatization

1) The objects of privatization are state or municipal property, which do not need to be left in state or municipal ownership in order to guarantee the social and economic development of the Republic of Estonia or the local government unit.

2) The privatization of land and other natural objects shall occur according to the conditions and in the manner stipulated by the Land Law of the Republic of Estonia.

Article 34. Subjects of Privatization

1) The rightful subjects of privatization shall be the persons described in points 1-4 of Paragraph 1 of Article 7 of the present Law, as well as persons who are permanent residents of the Republic of Estonia, or only those joint stock companies and other economic associations who are registered in the Republic of Estonia and are based on those persons' common property, in the case where the joint stock company or economic association has been formed by the amalgamation of the owners' property and not through the allotment of property of a previously existing legal entity.

2) The rightful subjects of privatization shall be the per-

sons named in Article 39 under the conditions and in the manner stipulated by law.

3) The circle of rightful subjects of the privatization of special types of property may be restricted or presented with additional conditions by the Law of the Republic of Estonia.

4) The subjects of the obligation to privatize are those state bodies which are obligated under the conditions and in the manner stipulated by law to privatize state property, as well as the local government bodies which are obligated in those cases stipulated in Article 28 of the present Law to privatize municipalized property.

Article 35. Regulation of Privatization

1) The Government of the Republic of Estonia shall regulate the privatization of state property and shall determine the objects of privatization if not otherwise stipulated in the Law of the Republic of Estonia.

2) The governments of districts, townships, towns and cities of republican subordination shall regulate the privatization of municipal property.

3) Property shall be privatized in stages, taking into account the differences between the objects, according to the conditions and in the manner determined by the Supreme Council of the Republic of Estonia.

Article 36. Methods of Privatization

1) The primary method of privatization shall be the sale of property for those bonds and National Investment Debentures which have been issued as compensation for illegally expropriated property.

2) Property being privatized shall be sold using all methods which are not in contradiction with laws of the Republic of Estonia.

3) Laws of the Republic of Estonia may specify other methods of privatization other than sale.

Article 37. National Investment Debentures

1) Permanent residents of the Republics of Estonia shall be issued National Investment Debentures, the conditions and regulations of issue and the bases of evaluation of which shall be determined by the Supreme Council of the Republic of Estonia.

2) National Investment Debentures shall be nominal and

inheritable. They can be used only in the purchase of property being privatized.

Article 38. Priority of Purchase in the Privatization of Property

1) Priority of purchase in the privatization of property belongs to the owners of bonds and debentures issued according to Articles 17 and 37 of the present Law.

2) The Government of the Republic of Estonia or a local government body may grant priority for purchase of property being privatized, which is under the control of an enterprise or its sub-unit, to the employees of an enterprise or its sub-unit, or to the local residents in regard to property being privatized on the given administrative territory, or to persons using the property being privatized according to an agreement.

Article 39. Participation of Foreigners in Privatization

1) Citizens of foreign countries, stateless persons, and legal entities based on their capital (henceforth foreigners) may purchase property for sale in the Republic of Estonia in the process of privatization. Those joint stock companies and other economic associations in which the stockholders or partners include foreigners shall be considered as foreigners in the present Article.

2) The Department of State Assets of the Republic of Estonia, along with local government bodies, shall compile the list of property intended for sale to foreigners and shall present it for confirmation to the Supreme Council of the Republic of Estonia.

3) Foreigners must advise of their desire to purchase to the Department of State Assets of the Republic of Estonia, in the manner determined by the Government of the Republic of Estonia.

4) The Department of State Assets of the Republic of Estonia shall keep a registry of foreigners and shall, with the Bank of Estonia, organize the sale of objects confirmed by the Supreme Council of the Republic of Estonia by process of auction, competition for business ideas or the sale of stocks.

5) Property shall be sold to foreigners only for freely convertible currency.

6) The carrying out of auctions, competitions for business ideas and the sale of stocks shall occur in the manner determined by the Government of the Republic of Estonia.

7) Those citizens of foreign countries and stateless persons who were citizens of the Republic of Estonia on June 16, 1940 and their direct descendants shall have priority in the privatization of property, all other conditions being equal.

Article 40. Privatization of Property of Cooperatives or Community Organizations

1) The Supreme Council of the Republic of Estonia, through a resolution, may require a cooperative, state-cooperative or community organization to privatize property in their possession according to the manner stipulated in the present Law or in other laws of the Republic of Estonia.

2) The privatization of the property of collective farms either for payment or free of charge shall occur only in the manner stipulated in the present Law and in legal documents adopted on the basis of the present Law.

Article 41. Settlement of Disputes Regarding Privatization

1) Disputes involving the privatization of state or municipal property shall be settled in the manner determined by the Government of the Republic of Estonia, if not otherwise stipulated by the Law of the Republic of Estonia.

2) Should there be disagreement with decisions made in accordance with Paragraph 1 of the present Article, there shall exist the right to apply to the courts.

V. Re-nationalization

Article 42. Re-nationalization of Property

1) Re-nationalization of property in the interpretation of the present Law is the return of property, which was transferred free of charge to the ownership of cooperatives, state-cooperatives and community organizations, to the ownership of the Republic of Estonia.

2) The re-nationalization of property shall occur in the manner determined by the Supreme Council of the Republic of Estonia, and disputes regarding demands for the return of property shall be resolved by the courts, as a result of one of the parties requesting court action.

A. Rüütel
Chairman of the Supreme Council Republic of Estonia

Tallinn, June 13, 1991.

**RESOLUTION
OF THE SUPREME COUNCIL OF THE REPUBLIC OF ESTONIA
ON THE APPLICATION OF THE LAW ON THE BASES
OF PROPERTY REFORM**

The Supreme Council of the Republic of Estonia resolves:

1. To enact the Law on the Bases of Property Reform (henceforth "Bases") as of the day of the adoption of the present Resolution.

2. The transfer of property (return, municipalization, privatization, re-nationalization) in the process of the property reform shall occur only on the bases of "Bases" and of legal documents arising from it. "Bases" shall not regulate civil property matters outside the property reform. The alienation of property returned and privatized in the property reform process, except bequeathing, is prohibited until the enactment of a law regulating the alienation of the said property.

3. Community organizations are rightful subjects of the property reform as interpreted in Article 9 of "Bases", if the intent of the activity of the organization (society, fraternity, association etc.) was non-profit oriented.

The Government of the Republic of Estonia shall have the right, as an exception, to give organizations, whose statutory activity has been terminated or those whose activity was profit oriented, priority of purchase and other advantages in the privatization of property illegally expropriated from them.

4. Bodies of local government shall have the right to provide advantages for renters living in houses which are returned when granting new residential accommodation and privatizing apartments.

5. Questions of the return or compensation of illegally expropriated property for those rightful subjects of the property reform who left Estonia on the basis of agreements concluded with Germany, shall be resolved according in the manner determined by inter-state agreements.

6. To assign the Government of the Republic of Estonia the task of:

1) presenting proposals to coordinate valid laws of the Republic of Estonia with "Bases" and the present Resolution to the Supreme Council of the Republic of Estonia, by August 15, 1991;

2) amending decrees of the Government of the Republic of

Estonia and other legal documents such that they are in accordance with "Bases" and the present Resolution;

3) determining the procedures for the filing of the applications stipulated in Paragraph 2 of Article 16 of "Bases", their examination, the presentation of documentary evidence and assessment, by July 20, 1991;

4) determining the procedures for the return of property stipulated in Paragraph 5 of Article 12, for the resolution of disputes stipulated in Articles 31 and 41, and of the participation of foreigners in privatization as stipulated in Paragraphs 3 and 6 of Article 39 of "Bases", by August 15, 1991;

5) determining what property is necessary as state property for the Republic of Estonia as a whole for the guarantee of social and economic development, as well as property for which it is practical to privatize on the basis of state privatization programmes, by August 1, 1991; of determining the procedures of the municipalization of property stipulated in Article 23 of "Bases" and of commencing municipalization directly thereafter;

6) presenting the procedures for and extent of the compensation of property stipulated in Paragraphs 3 and 6 of Article 13 of "Bases" and the simplified procedures for the rehabilitation stipulated in Paragraph 7 of Article 17 and the draft of the simplified procedures for the presentation of documentary evidence of the illegal expropriation of property to the Supreme Council of the Republic of Estonia, by September 15, 1991;

7) presenting drafts of the procedures for the privatization and re-nationalization of property belonging to cooperative or community organizations as stipulated in Articles 40 and 42 of "Bases" to the Supreme Council of the Republic of Estonia, by September 1, 1991;

8) presenting the conditions for and the draft determining the procedures for the issue of National Investment Debentures as stipulated in Article 37 of "Bases" to the Supreme Council of the Republic of Estonia, by September 15, 1991;

9) presenting the draft of the procedures for the alienation of nominal bonds and National Investment Debentures stipulated in Articles 17 and 37 of "Bases" to the Supreme Council of the Republic of Estonia, by March 1, 1992;

10) determining the property which is subject to privatization and of determining the approximate value of the property and of presenting the outline of the draft for the conti-

nuation of privatization as stipulated in Article 35 to the Supreme Council of the Republic of Estonia, by November 1, 1991;

11) presenting the draft of the determination of the value of property which are objects of the property reform as stipulated in Paragraph 2 of Article 11 of "Bases" to the Supreme Council of the Republic of Estonia, by October 1, 1991;

12) guaranteeing the compiling of the register of former owners and property stated in Paragraph 3 of Article 16 of "Bases", by March 1, 1992, of presenting the draft determining the procedures and manner of compensation stipulated in Paragraph 4 of Article 17 of "Bases" to the Supreme Council of the Republic of Estonia, by April 1, 1992;

13) presenting the draft determining the procedures for the return and compensation of collectivized property as stipulated in Article 14 of "Bases" and the draft determining the procedures for the reorganization and disbanding of collective farms stipulated in point 8 of the present Resolution to the Supreme Council of the Republic of Estonia, by September 15, 1991;

14) presenting the draft determining the future civil property matters of property returned and privatized as stipulated by point 2 of the present Resolution to the Supreme Council of the Republic of Estonia, by April 1, 1992;

15) working out the necessary organizational and economical methods for the organization of the property reform.

7. Property for which the rightful subject is a local government body, which with its decision has announced the suspension, non-fulfillment or the invalidity of the Law of the Republic of Estonia or other legal acts on its administrative territory, shall not be subject to municipalization.

8. To enact that the reorganization and disbanding of organizations of collective farms and the EKE (Estonian Village Construction) system and new organizations created through the appropriation of their property and the command of their fixed assets may occur only in the manner stipulated in the respective law, with the exception of their sale or transfer to farmers.

The Government of the Republic of Estonia may make exceptions in the sale, full depreciation or other transactions regarding the fixed assets of the said organizations.

9. To consider invalid all transactions which are in contradiction with the July 17, 1990 resolution of the Supreme Coun-

cil of the Republic of Estonia "On the Initial Methods for the Organization of the Privatization Process", as well as transactions, which are in contradiction with points 8 and 10 of the present Resolution and are executed after the Resolution has come into force. The provisions stated in Article 52 of the Civil Code shall be applied to such transactions.

10. To enact that it is prohibited, in addition to the stipulations in the July 17, 1990 Resolution of the Presidium of the Supreme Council of the Republic of Estonia "On the Initial Methods for the Organization of the Privatization Process", to lodge circulating mediums which are considered as fixed capital in the accounts of enterprises and other organizations under state ownership into an enterprise, cooperative or other organization in which individuals participate, as well as to fully depreciate state-owned fixed assets.

11. To enact that the July 17, 1990 Resolution of the Presidium of the Supreme Council of the Republic of Estonia as well as points 8 and 10 of the present Resolution shall not extend to:

1) the sale of fixed assets on the decision of the administrative council of a state enterprise or the directors of state joint stock companies and the placement of the fixed assets or their circulating mediums into an enterprise or other organization, in which persons (physical entities) participate, as well as when the said transactions may be made by a leasing agreement;

2) the full depreciation of the amortized fixed assets of state enterprises, state joint stock companies or fixed assets which have been leased;

3) the founding of joint ventures with participation of foreign capital in the placement of fixed assets and circulating mediums into the founding capital of the enterprise with the permission of the Government of the Republic of Estonia;

4) in accordance with the December 13, 1990 Law of the Republic of Estonia "On the Privatization of State Service, Trade and Catering Enterprises" and the December 13, 1990 Resolution of the Supreme Council of the Republic of Estonia "On the Enactment and Application of the Law of the Republic of Estonia "on the Privatization of State Service, Trade and Catering Enterprises"", to the privatization of property according to the procedures enacted in the above-mentioned law, with the exception of the property stipulated in Point 2 of the above-mentioned resolution.

12. To enact that until the decision on the return of illegally expropriated property, the present proprietors of the property have the right to lease or transfer it to titled possession or to renew the said agreements only without the stipulation of an expiry date (this provision shall not extend to lease agreements for residential accommodation). The said agreements are subject to cancellation on the demand of the owner within three months from the day on which, according to an agreement, the user is informed of the decision to return the property.

13. To suspend the finer felling of forests growing on illegally expropriated land until the adoption of a decision on the question of return. Finer felling which occurs on illegally expropriated property after the present Resolution has come into force shall be considered to be illegal and responsibility shall be applied in the manner determined by law.

14. Cooperative and community organizations as interpreted by Articles 30 and 40 of "Bases" shall only be collective farms (including fishing collectives), EKE (Estonian Village Construction) organizations and organizations formed by the appropriation of their property, ETKVL (Association of Estonian Producers' Cooperatives) organizations, community mass organizations (The Communist Party of the Soviet Union, unions, etc.) and other cooperative and community organizations which have been given state property free of charge.

A. Rüütel
Chairman of the Supreme Council of the Republic of Estonia.

Tallinn, June 20, 1991

Law on Privatization of State-Owned and Municipal Residential Buildings and Flats - April 16, 1992

Overview translation by Ms. Vive Uss.

Art.1. Task of the law.

To establish the objects, subjects, conditions and procedures of privatization.

Art.2. Aim of the law.

(1) For individuals to obtain living space as property thereby providing better maintenance and preservation of housing. (2) The state will provide subsidies (installment plans, loans, etc.)

Art.3. Objects of privatization.

- (1) Residential buildings and flats.
- (2) The corresponding proportional part of the common space of the building, determined according to the total space of each apartment.
- (3) Rooms belonging to different legal bodies in the same house. (Details to be provided from the government.)
- (4) Subject to privatization:
 - a. rented lodgings
 - b. apartments to be reconstructed or needing capital repairs.
 - c. free spaces.
- (5) Property that will not be privatized:
 - a. Official lodgings and dormitories.
 - b. Apartments "hired" by more than one tenant, unless they all agree on privatization.
 - c. If tenants are under legal action.
 - d. Property in the process of restitution.
- (6) Special conditions concerning spaces under preservation.
- (7)* Privatizing apartment stores(?) before tenant cooperatives are formed. (* indicates that complete translation of this section has been requested.)
- (8)* Local authorities determine what won't be privatized in connection with taking down, reconstruction, turning into tenement (?) houses, etc.
- (9)* Re state subsidies and space limits.

Art.4. Legal subjects of privatization.

- (1) Uninhabited space can be legally obtained by permanent residents at least 18 years of age.
- (2) Leasing contract for a family.

(3) Individual members of a family or one tenant as owner of a larger house.

Art.5.* Privileged ownership.

(1)

1). Tenants having leasing contract.

2) Tenants in buildings that are to be reconstructed.

3) Inhabitants of free space (not clear where this fits in). Individuals left without apartments after their apartments were restituted for labor and/or compensation vouchers. (Maybe this means that such homeless people have priority access to free space - GB)

(2) Given above, subjects to be determined by:

1. For state owned spaces - the institution that governs the specific space.

2. For municipal spaces - locally appointed executive institutions.

(3) Local municipalities can establish certain limits.

Art.6. Institutions subject to this law.

1. For state owned living space - the institution governing the space.

2. For municipal holdings - the legal body that governs the space.

3. For collectively owned spaces, when one owner is the state or local government - the legal body which governs in fact (the consent of the other owners is also necessary).

Art. 7.* Pricing.

(1) not translated

(2) Pricing for buyers using restitution vouchers is to be established by decrees using methodology to be established by the government.

(3) Methodology for foreign currency pricing to be worked out by the government.

(4) Discounts and flexible pricing to be allowed by the government on case by case basis.

(5) Obligors (owners?GB) to determine the price of the space to be privatization.

(6) Courts decide cases in which agreement cannot be reached.

Art. 8*. Means of payment for privatized living space.

(1) and (2) payment mechanisms are to be implemented using popular capital obligations, restitution vouchers, lawful currency and freely convertible currency.

(3) Installment plan is possible. Details are to be worked out by the government.

Art. 9 - title not translated.

In some cases uninhabited spaces can be privatized by auction, when so decided by the local authorities.

Art. 10* - Issuing popular capital obligations

(1) Common vouchers are vouchers to be provided to the permanent inhabitants in January 1992 (presumably "as of" - GB)

(2) One voucher equals 1 m2 for each year worked on the territory of Estonia from Jan. 1, 1945.

(3) Not translated, but from context refers to following additional eligibility (GB):

1. Membership in creative and trade unions.
2. Work in registered religious organizations.
3. Time worked on farms before collectivization.
4. Working for Estonian organizations outside of Estonia.
5. Conscription.
6. Studying.
7. Illness, raising children until they are 3.
8. Period of registered unemployment and continued studies.
9. Not translated.
10. Period of being under arrest if rehabilitated subsequently.
11. Period on pension.
12. Period of living in orphanage between ages of 10-24.

(4) Additional vouchers to be provided if the living space was "torn off" because the land was needed for state or social purposes and the inhabitants did not receive compensation. Size of the voucher is to be equal to the former space.

* Art.11* Usage of vouchers.

(1) Gift to spouse, parents, relatives, sisters, brothers.

(2) Vouchers of all family members can be used for privatization.

(3) Vouchers can be used for 4 years from issuance.

(4) The etalon unit (1 m² of a certain kind of block house) is the basis for establishing the value of vouchers for other types of housing according to their quality and location.

(5) Vouchers are valued in currency valid in the Republic of Estonia. Their compatibility (convertibility? - GB) in privatizing other state or municipal properties is to be established by the government.

X(6) Ways of using vouchers as money.(?GB)

Art. 12.* Privatization for restitution vouchers.

Restitution vouchers can be used as means of payment for privatizing living space. The conditions are to be elaborated by the government.

Art. 13*. Privatizing for money.

Official currency is allowed. Exchange rates for foreign currency are to be determined.

Article 14.* Formalization of the transactions.

- (1) Contract between seller and buyer.
- (2) Contract to be confirmed by a lawyer and registered.
- (3) Unconfirmed contracts are not valid.
- (4) Buyer's tax of 1% on houses and 0.5% on apartments.
- (5) Contract to fix selling price and other conditions.

Art. 15*. Establishing ownership rights.

Titles of articles 16-21 still to be translated.

housing

DECREE OF THE GOVERNMENT
OF THE REPUBLIC OF ESTONIA
NO. 416

On organization of Privatization of Housing

Pursuant to the general principles as provided Law of the Republic of Estonia on Privatization of State and Municipal Housing as well as from the tasks set by the Resolution of the Supreme Council of the Republic of Estonia "On Application of the Law of the Republic of Estonia on Privatization of State and Municipal Housing as of May 4, 1992" as well as in order to start the process of privatization of housing the Republic of Estonia Government rules:

1. To approve the Appendices hereto:

- 1) "Order of Privatization of State and Municipal Housing";
- 2) "Directions on Determination of Evaluation Coefficient in Privatization of Housing";
- 3) Exemplary Statutes of an Apartment Society.

2. The city and county governments as well as possessors of state housing shall, pursuant to Article 1 of this Decree :

- 1) elaborate and approve necessary normative acts organizing and regulating the privatization process in the territory under their administration for for September 1, 1992, the latest;
- 2) promptly inform the residents about the conditions and order for privatization of housing in the territory under their administration ;
- 3) settle disagreements arisen between residents in the process of privatization of housing within 5 days calculated from the date of appeal to the city or county government or the possessor of the housing unit.

3. The Ministries and State Boards of the Republic of Estonia shall supervise the activities of state enterprises, institutions and organizations under their administration in the process of privatization of housing and grant necessary assistance.

4. 18 m² of total living area per family member and an additional 15 m² per family shall be adopted as a socially motivated standard for housing.

5. The Ministry of Finances of the Republic of Estonia in cooperation with the Ministry of Economics and the Ministry of Construction of the Republic of Estonia as well as the Banks of the Republic of Estonia shall settle all matters necessary for granting mortgages to the residents for January 1, 1993 the latest.

6. The Ministry of Construction together with the Ministry of Economics and Ministry of Finances of the Republic of Estonia shall inform the Government of the course of privatization of housing twice a year. The State Statistics Department shall implement relevant statistical reports.

7. The executive bodies of local government and the possessors of state housing shall offer necessary assistance in establishing state and municipal housing tenants' societies (the aim of the societies being the maintenance, current repairs and keeping in order of the housing unit as well as mediation of public services) up to the point of establishment of Apartment Societies in the privatization process.

The State Housing Board of the Republic of Estonia shall elaborate the standard statutes for tenants' societies.

Chairman of the Republic of Estonia Government T. VAHI
Republic of Estonia State Minister U. VEERING

Tallinn, Toompea as of August 5, 1992. No 225

Approved
by the Government Decree
No. 225, as of August 5, 1992 of the
Republic of Estonia

Order of Privatization of State and Municipal Housing

1. General provisions

1. This order shall be valid for privatization of buildings and apartments (hereinafter: housing) belonging to the Republic of Estonia and local governments to private persons.

2. Housing units under lease shall be privatized above all to the present tenant or one of his adult family members in cohabitation with him according to the family members' mutual written consent approved by the local government. If the tenant or any adult family member living together with him does not wish to acquire the housing it shall remain in state or municipal property or shall be privatized in accordance with the Article 4.3 of the Law on Privatization of State and Municipal Housing of the Republic of Estonia (hereinafter Privatization Law).

3. Housing to be reconstructed or to undergo capital repairs shall be privatized according to Article 2 of this Order, if the tenant has not been granted alternative permanent housing in connection with the reconstruction or repair works. In case alternative permanent housing shall be granted, privatization of the housing to be reconstruction or repaired shall take place according to the order of privatization of unoccupied housing.

4. Unoccupied housing can be procured by any person of at least 18 years of age, who have been a permanent resident of the Republic of Estonia for at least the last 5 years (permanent registration or permanent residence permission needed).

Unoccupied housing shall be interpreted as:

- new or thoroughly repaired or reconstructed buildings not yet leased out, also housing vacated in connection with termination of lease contracts by previous tenants.

Unoccupied housing belonging to the state shall be privatized by the enterprise, institution or organization in whose possession (balance

2 / sheet) the housing under privatization is. The right of first refusal in acquiring the housing shall belong to the tenants of the building returned to the subjects of the Property Reform as well as in cases of purchase for national capital obligations or to persons paying in Securities issued as compensation for unlawfully alienated property. The enterprise, institution or organization in possession of the privatized housing unit shall determine the subjects for privatization from among the above persons, proceeding from the person's need for living space and the quality of his present living quarters. The Manager of the enterprise shall then choose the actual buyer together with the local government from among the entitled subjects to the housing under privatization.

The entitled subjects to unoccupied housing belonging to municipal property shall be determined by the executive body of local government according to the order approved by the municipal council.

5. For privatization of housing situated in different regions the local government shall compare the living conditions (environment, infrastructure) of the regions of the city (settlement) and determine a comparison or a zone coefficient (0,5 - 1,5 compared to the standard (1,0 zone) for each region. The same zone coefficient shall be applied in case of privatization of buildings situated in the same region.

6. Unoccupied apartments in apartment buildings shall be privatized as part of the building corresponding to the size of the apartment together with auxiliary buildings (if they are subject to evaluation under this Order), based on the part of the apartment's total area in the total area of all the apartments in that building.

The total area of the apartments shall be interpreted as the grand total of floor space of all the rooms in the apartment as well as the floor space of built-in closets, balconies, verandas, terraces and unheated storage space. The following reduction coefficients shall be taken into account: 0,5 for verandas and storage space and 0,3 for balconies and terraces.

7. Privatization of plots of land belonging to the buildings or paying land rental shall be carried out pursuant to the Laws of the Republic of Estonia.

8. City and county governments shall have the right to establish committees for organizing privatization on their territory of

administration presided over by the deputy mayor or deputy governor.

II Order of Sale of Housing

9. Persons wishing to buy housing shall submit the application according to the standard provided in Appendix 1 of this Order to the mandatory subject of privatization of housing (local housing authorities, enterprises or companies) in whose balance sheet the building has been entered to.

10. The possessor of the building shall appoint an assessor who shall calculate the evaluation coefficient of the building according to "Directions on Determining the Evaluation Coefficient in Privatization of Housing" or if employees with the necessary qualifications should not be found, submit an order for determination of the coefficient to the Technical Inventory Bureau or to the assessor appointed by the local government.

11. The Assessor shall calculate the general evaluation coefficient of the building taking into account the zone coefficient determined by the local government, draw up an Act according to the standard provided in Appendix 2 of this Order, sign it together with the possessor of the building and submit the Act for approval to the local privatization committee.

7
' 12. The possessor of the building shall calculate the total area of the housing under privatization according to the evaluation coefficient, determine an imaginary part of the building equal to the living quarters, clarify the manner of payment of the tenant as well as shall draw up an Evaluation Act according to the standard provided in Appendix 3 of this Order.

13. The local government shall determine the price for 1 square meter of total living area (not under 100 EEK) in case of buying housing for cash and other monetary means.

14. Other premises, besides housing in possession of legal or private persons, situated in the building under privatization shall be privatized according to the decision by the mandatory subject of privatization and shall be evaluated according to the order stipulated by the Estonian State Treasury. The right of first refusal in such cases shall belong to the

Apartment Society. In case of it declining to buy the obligor of privatization shall have the right to sell the rooms on auction.

III Official Registration of Privatization of Housing

15. Privatization of housing shall be officially registered as a Contract of Sale entered into between the buyer (entitled subject) and the seller (obligor) according to the standard provided in Appendix 4 of this Order. The above Contract of Sale shall be witnessed by a public notary who shall submit it for registration to the executive body of local government according to the location of housing within three months calculated from the date of being witnessed by the notary.

16. The Property rights to the housing under privatization shall be effective from the moment of witnessing the Contract of Sale by a public notary.

17. The payment for privatized housing in cases of purchasing housing by payment in instalments shall be carried out within 10 years and for young people under 30 years of age within 20 years calculated from the date of purchase in equal instalments on the last day of each quarter of a year.

18. In order to register the payment by instalments officially in cases using national capital obligations, the buyer shall pay for at least 30 per cent of the total living area as the first payment. Young people under 30 years of age shall pay at least 10 per cent using national capital obligations.

19. In order to register the payment by instalments officially in cases of purchase of housing by payment in instalments for money the buyer shall pay at least 30 per cent of the total price of the housing as first payment. Young people under 30 years of age shall pay at least 10 per cent.

20. In cases of purchase of housing by payment in instalments a loan interest shall be applied the annual size of it equaling to inflation percentage + 1 per cent + bank margin.

21. In case of instalment payment being late, a fine for delay not less than 0,1 per cent (of the sum payable quarterly) per each day of delay shall be claimed.

22. A tax (for the part of housing paid in cash) shall be paid at the official registration of the Contract of Sale.

IV Possession and use of privatized housing

23. Privatized housing shall be possessed and used by their owners in accordance with the normative acts of the Republic of Estonia.

24. Administration and use of buildings shall be organized by Apartment Societies established by the owners of housing. The owners can also enter into joint venture contract to carry out the above operations.

25. The owners of housing shall take part in the administration of a building in their common ownership according to mutual consent and proceeding from the size of their share in the common property and the extent of services rendered to them.

26. The Apartment Society shall organize the maintenance and repairs from the contributions of the owners, independantly or under labour contrats entered into with legal or private persons owning an Operation Licence and necessary skills

27. Depending on the wish of Society Members complete or partial care shall be taken of the building. In case complete care is agreed upon, a caretaker shall be employed to keep order, make repairs and take care of the building, its technical networks, common premises and territory as well as make necessary preparations for winter and if required, mediate in rendering necessary public services to the residents. Contracts of partial care shall be entered into concerning necessary services.

28. In order to take care of a building the Society, Enterprise, Institution or Organization shall enter into Contract providing the obligations of the Parties and terms for compensation. In case of entering into contract, for servicing buildings with privatized apartments the standard form providedd in Appendix 5 shall be applied.

Calculations shall be added to the Contract with indication of costs per single task or service as well as possible fines in case of default. The Appendix above shall be an unseparable part of the contract and shall be signed by all Parties.

29. The society shall compensate for repairs works conducted in the building, incl. for taking care of accidents and breakdowns within the property according to actual costs, not taking into account whether the building is under complete or partial care. If the accident was caused by default of the caretaker, he shall take care of the damage on his own cost and compensate for the loss. The Apartment Owner shall pay for interior repairs in his apartment

FIRST AND
FAMILY NAME

PERSON'S CODE

PLACE OF RESIDENCE

APPLICATION

I wish to purchase the house/apartment located at
(address)

Comments

(place) (date) (signature)

Registered in the house/apartment, located at
(address)

together with the buyer, are the following family members:

Sequence No.	Decree of relationship	Year of birth	First and last name
--------------	------------------------	---------------	---------------------

Data verified by
(position, first and last name)

(place) (date) (signature)

AGREEMENT FOR PURCHASING A LEASED DWELLING

We

(first and family names)

the tenant of the dwelling to be privatized and adult family members living together with the tenant, have agreed upon that the house/apartment which is located

(address)

shall be purchased by

(first and last name)

VALUE OF THE VOUCHERS TRANSFERRED:

(in years worked)

First and last name (also address, if non-tenants)	Degree of relation- ship	Voucher value	Transferred to buyer	Signature
--	--------------------------------	------------------	-------------------------	-----------

Total

I confirm this Agreement

(representative of local self-government, first and last name)

(signature)

(seal)

(place)

(date)

(first and last name)

(signature)

(date)

D E E D of

Determining the Valuation Coefficient of the Dwelling

Valuer

(first and last name)

Owner of the Title to the House

(first and last name of the repre-
sentative of the obligatory subject
of privatization)

Dwelling being valued

address

total floor space

total floor space serviced

beginning of exploitation, year

wall construction of dwelling

size of the plot m^2 , No. of estate

1. Determination of the Valuation Coefficient of a Dwelling

a) ~~XXXXXXXXXXXXXXXX~~ the valuation coefficient (V) of the dwelling,
taking into account depreciation by years of exploitation, in accor-
dance with Table 1 in "Directions for Determining Valuation Coefficie
of Privatized Housing", the sequence No. in Table V_k

b) the valuation coefficient (V_k) of the dwelling, taking into accoun
depreciation as the mean value of depreciation of building constructio
in accordance with Tables 2 and 3 of the Directions for Determining
Valuation Coefficient of Privatized Housing. Deed on Determining the
Depreciation to be added.

No. of Table , sequence No. in Table V_k is

Housing Evaluation Document

Buyer
(first and family name)

Owner of building
(representative's first and family name)

Privatized housing unit
(address)

..... m²
(total floor space) (ready for exploitation, year)

1. Total floor space of housing unit

Seq. no.	Name of housing unit	Total floor space m ²
-------------	----------------------	-------------------------------------

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

Total:

2. General valuation coefficient of the building in which the housing unit (apartment) is situated (according to Article 3 in Appendix 2 to the Order of Privatization of State and Municipal Housing) $V_{gen} = \dots$

3. Calculated total floor space (total floor space x V_{gen}) of the housing unit is m².

4. Individual share of the housing unit in the building
total floor space of the housing unit x 100
----- = %
total floor space of all living units in the building

5. Cost of 1 m² of calculated total floor space, determined by local self-government

6. The buyer proposes payment for 1 m² of calculated total floor space as follows:

- 1) for m² with popular capital obligations;
- 2) for m² with restitution compensation securities;
- 3) for m² in cash.

Appendix: Plan of the housing unit (apartment).

Representative of owner 199 . . .
(signature)

Buyer 199 . . .
(signature)

SALES CONTRACT

..... on the day of the month
(town, county)
in the year one thousand nine hundred ninety

.....
(name of enterprise, institution, organization)
through the person of its representative
(first, last name, address)

who acts on the basis of
(statutes, charter, warrant - the No. of th
latter and date of issue to be shown)

(hereinafter - seller), and
(first and last name)

(hereinafter - buyer), have concluded the present contract in follow
ing:

1. The seller has sold and the buyer has bought
(contract object)

which is located
(county, town, district, village)

..... Street, No. of house, apt. no.
and consists of rooms, a kitchen, hallway, bathroom, lavatory
.....

with a total floor space of m², which comprises % of th
house.

According to the deed of valuation of dwelling, on the basis of the
valuation coefficient the accounted total floor space of the contrac
object is m².

2. The above contract object has been sold to the buyer as follows:
for popular capital obligations m² of the accounted total
floor space, for restitution securities m² of the accounted
total floor space, for
(sum in words and numbers)

cash m² of accounted total floor space
.....
(sum in words and numbers)

and has been paid to the seller by the buyer;

and the buyer has paid to the seller:
for m² of accounted total floor space in popular capital obligations, for ... m² of accounted total floor space
..... in restitution securities, and for
(sum in words and numbers)
.... m² of accounted total floor space
(sum in words and numbers)
in cash, which has been paid to
(to whom and which way of payment

For the remaining m² of accounted total floor space the
buyer will be obligated to pay to the seller
(sum in words and numbers)
in instalment payments not later than
in equal amounts by the last date of each quarter, beginning with
the day of notarization of the present Contract.

In case of delay in fulfilling the obligation, the buyer shall be
obliged to pay a penalty of per cent of the quarterly
amount for each day delayed.

The buyer may make a quarterly payment ahead of the deadline or
pay back the debt ahead of the deadline set forth in this Contract

3. The seller has sold and the buyer has bought the above contract
object:
- 1) without any special terms;
 - 2) with the following special terms:

 - 3) with the following obligations:

4. The seller testifies
that prior to concluding the present Contract, the contract
object has not been expropriated, pawned, no disputes have arisen
concerning the object, nor has it been estopped (arrested)

5. The costs arising from the conclusion of this Contract have
been paid by

6. The transfer of the contract object to the buyer shall be considered as carried out
7. Registration with of the present Contract shall be obligatory within three months from the day of its notarization.
8. This Contract has been drawn up in three copies, of which the first will be kept in the Notary Office, the second will be given to the buyer and the third to the seller.

SELLER:

BUYER:

Lisa 5
«Riiklike ja munitsipaalaluruumide
erastamise korra» juurde

Elamu hooldusleping (näidis)

Meie, allakirjutanud, tänaval asuva maja
number korteriühistu (edaspidi ühistu) juhatause esimehe
.....
(ees- ja perekonnanimi)

isikus, kes tegutseb «...» 199.. a. moodustatud ja
«...» 199.. a. kohalikus omavalitsuses registreeri-
tud korteriühistu põhikirja alusel, ühelt poolt ja
.....
(haldusorganisatsiooni nimi)

juhataja/direktori
(ees- ja perekonnanimi)

isikus, kes tegutseb «...» 199.. a. kinnitatud põhi-
määruse alusel ja on saanud «...» 199.. a. loa
(litsentsi) elamute hooldamiseks ja selle töö vahendamiseks (edaspidi
hooldaja) teiselt poolt, sõlmime järgmise lepingu:

1. Ühistu annab ja hooldaja võtab täielikult/osaliselt* hooldada
elamu, mis on:

ehitatud aastal
tellis-, puit-, suurpaneel elamu trepikojaga
..... korruseline
..... korteriga elamu, milles on kööktuba,
..... ühetoalist, kahetoalist, kolme-
toalist, neljatoalist, viie- ja enamatoalist
korterit
..... sõiduliftiga, kaubaliftiga
telefoniseeritud.

Elamu on varustatud:

teleantenni süsteemiga teleprogrammi vaatamiseks
..... fonolukuga
tuletõrje- ja suitsuärastussüsteemiga
..... elektripliidiga
..... gaasipliidiga
..... gaasiboileriga
..... gaasivanniahjuga
..... ahjuga
vaba-, sundtsirkulatsiooniga küttesüsteemiga
veevarustussüsteemiga

* Mittevajalik läbi kriipsutada.

vaba-, sundtsirkulatsiooniga soojaveevarustussüsteemiga
 sooja vee kiirboileriga
 kütte kiirboileriga
 hüdroforiga
 katlaga
 soojussõlmega abisõlmega
 elamu juurde kuuluvate väliskommunikatsioonidega

Elamu:

bilansiline maksumus
 kulumine
 korterite üldpind m²
 köetav väliskubatuur m³
 kütte soojuskoormus
 sooja vee soojuskoormus

Elamus on:

majasest üldkasutatavate kohtade koristuspinda m²
 koristatavat välispinda m²
 hooldatavaid väikevorme tk.
 Elanike arv

Lisaandmed elamu kohta:

2. Hooldaja kohustub:

1) teostama elamu ja selle juurde kuuluvate tehnovõrkude hooldus- ja remonditöid vastavalt kehtivatele eeskirjadele ja lepingu lisas ettenähtud loetelule, mahtudele ja tingimustele;

2) tegema elamu ja selle krundi (hooldatava territooriumi) sanitaarpuhastus- ja koristustöid (prahi ja lume koristamine, niitmine) vastavalt lepingu lisas ettenähtud loetelule, mahtudele ja tingimustele;

3) jälgima elamu sanitaarset ja tehnilist seisukorda;

4) tagama ööpäevaringse teenindamise avariide korral;

5) tagama tema tegevusvaldkonda kuuluvate tööde kvaliteetse ja õigeaegse teostamise ja kandma ühistu liikmete ees vastutust tegemata või mittekvaliteetselt tehtud tööde tõttu tekkinud kahjude eest.

3. Ühistu kohustub:

1) kasutama ja hooldama elamut vastavalt ühistu põhikirjale ja elamute hooldamise eeskirjadele;

2) teatama hooldajale viivitamatult tema tegevusvaldkonnas olevates hoone konstruktsioonides ja tehnovõrkudes tekkivatest riketest ja avariidest;

3) teatama hooldajale elanike arvu muutusest või muudest muudatustest, mis võivad mõjutada lepingu lisas toodud tööde ja teenuste maksumust, vastavalt vajadusele või vähemalt üks kord kuus;

4) hooldajale tasuma tehtud hooldus-, remondi-, koristus-, arvestus- ja teiste lepingus ettenähtud tööde eest Eesti krooni kuus iga kuu kuupäevaks;

5) tasuma lõhkumise, varguse, määrimise, põlengute ja kaevamiste tagajärgede likvideerimiseks tehtavate taastustööde ja väljaspool hooldustöid tehtavate remonditööde eest vastavalt tegelikult teostatud tööde mahtudele, kui hooldaja on selle töö teinud vastastikusel kokkuleppel ühistuga või ühistu tellimisel.

4. Poolte vastutus:

1) hooldaja vastutab täielikult hooldamise kohta sõlmitud hoolduslepingu korral kogu elamu, selle krundi (hooldatava territooriumi) nõuetekohase hooldamise, sanitaarpuhastuse ja remondi kvaliteetse teostamise eest ning eksploatatsiooni-, tuleohutus- ja registreerimisnõutest kinnipidamise eest;

2) osalise hooldamise kohta sõlmitud hoolduslepingu korral vastutab hooldaja kvaliteetse, korrektse ja tähtaegse teenindamise eest lepingus fikseeritud mahus;

3) hoolduslepingus ettenähtud summade ülekandmise viibimise korral tasub ühistu iga viivitatud päeva eest 0,5 protsenti kogusummalt, mille tasumise tähtaeg möödus;

4) hooldaja kahjuks arvestatakse iga konkreetse töö tegemata jätmise kogumaksumuses või vähendatakse hilinemise korral töö eest makstavat summat iga viivitatud päeva eest 0,5 protsenti.

5. Hooldaja vastutav töötaja on:

.....
(ees- ja perekonnanimi, aadress, telefon,

.....
kontaktkellaajad)

Avariide korral on võimalik pöörduda
(aadress, telefon)

6. Ühistu vastutav isik on:
(ees- ja perekonnanimi,

.....
aadress, telefon, kontaktkellaajad)

7. Kõik käesolevast lepingust tulenevad vaidlused lahendatakse Eesti Vabariigi seadustega ettenähtud korras.

8. Käesolev leping on sõlmitud tähtajaga
kuni «...» 199... a.

Käesolev leping on sõlmitud kahes eksemplaris, millest üks jääb ühistule, teine hooldajale.

Poolte andmed:

Uhistu nimi:

Aadress ja telefon:

Juhatusesimees:

(ees- ja perekonnanimi, telefon)

Pank ja arveldusarve:

Hooldaja nimi:

Aadress ja telefon:

Juhataja/direktor:

(ees- ja perekonnanimi, telefon)

Pank, arveldusarve:

Hooldaja

Uhistu juhatusesimees:

juhataja/direktor

(alkkiri)

(alkkiri)

(Pitser)

(Pitser)

Lisa elamu hoolduslepingu juurde

Uhistu elamu(te) hooldustööde mahtude ja maksumuste arvestus

Töö	Möötuühik	Töömaht	Maksumus	Eriõuded ja -tingimused
1	2	3	4	5

1. Elamu(te) ehituskonstruksioonide ja hooneosade (vundamendid, seinad ja vahelaed, välisfassaadid, katused, korstnad ja ventilatsioonisahtid, üldkasutatavate ruumide ukсед ja aknad, trepid) korrashoid ja remontimine
2. Elamu(te) (trepikojad, keldrid ja pööningud, tehnilised korrused, üldkasutatavad sanitaarsõlmed, pesuköögid, terrassid, rõdud ja lodžad) ja hooldatava territooriumi korrashoid
3. Üldkasutatavate kohtade
 - sh. haljasalad
 - mänguväljakud
 - sõiduteed
 - kõnniteed
 - asfaltplatsid
 - hoovid
 - korrashoid (sanitaarpuhastus, deratisatsioon, hooldus- ja remonditööd),
 - sh. prügivedu

	1	2	3	4	5
4. Väikevormide hooldus ja remont, sh. vaibakloppimispuud pesukuivatuspuud lastekiiged istepingid jne.					
5. Majasiseste tehnovõrkude ja -süsteemide tehniline teenindamine, sh. küttesüsteemi teenindamine sanitaartehnikaalane teenindamine elektriseadmete teenindamine kanalisatsioonialane teenindamine lõõride, korstnate, luukide ja ventilat- sioonisüsteemide teenindamine suitsuärastus- ja tuletõrjesüsteemide tee- nindamine majasiseste tehnovõrkude teenindamine avariide korral teleantennide teenindamine fonolukkude teenindamine telefon- ja translatsiooniliinide teenin- damine liftide teenindamine pliitide ja ahjude hooldus					
6. Elamu juurde kuuluvate tehnovõrkude teh- niline teenindamine, sh. veesisend kanalisatsioonisisend elektrisisend soojussisend jne.					
Kommunaalmaksete vahendamine Uüri ja osamaksu arvestamine ja kogumine Uldkoosolekute ettevalmistamine ja läbiviiv- mine Järelevalveteenused Raamatupidamisteenused jne.					
Uhistu juhatuse esimees					
(pitser)					(allkiri)
Hooldaja (juhataja/direktor)					
(pitser)					(allkiri)

Approved by the Government of
the Republic of Estonia Decree No. 225
as of August, 5, 1992.

DIRECTION ON DETERMINATION OF EVALUATION COEFFICIENTS IN PRIVATIZATION OF HOUSING

One square meter of any housing unit or living space shall be evaluated as equal to one square meter of general living space in a type 121-02E large panel apartment building by use of coefficients according to the Law on Privatization of State and Municipal Housing. The calculation of evaluation coefficients determined in this Decree shall be based on the use value characteristics of privatized living space (amortization, standard of repair and other functional characteristics).

The evaluation coefficient shall be interpreted as the value ratio of a specific housing unit as to the standard housing unit. It shall reflect the difference of lodging quality between the housing units under comparison and shall be determined by comparing the degree of moral and physical amortization of the housing units in question.

The determination of the evaluation coefficient shall be based on comparison of the restoration value of a housing unit with the restoration value of the standard housing unit. Quality of construction and planning, availability of technological networks, quality of finishing, degree of amortization as well as other characteristics of lodging quality shall be taken into account.

Housing units have been divided into two different quality groups for the determination of evaluation coefficients:

I Housing built after 1944 (charts 1 and 2)

The following types of housing belong to this groups:

1. Housing units equal to the standard housing unit: multilayered armored concrete panel buildings, oil-shale and gas-concrete as well as foamed silicalcite panel and block buildings and type 317 brick buildings.
2. Ceramic and "honeycomb" brick houses, 51 cm outer wall thickness.
3. Brick buildings, 43 cm outerwall thickness (38 cm silicalcite brick + 5 cm mineral wool thermal padding).

4. Custom made brick buildings, higher quality finishing and planning.
5. Linked housing (a type of connected private homes built in rows) and private homes with higher standard finishing, 43 cm wall thickness and mineral wool thermal padding.

6 and 7

Wooden buildings built of assembled wall and ceiling panels (buildings with and without basement).

II Housing built before 1941 (chart 3):

type K stone buildings, outer wall thickness 51 and 64 cm:

type B log buildings with wooden staircases , apartments with plain planning. The apartments mainly consist of a room and a kitchen or a room with a kitchen nook. The WC or the dry toilet is situated in the common corridor and used by all the residents on the floor. In small towns outhouses are sometimes met. This kind of houses have usually been built before 1914;

type C log buildings or buildings with wooden lattice walls with filling. Spacious rooms and regular planning. There is water supply and sewerage, and quite often bathrooms in the apartments. In some cases the apartment has two entrances to the corridors, the narrow corridor leading from the kitchen to the yard or garden. Construction period: 1919-1940.

type D buildings with log, balk or wooden lattice walls with filling and stone staircases in different stages of repair. Construction period: 1928-1940.

The determination of the evaluation coefficient for panel and stone buildings less than 35 years old (according to Chart 1) shall be based on the age of the building using a coefficient, taking into account the stage of physical amortization of the building in question. For determining the evaluation coefficient for buildings more than 35 years old and panel or stone buildings with constructional deformation and faults, the physical amortization of the building shall be calculated from the average amortization of building structures. A relevant evaluation coefficient shall then be found from Charts 2 or 3 basing on that data.

The age of the building has been given by 10 years (chart 1) and physical amortization by 10 % (charts 2 and 3) for determining the evaluation coefficient. Interpolation shall be used for calculating the evaluation coefficient for buildings , the exact age or amortization percentage of which cannot be found in the charts.

Zone coefficients from 0,5 to 1,5 received by zoning the territory of the town or other settlement can be used by resolution of local government executive bodies in the process of housing privatization in towns and other settlements. In case the local government has not zoned the territory and a relevant coefficient has not been attached to each zone , the zoning coefficient of any location shall equal to 1,0.

Comments

1. The physical amortization of housing shall be determined from the " Charts for Determining the Physical Amortization of Housing " approved by the Housing Board.
2. If the building contains other rooms, used by private or legal persons in addition to the apartments to be privatized, the rooms mentioned above shall not be evaluated according to this Direction. Their evaluation shall be carried out according to the principles determined by the State Property Board.

Chart 1

Evaluation coefficients (V_k) for housing constructed later than 1944 depending on the age of the building and in comparison with a 121-02 E type large panel building taken as a standard housing unit

#	Type of building	Age of building in years				
		0	10	20	30	40
1.		Evaluation coefficient				
a)	Multilayered armored concrete panel buildings, oil-shale and gas-concrete, foamed silicalcite panel and block buildings	1,00	0,94	0,89	0,83	0,80
b)	type 317 brick buildings.					

#	Type of building	Age of building in years				
		0	10	20	30	40
		Evaluation coefficient				
2.	Ceramic and "honeycomb" brick houses, with 51 cm outer wall thickness.	1,20	1,15	1,09	1,04	1,01
3.	Brick buildings with 43 cm wall thickness (38 cm silicalcite brick + 5 cm mineral wool thermal padding).	1,14	1,09	1,03	0,98	0,95
4.	Custom made brick buildings with higher quality finishing and planning.	1,36	1,31	1,25	1,20	1,17
5.	Linked housing and private homes with higher standard finishing.	1,71	1,66	1,60	1,55	1,50
6.	Wooden buildings built of assembled wall and ceiling panelling with basement and central heating.	0,70	0,60	0,50	-	-
7.	The same, without basement and central heating	0,60	0,59	0,54	-	-

Comments

1. The physical amortization for panel and stone housing more than 35 years old shall be determined according to the average amortization of its construction elements as the process of amortization in buildings of such age cannot be considered to be linear any longer because of capital repairs. The same goes for wooden panel buildings over 20 years of age. The evaluation coefficient of such houses shall be determined according to chart #2.

2. The evaluation coefficient shall be determined from the average amortization of the construction elements in case deformation is found. The age of the building shall not be taken into accounts in cases like that.

Chart 2

Evaluation coefficients (V_k) for types of housing enlisted in Chart 1 based on amortization of buildings

#	Type of building	Age of building in years				
		10	20	30	40	50
Physical amortization %						
1.	Multilayered armored concrete panel buildings, oil-shale and gas-concrete, foamed silicalcite panel and block buildings	0,90	0,80	0,70	0,60	0,50
2.	Ceramic and "honeycomb" brick houses, with 51 cm outer wall thickness.	1,08	0,96	0,84	0,72	0,60
3.	Brick buildings with 43 cm wall thickness (38 cm silicalcite brick + 5 cm mineral wool thermal padding)	1,03	0,91	0,80	0,68	0,57
4.	Custom made brick buildings with higher quality finishing and blueprint.	1,22	1,09	0,95	0,82	0,68
5.	Linked housing and private homes with higher standard finishing.	1,54	1,37	1,20	1,03	0,86
6.	Wooden buildings built of assembled wall and ceiling panelling with basement and central heating.	0,63	0,56	0,49	0,42	0,36
7.	The same, without basement and central heating	0,57	0,50	0,44	0,38	0,32

Chart 3

Evaluation coefficients (V_k) for housing constructed before 1944 in comparison with a 121-02 E type large panel building taken as a standard housing unit

V_k of standard subject = 1,00

#	Type of building	Physical amortization %								
		0	10	20	30	40	50	60	70	
1	2	3	4	5	6	7	8	9	10	
	Type K stone building	Evaluation coefficients								
	1. Brick building, wall thickness 51 cm, central heating, bathrooms, standard finishing	1,34	1,21	1,07	0,94	0,80	0,67	0,54	0,40	
	2. Same, higher quality finishing (parquetry floors in living rooms, glazed tiles in bathrooms)	1,37	1,23	1,10	0,96	0,82	0,69	0,55	0,41	
	3. Same, central heating, without bathrooms, standard finishing	1,29	1,16	1,03	0,90	0,77	0,65	0,52	0,38	
	4. Same, stove heating, bathrooms, plain tile stoves, standard finishing	1,31	1,18	1,05	0,92	0,79	0,66	0,52	0,39	
	5. Same, stove heating, without bathrooms	1,26	1,13	1,01	0,88	0,76	0,63	0,50	0,38	
	6. Same, stove heating, bathrooms, glazed tile stoves	1,35	1,21	1,08	0,95	0,81	0,67	0,54	0,40	
	7. Same, stove heating, without bathrooms, glazed tile ovens, higher quality finishing	1,31	1,18	1,05	0,92	0,79	0,66	0,52	0,39	

Comment

1. In cases of buildings with wall thickness 64 cm the evaluation coefficients enlisted from # 1 to 7 shall be multiplied with factor 1,04.

1	2	3	4	5	6	7	8	9	10
Wooden buildings									
Type B - log and balk walls, wooden staircases									
8.	Apartments consisting of one room and kitchen, or kitchen nook, no auxiliary rooms, water tap in the kitchen or common corridor, common WC for the whole floor. Cellars. Built before 1914.	0,70	0,63	0,56	0,49	0,42	0,35	0,28	0,21
9.	Same, without cellar	0,63	0,57	0,50	0,44	0,38	0,32	0,25	0,19
Type C - wooden buildings with log and balk walls and better planning									
10.	Necessary auxiliary rooms, water and sewerage, bathrooms, stoves, plank flooring in living rooms, cellars, wooden staircases	0,84	0,76	0,67	0,59	0,50	0,42	0,34	0,25
11.	Same, parquetry flooring in living rooms and glazed tile stoves	0,91	0,82	0,73	0,64	0,55	0,46	0,36	0,27
12.	Same, central heating	0,89	0,81	0,72	0,63	0,54	0,45	0,37	0,28
13.	Same, no bathrooms, plain tile stoves and plank flooring	0,81	0,73	0,65	0,57	0,49	0,41	0,32	0,24
14.	Same, no basements, no bathrooms, plain tile stoves, plank flooring	0,74	0,67	0,59	0,52	0,44	0,37	0,30	0,22
15.	Same, no basement, bathrooms, glazed tile stoves, parquetry flooring	0,80	0,72	0,64	0,56	0,48	0,40	0,32	0,24
Type C - filling walls, wooden staircases									
16.	Necessary auxiliary rooms, water, sewerage, bathrooms, plain tile stoves, plank flooring, cellars	0,79	0,71	0,63	0,55	0,47	0,40	0,32	0,24

1	2	3	4	5	6	7	8	9	10
17. Same, parquetry flooring in living rooms, glazed tile stoves		0,83	0,75	0,66	0,58	0,50	0,42	0,33	0,25
18. Same, central heating		0,81	0,73	0,65	0,57	0,49	0,41	0,32	0,24
19. Same, no bathrooms, plain tile stoves, plank flooring		0,75	0,68	0,61	0,53	0,46	0,38	0,31	0,23
20. Same, no cellars, no bathrooms, plain tile stoves and plank flooring		0,70	0,63	0,56	0,49	0,42	0,35	0,28	0,21
21. Same, no cellars, bathrooms, plain tile stoves, plank flooring		0,73	0,66	0,58	0,51	0,44	0,37	0,29	0,22

Comment

In cases of no running water in the building and an outhouse, the evaluation coefficient of housing enlisted in #s 8, 9, 13, 14, 19, 20 shall be multiplied with factor 0,95.

**Type D - Log or balk wall
wooden buildings with stone staircases**

22. Stove heating, standard finishing, basement		0,81	0,73	0,65	0,57	0,49	0,41	0,32	0,24
23. Same, higher quality finishing, parquetry flooring, glazed tile stoves		0,89	0,81	0,72	0,63	0,54	0,45	0,36	0,28
24. Bathrooms, standard finishing		0,91	0,82	0,73	0,64	0,55	0,46	0,36	0,27
25. Same, higher quality finishing, parquetry flooring, glazed tile stoves		0,95	0,86	0,77	0,68	0,58	0,49	0,39	0,30
26. Same, without basement, stove heating, without bathrooms, standard finishing		0,94	0,85	0,75	0,66	0,57	0,48	0,38	0,28

1	2	3	4	5	6	7	8	9	10
28. Same, without basement, stove heating, bathrooms, standard finishing		0,77	0,69	0,62	0,54	0,46	0,39	0,31	0,23
29. Same, no basement, higher quality finishing		0,80	0,72	0,64	0,56	0,48	0,40	0,32	0,24
Type D - stone staircases, wooden filling walls									
30. Stove heating, no bathrooms, plain finishing, basement		0,81	0,73	0,65	0,57	0,49	0,41	0,32	0,24
31. Same, higher quality finishing, parquetry flooring in living rooms, glazed tile stoves		0,84	0,76	0,67	0,59	0,50	0,42	0,34	0,25
32. Same, bathrooms, standard finishing		0,87	0,78	0,70	0,61	0,52	0,43	0,35	0,26
33. Same, bathrooms, higher quality, parquetry flooring, glazed tile stoves		0,90	0,81	0,72	0,63	0,54	0,45	0,36	0,27
34. Same, central heating, bathrooms, higher quality finishing		0,89	0,81	0,72	0,63	0,54	0,45	0,36	0,28
35. Same, central heating, no bathrooms, standard finishing		0,85	0,77	0,68	0,60	0,51	0,43	0,34	0,26
36. Same, no basement, stove heating, no bathrooms, standard finishing		0,73	0,66	0,58	0,51	0,44	0,37	0,29	0,22
37. Same, no basement, higher quality finishing		0,78	0,70	0,62	0,55	0,47	0,39	0,31	0,23

Approved by the Government of
the Republic of Estonia Decree No. 225
as of August, 5, 1992.

MODEL STATUTES OF APARTMENT SOCIETY

I. General Regulations

1. The official name of the Apartment Society (herein after: Society) shall be:
" _____ "
2. The address of the Society shall be: _____
Republic of Estonia.
3. The objective of the Society's operation shall be creating favourable conditions to apartment owners for the common possession, usage and maintenance of the housing unit in their joint ownership.
4. The Society shall be a separate legal person operating according to the Laws and other legal acts, the Articles of its Association and these Statutes.
5. The Society shall be entitled to procure property and non-property rights, have liabilities, act as plaintiff or defendant in a Court of Law, Arbitration Court or Arbitration in its own name. The Society shall own property, a separate balance sheet and a seal in its name.
6. The following shall be interpreted as the property belonging to the Society:
 - 1) means and property contributed to the Society by the Members;
 - 2) means and property created during the Society's operation;
 - 3) received income and other property procured according to legislation;

The Society shall independently possess, use and maintain all property in its ownership. It shall be have the right to sell and purchase, rent out, present, exchange, transfer from one balance sheet to another, write off its totally amortized or out of date basic means.

7. The Society shall have the right to open a bank account.

8. The Society shall have the right to independently determine prices and tariffs for its services.
9. The Society shall be liable for its obligations with all its property. A Society Member's liabilities for the Society's obligations shall be limited to the size of his compulsory contribution.
10. The Statutes of the Society as well as alterations and amendments hereto shall be registered by the local government
The Society shall gain the powers of a legal person at the moment of registration of its Statutes.

II Conditions and Order of Admission, Leaving and Exclusion from the Society

11. Owners of apartments in the following housing units
_____ (exact address) can be Members to the Society. Admission to the Society shall be carried out by a written application of an apartment owner in an apartment building according to the order determined by the Statutes.
12. The application for admission shall be reviewed within one month calculated from the day of receiving the application.
13. The date of admission to the Society shall be considered to be the date of passing the relevant decision.
14. The Society shall keep a List of Members, whereinto the first and family name of the apartment owner, place of residence and the address of the apartment in his ownership; the official name of a legal person and number(s) of apartment(s) in its ownership, size of membership fee and the date of payment, amendments concerning the contributions and date of leaving the Society (by resigning or by expulsion).
The Member of the Society shall be given a Membership Card or Book.
15. Admission to the Society can be denied in case it should conflict with the terms of the Statutes.
16. The denial for admission to the Society shall contain sufficient explanation as to the reason for rejection of the applicant.

17. A copy of the resolution denying admission to the Society shall be sent to the applicant within 3 days after the date of passing the decision.
18. The owner of the apartment shall have the right to take legal proceedings within 3 months after the date of receiving the copy of refusal.
19. The Member of the Society shall have the right to leave the Society based on a written application.
20. The date for leaving the Society shall be considered to be the last day of the current fiscal year in case the applicant had submitted his application within two months prior to the end of the fiscal year. In case the application had been submitted later, the last day of the next fiscal year shall be considered to be the date of leaving the Society.
21. The Member shall be excluded from the Society in the following events:
 - 1) the demise of the Member;
 - 2) liquidation of a legal person;
 - 3) in case the Member should be incapable to carry out his obligations or carries them out in an unacceptable manner;
 - 4) alienation of the apartment in the Member's ownership (sale, exchange, presenting, alienation on condition of granting life-long support).
22. One of the Member's inheritors shall be entitled to Membership in case he should meet the terms of the Statutes of the Society and shall submit a written application within one year after the demise of the former Member.
All disagreements between inheritors shall be settled in a Court of Law.
23. A copy of the exclusion resolution shall be sent to the excluded Member within 3 days after passing the resolution.
24. The excluded Member shall have the right to lodge a complaint to the Members' General Meeting within 30 days after receiving the exclusion resolution in case he should disagree with the above resolution.
25. The Members' General Meeting shall review the complaint and pass a decision at the first General Meeting after receiving the protest.
The person lodging a complaint shall be notified in writing of the time and

location of the Meeting.

26. The presence of the person lodging a complaint at the Meeting reviewing his complaint is mandatory, unless the above person has not given a written permission to proceed without him.
27. A copy of the General Meeting resolution shall be sent to the person lodging a complaint within 3 days after passing of the resolution.
28. The former Society Member in disagreement with the General Meeting exclusion resolution shall have the right to take legal proceedings within 3 months after the date of passing the decision.

III Rights, Obligations and Liabilities of the Member

29. The owner shall acquire the powers of a Member at the moment of his admission to the Society.
30. The Member shall have the right to :
 - 1) participate in (Trustees') General Meetings ;
 - 2) elect and be elected to the administrative and control bodies of the Society;
 - 3) have access to information concerning the Society's operation;
 - 4) receive dividends distributed among the Members;
 - 5) alienate his share;
 - 6) alienate (sell, exchange, present, alienate on condition of granting life-long support) his apartment.
 - 7) leave the Society;
 - 8) use other powers determined in the Statutes.
31. The Member shall be obliged to:
 - 1) pursue all terms of these Statutes and resolutions of (Trustees') General Meetings and the Board;
 - 2) make special contributions in the amount and at the date stipulated by the Members' (Trustees') General Meeting in proper time;
 - 3) take active part in carrying out tasks in and around the building as resolved by the Members' (Trustees') General Meeting in person or by proxy (family members or other persons).
 - 4) pursue all sanitation, fire precautions and housing operation rules and regulation in his own apartment as well as common premises of the housing unit (cellar, attic, stairway, trash shafts, elevators, etc.).

32. The Member of the Society shall be liable :
- 1) for the Society's obligations within the size of his mandatory contribution. In case the Member has paid a larger amount than the sum of contribution determined in the Statutes, he shall be liable within the amount of the payment made by him;
 - 2) for obligations incurred by the Society prior to the Member's admission to the Society within the limits mentioned in the Section above;
 - 3) upon leaving the Society for the obligations incurred by the Society within one year prior to his leaving calculated from the date of his leaving within the size of his contribution.
33. Employment of the Member by the Society.
The Member's employment by the Society shall be regulated by Employment Contracts and the Labor Laws of the Republic of Estonia.

IV Capitals and Operation of the Society

34. The capitals of the Society shall be the following:
- 1) Share Capital;
 - 2) Reserve Capital;
 - 3) Special Capitals.
35. The Share Capital shall be formed from the Members' contributions. The contributions shall be either monetary or non-monetary payments, wherewith the Member of the Society shall take part in forming the Society's property.
36. The minimal contribution of the apartment owner shall be _____EEK (Estonian kroon) and its equivalent in cash shall be equal to all the Members.
The minimal contribution for a legal person shall be _____EEK per one apartment in its possession.
37. Non-monetary contributions shall be registered by separate agreement between a person authorized by the Board and the person making the contribution, the cash equivalent of the contribution shall be determined.
38. The contributions of Society Members are not claimable, except in cases provided by Estonian Law.

39. In case the Member should fail to fulfill obligations resulting from his Membership the Society shall have the right to arrest his contribution without a court order and use it for covering his debts.
40. The Society Member member shall be given a Share as certification of the size of his contribution. Payment of contribution can be recorded in the Membership Card or Book instead of issuing Shares.
41. The Society Member shall have the right to assign his Share to a non-member according to conditions provided in Article 24.4.
42. In case the assignee should meet the requirements of the Statutes, the Board shall be obliged to approve of the said transaction and register it in the List of Members.
The assignee shall acquire all rights and obligations of a Member from the date of his registration.
43. The assignor shall have the right to remain a Member in case the assignment had not been registered.
44. The assignor shall have the right to start legal proceedings against the Board's decision not to register the assignment within 1 month after the sentence had been passed. A copy of the Board's decision shall be sent to the assignor and assignee within 3 days calculated from the date of passing the decision.
45. The contribution of departed Member, his inheritor or a legal person's successor shall be returned within 6 months calculated from the day of his leaving the Society from the contribution of a new Member.
46. The Reserve Capital shall be built up from:
 - 1) profit contributions,
 - 2) entrance fees, if so provided in the Statutes;
 - 3) interest of the Reserve Capital.
47. The Reserve Capital shall be used to cover losses possibly arising from the Society's activities and for procuring real estate.
4. The Society's Special Capitals shall be built up from special payments of the Members.
Special payments shall be interpreted as payments for the necessary

maintenance, current and thorough repairs of the housing unit and the grounds. Other payments can be established by resolution of the Members' (Trustees') General Meeting to cover the expenses from the Society's activities.

Upon determining the size of a special payment the general area of the relevant apartment in comparison to the general area of the housing unit shall be taken into account, unless otherways provided by a General Meeting resolution.

49. Debts of special payment shall be claimed from Members by an inscription of execution given by public Notary.
50. The Society shall operate and repair the housing unit belonging to its members by the power of ownership according to principles of full self-financing.
51. The Society shall have the right to conclude Contracts for repairing, servicing and maintenance with relevant organizations or private persons or carry out the above tasks for itself.
52. The Society shall conclude direct Contracts with organizations and companies for the maintenance and repairs of fire alarm and extinguish systems, gas installations, electric ovens, and elevators as well as utilizing and taking stock of the radio transmittance, water and sewerage system, not depending on the form of operational services.
53. The Society shall have the right to establish co-operative Housing Authorities for maintenance, servicing and repairs that shall be financed by their founders. The Society shall have the right to engage in other business activities.
54. The Society can use the private equipment and instruments of its Members compensating the operation costs to the owner. The Society shall compensate the cost of materials belonging to the Members used for maintenance and repairs of the housing unit.
55. The Society shall keep necessary accounts as to its operation and shall be responsible for their authenticity.
An accountant shall be employed to keep the accounts by contract.

V Management of the Society

56. The highest managing body of the Society shall be the Members' General Meeting. In Societies with more than 200 Members a Members' Trustees General Meeting can be provided. The Trustees' General Meeting shall have the same powers as the Members' General Meeting. The order and basis for electing the Trustees shall be stipulated in these Statutes.
57. The following matters shall belong to the sole competence of the General Meeting:
- 1) adopting, altering and amending the Statutes;
 - 2) reviewing and approving the Annual Fiscal Report and Balance Sheet;
 - 3) reviewing and approving the Audit Committee's Report;
 - 4) evaluating the Board's activities;
 - 5) distribution of profit, establishing capitals;
 - 6) determining the number of Board and Audit Committee Members, the order and basis for the term of their authorization and their compensation;
 - 7) electing the Board and Audit Committee Members and their discharging ahead of time;
 - 8) settling claims arising from these Statutes;
 - 9) passing decisions as to the reorganization or liquidation of the Society;
 - 10) passing decisions as to all other matters concerning the Society's operation.
58. The General Meetings of the Society shall be regular and extraordinary. The Board (Chairman of the Board) shall convene the regular General Meeting (Trustees' Meeting) according to need but at least once a year.
59. The Board (Chairman) shall convene the extraordinary General Meeting at the demand of at least 1/10 of the Members, 1/3 of the Board or the Audit Committee.
60. In case the Board has failed to convene the General Meeting in proper time, the Members shall have the right to appeal to the local government who shall then convene the General Meeting within 15 days calculated from the date of receiving the above-mentioned appeal.

- 61. Relevant parties shall be notified of convening the General Meeting 15 days prior to the Meeting;
The note shall contain following information:
 - 1) the time and place of holding the Meeting;
 - 2) agenda.

- 62. The General Meeting of the Society Members (Trustees) shall be competent to pass decisions in case at least 2/3 of the Members (Trustees) are present. A second Meeting shall be convened with the same agenda by written notice 15 days prior to the Meeting in case proper quorum had not been reached at the first Meeting.
The second Meeting shall be competent despite of the number of Members present.
The resolutions of a General Members' (Trustees') Meeting shall be adopted with a simple majority of vote unless other ways stipulated in the Statutes. Resolutions concerning making amendments and alterations to the Statutes as well as liquidation and reorganization of the Society shall be passed with a 2/3 majority of votes

- 63. Minutes shall be kept concerning each General Meeting to be signed by the Chairman of the Meeting and the keeper of the Minutes.

- 64. The Board shall act as the managing body of the Society. A Society consisting of less than 10 shall elect only a Chairman.

- 65. The Board shall be authorized to:
 - 1) admit and exclude Members from the Society;
 - 2) keep record of the Members;
 - 3) authorize persons to represent the Society without power of attorney;
 - 4) employ and dismiss staff and Managing Director of the Society;
 - 5) review the Annual Fiscal Report and Balance Sheet and submit them to the General Meeting for approval;
 - 6) take decisions concerning other matters not in the sole competence of the General Meeting.

- 66. The Members of the Board shall elect a Chairman from their midst. The Chairman shall convene and preside over Board Meetings. The Chairman of the Board shall have signatory rights.

67. Board Meetings shall be convened at least once in three months. The Board shall be competent to pass decisions in case at least 1/2 of its Members are present at the Meeting. Board Decisions shall be passed with a simple majority of votes. The Chairman shall have a casting vote in case of even vote. Minutes shall be kept at each Meeting and the Board decision signed by all participating Board Members.
68. The Board Members shall be jointly responsible for failing to fulfill their obligations or causing material damage by incompetent performance. A Board Member shall be granted exemption from his responsibilities in case his difference of opinion concerning the decision had been entered into the Minutes or for his absence from the Board Meetings for sufficient reason (illness, etc.). The Board Members shall lose their responsibility for the outcome of last year's business activities from the moment of the General Meeting's approval of the Board's activities.
69. The Managing Director shall be in charge of the current operation and business management of the Society. Any Board Member except the Chairman can be the Managing Director. The Chairman can act as Managing Director in Societies with less than 50 members. The Managing Director shall have the right to represent the Society and sign documents within his authority as stipulated in the Statutes without a special power of attorney.

VI Audit of the Society's Operation

70. The Audit Committee shall be the controlling body of the Society. An Auditor can be elected in Societies with less than 50 Members. Board Members, the Managing Director and accountants as well as their spouses, children, siblings and parents cannot act as Auditors or Members of the Audit Committee.
71. The Audit Committee (Auditor) shall conduct an Audit of the Society's operation, compile an Audit Report and submit it to the General Meeting for approval at the end of a fiscal year.
72. The Audit Committee (Auditor) shall have the right to check the property, all accounts and bookkeeping documentation of the Society and are entitled to necessary explanation and other assistance for carrying out the Audit. The Members of the Audit Committee (Auditor) shall have the right

to attend the Society's Board and General Meetings.

73. Audit Committee Meetings shall be convened according to need, however at least once a year. The Audit Committee Meeting shall be competent to pass decisions in case at least 2/3 of the Committee Members are present at the Meeting. An Audit Committee Decision shall be valid in case 2/3 of the Committee Members present at the Meeting had voted in favour of it. All Committee Members giving their vote in favour of the decision shall sign it. Minutes shall be kept at each Audit Committee Meeting and all Committee Members present shall sign them.

VII Accounting and Distribution of Profit

74. The Society shall be obliged to keep account of its operation as well as compile and submit necessary accounting and statistical reports according to current regulations
75. The Audit Committee and governmental controlling bodies shall check the authenticity of the accounting and reports within the limits of their authorization.
76. The profit of the Society shall be calculated according to current accounting rules and regulations.
77. The net profit shall be distributed as follows:
- 1) at least 20% directed to the Reserve Capital;
 - 2) the size of the dividend payable to Members (share of profit in proportion to the size of their contribution to the Share Capital) shall not exceed the loan percentage of the Bank of Estonia during the last fiscal year.
 - 3) remaining funds shall be distributed according to need.

VIII Reorganization and Liquidation of the Society

78. The reorganization of the Society (merger, separating, severing, restructuring) shall be carried out by a General Meeting resolution. The decision for reorganization shall contain information as to the legal successor to the Society, to whom the liabilities and rights shall be passed.

79. The Society shall be liquidated according to a court judgement or General Meeting resolution in case:
- 1) less than 3 Members remain in the Society and new Members have not been admitted within a 3 months period;
 - 2) the Membersip of the Society does not meet the requirements of these Statues and has not been altered within 2 months;
 - 3) the foundation documents of the Society shall be declared null and void by the court;
 - 4) in cases provided by these Statutes;
 - 5) other events provided by Estonian Law.
80. The Society shall be liquidated according to the procedures provided by Estonian Law and these Statutes.
81. Upon adopting the resolution of the Society's liquidation by the General Meeting a Liquidation Committee shall be elected and its term of office, (no longer than 3 months) as well as the terms of compensating the Liquidation Committee Members and the date of the last General Meeting determined. In case the judgement to liquidate had been passed by a court, the court shall also decide upon apponting of a three - member Liquidation Committee.
82. The Liquidation Committee shall manage the Society's affairs from the day of its election or appontment, resuming the business operation of the Society within the extent necessary for carrying out the liquidation process. The Board shall compile a Liquidation Balance within one month after the decision to liquidate was passed, for the period mentioned earlier and submit it to the Liquidation Committee. The Audit Committee shall compile an Audit Report and submit it to the Liquidation Committee at the same time.
83. The Liquidation Committee shall be obliged to:
- 1) notify the Creditors of the Society of its liquidation and determine a date for presenting the claims, no shorter than 2 months calculated from the day of notice.
 - 2) claim debts from the Society's Debtors;
 - 3) alienate Society's property to meet the Creditors' claims;
 - 4) pay the debts of the Society and fulfill its other obligations;
 - 5) return the contributions to the Members after paying all the debts;
- The remaining property of the Society shall be distributed proportionally to the size of the Members' shares in case the property of the Society

- should prove to be insufficient to return all contributions,
- 6) after returning the contributions to the Members distribute the remaining property in proportion to the size of their contribution to the Share Capital.
84. The Liquidation Committee shall compile and submit the Final Deed and Report as to its activities after carrying out its duties to its founding body. The Report of the Society's Audit Committee shall be submitted simultaneously with the Liquidation documents. The Liquidation Committee shall notify the Society's registering body after the reviewal of the above documents.
 85. The Members in disagreement with the General Meeting's decision to liquidate shall have the right to take legal proceedings according to the order stipulated by Estonian Law.

Explanations on Compilation of Apartment Society's Articles of Association

1. Apartment Societies can be founded in apartment buildings with at least 3 apartment owners.
2. the decision to found an Apartment Society shall be taken by the General Meeting of at least 3 apartment owners (Founding Members) and representatives of a legal person. The foundation decision shall be put into formal order in the Articles of Association.
3. The legal person shall be interpreted as the subject to mandatory privatization as provided in Article 6 of the Law on State and Municipal Housing of the Republic of Estonia.
4. A Housing Cooperative shall be reorganized as a Apartment Society in case the Members of the Cooperative have ownership rights to apartments in their possession as stipulated in Article 27 of the Law on Housing of the Republic of Estonia.
5. All Apartment Societies have a common objective to be stipulated in their respective Statute.
6. The number of apartments in Article 2 of the Articles of Association shall

be interpreted as the total number of apartments in the apartment building in question and the number of apartment owners as the total number of apartment owners. The number of Founding Members does not have to equal the total number of apartment owners as the decision concerning the foundation of the Society shall be adopted by the General Meeting of prospective Members.

7. The size of the contribution put forth in Articles of Association, Article 3 shall be determined according to circumstances necessary to the common possession, utilization and maintenance. The sum may be of symbolic value in some cases (1 EEK). The order and usage of special payments shall be stipulated in the Statutes of the Society.
The order of increasing, decreasing, alienation and return of the contributions shall be stipulated in the Statutes of the Society.
The monetary equivalent of a minimal contribution shall be equal to all Members.
The minimal contribution of a legal person shall be determined according to the number of apartments in its possession.
The liability of a Member to the obligations of the Society shall be limited to the size of his mandatory contribution only.
8. The Foundation Meeting shall approve the Statutes of the Society and elect a managing body starting its operation from the Society's date of registration.

Example of Apartment Society's Articles of Association

We, the Apartment owners, listed below:

1. _____ (name, surname and address)
 2. _____
 3. _____
- and _____ (name and address of legal person)

pursuant to the Law of the Republic of Estonia on Privatization of State and Municipal Housing and the Estonian Legislation agree in the following:

1. To found an Apartment Society under the following name " _____ " (hereinafter: Society).
2. The Society shall be founded in a building of _____ (nr. of apartments in building) apartments and _____ apartment owners.
3. For provision of necessary monetary means to the Society, we

hereby determine the size of a contribution to be _____EEK
payable _____ (order and date of payment).

4. Authorization of the Founding Members:
 - 1) the Founding Members shall be jointly responsible for their obligations assumed in the process of foundation;
 - 2) the General Meeting following the registration of the Society shall approve of the obligations assumed by the Founding Members;
 - 3) the obligations shall be transferred to the Society in case of the General Meeting's approval.
5. The Founding Meeting of the Society shall be held _____
(time and place)
6. These Articles have been executed in two original counterparts as of _____
(date and place of entering).

Founding Members:

- 1.
- 2.
- 3.
- etc.

(Names, surnames of Apartment Owners, signature)

(Name of Legal Person, office of Representative and signature, Seal of Legal Person)

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A P P R O V E D by
Government Decree No. 226
of August 5, 1992
Republic of Estonia

ORDER OF TRANSFERRING THE TITLE FOR PRIVATIZED HOUSING

1. When housing is privatized, a sales contract is concluded. The selling price and conditions must be specified on the contract.

2. The sales contract is concluded between the title owner (in whose balance the housing is) of the privatized housing, which may be an enterprise, organization or legal person, as stated in Article 6 of the Law of the Republic of Estonia on Privatization of State and Municipal Housing, and persons specified in Article 5 of the same Law. The contract must be notarized.

3. The contract is signed by the manager of an enterprise or an organization or by a legal person, or a warranted representative, and the person renting the property or an adult family member sharing the residence with him or her, in which case a written agreement between the family members verified by the local authority must be prepared, or by a person wishing to buy the uninhabited housing unit.

4. When a sales contract is concluded the necessary amount for purchasing the housing, specified in the contract, must be paid using either popular capital obligations, Estonian kroons or securities issued as compensation for restitution property.

5. Housing can also be purchased through installment payments.

6. Papers showing payment using popular capital obligations, securities issued as compensation for restitution property or Estonian kroons in the amount specified in the contract must be presented to a notary public.

If installment payments are used, the person purchasing the housing must present a paper showing a down payment in an amount determined by the Government of Estonia or by a local authority council and verified by the enterprise, organization or legal person responsible for the housing being privatized.

7. A certificate showing that the fee has been paid to the state must also be presented to the notary public. The fee is applied only against the portion of the total payment paid in Estonian kroons.

No fee is applied to the portion of the total payment paid using popular capital obligations or securities issued as compensation for restitution property.

8. The notary public must check, before verifying the contract, if the parties have the right to purchase the housing according to Articles 4 and 6 of the Law mentioned in Article 2 of the present Order. The notary public must also check that the purchase price for the housing and the fee to the state have been paid and that the correct amounts of each means of payment have been used.

9. Transfer of the title for the privatized housing is effective the moment the contract is signed by a notary public. The transaction is invalid if the sales contract is not signed by a notary public, which will bring about consequences according to civil law.

10. The sales contract must be registered with the executive body of the local authority within three months of signature of the contract by a notary public.

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A P P R O V E D by
Government Decree No. 226
of August 5, 1992
Republic of Estonia

ORDER OF TRANSFERRING POPULAR CAPITAL OBLIGATIONS

1. A popular capital obligation belongs to one particular person and bears the name of that person. Obligations can be used only to buy privatized property.

2. For privatization of housing, popular capital obligations are issued to residents on the basis of years worked.

3. In privatization of state and municipal housing, popular capital obligations can be transferred from one person to another only as a gift.

4. In privatization of housing popular capital obligations may be transferred as a gift to parents, spouses, in-laws, sisters and brothers and their in-laws on the condition that they have been permanent residents of Estonia for at least the last five years.

5. The gift contract will be prepared in writing and must be notarized. If the contract is not notarized, the ownership rights to the obligation will not change. When popular capital obligations are transferred as a gift, the years worked (one year worked corresponds to one square meter of housing) are transferred from the voucher card of the giver onto the voucher card of the recipient and a written gift contract is prepared.

6. Before the contract is concluded, the giver or the receiver of the gift must pay a fee to the state.

7. The transfer of the gift and the transfer of ownership of the gift are considered executed from the moment the contract is signed by the parties in the presence of Notary Public.

8. For privatization of housing (for preparing a sales contract) family members living in that particular housing unit can pool their vouchers (years worked). In such a case a gift contract is not required.

9. According to the Directions for Completing Popular Capital Obligation Cards, the popular capital obligations can be used for purchasing housing over a four-year period. The same period applies for obligations received as a gift.

10. If a person renting a housing unit or an adult family member permanently living with that person dies before the four-year period is over and has not been able to use the popular capital obligation for purchasing housing or another type of privatized property, the obligations will be transferred to the heirs as an inheritance on the basis of a will or law, and the period for using the obligation by the heir for purchasing housing will be extended by six months.

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A P P R O V E D by
Government Decree No. 226
of August 5, 1992
Republic of Estonia

DIRECTIONS FOR COMPLETING POPULAR CAPITAL OBLIGATION CARD

The popular capital obligation card (hereinafter: voucher card), the form of which is added to the present Directions, is an aid for determining the value of the popular capital obligation established by the Law of the Republic of Estonia on the Bases for the Property Reform.

The voucher card will be issued to persons who are permanent residents of the Republic of Estonia as of January 1, 1992 (in case of the death of a person - to the heirs). The number of years worked (working period) by the person shall be marked on the card, in accordance with the Law of the Republic of Estonia on Privatization of State and Municipal Housing. If a person has worked on a collective farm and is entitled to an agricultural voucher on the basis of the Agricultural Reform Law of the Republic of Estonia, the number of years worked by this person on a farm shall be marked on the popular capital voucher card if the person requests a voucher card.

The voucher card may be used over a four-year period since the date of its issue as an accounting document for the popular capital obligation for privatization of housing. For people who do not wish to use years worked for direct purchase of housing, the Bank of Estonia will issue, on the basis of the data marked on the voucher card, a popular capital obligation in the form of a security, which can be used to purchase other types of privatized state property. This obligation can also be transferred as a gift or inheritance.

I. ORDER OF ISSUING VOUCHER CARD

1. Blank cards are issued by the National Housing Board to persons warranted by local authorities in towns and counties.

The National Housing Board will keep records on the number of cards issued. The number of cards issued to local authorities of towns and counties must correspond to the number of permanent residents in their municipality.

2. The cards are distributed from the local authorities of towns and counties to local sub-sections issuing the cards in accordance with the number of permanent residents in any particular area.

3. The State Computer Center will issue a coded system of registration numbers to each town and county which will be used to give each card issued a registration number.

4. The cards will be issued by the following officials:

1) the clerk dealing with passports in the local housing office of the place of residence of a person:

- to the residents of state and municipal housing units;
- to the residents of private housing;

2) the clerk dealing with passports in an enterprise housing office:

- to residents of enterprise housing units and of hostels;

3) the clerk who registers residents of housing co-operatives:

- to residents of housing co-operatives;

4) the local authority office of the place of residence of a person:

- to residents in those areas (also rural) where records on the number of residents are kept by local authorities;
- in all exceptional cases, when the applicant has no possibility to request that the card be issued by the officials listed in points 1-3 of this Article.

5. The voucher card is a document bearing information on the person, on the years worked and on the work (agricultural) voucher. Each person gets only one card which is valid only if it has the original signatures and seals.

6. The person applying for a voucher card must present an ID. The name, the personal data and the registration number of the card are written down on the card by the official issuing the card.

The same data is entered into a registration list one copy of which is sent to the State Computer Center. The card registration number is also entered onto a card which the local housing office keeps for recording rent paid by each individual.

7. The voucher card may also be issued to a person representing the applicant if he or she presents a written application from the applicant on which personal data and the signature of the applicant are notarized or verified in some other way comparable to notarization.

8. If a person dies after January 1, 1992 their voucher card is issued by the housing office of their last place of residence and to the heir upon presentation of a death certificate and a certificate of inheritance. In the case of several heirs, the card will be issued to the person representing all the heirs upon presentation of a death certificate, a certificate of inheritance and a notarized warrant obtained from the other heirs.

9. The preliminary deadline for final issue of voucher cards is April 1, 1993. By way of exception, this deadline can be extended in the case pointed out in Article 8 of the present Directions by up to six months from the date of the death of the applicant. The voucher card issued to an applicant (or to their heir) is valid until January 1, 1997.

10. When a voucher card is lost or ruined by errors made while filling it out or in another way, the registration number for that card is canceled and a new card with a new registration number is issued. An official document is drawn up verifying the cancellation of the registration number and the issue of a new card and the State Computer Center is notified of the fact.

II. HOW TO DETERMINE THE WORKING PERIOD TO PUT ON VOUCHER CARD

(This section is roughly five pages long. It consists of sub-sections, 11 through 22. It goes into detail as to what type of work can be used on the card, how to verify work in a certain place or school or other acceptable activities, i.e. which papers must be submitted and the like.)

III. USE OF VOUCHER CARD

23. The voucher card is used to assess the value of the popular capital obligation - a means of payment set forth in Article 10 of the Law of the Republic of Estonia on Privatization of State and Municipal Housing. The value is measured in whole years worked which corresponds to square meters of housing. The voucher card is in place of an obligation if used for direct purchase of housing by the owner of the voucher card. A popular capital obligation is issued as a security to any person wishing to use his or her voucher card for acquiring other types of privatized state property. Both the popular capital obligation and the voucher card, which is the basis of the obligation, can be used in privatization of housing until April 1, 1997.

24. Years worked marked on the voucher card are measured in whole years. According to the Law of the Republic of Estonia on Privatization of State and Municipal Housing (Article 10.1) each whole year is considered equivalent to one square meter of a nine-story panel apartment building (type 121-02E), of the total living area of the apartment. If the housing being purchased is not of this type, the value of a square meter in the building being purchased is determined by comparing this building to the standard 9-story panel building. The comparison will be done in accordance with instructions to be issued by the government of Estonia.

25. For purchase of housing, the voucher card completed according to the present Directions and with the data marked on it verified, must be presented to the local housing office by the applicant.

26. In privatization of housing, voucher cards issued to each family member or popular capital obligations given to family members as gifts can be partially or fully used. When a family wishes to purchase a residence jointly and share ownership, they must present an application along with their voucher cards to the appropriate housing office. An official document

is issued in case years worked are transferred between family members. This document is written while all family members concerned are present or when those concerned have given their consent in writing. If ownership of the purchased residence is shared, the data reflecting years worked by the co-owners will be written down in the transfer document. Data on the transfer of years worked to the organization carrying out privatization is also marked in the table on the back of the voucher card.

27. Popular capital obligations may be transferred as a gift to parents, spouses, in-laws, sisters and brothers and their in-laws if they have been permanent residents of Estonia for at least the last five years. If obligations are transferred as a gift, the years worked marked on the giver's card will be entered on the recipient's card and a written gift contract will be prepared which must be notarized. The voucher card itself cannot be transferred by gift or inheritance.

28. If the number of years worked is less than, or equal to, the number required for the square meters of housing being purchased using the voucher card, these years will be used up fully. If the number of years worked exceeds the number necessary to purchase the housing, the surplus is written into the table on the card and verified by the office carrying out privatization.

29. According to Article 16 of the Agricultural Reform Law of the Republic of Estonia, people who have worked on a collective farm are issued an agricultural work voucher. This voucher considers both years worked and the person's contribution to the farm. Anyone receiving an agricultural voucher may claim a popular capital obligation for the amount by which the popular capital obligation year total exceeds years worked on the farm in whole years.

30. According to Article 18 of the Directions for Calculating Agricultural Vouchers, adopted as an aid to carry out the Agricultural Reform Law of the Republic of Estonia, agricultural vouchers may be exchanged for the popular capital vouchers which are calculated for the person requesting the exchange. People are not compensated for the difference between agricultu-

ral vouchers and popular capital vouchers if the agricultural voucher's value is greater than that of the popular capital voucher.

31. A popular capital obligation received in place of or in addition to an agricultural voucher is used in accordance with the Law of the Republic of Estonia on Privatization of State and Municipal Housing.

32. Separate decrees will be issued by the government for use of voucher cards, popular capital obligations and other means of payment, for conditions for installment payments for purchase of privatized housing, for determining monetary value of popular capital obligations and for their use for acquiring other types of privatized state property.

REPUBLIC OF ESTONIA

GOVERNMENT DECREE No. 226, August 5, 1992
Tallinn, Toompea

USE OF POPULAR CAPITAL OBLIGATION CARD FOR PRIVATIZATION
OF HOUSING

The Government of Estonia r u l e s:

1. To approve "Directions for Completing Popular Capital Obligation Card", "Order of Transferring Popular Capital Obligations" and "Order of Transferring the Title for Privatized Housing", which are additions to this Decree.

2. When completing the popular capital obligation card, one year of work is considered equivalent to one square meter of housing in a nine-story panel apartment building (type 121-02E), of the total living area of the apartment.

3. To require that the officials who fill out and issue popular capital obligation cards send once a month data from the cards issued and the years of work filled in on the cards to the State Computer Center to be verified. By September 1, 1992 the State Computer Center must specify in what form the data is to be sent.

4. By August 1, 1993 the State Computer Center must establish a register for the popular capital obligation cards.

5. The National Housing Board, the State Computer Center and local authorities shall check that the cards and the way they have been completed correspond to the rules listed in the Directions mentioned in point 1.1 of this Decree.

The National Housing Board must submit an analysis to the government on March 1 and September 1, 1993. This analysis must include data on the issue and completion of the popular capital

obligation cards and propose final deadlines for issue of the cards and their completion.

6. The Ministry of Economy must arrange for printing of popular capital obligation cards and give the number of cards required to the National Housing Board by September 1, 1992 for distribution.

7. To propose that the Bank of Estonia issue by January 1, 1993 popular capital obligations reflecting the years worked. The obligations will be issued on the basis of the popular capital obligation card completed in accordance with the Directions mentioned in point 1.1 of this Decree.

8. For the Ministry of Economy, the Ministry of Finance and the Ministry of Justice to develop rules for use of securities issued as compensation for restitution property in privatization of housing. These rules must be submitted for approval to the Government of Estonia by October 1, 1992.

Head of the Government
Republic of Estonia

T. VÄHI

Minister of State
Republic of Estonia

U. VEERING

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POLICY MEMORANDUM II

THE RESTITUTION AND COMPENSATION PROGRAM IN ESTONIA

1. General characteristics and objectives of the restitution and compensation program.

Restoring property to Estonian citizens and their heirs that was illegally expropriated during the period of Soviet rule has become one of the most politically charged privatization programs being undertaken by the Estonian Government.

The procedure for restituting property that was illegally expropriated and for compensating owners for property that cannot be restituted has been underway for several years. Individuals whose property cannot be restituted or who choose to receive compensation instead will receive compensation securities. These securities will enable them to purchase other state assets that are being privatized, such as housing and large enterprises. If an individual chooses to have his or her property restituted, and the property has substantially decreased in value, the rightful owner will be additionally compensated by the Government. If the property has increased in value instead, the rightful owner must reimburse the Government for the increase.

The key objective of the program, as stated in the Law on the Principles of Property Reform, is "...to make good the injustices carried out by the violation of property rights...". Article 11 of this law states that the objects of restitution/compensation include illegally expropriated land and other natural objects, buildings, ships, agricultural inventory, factory fittings, stocks and shares.

2. Current status of the restitution/compensation program.

Although considerable work has been done on both compensation and restitution, these programs are actually the main bottle-neck to thorough privatization in Estonia. The principal cause of the bottle-neck is that a methodology has not been established to value the property to be restituted or compensated. Not only does this slow down restitution and compensation, but it slows down the other privatization programs as well. In agriculture, for example, the value of restituted property has to be known to establish the value of agricultural work shares. Also, many individuals will need to know the value of their restituted or compensated property in order to make their own

decisions about participating in other privatization programs. The earliest that a valuation methodology will be agreed upon is after the new Parliament convenes in late September or October.

The social and political importance of this program has caused it to proceed even in the absence of a valuation methodology and, as a result, a decentralized system for processing compensation and restitution claims has been working for some time. Local commissions evaluate and resolve claims and send the information concerning their resolution to a central register at the State Computing Center. (There is also a Central Restitution Commission, chaired by the Ministry of Justice, which sets overall policy and reviews local decisions that are challenged.) It is estimated that approximately 200,000 applications have been received at the local level. None has been forwarded for central registration because, until there is a valuation methodology, almost no claims can be finalized. Furthermore, the application deadline has recently been extended from July 1992 until July 1993. The general structure of the Restitution and Compensation program is outlined in the attached chart provided by the State Property Board. (See Page 18-A)

Various efforts have been made to speed up the restitution process and overcome the barrier caused by the lack of a valuation methodology. Some local commissions have established procedures to lease property to the claimants until the question of valuation can be resolved. In addition, a law was passed on August 11, 1992 "On the Acceleration of the Restitution of the Unlawfully Alienated Property Which Remained in its Previous Individual Form". This law allows for the return of such property prior to the issuance of compensation securities, provided that the claim is clear and that the property is easily returnable.

Parliament has required that the Ministries of Economy, Justice and Finance submit rules on the use of compensation securities to the Government by October 1, 1992.

3. Key Players.

Central Restitution Commission
Local restitution/compensation commissions
Ministry of Economy
State Computing Center
Ministry of Finance

Ministry of Justice
Bank of Estonia
Parliamentary Committee on the Economy and the Budget
State Land Board
State Housing Board
State Property Board
Working Group on Privatization Securities

4. Outstanding issues.

ECONOMIC

- a. The principal outstanding economic policy issue concerns the valuation methodology for the illegally expropriated property. The D&T team recommends that this issue be depoliticized by agreeing to accept the decision of a panel of experts. This panel could be chosen by Parliament.
- b. A draft law on compensation gives holders of compensation securities the option to turn them in for cash. The D&T team strongly recommends a thorough analysis of this option, because it might complicate the Government's management of monetary policy and might reduce the population's interest in using compensation securities to purchase state assets.
- c. The uncertainty of the status of all assets subject to restitution has caused a decrease in the productive economic use of those assets. Anyone who is using the asset now is not willing to invest in it because it may not belong to him or her in the future. Therefore all efforts to speed up the restitution process are important.
- d. Means of financing to pay for restituted property that has increased in value does not appear to be arranged. The D&T team recommends that this issue be considered together with the question of financing for supplementing housing vouchers in home purchases. The team also recommends that this financing be provided by the private sector and not by the Government; funding that would be put into a Government owned financing mechanism could be more effectively deployed in the long term by the private sector.

POLITICAL

- a. Developing a valuation methodology is also a highly political issue, because the methodology chosen determines who will get how much wealth. How this question will be resolved in the next Parliament is heavily dependent on the results of the election.
- b. It is not clear whether assets other those enumerated in Article 11 of the Law on the Principles of Property Reform will also be compensated for or restituted. If not, this would mean that owners of bank deposits or other securities, to cite two examples, would not receive compensation or restitution. Since the aim of this program is to provide as equitable a solution as possible to all Estonian citizens whose property has been expropriated, we recommend that the question of which assets are to be compensated for or restituted be carefully considered.

PROGRAM DESIGN MEMORANDUM II

RESTITUTION AND COMPENSATION IN ESTONIA

1. Voucher characteristics.

The following are the characteristics of the compensation securities to be used for people who cannot or choose not to receive restituted property.

a. Eligibility.

People who were residents of Estonia on June 16, 1940 and whose property was illegally expropriated, or their heirs.

b. Convertibility.

Compensation securities may be used in the same way as housing vouchers and popular capital obligations without being converted.

c. Denomination.

Kroon.

d. Tradeability.

A decision has not been made regarding whether compensation securities will be tradeable. Presumably compensation securities can be given to family members, as can the popular capital obligations, but we have not seen this in writing.

e. An account or a physical voucher?

The Government is currently reviewing whether the compensation securities will actually be physical securities or computer based accounts. A decision has not been made. The Government has established a Working Group on Privatization Securities, chaired by the Minister of Reform, to study this issue.

f. Tenor.

Apparently unlimited.

g. Value.

A valuation methodology has not yet been agreed upon.

h. Priority in receipt or use.

The legal definition of priority with respect to compensation securities remains unclear. Article 38 of the Law on the Principles of Property Reform says that holders of compensation securities have priority in the privatization of government assets, although government or local bodies can give priority to employees of privatized enterprises and citizens. The most recent draft law on compensation gives poor families priority in exchanging their compensation securities for cash.

i. Interest bearing?

The most recent draft law on compensation states that compensation securities will be adjusted for inflation as of July 1, 1993.

j. Convertible into cash?

Yes, according to the most recent draft law on compensation. Proceeds for cash payments are to be obtained from the privatization of large enterprises and paid into a compensation fund. The Government (the Bank of Estonia and the Ministry of Finance) can limit the annual payments from the compensation fund depending on overall budgetary expenditures and monetary policy.

2. Program Design and Implementation.

- a. As is explained in detail in the Design Memorandum on Large Enterprise Privatization, the D&T team strongly recommends the use of computer based compensation accounts rather than issuance of physical compensation securities.

- b. In the accompanying Policy Memorandum on Restitution/Compensation, the D&T team recommends that cash convertibility for compensation securities be thoroughly analyzed. If cash convertibility continues to be part of the program design, it is necessary to carefully calculate how much money will actually be available to the compensation fund from large enterprise privatization to support cash conversion.
- c. The order of priority in use of compensation securities should be evaluated in conjunction with its use in other programs. In addition, consideration should be given to "fairness issues" regarding cash conversions, because there will not be enough funds to pay all cash conversion requests immediately.
- d. The D&T team recommends that consideration be given to encouraging the choice of compensation securities instead of restitution for those individuals who have such a choice. Restituting property is much more complicated than compensation, because of issues related to the current use of the property, changes in the value of the property, etc. Therefore it would be preferable to increase peoples' voluntary selection of compensation securities.

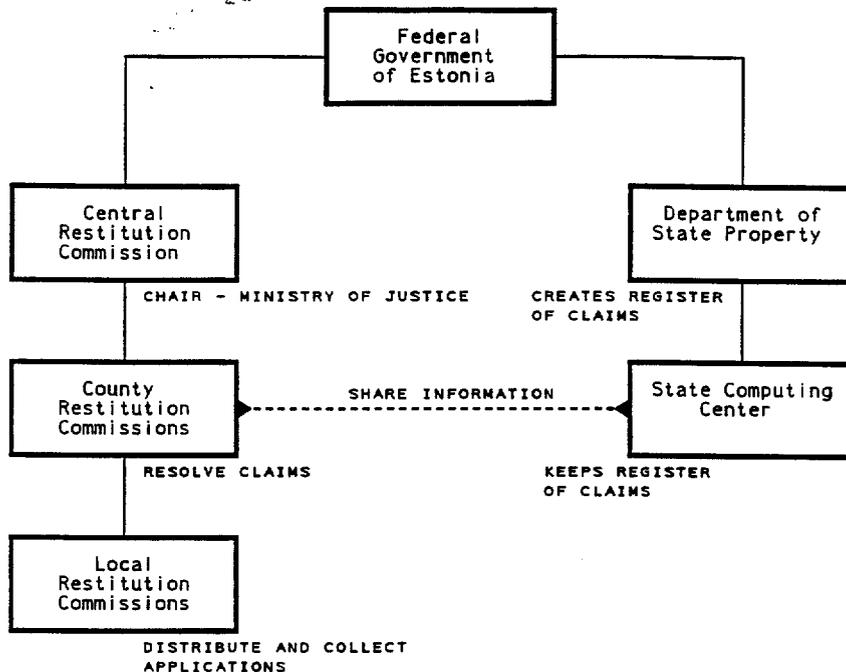
3. Organization and coordination.

- a. Since the Deloitte & Touche team began this project, the government has moved toward a more clearly defined overall structure for the restitution and compensation process. While roles and responsibilities are still somewhat fluid, the Central Restitution Commission, chaired by the Ministry of Justice (see Restitution and Compensation Policy Memorandum, above) has the leading role, although it does not make decisions on individual cases except when they are contested. Binding decisions are made by the local and country restitution commissions. In light of the unusually large numbers of organizations that are involved in restitution and compensation, and its critical importance to other privatization programs in Estonia, the D&T team strongly recommends that the Government of Estonia continue to strengthen the role of the Central Restitution Commission and expand its purview.
- b. The local claims offices and other involved organizations do not have a regular system for receiving information about the restitution/compensation process, such as laws, regulations, implementation instructions, etc. Furthermore,

many local authorities appear to be developing their own procedures that are not necessarily consistent from one area to another, for dealing with local conditions and the uncertainties of the restitution/compensation process. The D&T team recommends that a more consistent, formal information channel be developed to ensure that policy makers understand local conditions, and to ensure that local participants understand the overall structure and focus of the program.

- c. Some of the local claims offices appear to be understaffed. The adequacy of local staffing and appropriate training should be addressed, because it is important to streamline the restitution/compensation process as much as possible.
- d. When the valuation methodology is agreed upon, there will be a bottle neck of claims information coming into the central claims registry. However, it is important that this information be entered and analyzed quickly, because of the impact of restitution/compensation on the Estonian economy. The D&T team recommends that consideration be given to centralizing the available claims information now, evaluating the staffing needs of the central claims registry, and completing the registry when the valuation information is available.

Restitution and Compensation Program -- Participant Institutions



SOURCE-DEPT. OF STATE PROPERTY, TALLINN.

APPENDIX II
DESIGN MEMORANDUM ON RESTITUTION AND COMPENSATION

DOCUMENTS

Law on the Principles of Property Reform, June 13, 1991 (with amendments of August 12, 1992) (see Appendix I)

Decree on the Establishment of Restitution Committees, October 2, 1991

Restitution/Compensation application forms

Draft Laws on Restitution/Compensation presented to Parliament in July, 1992:

- On Compensation for Illegally Expropriated Property
- On Determining the Value of Illegally Expropriated Property and the Rate of Compensation for it

Law On the Acceleration of the Restitution of the Illegally Expropriated Property which has Remained in its Previous Individual Form, August 11, 1992

DRAFT UNOFFICIAL TRANSLATION

Overview translation by Viive Uus

Decree on the Formation of the Central Restitution
Commission and the Local and Municipal Commissions

2 October 1991, No. 202

1. Not translated
2. Not translated
3. Local municipalities shall form restitution and compensation commissions and appoint the members to them. The Government of Estonia appoints to every local or municipal commission two members.
4. Responsibility of the Commissions:
 - 1) Revise applications for restitution; check the backgrounds of applications; control documents and also follow the righteousness of accepting applications and correctness of the procedure. Restitution applications' gives its resolution as to whether the decision made is legal and remains unchanged or forwards its position to local commissions to be revised anew; changes decisions by local commissions or sends it to the Government for making decision.
 - 2) Analyzes at least twice a year, activities of local commissions, explains adaptation of regulating acts and confirms necessary for their operation forms of documents.
 - 3) Receives restitution and compensation applications if it is not possible to present them to local commissions and forwards them to corresponding authorities. If necessary, offers representations outside of Estonia and fixes the ways they operate.
 - 4) According to the need, presents problems of restitution and compensation to the Government and prepares draft decrees.
 - 5) Organizes public consulting and information about its activities.
 - 6) Completes extra tasks presented by the Government.
5. The Central Commission is authorized:
 - 1) To receive necessary written information and other

materials from ministries, state boards, local offices, and other organizations for its operating.

- 2) To invite to its meetings, representatives from ministries, state boards, local offices and other organizations for receiving necessary information.
- 3) To hire specialists for solving certain problems.
6. The Central Commission gets together upon the invitation of the Chairman, or in his absence, the Deputy Chairman.
7. Items to be discussed are prepared by the corresponding Deputy Chairman and the Secretary.

The latter fills also protocol, provides material assistance, and covers the range of practical needs.
8. Resolution is accepted, when half of the members vote for it. In the event of an even score, the vote of the Chairman counts.
9. The decision is signed by the Chairman and Secretary.

Translation by Viive Uus

The Statute on the Central Restitution Commission

[Oigusvastaselt Voorandatud Vara Tagastamise
ja Kompenseerimise Keskkomisjoni]

1. The Central Restitution and Compensation Commission (hereinafter Central Commission) is the governmental commission on the Republic of Estonia whose task is to revise complaints about decisions made by local and municipal restitution commissions (hereinafter local commissions), analyze the activities of the local commissions, and design unified tactics for their activities [strategy?]
2. Membership of the Central Commission will be confirmed by the Government.

The Chairman of the Commission is the Minister of Justice and the Deputy Chairman is then Director General of the State Property Board. The Minister of Justice appoints the Deputy Chairman responsible for preparing materials.

The Deputy Chairman responsible for preparing materials and the Secretary of the Commission are hired employees whose salaries come from the budget of the Ministry of Justice and the State Chancellor's Office.

3. The activities of the Central Commission are directed by the law of Estonia and other regulations as well as the given statute.
4. The Central Commission has to:
 - 1) Revise [review?] complaints about the decisions made by the Local Commissions about [end of page. Missing text?]
 - 2) Revise complaints about the work of officers.
 - 3) Receive applications for entering into the restitution and compensation register.
 - 4) Return invalid or insufficient documents and point out shortcomings.
 - 5) Cancel groundless applications.
 - 6) Give current information to the public.
 - 7) ?? other tasks by the Government.
5. The Central Commission is directed by the laws and regulations of Estonia.

6. The decision of the Commission is valid when 1/2 of its members vote for it.

The decision will be signed by its Chairman and Secretary.

The Commission will be served by municipalities and local authorities.

7. The decision is valid from 24 September 1990. [some text not translated].

Signed by J. Leimann (Majandusminister)
E. Bekker (Riigiministri Asetaitja)



EESTI VABARIIGI VALITSUS

Decree määrus

2. oktoobrist 1991. a. nr. 202

Tallinn, Toompea

on the formation of the Central Restitution Commission and local and municipal commissions
õigusvastaselt võõrandatud vara tagastamise ja kompenseerimise keskkomisjoni ning maakonna- ja linnakomisjonide moodustamise kohta

Eesti Vabariigi Valitsus määrab:

1. Moodustada õigusvastaselt võõrandatud vara tagastamise ja kompenseerimise keskkomisjon ning kinnitada nimetatud komisjoni põhimäärus ja koosseis (juurde lisatud).

2. Lugeda Eesti Vabariigi Valitsuse rehabiliteerimis- ja denatsionaliseerimisprotsessis varade tagastamise ja kompenseerimisega seotud õiguskõsimumste läbivaatamise komisjoni tegevus lõppenuks. Komisjonil anda oma materjalid üle õigusvastaselt võõrandatud vara tagastamise ja kompenseerimise keskkomisjonile.

local municipalities shall form restitution and compensation commission and appoint the members to the
3. Maavalitsustel ja vabariiklike linnade valitsustel moodustada õigusvastaselt võõrandatud vara tagastamise ja kompenseerimise maakonna- ja linnakomisjonid ning kinnitada nende koosseis. *The Government of Estonia appoints to every local or municipal commission two members.*
Eesti Vabariigi Valitsus määrab iga maakonna- ja linnakomisjoni koosseisu kaks liiget.

Responsibility of Commission!
4. Õigusvastaselt võõrandatud vara tagastamise ja kompenseerimise maakonna- ja linnakomisjonid:
review applications for restitution,
1) vaatavad läbi komisjonile esitatud materjalid õigusvastaselt võõrandatud vara tagastamise või kompenseerimise kohta, kontrollivad taotluste põhjendatust, hindavad esitatud tõendeid ning kontrollivad avalduste vastuvõtmist ja nende läbivaatamist reguleerivate eeskirjade täitmist;
check the backgrounds of applications, control documents and also follow the righteousness of a decision and correctness of the procedure.

restitution applications; gives its resolution, vara registrisse kandmise või taotluste rahuldamata jätmise kohta vastuvõetud otsuste peale esitatud kaebused ning võtab nende kohta vastu otsuse (jätab kaebuse rahuldamata ja kinnitab vastuvõetud otsuse õigsust, saadab materjalid koos oma seisukohtadega kohalikele komisjonile ning maa- või linnavalitsusele uuesti läbivaatamiseks, muudab kohaliku komisjoni otsust või tühistab selle või saadab küsimuse otsustamiseks Eesti Vabariigi Valitsusele);

2) *analyses at least twice a year activities of local commissions, explains adaptation of regulating acts and confirms necessary for their operation forms of documents.*
Üldistab vähemalt kaks korda aastas kohalike komisjonide tegevust, annab neile selgitusi normatiivaktide koostamise kohta ning kinnitab nende töös vajalike dokumentide vorme;

3) *receives restitution and compensation applications if it is not possible to present them to local commissions and forwards them to corresponding authorities. If necessary, opens representations outside Estonia and fixes the ways they operate.*
võtab vastu õigusvastaselt võõrandatud vara tagastamiseks ja kompenseerimiseks esitatavaid avaldusi, kui avaldajal ei ole võimalik esitada neid vastavale maavalitsusele või vabariikliku linna valitsusele, ning edastab need vastavatele valitsustele, vajaduse korral avab avalduste vastuvõtmiseks esindusi väljaspool Eesti Vabariiki ja määrab kindlaks nende töökorra;

4) *according to the need presents problems of restitution and compensation to the Government and prepares draft decrees.*
vajaduse korral tõstatab Eesti Vabariigi Valitsuse ees õigusvastaselt võõrandatud vara tagastamise ja kompenseerimise osas lahendamist vajavaid küsimusi ning valmistab neis küsimustes ette Eesti Vabariigi Valitsuse otsuste projekte;

5) *organises public consulting and information about its activities.*
korraldab kodanike vastuvõttu ja informeerib üldsust oma tegevusest;

6) *completes extra tasks presented by Government.*
täidab muid Eesti Vabariigi Valitsuse poolt antavaid ülesandeid.

The Central Commission is authorized.

5. Keskkomisjonil on õigus:

1) *to receive necessary written information a.o. materials from ministries, state boards, local offices and other organisations for its operating.*
saada ministri- ja riiklikelt ametitelt ja inspeksiioonidelt, kohaliku omavalitsuse organitelt ning teistelt asutustelt ja organisatsioonidelt oma ülesannete täitmiseks vajalikku kirjalikku informatsiooni ja muid materjale;

2) *to invite to its meetings representatives from ministries, state boards, local offices and*
kutsuda oma istungile ministri- ja riiklike ametite ja inspeksiioonide, kohaliku omavalitsuse organite

other organisations for receiving necessary information
ning teiste asutuste ja organisatsioonide esindajaid komis-
joni tööks vajaliku informatsiooni saamiseks;

to hire specialists for solving certain problems.
3) kaasata probleemide lahendamisele vastava ala spet-
sialiste ja muid töötajaid ning tasustada nende tööd.

The central commission gets together upon the
4. Keskkomisjoni istungi kutsub kokku ja juhatab seda
invitation of the chairman of it in his absence - the dep. cha-
komisjoni esimees, tema ülesandel või äraolekul aga esimehe
asetäitja.

Items to be discussed are prepared by
7. Keskkomisjoni istungil läbi vaatamiseks tulevad küsi-
the corresponding deputy chairman and the secretary.
mused valmistavad ette komisjoni esimehe asetäitja materja-
lide ettevalmistamise alal ja komisjoni sekretär.

The latter fills also protocols, provides material
Keskkomisjoni sekretär protokollib komisjoni istungeid,
assistance and covers the range of practical needs
tagab komisjoni tehnilise teenindamise ning täidab komisjoni
esimehe poolt antavaid muid ülesandeid.

Resolution is accepted, when half of the members
8. Keskkomisjoni otsus on vastu võetud, kui selle poelt
votes for. In even score, the vote of the chairperson count
hääletab üle poole komisjoni liikmetest. Häälte võrdse jaqu-
nemise korral otsustab komisjoni istungi juhataja hääl.

The decision is signed by the chairperson & secretary.
9. Keskkomisjoni otsusele kirjutavad alla keskkomisjoni
esimees ja sekretär.

K I N N I T A T U D

Eesti Vabariigi Valitsuse
2. oktoobri 1991. a.
määrusega nr. 202

The statute on the restitution
õigusvastaselt võõrandatud vara tagastamise ja kompenseerimise keskkomisjoni
central commission
põhimäärus.

The Central Restitution and Compensation Commission
1. õigusvastaselt võõrandatud vara tagastamise ja kom-
(further - central commission) is the governmental
penseerimise keskkomisjon (edaspidi - keskkomisjon) on Eesti
commission of the Republic of Estonia, whose task
Vabariigi Valitsuse komisjon, kelle põhiülesanneteks on
to revise complaints about decisions made by
õigusvastaselt võõrandatud vara tagastamise ja kompenseeri-
local and municipal restitution (further: local
mise maakonna- ja vabariiklike linnade komisjonide (edaspidi
commissions), analysing the activities of local comm-
- kohalike komisjonide ning maavalitsuste ja vabariiklike
and designing unified tactics of their activities.
linnade valitsuste otsuste peale esitatud kaebuste läbivaatamine, kohalike komisjonide tegevuse üldistamine ning nende
ühtse praktika kujundamine.

as a member of the central commission will
2. Keskkomisjoni koosseisu kinnitab Eesti Vabariigi
is appointed by the govt.
Valitsus.

Chairman of the commission is a member of
Komisjoni esimeheks on Eesti Vabariigi justiitsminister
and the deputy chairman is a director of
ning esimehe asetäitjaks Eesti Vabariigi Riigivaraameti
the State Property Board, the minister of
peadirektor. Eesti Vabariigi justiitsminister määrab ametis-
justice appoints the deputy chairman responsible for
se komisjoni esimehe asetäitja materjalide ettevalmistamise
the work under the
alal.

The dep. chairman is responsible for preparing
Keskkomisjoni esimehe asetäitja materjalide ettevalmis-
and the secretary of commission is appointed by the
tamise alal ja komisjoni sekretär on palgalised töötajad,
whose salaries come from the
kelle ülalpidamiskulud kaetakse vastavalt Eesti Vabariigi
by the Ministry of Justice and the State Property Board.
Justiitsministeeriumi ja Eesti Vabariigi Riigikantselei
eelarvest.

activities of the central commission are directed
3. Keskkomisjon juhendub oma tegevuses Eesti Vabariigi
by the laws of Estonia and other regulations as well as the given statute
seadustest ja teistest normatiivaktidest ning käesolevast
põhimäärusest.

The central commission has to:
4. Keskkomisjon oma põhiülesannete täitmiseks:
with complaints on the decisions made
1) vaatab läbi kohalike komisjonide ning maavalitsuste
by the local and municipal commissions about
ja vabariiklike linnade valitsuste poolt esitate omanike ja

K I N N I T A T U D

Eesti Vabariigi Valitsuse
2. oktoobri 1991. a.
määrusega nr. 202

The statute on the restitution
central commission
õigusvastaselt võõrandatud vara tagastamise ja kompenseerimise keskkomisjoni
põhimäärus.

The Central Restitution and Compensation Commission
1. õigusvastaselt võõrandatud vara tagastamise ja kom-
(further - central commission) is the governmental
penseerimise keskkomisjon (edaspidi - keskkomisjon) on Eesti
commission of the Republic of Estonia whose task
Vabariigi Valitsuse komisjon, kelle põhiülesanneteks on
to revise complaints about decisions made by
õigusvastaselt võõrandatud vara tagastamise ja kompenseeri-
local and municipal restoration (further - local
mise maakonna- ja vabariiklike linnade komisjonide (edaspidi
and designat unified tactics of their activities.
- kohalike komisjonid) ning maavalitsuste ja vabariiklike
linnade valitsuste otsuste peale esitatud kaebuste läbivaatamine, kohalike komisjonide tegevuse üldistamine ning nende
õhtse praktika kujundamine.

the central commission
2. Keskkomisjoni koosseisu kinnitab Eesti Vabariigi
Valitsus.

Chairman of the commission is
Komisjoni esimeheks on Eesti Vabariigi justiitsminister
the deputy chair
ning esimehe asetäitjaks Eesti Vabariigi Riigivaraameti
deputy board
peadirektor. Eesti Vabariigi justiitsminister määrab ametis-
board
se komisjoni esimehe asetäitja materjalide ettevalmistamise
alal.

the dep. chair
Keskkomisjoni esimehe asetäitja materjalide ettevalmis-
chairman of the commission
tamise alal ja komisjoni sekretär on palgalised töötajad,
kelle ülalpidamiskulud kaetakse vastavalt Eesti Vabariigi
the ministry of justice and the ministry of
Justiitsministeeriumi ja Eesti Vabariigi Riigikantselei
eelarvest.

activities of the central commission are directed
3. Keskkomisjon juhindub oma tegevuses Eesti Vabariigi
by the laws of Estonia and other regulations as well as the given statute
seadustest ja teistest normatiivaktidest ning käesolevast
põhimäärusest.

The central commission has to:
4. Keskkomisjon oma põhiülesannete täitmiseks:
revise complaints on the decisions made
1) vaatab läbi kohalike komisjonide ning maavalitsuste
and municipal commissions about
ja vabariiklike linnade valitsuste poolt endiste omanike ja

Sample Form

A P P L I C A T I O N

for returning or compensation of illegally expropriated
property

(the body of a local self-government to whom application submitted)

I, _____
(first and family name, date and place of birth, place of

residence, citizenship prior to June 16, 1940 and at present)

ask to register my application for the property which consisted of

(show what the property was composed of /if possible, show specified
data in a table added to the application/ and references to document
verifying the existence and possession of the property)

and which, before its illegal expropriation, belonged to _____
(name of

former owner, if applicant is not the former owner, show the degree
of relationship, refer to the document verifying it)

Location of property _____
(prior to illegal expropriation and at present
note on how property preserved)

I claim the property _____
(show which part of property is to be compen-
sated for, which part returned)

At the moment of expropriation, the value of the illegally
expropriated property was _____
(show the document verifying the value
of property)

Before expropriation, the property was bearing debts (sum total,
reference to document verifying debts)
and other liabilities

(reference to document showing existence of the liabilities)

In addition to me, the following persons have rights to said property
(show same data as about the applicant)

Time, place and type of illegal expropriation of property:
(references to documents verifying illegal expropriation of property)

To verify facts, the following documents are added to the present
application:

- 1.
- 2.
- etc.

Signature of applicant (his or her representative)

Notes:

1. In case the application has been drawn up by the applicant's representative, the data on the representative will be presented (first and family name, address) and the applicant's warrant with the notary public's signature or a barrister's order will be added.
2. The Addendum to the Application will be completed by the applicant, or by the person receiving the application at the applicant's presence.

Naeldisvorm

A V A L D U S

Õigusvastaselt võrandatud vara
tagastamise või kompenseerimise kohta

(kohaliku omavalitsuse organ, kellele avaldus esitatakse)

Mina, _____
(ees- ja perekonnanimi, sünniaeg ja koht, elu-

koht, kodakondsus kuni 1940.a. 16. juunini ja keesoleval ajal)

palun registreerida minu avaldus vara suhtes, mis koosnes

(naidata ära vara koosseis / võimaluse korral esitada täpsus-

tatud andmed avalduse lisas esitatud tabelis/ ja viited sel-

le vara olemasoleva ja kuuluvust tõendavatele dokumentidele)

ja mis kuulus enne õigusvastast võrandamist _____
(endise omaniku

naid; kui teadetele ei ole endine omanik, siis naidata ära

asutusest ja viide selle tõendavale dokumentile)

Vara asukoht _____
(enne õigusvastast võrandamist ja kees-

oleval ajal, märkus vara väljamine kohta)

Teadlen vara _____
(ära naidata, millise vara osas teatatakse

se kompenseerimist, millise osas tagastamist)

Õigusvastaselt võrandatud vara väärtus oli võrandamisel
se hetkel _____
(ära naidata dokument, mis tõendab vara väärtust

Enne õigusvastast võõrandamist lasusid varal võlad
(summa, viide dokumendile, mis tõendab võlgade olemasolu)
ja muud kohustused _____

(Viide dokumendile, mis näitab nende kohustuste olemasolu)
Peale minu omavad õigusi nimetatud varale: _____ (esitada

_____ samad andmed, mis taotleja kohta)

Vara õigusvastaselt võõrandamise aeg, koht ja viis: _____

(Viited vara õigusvastast võõrandamist tõendavatele dokumen-
_____ tidele)

Asjaolude tõendamiseks on käesolevale avaldusele lisa-
tud järgmised dokumendid:

1. _____
2. _____
- jne.

Taotleja (tema esindaja) allkiri _____

MARKUSED:

1. Kui avalduse on koostanud taotleja esindaja, siis märgitakse andmed esindaja kohta (ees- ja perekonnanimi, aadress) ning lisatakse taotleja poolt tehtud notariaalselt tõestatud volikiri või advokaadi order.

2. Avalduse lisa täidab kas taotleja või avalduse vastuvõtja taotleja (tema esindaja) juuresolekul.

4/16/91

ORDER OF REGISTERING OFFICIALLY AND CODING
THE DATA COLLECTED FROM RESTITUTION AND
COMPENSATION APPLICATIONS AND PROOF DOCU-
MENTS AND OF FORWARDING THEM TO THE REGISTER
OF FORMER OWNERS AND PROPERTY DURING THE
PROPERTY REGISTRATION PERIOD

1. General Provisions

The present document provides for the order of registering officially, coding and further specifying the data collected from restitution and compensation applications and proof documents and of forwarding these data to the Register of Former Owners and Property during the first stage of compiling the Register.

The present Order is an amendment to the "Instructions for Registering the Restitution or Compensation Applications and Property", approved by Decree No. 161 of the Government of the Republic of Estonia, as of August 28, 1991, on Approving the Order of Submitting and Reviewing Restitution and Compensation Applications and of Submitting and Evaluating Proof Documents.

The present Order proceeds from the statute of the Register of Former Owners and Property (hereinafter: Register), approved by Decree No. 223 of the Government of the Republic of Estonia as of November 20, 1991, on Establishment of the Register of Former Owners and Property.

According to the latter, the keeper of the Register of Former Owners and Property (hereinafter: Register Keeper) shall be the State Computer Center (a state-owned enterprise), address: 200 106, Tallinn, Suur-Ameerika 1; tel.: 683-678.

During the first stage of compiling the Register, the data shall be submitted to the Register Keeper by those structural units of county and city governments who accept restitution and compensation applications and collect documents (hereinafter: Data Submitters).

Data Submitters shall bear responsibility for the truthfulness and proper coding of the Register data.

During the first stage of establishing the Register the data are presented to the Register Keeper on duplicates of Restitution Property Registration Cards (Form 2), unless agreed upon differently with the Register Keeper.

The classificators used for coding the data are presented in the text below (except for the Classificator of Estonian Administrative Units). Each Register Data Submitter shall be given by the Register Keeper additionally an excerpt from the Classificator of Administrative Units for the relevant administrative territory.

2. Completing the Restitution Property Registration Card and Coding the Data

The form (Form 2) of the Restitution Property Registration Card and the basic rules for completing it are presented in the Instructions for Registering the Restitution or Compensation Applications and Property (see: Addendum 3 to Decree No. 161 of the Government of the Republic of Estonia as of August 28, 1991). Therefore, filling out the boxes of Form 2 will be dealt with below only to the extent when additional comments and specifications are needed in connection with the coding of the data and presenting them to the Register.

As county/city code, the two-position code from the Classificator of Estonian Administrative Units presented in the aforementioned Instructions shall be used.

As dossier number, a five-position digital code (sequence number) which must not appear repeated within the borderlines of a given county/city, shall be used. If the Data Submitter, wishing to better organize the work, has made use of literal-digital codes, then the use of the latter on Register Cards must be agreed upon with the Register Keeper in advance. It is a general requirement that the dossier number should not be longer than five positions.

The dossiers must be compiled by properties situated in one place (the same address or real estate). If a dossier contains data about properties situated in several different places, the dossier must be made compatible with this requirement before the Register Card is completed.

Location of property at present must be additionally coded to the text, using the four-position settlement code from the Classificator of Estonian Administrative Units, i.e. the box "code" on the line "town/borough" or "village/borough" must be filled out in accordance with the status of the settlement.

Note 1: If a property is situated on a territory not under the jurisdiction of the Republic of Estonia at the present time, the box "county code" shall be filled out as follows:

- 98 - for coding the regions of the former Petserimaa;
- 99 - for coding the regions beyond the Narva River.

In such a case the box "settlement code" will remain empty (unfilled).

Note 2: If the name of a settlement or its subordination has changed and differs from that shown in the Classifier of Estonian Administrative Units, in order to avoid errors in coding, the person administering the coding is asked to contact the Register Center Office (keeper of the Classifier of Estonian Administrative Units) for the Classifier to be corrected (Mr. Mauno Reisner, tel.: 683-401).

Note 3: If the name of a farm is not in official usage at the present time, this line must not be filled out with the name of the collective/state farm on whose territory the farm is situated; the name of the collective/state farm, if it is not shown in the text "possessor of property at present" and is needed to specify the location (address) of the property, is to be written in the empty space (line) below the line "no(s) of house(s)".

Time of expropriation: year, month, type. As land was expropriated from all citizens on the basis of one and the same document, this line will show only the time and type of expropriation of buildings and other property. On the Register Card the type of expropriation will be shown coded. The following codes will be used:

- 1 - nationalization;
- 2 - collectivization;
- 3 - repression, followed by rehabilitation;
- 4 - expropriation on the basis of an illegal decision;
- 5 - expropriation as a result of unauthorized action by officials;
- 6 - giving up or abandoning property due to imminent repression danger.

In case the buildings and other property situated in one place were expropriated at different times and for different reasons (e.g.: a farm was collectivized, but the saw-mill situated on its territory had been nationalized at an earlier time), an additional card has to be opened for marking the time and type of one expropriation (see the aforementioned Instructions for Registering Property).

In case the property expropriated simultaneously belonged to different types of expropriation, the codes of the different expropriation types can be written in the same box, and separated by a semi-colon.

In case the restitution or compensation property consists of land only (a building lot, forest), the time of nationalization (July 23, 1940) will be marked as time of expropriation.

State of property at present: it is possible to mark only the general state of property, mainly that of buildings, both in text and coded:

- 1 - preserved in its former individualized form;
- 2 - partly preserved and usable;
- 3 - substantially damaged, non-usable;
- 4 - substantially damaged, but restored for initial purposes;
- 5 - re-built;
- 6 - destroyed.

The text has to specify which part of the property has not been preserved in its former condition.

Possessor of property at present: to be filled out in text (name) and to code the group of possessor (in a box on the line of the text):

- 1 - property in the possession of a physical person;
- 2 - property in the possession of a collective farm or its legal successor which can be a legal person to whom all the property of the collective farm or a part of it has been transferred;
- 3 - property in the possession of a state-owned enterprise, institution, organization or farm.

If there are several possessors to one property, two

of them can be marked on the given card, for the others an additional card has to be opened. The share of property belonging to each possessor must also be shown.

Former owners - the box "citizenship" (as of June 16, 1940) on the Register Card must be filled out coded according to the classifier (common with the next point) given below.

Property applicants - in addition to the box "purpose", the boxes "citizenship" (at present) and "relationship (box B)" on the Register Card must be coded, using the following classifiers:

-to mark citizenship:

- 1 - citizen of the Republic of Estonia as of June 16, 1940;
- 2 - permanent resident of the Republic of Estonia as of June 20, 1991;
- 3 - citizen of the states of CIS;
- 4 - Finland;
- 5 - Sweden;
- 6 - Norway;
- 7 - United States of America;
- 8 - Canada;
- 9 - Great Britain;
- 10 - Germany;
- 11 - Switzerland;
- 12 - Australia;
- 13 - Latvia, Lithuania;
- 14 - stateless;
- 20 - others.

-to mark relationship:

- 1 - owner;
- 2 - spouse;
- 3 - child;
- 4 - parents
- 5 - spouse of child
- 6 - grandchild
- 7 - descending relatives (of grandchild)
- 8 - sister/brother
- 9 - niece or nephew;
- 10 - descending relatives (of sister/brother)
- 11 - succession by will.

-the classifier of purposes for submitting applications has expanded due to the land law:

- 1 - restitution;
- 2 - partial restitution;
- 3 - partial restitution and compensation;
- 4 - compensation;
- 5 - replacement of land and compensation;
- 6 - partial restitution together with compensation and partial replacement of land;
- 7 - replacement of land.

Decision on entering in Register: the boxes will be completed according to the aforementioned Instructions, with one difference, viz. the duplicate is signed by the person responsible for the truthful completion of the whole card and the document shall bear the seal of the corresponding county government or city government.

3. Corrections to Register Data

Although the decision on entering the data in the Register has been taken, it may prove necessary to make amendments or corrections to the data already transferred to the Register.

The same Restitution Property Registration Card (Form 2) is used for making amendments and corrections and the word "Amendments" is written legibly on the upper right-hand corner of its facing side.

The amendments card is handled in the Register in the same way as the additional card which has to bear the county/city code and the number of the dossier the data of which were amended, as well as the number of the card (the box in the upper right-hand corner of the frame on the facing side of the card). In order to avoid mixing up the amendments cards with the additional cards the data of which add to the data of the main card, letter "P" is to be added to the sequence number of amendments cards, e.g.: P-1; P-2, etc.

When completing the amendments cards, the following rules should be kept in mind:

The Register Keeper may refuse to accept cards completed incorrectly, partly or with evident errors; a corresponding note has to be made on the certificate.

If the Data Submitter uses a computer for registering restitution property, the data may be transferred on PC diskettes if agreed so with the Register Keeper. The parties must also agree in advance about the structure of the data file on diskette.

As property registration cards form the basic documentation for the Register Keeper to compile the Register, the Register Data Submitters must also, together with the diskettes, submit computer outprints of the duplicates of register cards, signed and bearing a seal.

The Register Keeper is obliged to inform the Data Submitters immediately if any inconsistencies, mistakes or incorrectness appear in the data submitted to the Register Keeper.

~~RESTITUTION PROPERTY REGISTRATION CARD~~

County / city code / * / Application registration numbers No
 Dossier number / * * * *

Location of property	F O R M E R	AT P R E S E N T
	Code	Code
County		County
Town/borough		Town/borough
District (vald)		District (village soviet)
Village/settlement		Village/borough
Street/farm (name)		Street/farm (name)
No(s) of house(s)/farm		No(s) of house(s)
No. of real estate		

General characteristics of property: farm, factory, enterprise, dwelling, store, workshop, mill (underline or add the proper type)

Content of property: Name	Unit	Quantity	Value when expropriated			
			Acc.to applications		Acc.to documents	
			unit	sum	unit	sum
Land	ha					
Forest	ha					
Plot	m ²					
Buildings	no.					
Machinery	no.					
Livestock	no.					
Stock (inventory)	no.					
Ships	no.					
Shares	Kr.					
Other property						
T o t a l			Kr.		Kr.	
			Rbl.		Rbl.	

Name of other property

Time of expropriation: year 19..., month and type:

State of property at present:

Possessor of property at present:

Former owners: Last, first and father's name	Year of birth	Citizen- ship	Share of property	No. of rehab: certi.
1.				
2.				

Property applicants No. Name (last, first,	Address	Citizen- ship	Relation A B	Purpose

ЗАКОН ЭСТОНСКОЙ РЕСПУБЛИКИ

Об определении стоимости противоправно
отчужденного имущества и размере компенсации
за него

1. ОБЩИЕ ПОЛОЖЕНИЯ

Статья 1. Объект Закона

Настоящим Законом устанавливаются основы определения указанной в части 5 статьи 13 Закона Эстонской Республики "Об основах реформы собственности" (в дальнейшем - Основы) стоимости на момент отчуждения противоправно отчужденного имущества, перечисленного в части 1 статьи 11 Основ, а также размер указанной в частях 3 и 6 той же статьи компенсации за противоправно отчужденное имущество.

Статья 2. Определение стоимости имущества

(1) Стоимость противоправно отчужденного имущества подтверждается документами, выданными не позднее чем за три года до противоправного отчуждения имущества. При использовании документов, выданных ранее, указанную в них стоимость необходимо на основе оценок экспертов привести в соответствие со стоимостью имущества на момент отчуждения.

(2) При отсутствии документов, указанных в части 1 настоящей статьи, стоимость имущества на основании оценок экспертов определяется исходя из стоимости аналогичного имущества.

(3) Порядок определения на основании настоящего Закона стоимости противоправно отчужденного имущества устанавливает Правительство Эстонской Республики.

Статья 3. Перерасчет стоимости противоправно
отчужденного имущества

(1) Стоимость имущества, определенная в эстонских кронах, действовавших в 1940 году (в дальнейшем - крона 1940 г., Экр.), пересчитывается на действующие эстонские кроны (в дальнейшем - крона, кр.) в случае оборудования промышленных производственных зданий и иного основного имущества в соотношении 1 Экр. = 10 кр., а в отношении земли и прочего имущества в соотношении 1 Экр. = 40 кр.

(2) Стоимость имущества, определенная в деньгах Союза ССР (в рублях), пересчитывается Министерством финансов Эстонской Республики в кроны исходя из соотношения, установленного частью 1 настоящей статьи, на основании определенных коэффициентов.

(3) Стоимость противоправно отчужденного имущества выражается в кронах с точностью до одной кроны.

Статья 4. Покрытие расходов и разрешение споров,
связанных с определением стоимости
имущества

(1) Расходы, связанные с определением на основе оценок экспертов стоимости противоправно отчужденного имущества, покрывает местное самоуправление первичного уровня по месту нахождения имущества за счет доходов, поступающих от приватизации имущества.

(2) Предоставляется право оспорить результаты определения стоимости имущества на момент его противоправного отчуждения в исполнительном органе местного самоуправления первичного уровня по месту нахождения имущества. Решение местного самоуправления может быть обжаловано в суде.

II. ОПРЕДЕЛЕНИЕ СТОИМОСТИ ПРОТИВОПРАВНО ОТЧУЖДЕННЫХ ЗЕМЕЛЬ И ЛЕСА

Статья 5. Определение стоимости противоправно отчужденных земель, находившихся за пределами границ города и городского поселка

(1) Стоимость земель, находившихся за пределами границ города или городского поселка, определяется по крепостным актам, существовавшим до 1940 года, согласно спискам земель, подлежавших налогообложению, составленным парламентом кадастров Эстонской Республики, на основании договоров купли-продажи, записей в крепостной книге или банковских документов. Если данные о стоимости земли в перечисленных документах указаны по-разному, за стоимость противоправно отчужденной земли берется наибольший размер ее стоимости.

(2) Чистую прибыль в рублях, зафиксированную в списке земель, подлежавших обложению налогом, пересчитывают в кронны 40 года путем умножения на 40.

Статья 6. Определение стоимости противоправно отчужденных земель, находившихся в границах города или городского поселка

(1) Стоимость земли в городах и городских поселках по состоянию на 16 июня 1940 года определяется на основании актов земель, подлежавших налогообложению, договоров купли-продажи, записей в крепостной книге или банковских документов. Если в разных документах указана разная стоимость земли, за стоимость противоправно отчужденной земли берется наибольший размер ее стоимости.

(2) Если в купчей данные о стоимости земли отсутствуют, основу берется средняя стоимость по купчей, составленной в границах с ней земли, либо, а в случае отсутствия этих данных, средняя стоимость земли в городе (части города) или городском поселке в 1940 году или по возможности в ближайшем ему году.

Статья 7. Определение стоимости леса на корню

(1) Стоимость леса, рошего на противоправно отчужденных лесных землях, определяется по цене, определенной актами оценки, составленными на основании расчетных данных 1940 года о запасах древесины и статьи 95 Постановления "О земельной реформе", действовавшего в 1923-1940 годах.

(2) Если данные для оценки леса отсутствуют, стоимость леса на 1940 год определяется исходя из средних запасов древесины хуторских лесов по высокоствольному лесу - 152 м³/га, по лесу на сенокосных и пастбищных землях - 35 м³/га и средней цене леса 2 (альтернатива: 3) Экр. за м³.

III. ОПРЕДЕЛЕНИЕ СТОИМОСТИ ПРОЧЕГО ПРОТИВОПРАВНО ОТЧУЖДЕННОГО ИМУЩЕСТВА

Статья 8. Общие положения определения стоимости прочего противоправно отчужденного имущества

(1) Стоимость прочего противоправно отчужденного имущества, то есть имущества, исключая земли и леса, определяется на основании подтверждающих стоимость документов, признанных уездной или городской комиссией по возвращению и возмещению имущества достаточными.

(2) Стоимость имущества не определяется, если имущество возвращается, а уполномоченный и обязанный субъект в письменной форме подтверждает, что они отказываются от возмещения имущества.

Статья 9. Определение стоимости сельскохозяйственного инвентаря

(1) Стоимость сельскохозяйственного инвентаря (в том числе скота), подлежащего возмещению, определяется исходя из документально подтвержденного наличия отчужденного имущества на период отчуждения.

(2) Цена сельскохозяйственного инвентаря (в том числе скота), подлежащего возмещению, определяется на основании соотношения средней цены этого инвентаря и коровы в 1940 года в кронах 1940 года. Цена коровы, являющаяся основой расчетов, определяется Министерством сельского хозяйства Эстонской Республики.

(3) Если документы об обобществлении сельскохозяйственного инвентаря не сохранились, и стоимость обобществленного имущества невозможно установить и иным способом, стоимость обобществленного сельскохозяйственного инвентаря определяется из расчета: цена 0,5 коровы за каждый гектар пашни.

IV. РАЗМЕР КОМПЕНСАЦИИ ЗА ИМУЩЕСТВО

Статья 10. Общие основы возмещения противоправно отчужденного имущества

(1) Противоправно отчужденное имущество возмещается согласно положениям Основ и других нормативных актов Эстонской Республики.

(2) При возвращении земли, леса и прочего имущества до установления размера компенсации, за исключением случая, указанного в части 2 статьи 8 настоящего Закона, до возврата имущества в порядке, установленном Правительством Эстонской Республики, проводится оценка его.

(3) Уполномоченные субъекты реформы собственности, противоправно отчужденные земли, лес и прочее имущество которых находится на территории, которая не подчинена юрисдикции Эстонской Республики, получают возмещение в общем порядке.

Статья 11. Размер компенсации за имущество, если стоимость имущества невозможно определить

Если стоимость принадлежавшего уполномоченному субъекту реформы собственности имущества, указанного в части 1 статьи 11 Основ, доказать невозможно, размер компенсации за все это имущество, согласно части 6 статьи 13 Основ, составляет 10 000 (альтернатива: 40 000) крон.

Статья 12. Возмещение имущества противоправно репрессированным и реабилитированным лицам

Размер выплачиваемой противоправно репрессированным и реабилитированным лицам компенсации за имущество, указанное в части 3 статьи 13 Основ, составляет 2000 (альтернатива: 8000) крон.

*exentime?
cash?*

Статья 13. Компенсация за акции и паевые свидетельства

Акции и паевые свидетельства компенсируются, исходя из стоимости имущества акционерных обществ и экономических товариществ, пропорционально количеству акций и паевых свидетельств и их номинальной стоимости в 1940 году.

Председатель Верховного Совета
Эстонской Республики

А.Рюйтель

Таллинн, июля 1992 года

Представила Комиссия по вопросам бюджета и экономики после согласования с представителем Правительства. 7 июля 1992 г.

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ЗАКОН ЭСТОНСКОЙ РЕСПУБЛИКИ

О способе и порядке возмещения
противоправно отчужденного имущества

Статья 1. Объект Закона

Настоящий Закон устанавливает способ и порядок возмещения противоправно отчужденного имущества (в дальнейшем: имущество) в соответствии с положениями статей 14 и 17 Закона Эстонской Республики "Об основах реформы собственности" (в дальнейшем: Основы).

Статья 2. Пределы возмещения имущества

(1) Имущество, не возвращаемое в ходе реформы собственности, возмещается в пределах стоимости на момент отчуждения, определяемой согласно Закону Эстонской Республики "Об определении стоимости противоправно отчужденного имущества и размерах возмещения за него" (в дальнейшем: Закон о стоимости имущества) и выраженной в находящейся в обращении эстонских кронах (далее - крона, кр.).

(2) При частичном возвращении имущества, а также если стоимость возвращаемого имущества уменьшилась либо увеличилась по сравнению с его стоимостью на момент отчуждения, разница в стоимости возвращаемого имущества возмещается правомочному субъекту реформы собственности либо правомочный субъект реформы собственности возмещает эту разницу.

(3) Разница в стоимости указанного в части 2 настоящей статьи возвращаемого имущества не подлежит возмещению, если по оценкам экспертов она составляет менее 25 процентов стоимости данного имущества на момент его отчуждения либо если правомочный и обязанный субъекты реформы собственности письменно известят о том, что они не требуют возмещения разницы в стоимости имущества.

(4) Если правомочный субъект реформы собственности не возместил возросшую стоимость подлежащего возмещению имущества при передаче имущества или не возместит ее в предусмотренный срок, он обязан при возмещении стоимости земли оплатить долг в течение 25 лет, а при возмещении стоимости иного имущества - в течение 5 лет согласно порядку, установленному Правительством Эстонской Республики. Гарантией возврата этого долга является возвращенное имущество, которое может быть востребовано частично или в полном размере путем принудительной продажи в соответствии с законами Эстонской Республики.

Статья 3. Определение изменения стоимости имущества
и разрешение споров

(1) Стоимость противоправно отчужденных земель на момент их возвращения определяется в соответствии с законами Эстонской Республики в порядке, установленном Правительством Эстонской Республики. Стоимость прочего имущества (исключая землю) на момент его отчуждения определяется соответственно Закону Эстонской Республики "Об определении стоимости противоправно отчужденного имущества и размерах возмещения за него" по методике и в порядке, установленном Департаментом государственного имущества Эстонской Республики.

(2) Увеличение или уменьшение стоимости возвращаемого имущества вычисляется путем сопоставления стоимости имущества на момент его отчуждения и на момент его возвращения в порядке, установленном Правительством Эстонской Республики.

(3) Результаты определения увеличения или уменьшения стоимости имущества, указанного в части 2 статьи 2 настоящего Закона, можно оспорить в исполнительном органе местного самоуправления первичного уровня по местонахождению имущества. Решение местного самоуправления можно обжаловать в суде.

Статья 4. Способ возмещения имущества

(1) Имущество возмещается правомочному субъекту реформы собственности путем продажи приватизируемого имущества за выданную в соответствии с частью 1 статьи 17 Основ ценную бумагу (далее - компенсационная ценная бумага) либо в соответствии с Законом Реформы в сельском хозяйстве Эстонской Республики.

Securities?

Can be
used

(2) Компенсационная ценная бумага выдается в стоимости, соответствующей цене подлежащего возмещению имущества, выраженной в кронах, с учетом инфляции начиная с 1 июля 1992 года.

Банк Эстонии и Правительство Эстонской Республики имеют право при организации возмещения имущества использовать вместо выдачи ценных бумаг иные способы, обеспечивая реализацию принципов возмещения имущества, установленных Основами и иными нормативными актами Эстонской Республики.

Статья 5. Возмещение имущества в деньгах

(1) Имущество может быть возмещено в эстонских кронах на основании компенсационных ценных бумаг либо иным способом, проистекающим из части 2 настоящего Закона.

(2) Возмещение имущества в деньгах осуществляется за счет компенсационного фонда, образованного Правительством Эстонской Республики. В данный фонд компенсации перечисляется 50 процентов денежных средств, получаемых от приватизации государственного и переданного государством в муниципальную собственность имущества.

(3) Банк Эстонии и Министерство финансов Эстонской Республики могут ограничивать ежегодные выплаты из компенсационного фонда в зависимости от общей суммы доходов государственного бюджета Эстонской Республики и необходимости стабилизации денежного оборота.

(4) Преимущественное право на получение денежной компенсации за имущество имеют малообеспеченные семьи и престарелые. Из указанных семей и лиц преимущественное право на получение денежной компенсации имеют бывшие собственники и противоправно репрессированные лица, из числа которых, в свою очередь, предпочтение отдается лицам, имущество которых сохранилось, но не подлежит возвращению.

Список лиц, имеющих преимущественное право на компенсацию, составляет и утверждает служба социального обеспечения местного самоуправления первичного уровня.

(5) Лицам, постоянно проживающим в иностранных государствах, имущество в деньгах не возмещается.

Статья 6. Порядок возмещения имущества

(1) Компенсационные ценные бумаги выдаются в соответствии с законами Эстонской Республики в порядке, установленном Правительством Эстонской Республики.

(2) Выдачу компенсационных ценных бумаг и выплату возмещений в деньгах осуществляют уполномоченные Банком Эстонии банки.

(3) Порядок возмещения имущества в деньгах устанавливает Министерство финансов Эстонской Республики.

Председатель Верховного Совета
Эстонской Республики

А. Рюйтель

Таллинн, июля 1992 года

Представляет Комиссия по вопросам бюджета и экономики согласованно с председателем Правительства. 7 июля 1992 г.

How much?
Why can't you just get more pop. capital vouchers?
Comp vouchers are controlled as compensation for civil

124

THE LAW
OF THE REPUBLIC OF ESTONIA

On the Acceleration of the Restitution of the
Unlawfully Alienated Property Remained in its
Previous Individualized Form

§ 1. The unlawfully alienated property, remained in previous individualized form, will be restored to the legitimate subject of the Proprietary Reform in order provided by the Government of the Estonian Republic before the issue of the securities (hereafter securities of compensation) mentioned in section 1 of § 17 of the Law of the Principles of the Proprietary Reform of the Estonian Republic (hereafter Principles) and drawing up the register of the property of previous owners, section 3 § 16 of the same law, on following conditions:

(1) the recipient of the applications for the restitution of the property has terminated the revision of the applications and inspection of documents.

(2) the district or town commission of the restitution and compensation of unlawfully alienated property has determined that liability and composition of the of the said property, as well as the rightful subject, has sufficient documentary evidence for the restitution of the property;

(3) the value of the property subject to restitution has not decreased or this decrease is not liable to compensation under the law of the Estonian Republic.

§2 In case the value of the property subject to restitution has decreased and this decrease is liable to compensation, the property should be restored on the conditions mentioned in subclause 1 and 2 of § 1 and if the compensation payable to the rightful subject has been determined and the rightful subject has given written evidence that he/she will not demand the issue of the security of compensation on the restitution of the property.

§ 3 The return of the unlawfully alienated land will be resolved by the first level executive body of the local authority. If the organ of the state or local authority applies for the assignment of the land or part of it to the public Or municipal property, the return of the land or part of it will be resolved after the determination that this land is not subject to restitution according to the Land Reform Law of the Estonian Republic.

§ 4 The resolution on the restitution of the unlawfully alienated property should be published during one week in the local paper of the locality of named property.

§ 5 The unlawfully alienated property will be restored to the rightful subject on the expiration of two weeks from the publication of the resolution in the local paper, provided that during this time no other legitimate claims have not been raised. The ownership of the restored property will be passed on on the day of signing the act of restoration of the property if not otherwise declared by the law of the Estonian Republic.

If, during two weeks from the publication of the resolution on restitution of unlawfully alienated property in the local paper, the legitimate claim for the property has been raised by another person, the property will be restored or compensated for in general order.

§ 6 The persons applying for restitution of the property on the basis of the law of the Estonian Republic "On the rehabilitation of persons unlawfully subjected to repressions and unfounded prosecutions", and persons, who have applied for the restitution of the property after January 17, 1992, having put in the application after the restitution of this property or alienation of it for the benefit of another person in the course of Proprietary Reform, can demand only compensation for the property.

§ 7 On the restitution of the unlawfully alienated property on the basis of the present law supplementary conditions will be fixed in the act of restitution considering the possible changes in particulars in the course of drawing up the register of previous owners and property, mentioned in section 3 § 16 of the Principles.

The Chairman
of the Supreme Soviet
of the Estonian Republic

A. Rüütel

Tallinn, August 11, 1992

POLICY MEMORANDUM III

AGRICULTURAL PRIVATIZATION IN ESTONIA

1. General characteristics and objectives of the agricultural privatization program.

As with the other privatization programs in Estonia, the objective of agricultural reform is to return state assets to Estonian residents in order to lay the groundwork for a market economy. Agricultural privatization has particularly strong emotional appeal in Estonia, because before World War II Estonia was primarily an agricultural economy with small family farms and a standard of living comparable to Finland's.

The agricultural privatization program covers state-owned agricultural assets, which are principally collective farms (including fishing collectives) and agricultural enterprises. The agricultural privatization program is the most independently conceived of the privatization programs in Estonia, with privatization of each collective farm carried out by its own local agricultural reform committees. Members of the reform committees include three members of the collective farm, three local farmers and three local government representatives (all elected). One or more national government officials are also appointed to the committees.

Agricultural workers will receive agricultural work shares based on the net assets of an agricultural property, after deductions have been made for assets (both land and equipment) originally belonging to the national and local government, assets that must be surrendered to satisfy restitution claims, and bank debts. These net assets are then divided by the number of years of agricultural work claimed by each individual. One agricultural work share equals approximately one year of work. Because this method of calculating agricultural work shares is based on the net value of specific agricultural assets, the value of the shares of each agricultural property will differ.

2. Current status of the agricultural privatization program.

The status of agricultural privatization varies widely, because each agricultural reform committee works at its own pace and make decisions based on local conditions. Some collective farms and agricultural enterprises appear to be in the midst of

reorganization and privatization, while others have gotten bogged down in questions such as restitution.

Restitution valuation is a major problem for agricultural privatization, because the value of agricultural work shares is determined, in part, by deducting the value of restitution claims. Until these claims can be valued, the value of agricultural work shares cannot be calculated. It is not clear how the collective farms that are actually privatizing are dealing with this issue; their solutions most likely vary locally. The Law on Agricultural Reform states that by January 1, 1993 the agricultural reform committees must have decided whether their respective agricultural properties will be reorganized or liquidated. Efforts are being made to speed up the process of agricultural reform; for example, there is a draft decree on acceleration on agricultural and land reform.

3. Key players.

Ministry of Agriculture
Local agricultural reform committees
Local governments
State Land Department
Ministry of Economics

4. Outstanding issues.

ECONOMIC

The key economic issue related to agricultural reform concerns the impact of the simultaneous dismantling of the collective farms. The dissolution of the collective production structure will probably cause temporary reductions in overall output. Depending on the characteristics of the agricultural sector following privatization, restoring productivity may be a lengthy process. New means of cooperation and association among independent farmers, and between farmers and the consuming public will have to be developed and implemented. In addition, on the collective farms where the agricultural reform committees have been less successful in implementing privatization procedures, there are likely to be disincentives to work and incentives to appropriate some of the existing assets. Therefore efforts to speed up the agricultural privatization process are well advised.

POLITICAL

The outstanding political issue concerns perceived fairness, because individuals will receive shares of differing value depending on how well each farm was run and also on each committee's decisions. The D&T team recommends considering the possibility of establishing a minimum agricultural labor share value. If necessary, fewer assets can be returned to the state or local government to ensure that the minimum agricultural labor share value is achieved.

PROGRAM DESIGN MEMORANDUM III

· AGRICULTURAL PRIVATIZATION IN ESTONIA

1. Characteristics of agricultural work shares.

a. Eligibility.

Agricultural work shares are only available for individuals who lived and worked on farms or their heirs.

b. Convertibility.

Agricultural work shares can be converted to housing vouchers or popular capital obligations. It has been proposed that the unit of conversion be one year. (One year of agricultural work would entitle the individual to one housing voucher or popular capital obligation.)

c. Denomination.

Kroon.

d. Tradeability.

According to Article 17 of the Law on Agricultural Reform, agricultural work shares can be traded, but only to people who are also eligible to receive agricultural work shares. They can also be given as gifts, again to those who are eligible to receive such shares.

e. An account or a physical voucher?

The Law on Agricultural Reform refers to certificates, which are physical documents.

f. Tenor.

Not specified.

g. Value.

Agricultural work shares from different farms will have different values, because they are calculated on the basis of the net assets of each farm after a number of deductions, and then divided by the number of voucher claims.

h. Priority in receipt or use.

None apparent in available documents.

i. Interest bearing?

No.

j. Convertible into cash?

Only by selling to another party. However, if an agricultural reform committee makes a decision to liquidate a farm by selling it, holders of agricultural work shares would get their appropriate monetary share of the proceeds.

2. Program design and implementation.

- a. The agricultural work shares are the only privatization instruments which are currently designated as tradeable. The trading process should be supervised carefully to ensure that a buyer of agricultural labor shares cannot convert them to popular capital obligations. Consideration should be given to whether other aspects of trading should be supervised as well, including a procedure for recording sales and possibly the prices.
- b. It should be confirmed that instructions have been developed for converting agricultural labor shares to popular capital obligations (whether one agricultural work year is equivalent to one non-agricultural work year, what documentation is required, who provides it, who approves the transfer, etc.).

3. Organization and coordination.

- a. Agricultural privatization is the least integrated into the other privatization programs. However, it is interrelated with the other programs, especially because agricultural work shares can be converted to housing vouchers and to popular capital obligations. Therefore, information about the number of agricultural labor shares that are going to be converted is very important for these other programs. The D&T team recommends that closer institutional ties be developed between these programs. One possibility is to create a link directly between the Ministry of Agriculture and the Ministry of Economy, because the Ministry of Economy plays a key role in the other three privatization programs. Another possibility is to establish a coordinating organization for all four privatization programs.

- b. Holders of agricultural work shares could potentially be disadvantaged in converting into housing vouchers or popular capital obligations, because it is not clear when they will know the value of their agricultural work shares. It is conceivable that by the time they find out and can make a decision about converting, some of the most attractive housing or enterprise share purchase opportunities may already be over. The Law on Agricultural Land Reform does require that decisions be made by year end on all farms regarding whether the farm will privatize or be liquidated. However, this does not necessarily mean that the agricultural work shares will also be valued by then. The D&T team recommends that the agricultural reform committees be required to estimate the value of agricultural work shares by year end as well. In this way agricultural workers will at least have an estimate on which to base a timely decision about whether to convert their agricultural work shares.

APPENDIX III
AGRICULTURAL PRIVATIZATION DESIGN MEMORANDUM

DOCUMENTS

Law on the Principles of Property Reform, June 13, 1991 (with amendments of August 12, 1992) (see Appendix I)

Draft decree of August 1992 concerning acceleration of agricultural reform.

Regulations concerning calculation of vouchers from collective farm assets

Law on Agricultural Reform and Implementation Decree, March 11, 1992 (in Russian)

GOVERNMENT OF THE REPUBLIC OF ESTONIA

D e c r e e

on Acceleration of Agricultural and Land Reform

In order to accelerate the agricultural and land reform and in accordance with the Land Reform Law of the Republic of Estonia, the Agricultural Reform Law and the Law Acceleration of Restitutive Property

the Government of the Republic of Estonia rules:

1. To give permission to agricultural reform committees to initiate restitution of collectivised property and compensating it in kind; to allow executive bodies of local self-governments to start to give back farmland and other restitution property belonging to the assets of collective farms, to the former owners or their heirs who already have started, or are starting, farming and about whom county or town restitution committees have decided that the former owners' names and their property be entered in a register. The decision must encompass all persons eligible to that particular property and who have submitted a relevant request.

2. To establish that the document about transfer of collectivised property and of compensation in kind, as well as of farmlands and other restitution property should fix the status of land and other property as of the moment of transfer. This will serve as the basis for determining the value of the property, according to Article 17.1 of the Bases for the Property Reform of the Republic of Estonia.

According to Articles 1.3 and 2 of the Law of the Republic of Estonia on

the property to be subject to restitution is only such property that has been retained and exists in its former individualized form.

3. To approve "Order of restituting and compensating in kind the collectivised property and other restitution property belonging to the assets of a collective farm" and "Order of restituting farmland", which are additions to this Decree.

Head of the Government
Minister of State

T. Vähi
U. Veering

10. Vouchers owned by legitimate subjects are inheritable in accordance with the established law and regulations.

11. Calculation of vouchers is based on:

11.1. Residual value of the collective farm fixed and current assets as stated in the balance-sheet (as of 01.01.1992) with the following deductions:

- to the reserve fund set up in conformity with Article 26 of the Agricultural Reform Act to cover the reckoned expenses incurred by the implementation of the agricultural reform;
- the collectivized property as set forth in Article 7 of the Agricultural Reform Act;
- the assets transferred into municipal ownership as provided in Article 10 of the Act;
- the share belonging to the Republic of Estonia under Article 11 of the Act;
- the share belonging to other juridical or physical persons as provided in Article 13 of the Act;
- loans and debts of the collective farm as stipulated in Article 14 of the Act.

12. The total cost of the capital left over after all the deductions specified in Paragraph 11.1 of the present Regulations have been made, shall be taken as the basis for the estimation of a voucher's value.

13. The value of a voucher owned by one person shall be estimated as follows:

13.1. The sum total (p.11.1) of the assets set aside for persons entitled to the collective farm voucher-holding shall be divided with the total number of workdays calculated to the name of those entitled to collective farm voucher-holding, the resultant figure showing the value of a voucher in roubles per one workday. In order to estimate the value of an individual voucher, the computed per-day value of the voucher shall be multiplied with the total number of workdays calculated to the benefit of this specific person.

13.2. Estimation of the total amount of workdays for each person entitled to voucher-holding is conducted as follows:

13.2.1. in order to reckon the earned norm days into workdays it is necessary to multiply the number of norm days with the coefficient 0.5;

13.2.2. days on which actual job performance took place shall count as workdays (actual working days of boilerhouse stokers, nightwatchmen etc. shall be reckoned into standard-hour-workdays);

13.2.3. women who have given birth and raised children to the age of at least one year shall be allotted 250 workdays for each year.

Model scheme for the calculation of vouchers at a X collective farm.

1. The value of the collective farm fixed and current assets allocated for distribution as vouchers has been estimated at 8 020 400 roubles.

2. The split of vouchers among the X collective farm employees on the strength of the calculated workdays is the following:

Name	Total number of norm days	Number of appropriated workdays (1 n/d = 0.5 w/d)	Number of actual job performance w/d	Estimated additional days for childbirth & upbringing	Total number of w/d
Kuusk, Mari	500	250	1500	-	1750
Kask, Meeta	-	-	1000	250	1250
Lapp, Juhan	1800	900	6300	-	7200
and other persons				2552230	
All workers in total				2562430	

For each estimated workday the voucher's value in this case is equal to:

$$8020400 : 2562430 = 3.13 \text{ roubles}$$

3. The values of individual vouchers are as follows:

Kuusk, Mari	$1750 \times 3.13 = 5478$ roubles
Kask, Meeta	$1250 \times 3.13 = 3913$ roubles
Lepp, Juhan	$7200 \times 3.13 = 22536$ roubles

14. If a voucher is paid in kind, it is necessary to take into account changes in the collective farm assets and to proceed from the actual state and value of the assets.

15. In case a collective farm has used its own computation methods (regulations) for the calculation of vouchers and the final estimates have been officially registered, then inasmuch the circle of legitimate subjects has changed and the like, it should make revaluation or equalization operations as required by the Agricultural Reform Act and provisions of the present Regulations by applying either their own computation method or the guidelines of the present Regulations, whereas, if the above-mentioned computation results have not been legally registered, it is obligatory to use the present Regulations.

If in consequence of revaluation operations the new value of a voucher is higher than the previous value, the difference shall be added to the vouchers of those entitled to voucher-holding. In the contrary situation, that is in case the revaluated voucher is smaller than the previous one, the monetary sums as well as contributions in kind that have already been paid out, shall not be subject to redemption.

While making revaluation operations, changes in the

balance-sheet value of the assets may be taken into account.

Revaluation operations shall be made after the adoption of the instructions for the value estimation of the collectivized property.

(16.) The reform committee shall issue corresponding voucher certificates to the legitimate subjects.

17. A voucher is a special kind of peoples' capital (national capital) bonds, calculated and distributed only in agriculture.

18. Legitimate subjects of the agricultural reform have the right to exchange vouchers allocated to them for peoples' capital bonds in accordance with the order established by the Estonian government. If a voucher is worth more than a peoples' capital bond, the difference shall not be compensated to the legitimate subject.

19. Data on the voucher-holding of legitimate subjects of the agricultural reform shall be presented to the State Data Processing Center in the statutory manner.

20. A certificate issued to the effect of the voucher's value should contain the following information:

name of the legitimate subject, his/her surname, date and place of birth, passport number, official name of the collective farm and its location, value of the voucher and the time period the voucher has been calculated for, signatures of the chairman and the secretary.

All data recorded in the certificate shall be entered into the corresponding Register Ledger.

CONFIRMED BY:

ER Ministry of
Economics

ER Ministry of
Justice

ER State
Property Dept.

[Faint handwritten notes]

I. Общие положения

Статья 1. Задачи Закона

(1) Настоящий Закон, исходя из Закона Эстонской Республики «Об основах реформы собственности» от 13 июня 1991 года (далее — Основы; Ведомости ЭР, 1991 г., № 21, ст. 257), регулирует в сельском хозяйстве возвращение обобщественного имущества и предоставление компенсации за него, а также реорганизацию или ликвидацию совместных хозяйств (далее — сельскохозяйственная реформа).

(2) В ходе сельскохозяйственной реформы в сельском хозяйстве осуществляется переход преимущественно к хуторскому хозяйствованию и иному предпринимательству, базирующемуся на частной собственности.

Статья 2. Термины, используемые в Законе

В настоящем Законе термины используются в следующем значении:

межхозяйственное предприятие — предприятие или другая организация, образованные совместными хозяйствами путем объединения их денежных средств и иного имущества;

паевое хозяйство — совместное хозяйство, поместившее свои денежные средства либо иное имущество в виде паевых взносов или акций в межхозяйственное предприятие;

неделимое имущество — совокупность вещей, использование которой по назначению после отделения какой-либо ее части становится технологически невозможным;

= совместное хозяйство — 1) колхоз, в том числе рыболовецкий колхоз; 2) предприятие или иная организация, образованные путем выделения доли из колхозного имущества; 3) государственное сельскохозяйственное предприятие;

имущество совместного хозяйства — балансовые, денежные и материальные ценности совместного хозяйства, в том числе паевые взносы и акции в других организациях, ссуды и долги, а также прочие имущественные права и обязанности;

товарищество — организация сельскохозяйственных производителей на началах совместной деятельности, главной целью которой является удовлетворение потребностей своих членов путем совместного пользования имуществом.

Статья 3. Обязанные и управомоченные субъекты сельскохозяйственной реформы

(1) Управомоченными субъектами сельскохозяйственной реформы являются:

1) бывшие собственники обобщественного имущества и их правопреемники согласно статьям 7—9 Основ;

- 2) члены совместного хозяйства и его постоянные работники;
- 3) лица, вышедшие на пенсию из совместного хозяйства;
- 4) бывшие члены и постоянные работники совместного хозяйства, проработавшие в совместном хозяйстве не менее пяти лет;
- 5) бывшие члены и постоянные работники совместного хозяйства, приступившие к ведению хуторского хозяйства, последнее место работы которых было в совместном хозяйстве;
- 6) бывшие постоянные работники совместного хозяйства или их наследники в случае, если они приступили или приступают к ведению хуторского хозяйства;
- 7) лица, занимающие выборные государственные должности и должности в местных самоуправлениях Эстонской Республики, последнее место работы которых было в совместном хозяйстве;
- 8) кредиторы совместного хозяйства и другие лица, в отношении которых совместное хозяйство имеет имущественные обязанности;
- 9) совместное хозяйство в качестве пайщика межхозяйственного предприятия;
- 10) местное самоуправление;
- 11) Эстонская Республика;
- 12) другие лица согласно статье 16 настоящего Закона.

(2) Обязанными субъектами сельскохозяйственной реформы являются совместные хозяйства и межхозяйственные предприятия.

(3) Лица, указанные в пунктах 2—7 части 1 настоящей статьи, являются управомоченными субъектами сельскохозяйственной реформы лишь в том случае, если они постоянно проживают в Эстонской Республике.

Статья 4. Этапы реформы сельского хозяйства

(1) Сельскохозяйственная реформа проводится в совместном хозяйстве согласованно с восстановлением бывшего права собственности на землю и приватизацией земли в соответствии с Законом Эстонской Республики от 17 октября 1991 года «О земельной реформе» (Ведомости ЭР, 1991 г., № 34, ст. 426) поэтапно:

- 1) установление долей в имуществе совместного хозяйства;
- 2) ликвидация либо реорганизация совместного хозяйства.

(2) При установлении долей в имуществе совместного хозяйства:

1) проводится инвентаризация имущества совместного хозяйства, в ходе которой устанавливается состав имущества и согласно статье 26 настоящего Закона выделяется резервный фонд для проведения реформы;

2) устанавливаются обобщественное имущество, входящее в состав имущества совместного хозяйства, и управомоченные субъекты, а также решается вопрос о возвращении обобщественного имущества или предоставлении за него компенсации в соответствии с Основами и настоящим Законом;

3) устанавливается прочее противоправно отчужденное имущество, входящее в состав имущества совместного хозяйства. Возврат указанного имущества либо предоставление компенсации за него осуществляется согласно части 2 статьи 17 Основ;

4) в имуществе совместного хозяйства устанавливается доля других управомоченных субъектов сельскохозяйственной реформы на основании статей 10—11 и 13—14 настоящего Закона;

5) в остаточном имуществе согласно статье 16 настоящего Закона определяются трудовые паи управомоченных субъектов.

(3) После установления имущественных долей решается в соответствии с разделом III настоящего Закона порядок дальнейшего использования имущества и реорганизация или ликвидация совместного хозяйства, а также внедрение новых форм предпринимательства.

Статья 5. Комиссия по сельскохозяйственной реформе и ее компетенция

(1) Для проведения сельскохозяйственной реформы по каждому совместному хозяйству образуется комиссия административной единицы местного самоуправления по реформе, в состав которой входит равное число представителей совместного хозяйства, местных хуторян, местного самоуправления, а также представители государства.

(2) Порядок образования комиссии по реформе и порядок ее работы устанавливает Правительство Эстонской Республики.

(3) Комиссия по реформе:

1) обеспечивает инвентаризацию имущества совместного хозяйства;

2) устанавливает состав и стоимость обобщественного имущества и решает вопрос о его возвращении либо предоставлении за него компенсации;

3) представляет Совету местного самоуправления предложения по муниципализации имущества, необходимого для удовлетворения социально-культурных нужд населения;

4) устанавливает долю государства в имуществе совместного хозяйства;

5) устанавливает круг лиц, перечисленных в пунктах 2—12 части 1 статьи 3 настоящего Закона, и размер принадлежащей им доли имущества;

6) рассматривает программу реорганизации или ликвидации совместного хозяйства и дает свое согласие на ее реализацию;

7) выполняет при проведении сельскохозяйственной реформы иные обязанности, вытекающие из настоящего Закона и других нормативных актов.

(4) Комиссия по реформе вправе поручить совместному хозяйству подготовку материалов и документов, необходимых для проведения сельскохозяйственной реформы.

(5) В период проведения сельскохозяйственной реформы все сделки с основным имуществом совместного хозяйства разрешено совершать только с санкции комиссии по реформе.

Статья 6. Компетенция Совета местного самоуправления при проведении реформы сельского хозяйства

(1) При проведении реформы сельского хозяйства Совет местного самоуправления на своей административной территории:

1) обеспечивает взаимосвязь сельскохозяйственной реформы с земельной и административной реформами;

2) выдает юридическим лицам, образующимся в ходе реорганизации или ликвидации совместного хозяйства, разрешения на учреждение;

3) в соответствии с частью 2 статьи 10 Закона Эстонской Республики «О земельной реформе» вместе с Земельным департаментом в порядке, установленном Правительством Эстонской Республики, устанавливает землю, необходимую для обслуживания здания либо сооружения;

4) по согласованию с Земельным департаментом устанавливает ограничения и обязанности с целью обеспечения использования неделимого имущества по назначению согласно статье 18 Закона Эстонской Республики «О земельной реформе»;

5) решает вопрос о порядке и условиях дальнейшего пользования муниципализованным имуществом;

6) выполняет при проведении сельскохозяйственной реформы прочие задачи, вытекающие из настоящего Закона и иных нормативных актов.

II. Установление долей в имуществе совместного хозяйства

Статья 7. Рассмотрение заявлений о возвращении обобщественного имущества и предоставлении за него компенсации

Заявления о возвращении обобщественного имущества и предоставлении за него компенсации рассматривает комиссия по реформе на основании Основ и настоящего Закона.

Статья 8. Возвращение обобщественного имущества

Обобщественное имущество возвращается на основании решения комиссии по реформе в соответствии с Основами и настоящим Законом.

Статья 9. Предоставление компенсации за обобщественное имущество

(1) Компенсация за обобщественное имущество предоставляется согласно статье 14 Основ в порядке, предусмотренном настоящим Законом.

(2) Бывший собственник обобщественного имущества или его правопреемник, исходя из стоимости имущества в период обобществления, имеет право получить компенсацию:

1) путем замены имущества другим равноценным имуществом (компенсация натурой);

2) в виде доли в имуществе совместного хозяйства, о чем ему выдается соответствующая справка;

3) деньгами.

(3) Компенсацию, полученную в виде доли в имуществе совместного хозяйства, уполномоченный субъект вправе присвоить к своему трудовому паю, а также возмездно либо безвозмездно передать ее другим уполномоченным субъектам на тех же условиях, что и передача трудового пая согласно статье 17 настоящего Закона.

(4) О получении компенсации натурой уполномоченный субъект вправе ходатайствовать в соответствии со статьями 20 и 21 настоящего Закона.

(5) Комиссия по реформе решает вопрос о способе, порядке и сроках предоставления компенсации в соответствии с программой реорганизации либо ликвидации совместного хозяйства.

(6) Компенсацию, причитающуюся за обобщественное имущество, уполномоченный субъект вправе передать по наследству.

Статья 10. Муниципализация имущества совместного хозяйства

(1) Административным единицам со статусом местного самоуправления согласно Основам возвращается находящееся во владении совместного хозяйства имущество, являвшееся до 16 июня 1940 года муниципальной собственностью.

(2) Социально-культурные объекты, построенные за счет государственного бюджета и прочих централизованных средств, передаются в муниципальную собственность безвозмездно в порядке, установленном Правительством Эстонской Республики.

(3) Передача социально-культурных объектов, построенных или приобретенных за счет собственных средств совместного хозяйства, в муниципальную собственность производится согласно статье 30 Основ.

(4) При передаче в муниципальную собственность объектов, построенных за счет собственных средств совместного хозяйства, стоимость их засчитывается в погашение задолженности совместного хозяйства государству либо в счет покрытия стоимости имущества, полученного им от государства безвозмездно.

Статья 11. Установление доли Эстонской Республики в имуществе совместного хозяйства

(1) В имуществе совместного хозяйства Эстонской Республике принадлежит:

1) имущество, принадлежавшее до 16 июня 1940 года Эстонской Республике;

2) объекты и сооружения, приобретенные либо построенные за счет госбюджетных и прочих централизованных средств;

3) имущество, безвозмездно переданное государством совместно-му хозяйству и сохранившееся в индивидуализируемом виде.

(2) Доля Эстонской Республики в имуществе совместного хозяйства устанавливается в порядке, устанавливаемом Правительством Эстонской Республики.

(3) При установлении доли Эстонской Республики в имуществе совместного хозяйства погашенные государством ссуды в расчет не принимаются.

Статья 12. Распоряжение установленной в имуществе совместного хозяйства долей Эстонской Республики

(1) Доля Эстонской Республики в имуществе совместного хозяйства в порядке, установленном Правительством Эстонской Республики:

1) оставляется в собственности государства в качестве долевой собственности в имуществе правопреемника совместного хозяйства либо передается возмездно или безвозмездно другим юридическим лицам;

2) передается в муниципальную собственность с обязанностью приватизации либо без таковой;

3) сдается в аренду с правом выкупа либо без такового;

4) приватизируется иностранцам согласно статье 39 Основ;

5) приватизируется иным образом.

(2) Мелиоративные и дождевальные системы, находящиеся на балансе совместного хозяйства и сооруженные за счет госбюджетных средств, передаются вместе с передачей земельной собственности или землепользования, причем стоимость этих объектов засчитывается в цену земли. Порядок передачи и дальнейшего использования указанных объектов устанавливает Правительство Эстонской Республики.

(3) В случае приватизации доли Эстонской Республики преимущественное право на ее приобретение представлено товариществам сельскохозяйственных производителей, действующим на территории данной административной единицы.

Статья 13. Доля других лиц в имуществе совместного хозяйства

(1) Юридические и физические лица, поместившие свои денежные либо материальные средства в имущество совместного хозяйства, имеют право подать ходатайство об установлении своей доли в имуществе совместного хозяйства.

(2) Лица, указанные в части 1 настоящей статьи, имеют право ходатайствовать:

1) о выделении и возвращении своей доли натурой;

2) об оформлении долевой собственности в имуществе правопреемника совместного хозяйства;

3) о выплате своей доли деньгами.

(3) Условия, порядок и сроки передачи указанного в части 2 настоящей статьи имущества либо выплаты его стоимости определяет комиссия по реформе в соответствии с программой реорганизации совместного хозяйства согласно статьям 20 и 21 настоящего Закона.

Статья 14. Долги и прочие имущественные обязательства совместного хозяйства

(1) При ликвидации либо реорганизации совместного хозяйства ссуды и долги совместного хозяйства, включая ссуды, полученные за счет средств государственного бюджета, подлежат оплате за счет следующего имущества:

1) денежных средств;

2) паевых взносов и акций;

3) прочего имущества.

(2) С согласия банка и других кредиторов ссуды и другие имущественные обязанности совместного хозяйства могут быть переданы тем лицам, которым переходит часть имущества совместного хозяйства подлежащая разделу в виде трудовых паев.

(3) Обязанности совместного хозяйства по возмещению ущерба связанного с повреждениями здоровья, а также выплаты пенсий по случаю потери кормильца переходят органам государственного социального обеспечения.

(4) Договорные обязательства совместного хозяйства переходят правопреемникам совместного хозяйства в соответствии с передачей имущества.

Статья 15. Паевые взносы и акции совместного хозяйства в других организациях

(1) Паевые взносы и акции совместного хозяйства либо соответствующая им доля совместного хозяйства в имуществе других организаций передаются правопреемникам совместного хозяйства в соответствии с уставами указанных организаций, либо в муниципальную собственность в соответствии со статьей 10 настоящего Закона, или при приватизации имущества совместного хозяйства реализуются прежде всего членам совместного хозяйства, его постоянным работникам и хуторам, а также бывшим собственникам обобщественного имущества либо их наследникам, с учетом их трудовых паев и компенсации, полученной ими за обобщественное имущество.

(2) Передача паевых взносов и акций осуществляется согласно программе реорганизации или ликвидации совместного хозяйства. В случае, если паевые взносы и акции связаны с конкретным имуществом совместного хозяйства, их передача осуществляется согласно статьям 20 и 21 настоящего Закона.

Статья 16. Трудовые пай в имуществе совместного хозяйства

(1) Трудовой пай — это доля членов совместного хозяйства, его постоянных работников и прочих управомоченных субъектов в имуществе совместного хозяйства, исчисленная на основании их трудового стажа в совместном хозяйстве и трудового вклада в него.

(2) При исчислении трудового пая за основу берется имущество остающееся после выделения имущества на основании статей 7—14 настоящего Закона.

(3) Право на трудовой пай в имуществе совместного хозяйства имеют лица, указанные в пунктах 2—7 части 1 статьи 3 настоящего Закона, с учетом их трудового стажа и трудового вклада в хозяйство.

(4) Комиссия по реформе имеет право причислить к получателям причитающегося им трудового пая из имущества совместного хозяйства, помимо субъектов, указанных в части 3 настоящей статьи, также их наследников и других лиц, если они работают в совместном хозяйстве или ведут хуторское хозяйство и постоянно проживают на территории данного местного самоуправления или совместного хозяйства.

(5) Порядок определения трудовых паев устанавливает Правительство Эстонской Республики.

(6) Управомоченному субъекту выдается соответствующая справка о размерах его трудового пая.

Статья 17. Распоряжение трудовыми паями

(1) Лицо, имеющее трудовой пай в имуществе совместного хозяйства, имеет право:

1) поместить свой трудовой пай в качестве долевой собственности в имущество правопреемника совместного хозяйства;

2) ходатайствовать о выделении имущества совместного хозяйства натурой в пределах своего трудового пая, согласно статьям 20 и 21 настоящего Закона;

3) присвокупить свой трудовой пай к компенсации за обобщественное имущество, а также к другим паям или облигациям, выданным в аналогичных целях в порядке, установленном Законом;

4) передать свой трудовой пай безвозмездно или возмездно другому лицу, проживающему на территории данного местного самоуправления или совместного хозяйства или имеющему право получить там землю путем возвращения или замены ее другим наделом, либо на основе части 2 статьи 22 согласно Закону «О земельной реформе».

(2) Управомоченный субъект имеет право передать свой трудовой пай по наследству.

(3) Способ, порядок и сроки реализации трудового пая определяет комиссия по реформе в соответствии с планом реорганизации или ликвидации совместного хозяйства согласно статьям 20 и 21 настоящего Закона.

III. Реорганизация и ликвидация совместного хозяйства

Статья 18. Создание государственных хозяйств

(1) Верховный Совет Эстонской Республики устанавливает перечень сельскохозяйственных учебных, опытных и научных учреждений государственного значения, остающихся государственными хозяйствами, а также площади и границы остающихся в их пользовании государственных земель, не подлежащих согласно статье 31 Закона Эстонской Республики «О земельной реформе» ни возвращению, ни приватизации.

(2) Передача имущества в ведение государственных хозяйств, указанных в части 1 настоящей статьи, и его дальнейшее использование происходит в порядке, установленном Правительством Эстонской Республики.

(3) Обобщественное имущество, установленное в составе имущества государственных хозяйств, возвращается или за него предоставляется компенсация на основании настоящего Закона в порядке, установленном Эстонской Республикой.

Статья 19. Реорганизация или ликвидация совместного хозяйства

(1) Совместное хозяйство подлежит реорганизации либо ликвидации по решению общего собрания членов и постоянных работников совместного хозяйства, имеющих в имуществе совместного хозяйства трудовой пай. Все другие лица, имеющие долю в имуществе совместного хозяйства, вправе принять участие в общем собрании с правом решающего голоса.

(2) Совместное хозяйство подлежит ликвидации по решению собрания, указанного в части 1 настоящей статьи, либо по требованию кредиторов, если имущество совместного хозяйства недостаточно для удовлетворения их требований.

(3) Для ликвидации или реорганизации совместного хозяйства общее собрание совместного хозяйства принимает программу его ликвидации или реорганизации и представляет ее на рассмотрение комиссии по реформе.

(4) Если комиссия по реформе не согласна с представленной совместным хозяйством программой ликвидации или реорганизации, вопрос о реализации данной программы решает Совет местного самоуправления.

Статья 20. Установление неделимого имущества

(1) Для обеспечения преемственности производства при проведении сельскохозяйственной реформы устанавливается неделимое имущество, принимаемое за основу при выделении имущества совместного хозяйства натурой, в следующей последовательности:

1) неделимое имущество, связанное с сельскохозяйственным производством, вместе с предложениями по установлению размеров землепользования, необходимого для обслуживания этого неделимого имущества, и введению ограничений и обязанностей собственников земли и землепользователей;

2) неделимое имущество, обслуживающее сельскохозяйственное производство.

(2) Обратное имущество выделяется соответственно размерам и целевому назначению основного имущества.

Статья 21. Выделение имущества натурой

(1) Выделение имущества натурой производится на основе программы ликвидации или реорганизации совместного хозяйства на условиях, установленных статьёй 20 настоящего Закона.

(2) Право ходатайствовать о выделении имущества натурой имеет управомоченный субъект, имеющий долю в имуществе совместного хозяйства, в случае, если у него есть условия начать или продолжить сельскохозяйственное производство или для иного предпринимательства на административной территории данного совместного хозяйства или местного самоуправления.

(3) При выделении сельскохозяйственных средств производства натурой учитывается размер землепользования ходатайствующего об имуществе и наличие у него средств производства.

(4) В случае выделения имущества натурой договор об аренде этого имущества по требованию приобретателя подлежит досрочному расторжению. Арендатор, являющийся управомоченным субъектом сельскохозяйственной реформы, имеет преимущественное право требовать выделения арендованного им имущества натурой.

Статья 22. Образование товариществ

(1) Для восстановления совместной деятельности на селе товарищества сельскохозяйственных производителей имеют преимущественное право приобретения объектов, обслуживающих сельскохозяйственное производство.

(2) Все сельскохозяйственные производители данного административного региона соответственно сфере своей деятельности имеют право на равных началах вступить в члены товарищества.

(3) Образование и деятельность товариществ происходит на основании закона, регулирующего совместную деятельность.

IV. Реформа межхозяйственного предприятия**Статья 23. Реформа межхозяйственного предприятия**

Реформа межхозяйственного предприятия проводится в порядке, установленном специальным законом.

V. Обеспечение реформы сельского хозяйства**Статья 24. Предоставление преимуществ и льгот**

(1) При ликвидации или реорганизации совместного хозяйства Правительство Эстонской Республики может предоставлять новым собственникам имущества льготы по уплате ссуд, переданных им вместе с имуществом, или погашать названные ссуды за счет государственного бюджета, а также предоставлять долгосрочные льготные кредиты для реорганизации производства. Порядок предоставления льгот и кредитов устанавливает Правительство Эстонской Республики совместно с Банком Эстонии.

(2) Возвращение обобщественного имущества и предоставление компенсации за него, а также передача в ходе сельскохозяйственной реформы прочего имущества не облагаются ни государственной пошлиной, ни налогом.

Статья 25. Переход права собственности на имущество

Право собственности на возвращаемое, компенсируемое натурой или выделяемое натурой на основе трудового пая имущество переходит на основании акта, которым устанавливается:

1) дата передачи имущества и перехода права собственности на него;

2) обязательство приобретателя использовать имущество по целевому назначению согласно требованию органа самоуправления на установленных им условиях и до срока, определенного им;

- 3) переход прав и обязанностей, связанных с имуществом;
4) прочие необходимые условия, согласно решению комиссии по реформе.

Статья 26. Резервный фонд

(1) Для покрытия расходов, связанных с проведением реформы сельского хозяйства, в резервный фонд перечисляется до 5% стоимости имущества совместного хозяйства.

(2) При реорганизации совместного хозяйства остаток резервного фонда передается правопреемникам совместного хозяйства. При ликвидации совместного хозяйства остаток денежных средств перечисляется на специальный счет местного самоуправления, где они хранятся в течение трех лет, за их счет удовлетворяются позднейшие обоснованные требования управомоченных субъектов.

Статья 27. Защита трудовых прав членов и работников совместного хозяйства

(1) При реорганизации или ликвидации совместного хозяйства вопросы трудовых отношений членов и работников решаются в соответствии с законодательством и уставом совместного хозяйства.

(2) При проведении реформы сельского хозяйства Правительство Эстонской Республики вправе оказывать органу местного самоуправления помощь в организации переобучения бывших членов и работников совместного хозяйства и обеспечении трудовой занятости.

Статья 28. Разрешение споров

(1) При проведении сельскохозяйственной реформы управомоченный субъект имеет право:

1) обжаловать решение общего собрания совместного хозяйства в комиссию по реформе;

2) решение комиссии по реформе обжаловать в Совет местного самоуправления.

(2) В случаях, указанных в части 1 настоящей статьи, сроки обжалования составляют один месяц, считая со времени, когда управомоченный субъект был письменно извещен о решении.

(3) Обжалование решения Совета местного самоуправления происходит в соответствии со статьей 19 Закона «Об основах местного самоуправления».

(4) Споры относительно возвращения обобщественного имущества и предоставления компенсации за него разрешаются соответственно статье 19 Основ.

Статья 29. Претворение Закона в жизнь

Претворение настоящего Закона в жизнь обеспечивает Правительство Эстонской Республики, которое издает для этого инструкции и разъяснения.

Председатель Верховного Совета Эстонской Республики А. РЮЙТЕЛЬ

Таллинн, 11 марта 1992 г.

ПОСТАНОВЛЕНИЕ ВЕРХОВНОГО СОВЕТА ЭСТОНСКОЙ РЕСПУБЛИКИ

Перевод

144 О введении в действие Закона Эстонской Республики «О реформе сельского хозяйства»

Верховный Совет Эстонской Республики постановляет:

1. Установить, что Закон Эстонской Республики «О реформе сельского хозяйства» вступает в силу со дня принятия настоящего Постановления.

2. Органам местного самоуправления организовать образование комиссий по реформе, указанных в статье 5 Закона «О реформе сельского хозяйства», в месячный срок со дня установления Правительством Эстонской Республики порядка образования комиссии по реформе.

3. Установить, что реформа сельского хозяйства в совместном хозяйстве начинается с образования комиссии по реформе и завершается по решению Совета местного самоуправления после удовлетворения требований всех управомоченных субъектов и реорганизации либо ликвидации совместного хозяйства.

4. Установить, что все управомоченные субъекты сельскохозяйственной реформы, за исключением бывших собственников обобщественного имущества и их правопреемников, имеют право подать ходатайства об установлении своей доли в имуществе совместного хозяйства в двухмесячный срок со дня принятия настоящего Постановления.

5. Если совместное хозяйство располагается одновременно на административных территориях двух или более местных самоуправления по основному местонахождению совместного хозяйства согласованно с другими местными самоуправлениями в отношении той части имущества, которое расположено на их территории.

6. Если местному самоуправлению первичного уровня не присвоен статус волости, обязанность проведения реформы по части совместного хозяйства, расположенного на территории административной единицы, возлагается на исполком соответствующего уезда. Уездный исполком имеет право передать полномочия на проведение реформы соответствующему сельсовету, действующему в таком случае согласно Закону Эстонской ССР «Об основах местного самоуправления» от 10 ноября 1989 года.

7. Установить, что пункт 1 Постановления Президиума Верховного Совета Эстонской Республики от 17 июля 1990 года «О первоочередных мерах по организации процесса приватизации» и пункты 8 и 10 Постановления Верховного Совета Эстонской Республики от 20 июня 1991 года «О введении в действие Закона Эстонской Республики от 20 июня 1991 года «О основах реформы собственности» не распространяются на обязанных субъектов сельскохозяйственной реформы начиная с образования комиссии по реформе. Все сделки с основным имуществом совместного хозяйства совершаются с разрешения комиссии по реформе.

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8. Установить, что комиссия по реформе, образованная на основании статьи 5 Закона Эстонской Республики «О реформе сельского хозяйства», вправе рассмотреть все сделки с государственным имуществом после 17 июля 1990 года и с основными средствами новых организаций, образованных после 20 июня 1991 года путем выделения доли из колхозов и их имущества, а также потребовать признания недействительными незаконных сделок и возмещения причиненных убытков согласно пункту 9 Постановления Верховного Совета Эстонской Республики «О введении в действие Закона Эстонской Республики «Об основах реформы собственности» от 20 июня 1991 года.

9. Установить, что комиссия по реформе вправе привлекать к участию в своей работе с правом совещательного голоса представителей уполномоченных субъектов сельскохозяйственной реформы и земельной реформы данной административной территории. Все уполномоченные субъекты имеют право лично или через своего представителя принимать участие в рассмотрении своих заявлений и ходатайств на заседании комиссии по реформе.

10. Решения об исчислении трудовых паев, принятые совместными хозяйствами после 20 июня 1991 года, а также решения, принятые по этим вопросам до 20 июня 1991 года, однако не выполненные, необходимо привести в соответствие и выполнять согласно Закону Эстонской Республики «О реформе сельского хозяйства» и иным нормативным актам, изданным на его основе.

11. Установить, что лица, которым исчислен трудовой пай в имуществе совместного хозяйства, имеют право на выдаваемые государством для приватизации облигации народного капитала и другие ценные бумаги (доли) в том объеме, в каком облигация народного капитала или другая ценная бумага превышает трудовой пай.

12. Если обобщественное имущество возвращено совместным хозяйством, либо за него выдана компенсация до 20 июня 1991 года, то соответствующие решения следует привести в соответствие с частью 4 статьи 14 Основ и настоящим Законом.

13. При реорганизации или ликвидации совместного хозяйства совладельцы имущества имеют право вместо общего собрания провести собрание избранных совладельцами представителей. Каждый совладелец, независимо от размера его доли в имуществе, имеет один голос. Передача полномочий оформляется протоколом, при этом вместе с полномочиями уполномоченному переходит и право голоса соответствующего совладельца.

14. Установить, что в период реформы сельского хозяйства и в ходе реорганизации или ликвидации совместного хозяйства устав совместного хозяйства действует постольку, поскольку он не противоречит настоящему Закону и другим нормативным актам.

15. Возложить ответственность за руководство реформой сельского хозяйства и ее координацию на Правительство Эстонской Республики.

Правительству Эстонской Республики:

1) представить Верховному Совету Эстонской Республики в месячный срок со дня принятия настоящего постановления проект закона, регулирующего возобновление совместной деятельности на селе;

2) установить в двухнедельный срок порядок образования комиссии по реформе и порядок ее работы.

3) установить в месячный срок порядок исчисления трудового пая в имуществе совместного хозяйства;

4) представить Верховному Совету Эстонской Республики в месячный срок проект закона об определении стоимости обобщественного имущества;

5) ввести в действие в месячный срок Положение о государственных хозяйствах и порядок распоряжения имуществом, передаваемым в ведение государственных хозяйств;

6) ввести в действие в двухнедельный срок порядок установления собственности Эстонской Республики в имуществе совместного хозяйства;

7) ввести в действие в двухнедельный срок порядок передачи и дальнейшей эксплуатации мелиоративных и дождевальных систем;

8) совместно с Банком Эстонии в месячный срок установить условия погашения задолженностей совместных хозяйств по ссудам при проведении реформы и порядок дальнейшего кредитования сельскохозяйственных производителей;

9) установить в месячный срок условия предоставления образумым товариществам преимуществ и прочих льгот при приватизации имущества бывших товариществ в соответствии с пунктом 3 Постановления Верховного Совета Эстонской Республики «О введении в действие Закона «Об основах реформы собственности».

15. Советам местного самоуправления обеспечить к 1 января 1993 года принятие решений, указанных в статье 19 Закона «О реформе сельского хозяйства».

Председатель Верховного Совета Эстонской Республики А. РЮЙТЕЛЬ

Таллинн, 12 марта 1992 г.

POLICY MEMORANDUM IV

LARGE ENTERPRISE PRIVATIZATION IN ESTONIA

1. General characteristics and objectives of the large enterprise privatization program.

The large enterprise privatization program aims to put government properties with book value of over 600,000 EEK (Estonian Kroon) into private ownership. (These properties do not include housing and agricultural assets, as well as smaller enterprises, which are covered by other legislation.) The assets can be sold for Estonian currency or for popular capital obligations and/or for compensation securities.

The 1991 "Law on the Principles of Property Reform" states its objectives as follows: "...the restructuring of property relationships in order to guarantee the inviolability of property and free enterprise, to make good the injustices carried out by the violation of property rights, and to create conditions for the transition to a market economy." It should also be noted that 50% of the proceeds from large enterprise privatization has been earmarked to pay compensation claims for property lost during the period of Soviet rule.

2. Current status of the large enterprise privatization program

Until August 1992 the only legislation concerning privatization of enterprises of any size was the Law on Privatization of State-Owned Service, Trade and Catering Facilities, of December 1991. This law was amended and expanded in practice to cover all enterprises with book value under 600,000 EEK. Approximately 20-25% of smaller enterprises have been privatized according to this law and the process is ongoing.

Progress has recently been made regarding the privatization of larger state and municipally owned assets - those with book value of over 600,000 EEK. On August 13, 1992 Parliament agreed to the formation of the Estonian Privatization Company (EPC), which would be responsible for privatizing state-owned enterprises along the German Treuhandanstalt model. This includes transferring the assets of enterprises to

be privatized to the balance sheet of the EPC. The EPC is under the responsibility of the Economics Ministry. The initial staff of the EPC is 40-80 people, and it is expected to grow to several hundred. We understand that the German Treuhandanstalt will also provide advisory assistance to the EPC.

Parliament also gave the Government approval to privatize 30 enterprises in 1992 with book value of over 600,000 kroon, prior to introducing the use of popular capital obligations or compensation securities for the purchase of state assets by Estonian citizens. Several resolutions were passed in connection with this approval, covering such issues as the method of sale and the use of proceeds. Comprehensive legislation on large enterprise privatization, including the use of popular capital obligations, is being drafted and is expected to be presented to Parliament in October. The IMF has also required that by October 31 the Government propose a plan for privatizing all large and middle size enterprises.

The EPC model for large enterprise privatization has become more controversial following the election of the new Government in September. Following the first offering of 38 companies on the balance sheet of the EPC, the new Prime Minister, Mart Laar, dismissed the Director and the Board of the EPC citing irregularities in the offering procedure. Subsequently, the sale was allowed to proceed, but the Government is re-examining the structure and reporting requirements of the EPC.² Mr. Kaido Kama, the Minister of Justice, has said that it may take up to 6 months for Estonia to prepare legislation for large-scale privatization, but that this should not effect the offering of the first 38 companies.

3. Key players

Ministry of Economy
Estonian Privatization Company
State Property Board
Ministry of Industry

² The new Board is headed by former foreign minister Jaan Manitski, and is composed of the following Members of Parliament: Heiki Kranich (Pro Patria), Mikheil Parnoja (Moderate), Epp Haabsaar (National Independence Party), Riivo Sinijarv, Hillar Tuiskvee, and Ants Veetousme.

Municipal governments (for municipal property)
State Computing Center
Ministry of Finance
Bank of Estonia
State Property Service

4. Outstanding issues

ECONOMIC

Large scale privatization will have a significant impact on the economy of the country. Perhaps most significant will be the effect on employment. It is difficult to forecast the upcoming changes, although it must be expected that they will be disruptive in the initial periods. The D&T team recommends that the Government, through the Ministry of Economy and the Ministry of Finance, keep careful track of the major economic indicators and carefully manage the privatization process to maximize the speed of transition while minimizing disruptions to the greatest extent possible. The experiences of other countries in the region that have embarked upon privatization can provide important information for the Government of Estonia in this regard.

POLITICAL

The economic downturn that can be expected in the initial phases of large scale privatization will make any political issues more difficult, because economic hardship heightens political tensions. The critical political issue concerns the perceived fairness of the large enterprise privatization program. Potential questions about fairness include:

- a. The right of foreigners to purchase Estonian assets before Estonians themselves, as a result of the initial privatization of 30 enterprises in 1992.
- b. Outright corruption or misuse of official positions to gain advantage in the privatization process. There is already some popular perception that "ordinary people" have nothing to gain in the privatization process and that the advantages will go to those already in power. There are many stories of

enterprise managers who have siphoned off enterprise assets to create private companies under their ownership.

- c. Who else has or should have priority in purchasing state assets: employees of the enterprises to be privatized, individuals who have received compensation securities because their lost property could not be restituted, etc. The D&T team has found that the provisions for priority in the different privatization programs are not easy to understand and may not be consistent between the programs.
- d. The potential areas with a majority Russian population may suffer disproportionately. The heavy industry that was focused on supplying the Soviet Union is in largely Russian areas of Estonia and does not represent as attractive a privatization prospect.
- e. The inevitability that the share value of some privatized enterprises will fall after the initial share offering. This could cause the feeling among new and inexperienced share holders that they have somehow been treated unfairly. Such a loss of value in an individual's privatization purchase could be particularly traumatic because Estonians are not yet accustomed to the fluctuations of a stock market.

PROGRAM DESIGN MEMORANDUM IV

LARGE ENTERPRISE PRIVATIZATION IN ESTONIA.

1. Voucher/popular capital obligation characteristics:

The voucher application forms that will be distributed for housing privatization will also form the basis for participating in the large enterprise privatization program. Any vouchers that are not used for housing privatization can be converted to popular capital obligations and used for large enterprise privatization. As in the case of housing, any privatization instruments that are converted from other programs (agriculture and compensation) to popular capital obligations can also be used for large enterprise privatization. The following description applies to popular capital obligations.

a. Eligibility.

Legal residents as of January 1, 1992 over the age of 18 and their heirs.

b. Convertibility.

Agricultural vouchers can be converted to popular capital obligations, but there is no reverse convertibility. Housing vouchers can be converted to popular capital obligations. Compensation securities can be used for the same purposes as popular capital obligations.

c. Denomination.

Popular capital obligations will be denominated in Estonian kroon.

d. Tradeability.

As in the case of housing vouchers, popular capital obligations can be given to family members. A decision has not yet been made about their tradeability on the open market.

e. An account or a physical security?

Although recent decrees have referred to issuance of securities by the Bank of Estonia, this issue is still under consideration.

f. Tenor.

Not clear. The housing vouchers, which are the basis for the issuance of the popular capital obligations, can be used for privatization of housing until April 1, 1997.

g. Value.

The kroon value of the popular capital obligations is to be established by the Government.

h. Priority in receipt or use.

There are at least two potential areas of priority in the process of large enterprise privatization. Article 38 of the Law on the Principles of Property Reform says that holders of compensation securities have priority in the privatization process. There are also some indications that employees of enterprises to be privatized will have a priority in purchasing shares. It should be noted that these and other potential priorities are not necessarily consistent with each other.

i. Interest bearing?

Not currently.

j. Convertible into cash?

No.

2. Program design and implementation.

a. The regulations for who gets priority in purchasing shares in large enterprises

should be reviewed for consistency with the priority provisions in the other privatization programs.

- b. The program for using popular capital obligations for large enterprise privatization is still being developed. According to Government Decree 226 of August 5, 1992, vouchers that are not used to purchase housing can be converted into "a popular capital obligation in the form of a security." This popular capital obligation can be used to purchase other state assets. The securities would be issued by the Bank of Estonia; the decree "proposes" that the obligations be issued (or issuable) by January 1, 1993.

We understand that the Government is still considering whether to issue securities or to maintain the obligations in computer based accounts, like the housing vouchers. (This deliberation by the Government also applies to compensation securities.) A final decision will be made in October. The D&T team continues to support the use of a computer based system for the popular capital obligations for the following reasons:

- 1) Physical securities introduce a new level of complexity into the privatization process. These complexities include the need to print non-counterfeitable securities, the danger of loss, the need for a law covering securities, etc. Furthermore, an important reason for having physical securities is for convenience in trading them. However, this reason does not apply to the popular capital obligations, because, at least in the initial stages, they will not be tradeable.
- 2) The longer the vouchers are kept as accounts, the more flexibility the Government will have in managing them and making any fine tuning to the privatization program. For example, if it is decided to add an inflation adjustment to the vouchers, or to introduce a system of mutual funds for large enterprise privatization, it will be simpler to do so on the basis of a computer based account system.
- 3) Physical securities are not divisible, yet the prices of many privatized assets are likely to include some fraction of a security.
- 4) A computer based account system for vouchers and obligations can be

used more easily than physical securities for combining different vouchers (such as agricultural and popular capital vouchers), for management information purposes, and for controlling fraud and loss.

- 5) Individuals can receive account statements of their voucher benefits which they can use for their own records, without the need to hold physical securities. Although it may require some public education to assure people that they do not need to hold securities in order to own something of value, this is an important aspect of a modern market economy which they will need to learn. It seems possible that public education on this point, especially in the initial stages of privatization, will be simpler than public education on the usage of physical securities.
- c. If it is determined that physical securities are to be used, their introduction should be coordinated very carefully with draft laws concerning the issuance, trading and printing of securities.
- d. The lack of a long-term debt market could hamper the ability of newly privatized industrial enterprises to make the capital investments necessary for their success. Consideration should be given to ways to encourage the development of a long-term debt market, with an emphasis on encouraging its growth in the private sector. Possibilities include partially subsidized long-term bank funding from the government and/or risk sharing with the government. Long-term debt provided directly from the government as the sole solution is not recommended, because it will prohibit the development of such a market in the commercial banking sector.
- e. A program of management training for the new senior managers of the privatized enterprises should be developed. In addition, it should be determined whether the provisions for ownership control of management will be adequate for the newly privatized enterprises, particularly in cases where shares are widely held and there is little opportunity for control by shareholders. In these circumstances the provisions governing the activities and responsibilities of the board of directors will be very important.

3. Organization and Coordination.

The organization of the large scale privatization program is currently in flux due to the recent establishment of the Estonian Privatization Company. At the moment, the D&T team sees the following unresolved issues in the organization of large enterprise privatization:

- a. Definition of the role of the Ministry of Industry.
- b. The need for close coordination between the different privatization/asset distribution programs in Estonia. This is particularly true of housing and large enterprise privatization, where vouchers that are not used for housing can be used in the large enterprise privatization program. At a minimum, frequent reports on the number of unused vouchers should be provided to the Estonian Privatization Company.
- c. Initial efforts are being made to coordinate the development of the Estonian stock exchange with the computerized voucher system for privatization. These efforts should continue, in order to ensure maximum synergy between the two systems.

**APPENDIX IV
LARGE ENTERPRISE PRIVATIZATION PROGRAM
DESIGN MEMORANDUM**

DOCUMENTS

Law on the Principles of Property Reform, June 13, 1991 (with amendments of August 12, 1992) (see Appendix I)

Law on the Privatization of State-owned Service, Trade, and Catering Industries, December 13, 1991

Amendments to the Law on the Privatization of State-owned Service, Trade, and Catering Industries, and Implementation Decree, May 21, 1992

Decree # 226 of August 18, 1992, which includes the following:

- Resolution On the Establishment of the Conditions and Order for Privatization of Public and Municipal Property.
- Resolution On the Beginning of the Sale of the Shares of National Joint-Stock Companies.
- Resolution On the Establishment of the Estonian Privatization Company.

1011111111
12/13/90

The Law of Republic of Estonia on Privatization of State-Owned Service, Trade and Catering Facilities

The present Law deals with privatization of state-owned service, trade and catering facilities on the territory of Republic of Estonia by way of sell-off, incl. selling the property into joint ownership. The object of privatization as well as its subject (i.e. the person obtaining the property) are defined by the same Law.

2. 1. Object of Privatization

(1) Under the present Law the property of state-owned service, trade and catering facilities will be privatized either as an integral property of the facility or as an integral property - particular structural units of those facilities and their technological objects, provided the statutory-fund value of the property privatized is not in excess of 500 000 roubles.

at Resolution
notes
22/11/91
12/19/91
increased
JWS to
4 mill. roubles?

(2) The lists of objects privatized will be compiled by the Department for State-Owned Property of Republic of Estonia (henceforward: Department for State-Owned Property) at the proposal of municipalities of the locality of the said objects as well as at the proposal of Ministries and Departments of Republic of Estonia. The lists of objects privatized will be approved by Government of Republic of Estonia.

(3) Excepted from privatization under the present Law will be

1) land, bowels of the earth, air space over the territory of the republic, inner and territorial waters, coastal shelf, fore and other natural resources, their privatization being stipulated by other Laws of Republic of Estonia;

2) property belonging to citizens or associations and forcibly alienated post-June 16, 1940 - until the time the issue of returning that property or paying compensation for it are resolved.

& 2. Obtainer of the Property Privatized

(1) Under the present Law the property privatized may be obtained by permanent residents of Estonia with the tenure of residency at least 10 years in all being at least 18 years of age as well as by facilities, set up by the said persons as joint-ownership ventures entered into registers according to legal acts of Republic of Estonia and production and service cooperatives (except the collective farms and facilities-lessees).

(2) Participation in privatization by other citizens living in Republic of Estonia and citizens and organisations of other states will be stipulated by a separate Law.

& 3. Organisational Matters of Privatization

(1) Privatization will be carried out by Department for State-Owned Property in cooperation with local governments.

(1) If solicited by the respective council of local self-government Department for State-Owned Property may grant the preferential right of buying the property to the workers of the facility privatized or to permanent residents of the town, commune or district the property is located at on condition it will subsequently be used to the purpose it was intended for, considering restrictions expounded in Paragraph 2, Section 1 of the present Law. In case the objects service the area wider than that

governed by the grass-roots council of local government, the issue is to be submitted for approval by the district or town council.

(3) Privatization will be public and will take place as either the selling-off of the integral property or the selling of shares. Selling-off of the integral property will be carried out by bidding according to principles of preferential treatment & buying-out as stipulated in Section 2 of the present Paragraph. If solicited by the council of local grass-roots self-government or the district or town council - provided the object being sold-off services the area bigger than that of the territory governed by it the property can be sold-off by way of competition of business ideas.

(4) The size of the starting bid will be fixed by the Department for State-Owned Property, taking as the basis the price calculation ordered from different experts.

→ * (5) In case the property is privatized by way of selling the shares, up to one third of them may be sold to the workers of the facility privatized at preferential terms at the price and on conditions stipulated by Department for State-Owned Property.

3 & 4. Deadline of Hire or Rent Agreement of Property Technologically Dependent on Property Privatized

In case the deadline of hire or rent agreement of property the property privatized depends on (premises, the lot etc.) is less than 5 years, counting from the date the right on property is transferred, the person leasing the state-owned or municipal property must conclude with the new owner of the property a new hire or rent agreement for the term of at least five years.

& 5. Transfer of Rights of Property on Property Privatized

Right of property on property privatized passes to the buyer by a written agreement concluded between the said buyer and Department for State-Owned Property stipulating:

-
- 1) date of transfer of right on property;
 - 2) duties of the buyer as regards the use of the property to the purpose it was meant for within a five-year term, the issues of the above use being resolved by the council of grass-roots local government at the locality of the property or by the district or town council, in case the object services the territory larger than that governed by it;
 - 3) economic agreements concluded by the facility privatized and the rights and obligations going over to the successor;
 - 4) other responsibilities of parties to agreement;
 - 5) liabilities of the parties for violation of the agreement

& 6. Ending of Work Agreements with Workers of Facility Privatized

The work agreement with workers of facilities privatized or their subunits can be ended by the new owner if he deems it necessary according to the standard procedure used while dissolving an enterprise, unless stipulated otherwise by the agreement mentioned in Paragraph 5 of the present Law. The expenses incurred while ending the work agreement will be met by the Estonian Social Fund.

& 7. Use of Revenues from Privatization of Property

(1) Revenues from privatization of property will be deposited with the Reserve Fund of Republic of Estonia set up by Government

of Republic of Estonia. Their use will be decided by Supreme Soviet of Republic of Estonia.

(2) Revenues from privatization shall not be used to cover the budget deficit.

Chairman of Supreme Soviet of Republic of Estonia A. Rüütel

December 13, 1990 ?

Tallinn

5/21/91

L A W of the REPUBLIC OF ESTONIA

AMENDMENTS AND ADDITIONS TO THE LAW OF THE REPUBLIC OF ESTONIA
ON PRIVATIZATION OF STATE-OWNED SERVICE, TRADE AND CATERING
FACILITIES

1. The following amendments and additions to be entered in the Law of the Republic of Estonia on Privatization of State-Owned Service, Trade and Catering Facilities (RT 1990, no. 22, art. 277):

1.1 In the title of the Law the words "... service, trade and catering ..." to be substituted by "... and municipal...".

1.2 In the first sentence of the preamble, add the words "... and municipal..." to the words "... state-owned..." and, in the same sentence, substitute the words "... service, trade and catering..." by the word "... facilities ...".

1.3 Make amendments to Articles 1, 2 and 3, so that they shall read as follows:

Article 1. Object of Privatization

(1) Under the present Law the property of state-owned and municipal facilities will be privatized either as an integral property of the facility or as an integral property - particular structural units of those facilities and their technological objects, unless privatization of the said property has not been provided by other laws and on condition that the statutory fund value of the property privatized does not exceed 6 million rouble

(2) Lists of the state-owned objects to be privatized will be compiled by the State Property Board of the Republic of Estonia (hereinafter: State Property Board) according to proposals by local self-governments or Ministry of the Republic of Estonia. The lists will be confirmed according to the order set forth by the Government.

Municipal objects to be privatized, the dividing of these objects into integral property and privatization deadlines, if not fixed before, shall be determined by local self-governments and confirmed by a respective council.

(3) The property as defined in Section 1 of this Article and, prior to June 16, 1940, belonging to citizens or associations, after which it was forcibly alienated, shall be privatized under the present Law if the property reform legal subject has not placed a claim for restitution of the said property or has notified, in writing, about giving up such a claim.

Article 2. Possessor of the Privatized Property

Under the present Law the property privatized may be obtained by any person at least 18 years of age or by a stock company or another economic association formed by unifying private assets and not by dividing the property of a former legal body, and registered in the Republic of Estonia.

Article 3. Arrangement of Privatization

(1) Privatization of state-owned property will be arranged by the State Property Board and of municipal property - by the local self-government.

Those in charge of privatization will have the right to arrange auctions of the property on additional terms to be fixed in the sales contract.

The arrangement of privatization can be imposed on the second level local authorities by the State Property Board (of state-owned property).

(2) Privatizing is to be implemented in the form of open sale of the entity or stocks.

Selling-off of the integral property or the selling of shares will be carried out by bidding. If several persons participate in the bidding, the preferential rights for buying the property shall be given to employees or workers of the enterprise or structural part of the enterprise whose assets are being privatized, to retired former employees or workers, or to a user of the property on the basis of a contract, if they agree to buy the property at the price of the last bidding. The organizer of privatization has the right to sell the shares also in the stock market according to the stock-market rules.

(3) If there is competition for buying the property at the price mentioned in Section 2 of this Article, between persons having preferential rights, bidding will continue between these persons until the buyer will be clear.

(4) If there is only one candidate at auction, the organizer can sell the property at the initial price.

(5) The initial price of the property to be privatized will be determined by the organizer of privatization on the basis of the calculation ordered from different experts.

(6) Under the present Law restitution vouchers and popular capital vouchers can be used for buying property to be privatized, applying privileges according to the Law of the Republic of Estonia on the Bases of the Property Reform and other regulations base on this law.

1.4 In Article 5 the words " ... State Property Board..." to be substituted by the words " ... organizer of privatization..."

2. The present Law shall be valid from the day of its adoption. The amendments and additions of this Law will not be applied to the objects the privatization of which, according to the Law of the Republic of Estonia on Privatization of State-Owned Service, Trade and Catering Facilities, was made public in the press before the present Law became effective.

Chairman of the Supreme Council,
Republic of Estonia

A. Rüütel

May 21, 1992
Tallinn

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The Resolution of the Supreme Soviet
of the Estonian Republic

Of the beginning of the sale of the shares of
national joint-stock companies

1. To permit the Government of the Estonian Republic to begin the sale of shares of the national joint-stock on following conditions and order:
 - (1) 50 percent of shares of the share capital fixed in the statute of the joint-stock company can be sold in respect of the joint-stock companies of the first type, and up to 100 percent in respect of the companies of the second type;
 - (2) the organization nominated by the Estonian Government arranges the sale at auction or Beurce by the beurce rules concluding a contract of conducting of sale with the auctioneer or bource;
 - (3) in the first round of sale one buyer is offered jointly 51-100 percent of share holding of the joint-stock company in the absence of such buyer the share holding as well as the rest of the shares will be sold in smaller holdings or in singles in the second round;

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- (4) the organizer of the sale of the shares is bound to sell all shares of certain part of joint-stock companies on conditions [missing];
- (5) the organizer has the right to sell the shares at auction with secondary conditions ensuing from the contracts of the enterprise under privatization, while the obligation to fulfill those secondary conditions will be fixed in the contract of sale;
- (6) each share sold grants one vote at the general meeting of shareholders and brings dividends on equal terms;
- (7) no price concessions are applied at the sale of shares.

Chairman of the Supreme Soviet

of the Estonian Republic

A. Rüütel

Tallinn, June 1992

Introduced by the Government

of the Estonian Republic

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June 1992

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THE RESOLUTION

of the Supreme Soviet of Estonian Republic

"On the Establishment of the Conditions and Order for
Privatization of Public and Municipal Property"

The Supreme Soviet of Estonian Republic has passed the resolution

1. To establish the added herein "Conditions and order for privatization of the public and municipal property".
2. To establish that the Estonian Government is entitled to transfer into private ownership during 1992 up to 30 enterprises with balance funds over 600,000 Estonian kroons, before issuing the securities of compensation for the unlawfully alienated property and national capital bonds.
3. The Estonian Government has to guarantee the elaboration of the normative laws regulating the privatization proceeding from the conditions and order referred to in paragraph 1 and to begin with the privatization of enterprises as mentioned in clause 2.

The Chairman of the Supreme Soviet

of the Estonian Republic

A. Rütel

Tallinn, 1992

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Confirmed
by the Resolution of the Supreme
Soviet of Estonian Republic

"....." August 18, 1992

The Order and conditions of the privatization of
the public and municipal property.

I. General Principles

1. The present order regulates the privatization of public and municipal property according to the "Law of the principles of ownership reform" of Estonian Republic (hereinafter "Principles" if the balance value of the object under privatization is over 600,000 Estonian kroons.
2. The property is transferred into private ownership for the securities for compensation, national capital bonds and cash.
3. Persons, not legally subject to paragraph 29 of the "Law of Land Reform" of Estonian Republic, have, concurrent with the privately owned property, the right to rent the land or any other possibility of using it as well as to legally registered license to exploit natural resources and environment according to the order established by Estonian Government.
4. Persons, legally subject to paragraph 21 of the "Law of Land Reform" of Estonian Republic, have, in addition to the right, mentioned in paragraph 3, to obtain private

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ownership to the foundation of the buildings and the land necessary for tending them in accordance of the normative laws of Estonian Republic.

5. The transactions for obtaining immovable property by foreigners according to the "Law of Foreign Investments" of Estonian Republic, should be attested by notary. The violation of this requirement will involve the invalidation of the transaction.
6. Until the formation of the registry of immovable property the right to ownership will be established by the date entered in the contract of purchase.
7. The privatization of public or municipal property should be registered in writing.

II. The Object of Privatization

8. In accordance with the present order the object of privatization can be:
 - (1) integral property of the enterprise;
 - (2) integral property of the structural unit of the enterprise;
 - (3) shares of the enterprise;
 - (4) on liquidation of the enterprise, other basic funds or circulating funds.
9. The objects of privatization are confirmed by:
 - (1) in respect of municipal property on the proposal of local executive administrative organ of the corresponding council;
 - (2) in respect of public property the Council of Treasury of the Estonian Republic (State Property Board)

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- (3) on the proposal of local government of the district or municipality or ministry in control of the object subject to privatization. Before determination of privatization the Council of Treasury has to [missing]
10. The proposal referred to in paragraph 9 should contain:
- (1) the name and location of the property subject to privatization;
 - (2) the holder of the said property;
 - (3) the balance value of the said property;
 - (4) the registration number of object in the enterprise registry of Estonian Republic;
 - (5) the motivation of privatization.
11. After determination of privatization (Clause 9 of the present order) the holder of the property has no right to reduce the property subject to privatization or change basic funds without the consent of the organizers of privatization (clause 15 of the present order).
12. The responsibility for the work and retention of the property subject to privatization until the transference of it to the new owner, lies with the enterprise to whose balance the names property belongs.
- III. Organization of Privatization
13. The privatization of the property is arranged by organizer represented by
- (1) the bank of Estonia in respect of the public property

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- (2) in respect of other public property organization appointed by the Government of Republic
 - (3) by borough, parish, town or district administration in respect of municipal property.
14. In accordance with present order the privatization can be executed by selling the property (among this shares) by auction or selling shares by Bource rules. The organizer of privatization has the right to set secondary conditions at the auction (in respect of providing with and constituting new jobs, investments, protection of environment, the role of property sold to foreign investigator, financial guarantees on the part of the buyer to pay installments, etc.) for the fulfillment of which legal sanctions are foreseen.
15. In the course of privatization the organizer is liable to provide the information according to the form established Estonian Government for each object of privatization and dispose it to investors; and the revaluation of the property subject to privatization.
- The information and the results of the revaluation, the dates of privatization and secondary conditions referred to in clause 14, will be published according to the order established by Estonian Government.
16. The enterprise holding the property under privatization is liable to provide information concerning the object of privatization at stated time. The disposer is responsible for the correctness of the information.

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17. The property subject to privatization will be revalued on the basis of methods established by the Treasury Council of Estonian Republic.
18. For participation in the auction, the potential buyer is obligated to present the organizer of the auction with a written application according to the requirements established by Estonian Government, declaring his agreement with the original price and secondary conditions referred to in clause 15, with the information regarding his economic activities, his solvency and proposals concerning following secondary conditions (if any) set by the organizer of privatization (and the extent of their realization).
- providing with and constituting new jobs;
 - the amount of investigations;
 - protection of environment;
 - guarantees for paying by installments (in case the buyer applies for the payment on installment basis).

On agreement with the aforesaid secondary conditions and taking them into account, the organizer of the auction carries out preliminary negotiations with the participants of the auction.

19. At the preliminary negotiations mentioned in clause 19, the persons will be elected who agree with in the case of the accomplishment of secondary conditions, to participate in the public auction. Those persons should present the organizer of the privatization with a written agreement for the participation in the auction. At the

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public auction the right of purchase will be obtained by the person nominating the highest price among in the case of other equal conditions.

20. The organizer of privatization has the right to sell property (among this shares) for the price proposed by purchaser even if there was only one participant in the auction or only one competitor remained in the course of preliminary negotiations who will be then the titled subject of the privatization and agrees with the secondary conditions established in clause 14 of the present order.
21. The procedure of the public auction will be established by the estonian Government.

IV. Privatization of the property on installment basis

22. According to present order the property is sold on installment basis to the physical person permanently residing in Estonia or to the judicial persons registered in Estonia and considered the rightful subject of the privatization, according to their written application on condition that the selling price of the property (shares) is more than 10,000 LLK.
23. According to present order the installment paying system will be employed in following conditions of privatization;
 - (1) the selling price of the property should be paid at least in the course of 10 years;
 - (2) before concluding the sale and purchase contract at least 20 percent of the selling price of the property should be paid in advance;

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- (3) the amount of succeeding installments and the terms of payment will be determined by the organizer of privatization; the payment should be effected at least twice a year;
 - (4) the amount unpaid after the conclusion of the sale purchase contract has an annual increase of 5 percent and every quarter of the year inflation coefficient will be added;
 - (5) the fine for overdue installment pay (beginning from the second installment) will be 0.1 percent of the amount of the installment for each day overdue, starting from the first working day succeeding the date of payment;
 - (6) if the preceding installment together with fine remains unpaid on the date of the next installment or in case of constant violation of the terms by the buyer, the organizer of the privatization has the right to take legal proceedings against the buyer and demand the forced sale of the property.
24. The seller has the right to demand the legal termination of the sale purchase contract in case of nonfulfillment by the buyer financial or other guarantees, mentioned in clause 14, within the extent of unpaid amount of the installment.

V. Final Provisions

25. The organizer of the privatization is liable to give information about the sale purchase transaction according to the order established by Estonian Government.

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26. The money received from privatization subtracting the cost of the sale, will be paid, in respect of public property to the special account of the Estonian Government, and in respect of municipal property, to the special account of the local administration. Fifty percent of the proceeds paid to special accounts will be transferred to compensate for unlawfully alienated property; 20 percent of the money, paid to special account of the local administration, will remain at the disposal of local administration and 10 percent remains in the control of the Government of the Republic.
27. Until the establishment of Estonian immovable property register and the employment of it, the organizer of the privatization will keep account and register the transactions made in the course of privatization and retain the corresponding records.

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RESOLUTION

Of the Supreme Soviet of
the Estonian Republic

On the Establishment of the
Privatization Enterprise

The Supreme Soviet of the Estonian Republic resolves:

To allow the Government of the Republic to establish the state enterprise "Estonian Privatization Enterprise" for the privatization of the public property.

The Chairman
of the Supreme Soviet
of the Estonian Republic

A. Rüütel

Tallinn, August 13, 1992

SECTION II

REPORT ON ADMINISTRATIVE STRUCTURE OF HOUSING VOUCHER PROGRAM

This document describes the Deloitte & Touche Consortium's findings and recommendations concerning the administrative structure of the Housing Voucher Program for the general population of Estonia. Some of these recommendations have been presented already in the program design strategy paper and policy memorandum for the Housing Voucher Program.

The information in this document comes from interviews and investigation conducted by a team from the Deloitte & Touche Consortium working in Estonia during the period June 15 - August 30, 1992. Our investigations and this report focus on the administrative structure of that portion of the program which is concerned with distributing blank application forms to Estonian residents and collecting and verifying the information presented by applicants. The D&T team did not focus closely on the administrative issues that arise from the process of establishing computerized accounts and tracking voucher use and disposition. These issues are covered by our reports concerning the design and implementation of the Automated Voucher System.

1. Administrative Overview

Beginning in June 1991, with passage of the Law on the Principles of Property Reform, the Government of Estonia has been developing the concept of transferring ownership of state-owned housing to private citizens. The Government's objectives in effecting such a transfer are threefold:

1. Encourage home ownership and create normal market conditions for housing, with rents and housing prices reflecting real economic conditions and wage levels. This will give residents greater freedom of choice with respect to their housing conditions and location.
2. Provide recompense for the years of low wages paid under Soviet rule.
3. Remove housing from the administrative and financial responsibility of the Government.

In general, permanent residents of Estonia as of January 1, 1992 have the right to apply for housing vouchers which will be distributed free of charge. Each individual will receive one voucher for each year that he or she has worked as well as for a number of other activities, including but not limited to time spent studying, caring for infants or the elderly, and time spent in prison if the individual has been rehabilitated. Each voucher will have a value equivalent to one "standard" square meter of housing space (as defined by the National Housing Board). These vouchers can then be used to purchase the home in which an individual currently lives, or to purchase vacant housing space, or can be converted to popular capital obligations to acquire ownership of other assets that are being privatized by the Government of Estonia, such as large enterprises. (The details of the conversion to popular capital obligations have not yet been worked out.) The vouchers can be used for housing purchases until April 1, 1997.

Over the last eighteen months, the planned administrative structure of the housing voucher program has become more decentralized, relying heavily on small local housing offices spread across the country. In the administrative recommendations, the D&T team has been sensitive to this increasing decentralization; however, one must bear in mind that at the time the team began its inquiries, the government was planning a far more centralized program, controlled from the center by the Estonian State Computing Center (SCC). At present, the SCC will not play such a central role in terms of administration, but it will remain the central repository for information concerning the program.

2. Computerization

Computerization of the housing voucher program is described in greater detail in other sections of this report. However, in its basic form, housing vouchers will not be distributed as physical instruments, but rather maintained in computerized accounts for each voucher holder by the Estonian State Computing Center. These accounts will function much like bank accounts do in the United States, with statements of voucher accumulation to be sent to voucher holders. When an individual voucher holder wishes to use his or her vouchers to purchase housing, the appropriate amount of vouchers needed will be determined by a valuation of the desired housing unit. Then the appropriate amount of vouchers will be deducted from the voucher holder's computerized account. Due to the computerization of the program, the heaviest administrative burdens will be felt in the initial data collection and assignation of

voucher benefits to individuals. Statement production and mailing will not be as administratively complicated or demanding. The overall computerized system is called the Automated Voucher System and is currently being developed by the Estonian State Computing Center and the Deloitte & Touche consortium team.

3. The Voucher Application Process

Participant Institutions

The National Housing Board has designed and will distribute voucher application cards to local government offices (Maakonds) across Estonia. These Maakonds, in turn will distribute the voucher application cards to local housing offices for distribution to the residents in each locality. Residents will collect information from a number of other public offices and institutions to complete their applications and will then return completed applications to the issuing local housing office. The other institutions involved are personnel offices in state-owned enterprises, social care offices that handle retired residents, universities, military offices, hospitals, and others.

In general, the administrative structure of the program relies heavily on already-existing organizations within the federal and local government.

1. Voucher Distribution.

Will be accomplished via local housing offices

2. Provision of Basic Information for Application.

Will come in large part from records kept on Estonian citizens (their workbooks) which are held in personnel offices of enterprises or by social care offices for retired people.

3. Certification of Data.

Will be done by a variety of institutions -- Universities, hospitals, armed forces offices, social care offices, etc.

4. Collection, tracking, and control of voucher program.

Will be undertaken by the local housing offices with computers, local government entities with computers and the Estonian State Computing Center.

According to the current design of the Housing Voucher Program, the main link between the general public and the Government of Estonia is local housing offices, thousands of which exist in Estonia and which maintain records and serve as payment centers for individuals living in state-owned housing units.

When the Deloitte & Touche team began its investigations, the Government of Estonia was developing a centralized system. However, the team interviewed officials at local housing offices and other institutions which are intended to participate in various aspects of the housing voucher program (such as personnel offices). These offices were mainly located in and around Tallinn, and the team met with them to assess their overall readiness to participate in the housing voucher program. The visit reports for these offices are attached. In general, our overall findings are the following:

1. Staff:

Several of the participant institutions immediately stated that in order to undertake their portion of the housing voucher program, they would need more staff. However, they also were concerned that getting funding for new staff might be problematic. Local housing offices especially seem to be utilizing all available staff resources already and have expressed serious concerns about their ability to handle additional work without additional personnel.

2. Information Requirements:

Local housing offices felt that the information required from them in order to issue the voucher application was not a serious burden. The majority of the information was readily available or easily accessed. On the other hand, participant institutions that have to provide or verify information for applicants filling in application forms have expressed concern that the required information would be difficult to find and that the process would be time consuming and wasteful of scarce resources.

3. Understanding of Process:

Generally, participant institutions lack clear, comprehensive, and consistent information concerning the overall process and their specific role within it. In several cases, local housing office representatives told the D&T team that they would not take any action to begin the housing voucher application process until they received better instructions. The lack of clear communication of roles and responsibilities has also created the impression in some local housing offices and other institutions that this program is not a top priority and that it can be put off for more pressing activities.

Application Process

In order to get a voucher application card, an individual must appear in person at the local housing office in his or her locality. At that time, the individual must present his or her identification and an official of the local housing office will enter the following information on the card:

1. Name
2. Date of Residence in Estonia
3. Sex
4. Year of Birth
5. Year of Death [if applicable]
6. Number of Children
7. Personal Registry Code Number

The information is verified and an application card registration number is issued which uniquely identifies the individual's housing claim. Those local housing offices that have computers will enter the above information directly in to the Automated Voucher System which will establish a computerized account. Those offices without computers will forward the information to a local government office which will then enter it into the Automated Voucher System. In the event that the local government office is unable to fulfill this role (due to lack of computers or staff) the information will be forwarded to the Estonian State Computing Center for input into the system.

Once an applicant has received a registered application form, he or she can begin to collect information concerning his or her length of service in the variety of categories

listed on the card -- these include such things as length of time in the Soviet Army, years worked, period of time unemployed or in university, years in jail or exile, etc. The majority of this information will come from "workbooks" held by each Estonian resident which are a record of a person's entire work history by occupation. For the working population, individual workbooks are held in the personnel offices of employers. For retired persons, workbooks are held by local "Social Care" offices that also administer pensions and respond to other needs of the retired population. For certain types of information not certifiable from entries in the workbook (such as time spent in the military or at university) additional certification is required. For example, to certify time spent in university, an applicant must present a letter stating the period of attendance from an official of the university in question.

Upon completion of all certifications, the applicant returns the completed application form to the local housing office that originally issued it. The local housing office verifies the information and assigns the correct number of voucher years or points. If the local housing office has computers that are linked to the Automated Voucher System housed in the State Computing Center, then the information is transferred directly. However, if the local housing office is not computerized, a hard copy of the application form is sent to either computerized local government centers or directly to the State Computing Center for input into the Automated Voucher System.

4. Recommendations Concerning Process

The Estonian Government has signalled housing privatization as one of its top priorities with respect to the overall privatization program. However, the number of institutions involved and the physical complexity of the application contribute to a potentially unwieldy implementation of the housing privatization program. Based on our investigations, we would recommend that the Estonian Government undertake the following steps:

1. Formalize and publicize the relationships between all of the various institutions taking part in the housing voucher programs.
2. Develop and implement a clear and concise communication plan to inform local housing offices and other participant institutions about their roles and responsibilities and the overall importance of the housing voucher program.

3. Develop an implementation plan for using county-local housing offices as control points for acceptance and evaluation of voucher applications instead of centralizing this process at the State Computing Center. To some extent, this has already happened, however, it has been *ad hoc* and based on the current computer capacity of the local housing offices. The implementation plan should consider a least the following questions:

Generally:

- Which sites are currently automated and which are not?
- What is the expected volume of data for each site?
- How much time will each part of the process take? (distributing the form, accepting the completed form, verifying data, answering applicants' questions)
- What is the level of staffing at each location and is this sufficient for the expected volume of data and the consequent time requirements?
- Is it possible to automate additional sites?

For Automated Sites

- For those automated sites, does sufficient equipment exist to handle volume?
- Who will install the software and verify correct operation?
- What will be the schedule of automation?
- Which sites will be automated, in which order and why?
- Who will be responsible for the mechanical operation of the system at each site?
- How often and in what manner will data from automated sites be

submitted to the State Computing Center?

- What procedures exist for correction of errors in data entry?

For Non-automated Sites

- Where will data be sent for automation? (To other housing offices with computers?, to the Local Governments?, directly to the SCC?)
 - In what format will data be sent? (will it be compiled or processed in any way by the non-automated sites?)
 - What are the review procedures to ensure that non-automated data is error free before it is forwarded to an automated site for processing?
 - What procedures exist for correcting errors discovered at the automated processing site? (will the form be returned to its originating office, will a query be sent, will a representative telephone the originating office?)
4. Maintain notices concerning accumulation and balance of housing vouchers for each individual in the local housing offices instead of mailing notices to individuals. We recommend this procedure because we have been told that accurate and comprehensive address lists are not available and the possibility of misdirected notices is high in some areas.
 5. Develop a periodic review procedure to ensure that local housing offices are uniformly implementing the program and are not encountering major problems. This review procedure might take the form of a standard questionnaire or a telephone survey of each local housing office to be conducted bi-monthly. A standard review procedure will also function as an important information link between the center and the local offices.
5. Forms

A detailed discussion of recommendations and design of appropriate forms for the housing voucher program is contained in the Requirements Assessment for the Automated Voucher System. In general terms, the D&T team recommendations to the Government center on simplifying the voucher application form and simplifying

the certification of data contained therein.

1. After discussion with officials from the State Property Board and the State Computing Center, the team has withdrawn its preliminary recommendation to input data into the computerized system by using scanners. The major reason for not using a scanner is financial. Given the volume of information, several scanners in addition to the one at the State Computing Center would need to be purchased if scanning is to be done at all. Staff at the SCC would have to invest time to learn to use the scanner and to install scanning software. Since each scanner costs approximately \$1500, software costs approximately \$1200 copy, and use of scanners would require redesigning and reprinting voucher application forms, the entire endeavor outstrips the budget of the State Computing Center. In addition, it would be a better allocation of resources for the State Computing Center to purchase computers for data entry which could be used for other purposes once the housing voucher program is concluded.
2. Certification of Data. In order to verify claims for time spent not working (e.g., going to university, raising children, etc.) housing voucher applicants are required to present certifications from a variety of different sources. For example, with respect to certifying time spent in university, producing individual certifications for each applicant is a very time consuming process for the university that wastes scarce resources, disrupts the university offices, and causes bottlenecks in the application process. The D&T team recommends that for each non-work activity that requires certification, a standard certification form be developed and distributed to housing voucher applicants who need them.
3. In official records and workbooks, time spent working is entered by the calendar date that employment commences and the calendar date that employment ceases. However, on the voucher application forms, time spent working is to be entered in total work days per job. The D&T Team has recommended that the voucher application form be redesigned to require data on time spent working to be entered as calendar date of commencement and calendar date of cessation. The conversion to work days could be accomplished by the computerized program for processing and tracking the vouchers.

6. Staffing Needs and Costs

As mentioned above, the institutions that will take part in the housing voucher program will need additional staff, if only on a temporary basis, to handle the flow of inquiries, process applications, and keep records.

Since new and/or temporary employees hired to handle the workload generated by implementing the housing voucher program will be Estonian Government employees, the D&T team recommends that the Government simply use its standard pay-scale. Funds to hire additional staff could be obtained from the proceeds generated by the small, medium, and industrial privatization programs of the State Property Board.

During the period in which the team undertook its investigations, the Estonian Government had not finalized the administrative details of the housing voucher program to a sufficient extent to allow the team to make an in-depth analysis of the staffing needs and costs which the program would generate. However, the D&T team has recommended a course of action which will allow the Estonian Government to determine the staffing needs and costs when these details are finalized.

The D&T team general recommendations are as follows:

1. The team recommends that as details are finalized, and initial processing begins to take place, the State Housing Board conduct a rapid assessment of the time requirements for processing housing vouchers from beginning to end. In doing so, the following questions should be answered:

Local Housing Offices:

- How much time does it take a local housing officer to register an applicant and hand out an empty voucher application form?
- Once a completed form is returned, how much time does it take for the local housing office to review the form, process the data, and forward the results (either electronically or in paper form) to the State Computing Center?
- How many forms will be handled by each local housing office?

- What is the total time allotted to local housing offices to complete their portion of the voucher application process?

Based on a comparison of available staff with time requirements as determined above, it should be possible for the Estonian Government to determine where its staffing needs are most urgent and where, if any, there is a temporary surplus in staff who could be redeployed to higher-activity offices.

State Computing Center

- What proportion of voucher applications will be transmitted electronically and in paper form from the local housing offices and local and regional governments?
- How long does it take the staff of the State Computing Center to receive, and process a voucher application -- both in electronic and original paper form?
- What is the total time allotted to the State Computing Center to establish voucher accounts and notify individual voucher holders?

Again, based on a comparison of these time requirements with available staff at the State Computing Center, the Estonian Government will be able to approximate its staffing needs.

2. As mentioned above, the team recommends that the costs of these staffing additions be covered by a percentage of the proceeds from the general privatization programs of the Government instead of being covered as an item in the overall budget for the country.

7. Conclusion

The Housing Voucher Program of the Government of Estonia, when fully implemented, will involve a host of government and non-governmental institutions, ministries, agencies and the like and will reach approximately two-thirds of the adult population. Perhaps most important to the smooth execution of the overall program will be clear definitions of roles and responsibilities between organizations and clear

and continuous communication between the central command and the peripheral institutions such as the local housing offices. The Government of Estonia has made several steps toward improving communications, for example, recent seminars on the overall housing voucher program held in Tallinn for representatives of local housing offices. Such steps should be continued. The D&T team recommendations concerning the overall administrative structure of the program underline this point, and provide a framework for more clearly defining the functions of each of the entities involved.

APPENDIX TO REPORT ON ADMINISTRATIVE STRUCTURE

DOCUMENTS

Interview Reports from visits to local housing offices

Other supporting documents are listed in the Documents Appendix for the Housing Privatization Memoranda above

Interview with Mustame office
September 3, 1992
James Folino

Tom Balderston and I interviewed a local housing office in the Mustame district bordering Tallinn. We met with a computer specialist and the woman in charge of the personnel office. They were very helpful and friendly.

1. Computers

They have 6 computers, 1 386, 2 286, 3 below 286-class. There is one copy of Foxpro on the 386. An impressive line printer is connected to the PCs. 10 to 15 of the staff are competent on the PCs.

2 Residents

There are 50,000 people in the district. This figure includes people in co-operatives and enterprise housing. There are actually 19,000 renting from the State. The number living in rented apartments is higher, only 1 person in each family rents. Not all will get cards, must have been resident of Estonia for the last five years.

3 Staff

They have 340 staff in the office. 8 people process data on the 50,000 residents by hand (they are putting information on residents into computer?). There are 4 other offices which are subordinate in the region, this is where the actual files are kept. Hours are 8-5, Monday through Friday. The manager has open hours twice a week.

4 Decree

I asked if they understood their role as specified in the housing decree. They explained only the management has read the decree. I asked if they would process cards without further instructions. They said that the decree states that they are to await further instructions. They will not take it seriously now as they expect amendments with changes.

5 Voucher process

I asked if they will have trouble filling in the ID section of the voucher cards. They received the cards only yesterday and have not had time to study them. They do not anticipate difficulty—they have been asked to do similar tasks in the past. They are always producing lists, so do not expect trouble sending info to SCC once a month.

I asked how long it would take to complete a card for each person. They say no more than several minutes because they have files already for residents. They expect there would be a line initially with the first rush of applicants.

I asked if they would be able to send reports, cards or disks to SCC. They saw no trouble. They are discussing in what form information is to be sent to SCC.

They will dedicate as many staff as necessary to fill in the ID section of the cards. They will have to be filled in by

hand as population registration does not exist yet. They did not know card will return to them after years filled in. They will need folders. have only 1 card per person now.

6 Problems

They would like more computers, existing machines are already occupied with calculating rents and salaries. When I explained SCC would send data input program they asked for a date and seemed concerned that it would tie up a machine.

It is difficult for them to point out problem areas. Sufficient time must be allocated to complete each card.

Interview with Municipal Property Office of Tallinn
September 4, 1992
James Folino

Tom Balderston and I interviewed Ms. Tihomirova, department head of the office which oversees local offices in Tallinn. They are one level above the local property offices and a level below the national office. Her office does not actually manage housing nor will they distribute cards directly to residents. We spoke to her at the suggestion of Ms. Sepp at the National Housing Board.

Computers

They have 5 computers on which 8 to 10 of her staff are competent. She is not sure as to computer equipment in the local offices.

Residents

She oversees 4 districts plus 1 town and 1 settlement. Each has a local office for distributing voucher cards which she will pass on to them. These districts account for 350,000 people.

Staff

She has 28 staff working for her. They are now considering the number of staff that will need for issuing the voucher cards. They are aiming for 1 person for every 10,000 residents. They are also considering how to finance hiring people. She mentioned monies from other privatization programs. Their second meeting on these matters is today, Monday they will discuss it with the Tallinn city council.

Decree

I asked if they understood the housing decree. She said people hired to fill in the cards will attend seminars. Mr. Hänni is their contact in the government. They also know Kaljussma. She attended the seminar on use of the cards on August 25 run by Mr. Arma. I asked if she thinks further decrees will be necessary before issuing the cards. She said no, probably not. The city will state conditions for valuation, for example, coefficients for valuing housing and for zones, and preferred housing. The municipality can set limits on prices for housing, for example, no unit is to be valued at less than 100 Estonian kronas. There may be discriminatory pricing, for example, prices might be lower for families with young children. She mentioned a special housing fund which will be used to grant loans for housing purchase.

Voucher process

One interesting note—they have the voucher cards in Russian, she gave us copies. This solves an anticipated translation problem. She expects it will take up to 2 months to issue, complete and return voucher cards and to actually purchase housing. People know the cards are available, they are already coming in to get them. They will advertise in the newspapers about where to get cards, where to return them etc. Technology office in each local housing office selects a person to value housing. The district office approves the choice. The valuer does not actually visit housing, he sets values on the basis of housing plans which tell him dimen-

sions, etc. The process is as follows. actual size in square meters * coefficient = standard meters. Then, standard meters * price/standard square meter = purchase price.

Problems

She feels that information is available for years worked, workers have workbooks, the necessary papers exist for people on pensions. Dealing with housing that has been destroyed is a problem, this is now being considered. Value of agricultural vouchers has not yet been determined and so will be a bottleneck.

Interview with Kadrioru district local housing office
September 8, 1992
James Folino

Tom Balderston and I interviewed a Mr. Tüvi in the Kadrioru district in Tallinn. This district was once very nice with parks and private homes. It has since occupation become run-down but the old wooden houses remain. As a result, unlike much of Tallinn, there are few of the Soviet-style apartment buildings. Mr. Tüvi claims that the majority of restitution claims are in his district for these wooden houses.

Computers

They have 4 computers, all 286-class. He is not aware of the foxpro or clipper software packages.

Residents

There are 30,000 residents in the district. Of that number there are files for 10,000 tenants which pay rent (head of household). There is a region of private homes, most of which are owned by institutions.

Staff

They have 5 departments. Their primary function is maintaining the property. They report to the district government and indirectly to the city municipality. They might employ as many as 500 people in the winter. Many more staff are required to maintain heating systems during the winter, they might employ as few as 300 in the summer. Of this number, 50 to 60 are clerks. The office is open to the public 4 hours per week for the director, 5 hours per week for assistants.

Decree

They understand the decree in theory but are unsure in practice as they have not filled in cards yet. Their most pressing question, who is to pay for their filling in voucher cards? They have other work and will definitely need to hire people to complete the voucher cards. He said he cannot even imagine how the process will work. One of his staff attended a meeting organized by the Tallinn municipality meant as a preliminary discussion on how to fill in the voucher cards. Tüvi does not consider the housing voucher program a "vital interest", it clearly is not a top priority. It would become a vital interest if he received financing for the work.

There only source of income is rent and they can not recover costs for new staff or equipment from rent income. Currently they have uncollected rent totalling 2 million Estonian Kroones. People simply don't pay rent. Although the office can evict those whose rent is due after 3 months, the office is reluctant to do so because of the unrest it would cause. The magnitude of uncollected rent is unprecedented and results from the rapid increase in prices in Estonia. Mr. Tüvi explained that people are not in a position to pay. However, his costs continue to rise especially the cost of heating.

Voucher process

I asked if they will have problems filling in the voucher cards. He said he could not answer, that he would know in 1

or 2 weeks after the process starts and he receives some instructions. Mr. Tüvi seemed reluctant to provide estimates of time required or difficulty in filling in voucher cards. He seems a bit overwhelmed by the whole process and clearly does not know what to expect. He explained that he lacks instructions.

They have the information necessary for filling in the top section of the voucher card. They are now in the process of putting this information on computers but will not finish until a year from now. They have a database of the residents in the district on the computer. However, detailed records are not kept on the computer.

Problems

They would appreciate help launching the process of issuing and filling in cards, buying computers and hiring staff. Specifically, 4 sophisticated computers, and 8 staff people.

Interview with Oisnæ district local housing office
September 10, 1992
James Folino

I interviewed Mr. Koppel, director of the local housing office in the Oisnæ district in Tallinn. We have met with him before as he was on the committee that developed the recently passed housing decrees. He has obviously thought about the voucher process and, unlike most of the people I've spoken to, has enough information to form insightful opinions. We should continue to speak with him, he seems knowledgeable about each phase of the housing privatization process.

Testing

He will be at the meeting Monday which Rasmann is organizing as a working group. I asked him about an Estonian newspaper article which speaks of an experiment to be conducted under his supervision. He explained that there is a proposal to test the voucher process for 4 apartments in each housing district in Tallinn. The Tallinn city council will decide if the testing will be done at a meeting tomorrow. If approval is granted he opens to start the process for privatizing 4 apartments next week. They will start with issuing the voucher cards and finish by actually transferring deeds for the housing to the new owners. He hopes the testing can be finished in as little as a month. Clearly, D&T should gather the results of his testing. There is no sense in testing the voucher cards ourselves if this is to be done at the local level. However, we could work with, Koppel for example, to consider the problems that arise while testing.

Koppel feels the test will help fill in some holes in the voucher process. For example, deciding on how to value housing and the coefficients for doing so have not yet been issued by the Tallinn city council. He is waiting on input forms and registration numbers from the SCC before he begins testing. He said only 1% of the population has personnel codes so far but that this will not delay issuing the cards.

They will use 4 apartments because 3 people are required to from a homeowners association which will be responsible for maintaining the property after it is privatized. I think is along the lines of a condominium in the U.S. People decide what the rent will be (he is referring to a condo. fee), will select people to maintain the apartments, etc. The rent currently being collected only covers maintenance costs. So after privatization people will continue to pay the same amount, and in fact it will the amount will probably increase. It will be specified that the amount is to cover maintenance costs.

Residents and Staff

Koppel said filing in the cards for his district will be no problem. They have the information needed to fill the top of the card. He said also that it can done at an acceptable pace in his district. He felt that it could be done in all of Estonia in a reasonable time but that because of recent reorganizations there might be difficulties in Tallinn. He has 7 staff to fill in cards and has just hired 2 more. They will

fill in the top section of the cards in advance before issuing them. He plans to issue all of his cards by January 1.

Decree

Koppel explained that the committee on privatization has principally accepted the decisions of the government as issued in the housing decrees. However, he feels the decrees produced (225 and 226) so far might still need work, the testing will help determine if they need revision. He said the laws have not covered everything, there are still issues to be decided. I asked if new decrees elaborating on the first two might be issued with more detailed instructions or if instead the original decrees will be changed. He said they will provide details but after observing how the various offices perform their tasks the laws might have to be changed. Clearly, although the decrees have been passed there is still room to suggest changes in the process. The results of testing in each district will be passed onto the Minister of Building who will issue a report which would be the basis for changes in the law.

Voucher process

He sees no problems with the first step, filling in the top section of the voucher card. The rest of the process must be simplified. One area that will have to be changed; the use of notary publics which are required, for example, to approve transfer of years worked. Koppel claims notary publics are practically nonexistent in Estonia, requiring them to notarize documents will really slow things down. Apparently a proposal is under way to create new organizations or substructures to handle privatization of housing. This is the approach of the Treuhand. Mr. Koppel while agreeing that it is a good approach for privatizing firms feels it is a bad approach for housing. He feels it will generate confusion as offices and people try to sort out who is in charge. He thinks the organizations in place now will work fine.

Problems

Mr. Koppel's see filling in years worked as the major problem. Particularly filling in years of non-work activity. The employer can not fill in these years which means filling in years work will not be a one-step process. He thinks it will be burdensome for people to go to obtain certificates proving education, military service and the like. For example, certain military offices no longer exist. He said every person will have non-work activities and therefore will need to collect certificates.

I asked if social care offices would be a bottleneck. He said clearly.

He considers the housing privatization process much too complicated. He explained that Lithuania is using a much simpler method and as a result has already privatized 80% of their housing. He said there is a fear that the whole process will fail. He will use the testing to identify other problem areas.

In terms of actual purchase of housing, he does not see difficulty in 80% of the cases. However, for the other 20% he sees two problems. First, for old housing, people will complain about the condition of the housing and therefore that the

purchase price is unfair. Second, that people don't know what to do with vouchers for property with restitution claims. I asked if the years worked section was simplified would it be enough of a change to ensure success? He said yes, it would probably be enough. He said Latvia, Lithuania and East Germany all used a more simple process and were able to privatize housing within a year.

Interview with Mustame office
Personnel office
September 3, 1992
James Folino

Tom Balderston and I interviewed a local housing office in the Mustame district bordering Tallinn. We met with the woman in charge of the personnel office. She was helpful and did not seem concerned about filling in years worked on the voucher card.

Workbooks

She showed us the workbooks. They consist of a cardboard cover with pages stapled inside. These books are not always grey (at the University the cover was green). The first section is in Russian and is usually more complete. The second section is in Estonia. The sections are identical in format but the 1st might go farther back in years, for example. The first page has name, date of birth, date the book was started. Then, on the next page start job listings. The columns are job number, job description, date started, date left. Also, in the description column, if the person was appointed to the job upon graduating from a university and why they left the job. The dates are, e.g. date started: June 10, 1945, date left: November 23, 1946. So a problem, it is not easy to calculate time worked in days and then years-days. Days in each full month must be calculated and then partial months. This will slow down the process of filling in the voucher cards.

Non-work activities

People will have to submit certificates for retired status, military time, etc.

Resources

They have 2 staff in the personnel office. There are 340 employees. She said she can get more people if needed.

Process

She does not anticipate any problems filling in the cards, it is straight forward and directly from the workbook. However, it is obvious that it will be time consuming to figure days worked from 2 dates in Month-day-Year format for EACH job a person held (in the card we saw some 20 jobs). She said that further instructions are not required, that the decree lays it all out.

Interview with social care office
September 7, 1992
James Folino

I interviewed Ms. Lumi, director of the social care office on Freedom Square in Tallinn.

Computers

They have one computer, a 286-class machine.

Residents

They are responsible for 30,000 people. This includes elderly collecting pensions, handicapped, disabled, single mothers, and widows.

Staff

They have 18 staff of which 4 use the computer. They appear to be mostly older women. Only 4 inspectors actually meet the public and the work for each case must be approved by the office director. The office is open to the public twice a week from 8-12 and from 2-5. The rest of the week the staff processes paperwork. There are 4 social care offices in Tallinn and an additional office in Tallinn for a district outside of Tallinn. She said every district and every town has a social care office.

Decree

I asked if she will need further decrees to begin completing cards. She said they need instructions, absolutely required and that they will refuse to fill out cards until they receive them. She said what she already knows she learned from newspapers.

Their work

After a person retires they are given their workbook which has been kept by the employer. The person then brings the workbook to a social care office to begin collecting a pension. All of the work done in this office is driven by the pension law, it might be worthwhile for us to examine the law. If a person takes on a new full-time or part-time job while collecting a pension they must bring evidence of the job to the office to be added to their file. The files kept here consist of certificates stapled into a cardboard cover. For example, records from the workbook, certificates for child's birth; basically everything that happens to the person. With regard to study in a university, a certificate exists only if the person was working, and therefore received a workbook, before entering the university. In most cases there are no certificates for study in a university or for training courses.

The necessary certificates are apparently specified in the pension law. Unfortunately the certificates specified in the pension law, which they have already, do not correspond to the years-worked categories on the voucher card. However, she said the pension law requirements are not always realistic. The file records name, date of birth, type of pension, sex, length of career, year retired. Ms. Lumi said in particular everything that happens after age 40 is in the file. Each file has a number. To find a file, the card for the person is located and from the number on the card the file is retrieved.

The files are not in a computer and are retrieved by hand. The computer holds information required by the pension law such as median salary or income and basic ID data. They have total years worked but not broken down by activity.

Voucher process

I asked if they will have trouble completing the voucher cards. She said in the beginning, yes, definitely. She said it could require an hour for a staff person to thoroughly go through a person's file to fill in the voucher card. It is difficult to estimate time required because it depends on the case. If a person's file is incomplete and certificates are missing, it could take longer. For example, they may need to inspect handwritten documents dating as far back as 1945. Some will be in Russian. They will need to verify that documents are accurate. Because they do not have instructions, they aren't sure which documents are acceptable for proving years worked in the various categories. For example, how is membership in a trade union defined? Does study in a Russian university qualify for the university category? She said there will be problems with each of the 13 years-worked categories on the voucher card. Also, they need to continue to do their usual work. So, the voucher cards cannot be completed during working hours and will have to be processed at other times or by new hires.