

REPUBLIC OF BULGARIA
NATIONAL ASSEMBLY

MUNICIPAL PROPERTY ACT

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Amended SG Nos. 104/1996, 55/1997, 22& 93/1998; 23 & 56/1999*

**Chapter One
GENERAL PROVISIONS**

Article 1

The present Act regulates the acquisition, operation, management and disposal of real property and chattels which constitute municipal property, unless otherwise provided for by special law.

Article 2

- (1) Municipal property shall be the following:
1. forests and agricultural land as defined by law;
 2. water sources, including mineral waters, which are used only by the respective municipality, together with the water intaking equipment and the water distribution networks and equipment;
 3. water basins, together with their adjacent beaches and quarries of local significance;
 4. vacant parcels and properties on the territory of settlements assigned for housing development, public use and public works and utilities acquired through an expropriation procedure;
 5. local roads, streets which are not part of the national road network, squares, public parking lots in settlements and green areas for public use;
 6. municipal housing, municipal projects of local significance assigned for administrative uses by the municipalities and for health, educational, cultural, commercial, utility, sports or communal services for the community of the respective municipality;
 7. technical infrastructure grids and facilities of the systems of transportation, energy, water supply, sewer, communications and safety structures, in their part servicing the territory of the respective municipality, which are not included in the assets of commercial companies.
- (2) The following shall also be deemed municipal property:
1. real properties and chattels granted to the municipality by a law, or transferred gratuitously by the state;
 2. built-up and vacant real property and moveable chattels acquired with municipal funds, and properties built with volunteer labor and money of the community;
 3. real property and chattels donated or bequeathed to the municipality, its authorities and institutions, or to the urban place;
 4. real property the ownership of which has been restored to the municipality under the terms and procedures of special laws;
 5. real property on the territory of the municipality the owner of which cannot be established.
- (3) Buildings and structures of cooperative organizations and non-for-profit associations the construction of which was carried out prior to 13 July 1991, inclusive of their adjacent lots, shall not be deemed municipal property.
- (4) Properties and chattels of commercial companies shall not be deemed municipal property within the meaning of this Act, even where the municipality has been the only holder of the assets invested in them. The rights over the municipal share of the equity of commercial companies are exercised under a procedure established by an ordinance of the municipal council.

Article 2a

(New, SG No. 22/1998) Where individual settlements move to another municipality as a result of administrative and territorial changes, the properties and chattels under Article 2, paragraphs (1) and (2) on their territory shall be transferred to the patrimony of the municipality to which the respective settlement moves.

Article 3

- (1) Municipal property shall be public and private.
- (2) Public property shall be:

1. real property assigned for the performance of functions of local government authorities and local administration;
 2. real property assigned for long-term meeting of public needs of municipal significance;
 3. real property and moveable chattels owned by the municipality which have been declared monuments of culture of local significance under the established procedure.
- (3) Private municipal property shall be deemed all other municipal real property and chattels. The products and revenues from real property and chattels which are public municipal property shall be the private property of the municipality.

Article 4

The municipality can be held liable for the liabilities of persons due up to the day it gratuitously acquired the property and chattels of the said persons, in the amount of their value.

Article 5

- (1) The municipality shall establish its property rights over any real property by means of a municipal property deed.
- (2) The municipal property deed, drawn up in a due manner, has the strength of evidence until the opposite be proved.

Article 6

- (1) Real property and chattels constituting public municipal property which have ceased to have the uses described in Article 3, paragraph (2), are declared private municipal property.
- (2) Any real properties and chattels which had been private municipal property but have acquired the uses under Article 3, paragraph (2) are declared public municipal property.
- (3) Decisions of the municipal council pertaining to Article 1 are taken by a majority of two-thirds of the total number of council members, and those pertaining to Article 2 by more than half of the total number.

Article 7

- (1) Real property and chattels which are municipal property cannot be acquired under a statute of limitation.
- (2) Real property and chattels which are public municipal property cannot be expropriated and encumbered with liens.
- (3) Real property and chattels which are private municipal property can be expropriated and encumbered with liens. For them, the general provisions with regard to property apply, insofar as this Act does not stipulate otherwise.

Article 8

- (1) The municipal council shall organize the operation, management and disposal of municipal property.
- (2) The municipal council establishes, through an ordinance, the procedure for the acquisition, husbandry, management and disposal with municipal property, and the specific authorities of mayors and ward councils.

Article 9

- (1) Built-up property which constitutes public municipal property must necessarily be insured.
- (2) Insurance premium payments are planned in the budgets of the municipality or of the respective organizations and legal entities maintained from the municipal budget.
- (3) Insurance premiums for entities under Article 69 are at the expense of the concession holder.
- (4) The municipal council shall establish the real property and chattels constituting private municipal property which are subject to obligatory insurance.

Article 10

- (1) In municipalities and wards, Municipal Property Authorities shall be set up.
- (2) Upon a decision of the municipal council, such an authority may be set up also in a mayoralty.
- (3) The functions and tasks of authorities under paragraph (1) and (2) shall be set out by the Regulations on the Enforcement of this Act.

Chapter Two
OPERATION AND MANAGEMENT OF REAL PROPERTY
AND CHATTELS CONSTITUTING MUNICIPAL PROPERTY

Article 11

- (1) Municipal property shall be run and managed in the interest of the community of the municipality, in accordance with the provisions of the law and with the care of a good husband.
- (2) Municipal property shall be utilized in accordance with its uses, and for the purposes for which it has been granted.

Article 12

- (1) Properties under Article 3, paragraph (2), subparagraph (1) shall be run and managed directly by the mayor of the municipality, the mayor of the ward or mayoralty, respectively.
- (2) Properties under Article 3, paragraph 2, subparagraphs (2) and (3), including those for health, cultural, educational, and social establishments of municipal significance, are assigned by the municipal council for gratuitous operation and management to the respective organizations or legal entities maintained from the municipal budget.
- (3) Real property and chattels constituting public municipal property cannot be leased out, remised for use, used jointly under contractual agreements with third parties, nor used for commercial or production activity. This ban shall not apply to properties, or parts thereof, which have a direct economic or commercial purpose.
- (4) Allocation of special right of utilization over communal municipality property shall be effected by way of concession alone.

Article 13

Real properties constituting private municipal property shall be run by the persons to whom they have been granted under the procedures of Article 8, paragraph (2).

Article 14

- (1) Real properties constituting private municipal property which have production or economic uses shall be leased out by the mayor of the municipality through a tender under the terms and procedures determined through the ordinance under Article 8, paragraph (2). Based on the results of the tender, a contract shall be concluded with the mayor of the municipality or a deputy mayor authorized by him unless otherwise provided for in the ordinance under Article 8, paragraph (2).
- (2) Occupancy, under rental arrangement, of vacant space constituting private municipal property for the purposes of performing social, cultural, educational, health and administrative activities shall proceed upon an order issued by the mayor of the municipality under terms and procedures established in the ordinance under Article 8, paragraph (2).
- (3) The term of the rental agreement for a facility under paragraphs (1) and (2) cannot exceed 3 years.
- (4) Allocation of space constituting private and municipal property for the purposes of local leaderships and trade union organizations shall be done upon an order of the mayor of the municipality under terms and procedures established in the ordinance under Article 8, paragraph (2).
- (5) In the municipality of Sofia and the cities with wards, orders under Paragraph (2) and (4) can be issued by ward mayors.
- (6) Properties under paragraphs (2) and (4) cannot be sublet, remised for use, used jointly with third parties under a contract, or used for economic and production activities. This ban shall not apply to those parts of the properties which have a direct economic purpose, or for space granted to political parties for club activities.

Article 15

- (1) Rental relations shall be discontinued:
 1. due to a failure to pay the price of the rental for more than a month, or due to a systematic failure to pay on time;
 2. due to new construction, superstruction or addition to the existing building, which have been permitted in the due procedure, where these affect the space being used;
 3. due to bad husbandry;
 4. with the expiry of the term of the occupancy;

5. where a lessee under Article 14, paragraphs (2) and (4) gains possession of facilities of the same type which are fit for constant use;
 6. where the lessee does not meet the terms established in the ordinance under Article 8, paragraph (2);
 7. where the space is being used in violation of the limitations under Article 14, paragraph (6);
 8. on other grounds set out in the contract under Article 14, paragraph (1).
- (2) Upon termination of rental relations under Article 1, paragraph (2), the lessee shall be provided with a different facility of the same type.
 - (3) Rental relations under Article 14, paragraph (1) shall be terminated in the procedure under the Obligations and Contracts Act.
 - (4) Rental relations under Article 14, paragraphs (2) and (4) shall be terminated through an order of the respective mayor which identifies the grounds for the termination of the rental relation, the evidence obtained, and the notice for vacating the space, which cannot exceed one month.
 - (5) The order under paragraph (4) can be appealed at the District Court in the procedure under the Administrative Procedure Act.

Article 16

- (1) Maintenance and repair of real properties and chattels constituting public municipal property shall be done by the persons and institutions under Article 12, paragraphs (1) and (2)
- (2) The funds necessary for maintenance and repairs shall be budgeted annually in the municipal budget.

Article 17

- (1) Maintenance and current repairs of real property and chattels constituting private municipal property shall be done by lessees and users pursuant to the provisions of the Obligations and Contracts Act.
- (2) In a contract, it may be agreed that major repairs/ overhauls be done at the expense of lessees and users.

Article 18

- (1) In the emergence of an urgent municipal need, tenants of facilities under Article 14, paragraphs (2) and (4) are obliged to vacate them within three months of the date the vacation notice is presented.
- (2) In case the property under paragraph (1) is not vacated voluntarily, it shall be vacated through an administrative procedure on the basis of an order of the mayor of the municipality which is executed with the assistance of the National Police authorities.
- (3) The order under paragraph (2) can be appealed in the District Court in the procedure stipulated in the Administrative Procedure Act.

Article 19

Chattels constituting private municipal property shall be run and managed under terms and procedures established in the ordinance under Article 8, paragraph (2).

Article 20

Monuments of culture which are municipal property shall be run and managed under terms and procedures established in special laws.

Chapter Three

FORCEFUL EXPROPRIATION OF PRIVATE REAL PROPERTY FOR MUNICIPAL USES

Article 21

- (1) Real properties, or parts thereof, which constitute property of individuals or legal entities can be expropriated forcefully only to meet such municipal needs that cannot be satisfied in any other way, after providing a timely and equitable compensation in cash or in the form of another equivalent real property, according to the rules of this chapter.
- (2) Expropriation under Paragraph (1) can be carried out only for land, without the buildings thereon.
- (3) Under the provisions of this Act, no forceful expropriation can be applied to real properties owned by the state.

Article 22

The municipality can carry out forceful expropriation of privately owned real property only for the purposes of satisfying public needs as a result of which the expropriated property is declared public municipal property.

Article 23

The procedure of expropriation shall be launched with a decision of the municipal council taken with a majority of more than half of the total number of council members.

Article 24

As grounds for taking a decision of the municipal council for forceful expropriation shall be deemed an effective detailed urban development plan under which the property is assigned for meeting the needs of the municipality under Article 22.

Article 25

- (1) With its decision under Article 23, the municipal council shall motivate the need under Article 22 and the impossibility to satisfy it in any other way, and specify the property subject to expropriation.
- (2) The mayor of the municipality shall inform the owner, under the procedure set out in the Code of Civil Procedure, of the opening of the procedure for expropriation and appraisal of his real property.
- (3) The owners of and the tenants in real properties under paragraph (1) shall be obliged to provide free access to the latter for measuring and other technical actions, and, in the case of a refusal, access is provided with the assistance of the National Police authorities.

Article 26

The mayor of the municipality, or an official authorized by him, shall hold negotiations with the owner for the purchase of the property, and, in the case of a refusal to sell, on the manner of compensation. The mayor shall advise the municipal council of the results of the negotiations within seven days.

Article 27

- (1) Where agreement is reached on the size and manner of compensation, a purchase / sale, or an exchange contract shall be concluded, and the expropriation procedure terminated.
- (2) Where no agreement is reached, the municipal council, within one month of the notice under Article 26, shall take a decision to expropriate the property.
- (3) The decision shall include:
 1. a detailed description of the property;
 2. a valuation of the property subject to expropriation;
 3. the manner of compensation;
 4. the size of the monetary compensation, and in the case of in-kind compensation - a detailed description of the property ceded in compensation, and the valuation of the latter.
- (4) The decision under paragraph (2) can be appealed by the owner at the District Court under the procedure established by the Administrative Procedure Act.

Article 28

- (1) In the case of monetary compensation, the valuation of the expropriated property shall be done at market prices as of the effective date of the decision of the municipal council under Article 27, paragraph (2), or the effective date of the court decision.
- (2) In the case of compensation with another real property, the expropriated property and the one ceded in compensation shall be valued at market prices as of the respective date under paragraph (1). The difference in the value is paid up by the municipality, or the owner.
- (3) Lawful construction and other improvements made by the owner after presentation of the notice under Article 25, paragraph (2) shall be paid at the level of expenses incurred and the property value appreciation, whichever is lower.
- (4) An owner who has been compensated with housing or a different property can transfer his right to compensation to persons of his choice. The transfer shall be done in writing with notarization of the signatures of the parties, and be exempt from state and local fees if done among linea recta relatives.

Article 29

If, within six months of the effective date of the decision under Article 27, paragraph (2), or of the court decision under Article 27, para (4), the owner is not compensated in accordance with Article 30, upon his

request, the District Court within the local jurisdiction of which the property falls shall repeal the expropriation act.

Article 30

- (1) A property shall be considered expropriated when the determined compensation has been paid, or when a notary title deed for the property remised in compensation has been issued.
- (2) The mayor of the municipality shall ensure the ex officio issuance of the notary deed under paragraph (1).

Article 31

- (1) If, within three years of the expropriation, the property is not used for the respective purpose, or the event for which it has been expropriated has not started, the owner shall be entitled to approach the District Court and request that the expropriation be repealed and an adjudication be made for each party to restore to the other what it has received.
- (2) In the case under paragraph (1), the municipality shall owe the owner a compensation for the damages incurred.
- (3) The municipality shall be entitled to receive payment equal to the expenses incurred or the appreciated value of the property, whichever is lower, for changes or improvements to the property made by it.

Article 32

- (1) Where the expropriated property is encumbered with liens and the owner receives monetary compensation, the following rules shall be observed:
 1. the monetary compensation due, in its part up to the claim secured under a mortgage is paid to the mortgage creditor, insofar as his collection is not preceded by another claim which has a priority in redemption;
 2. in the case of another lien on the property, the monetary compensation due is deposited with the State Savings Bank and serve as a collateral for the respective claim.
- (2) (Amended, SG 104/1996) In the case of compensation with another real property, liens on the title of the expropriated property shall be carried over to the property remised in compensation, in the same order and size, and recorded ex officio by the registration judge. Rental relations shall be transferred to the property ceded as compensation for the pre-negotiated term of lease.
- (3) The municipality shall acquire real properties expropriated under this Act with a clear title.

Article 33

No taxes or fees are charged on expropriation procedures under this chapter.

Chapter Four

DISPOSAL OF REAL PROPERTIES CONSTITUTING PRIVATE MUNICIPAL PROPERTY

Article 34

Disposal of real properties constituting private municipal property shall be done through sale, exchange, partition, and through institution and transfer of real rights in the procedure established by this Act.

Article 35

- (1) Sale of real property constituting private municipal property shall be performed by the mayor of the municipality after holding a tender under the terms and procedures established in the ordinance under Article 8, paragraph (2).
- (2) Exchange of real property constituting private municipal property shall be performed by the mayor of the municipality after a decision has been taken by the municipal council.
- (3) Based on the outcome of the tender, or the decision of the municipal council, respectively, a sales contract, or a property exchange contract, respectively, shall be concluded.
- (4) (Amended, SG 104/1996) The sales / property exchange contract, respectively, shall be recorded at the recordation office responsible for the area where the property is located.

Article 36

- (1) Voluntary partition of a property owned by tenancy in common between the municipality and other parties shall be done upon a proposal filed by the tenants in common with the mayor of the municipality, or upon the mayor's initiative.

- (2) The partition shall be carried out with the approval of the municipal council for the area where the property is located.
- (3) On the basis of the municipal council decision, a partition contract shall be concluded with the mayor of the municipality.

Article 37

- (1) Building rights on municipal land for the development of projects in accordance with the detailed urban development plan of the settlement shall be instituted through an order of the mayor of the municipality.
- (2) Building rights shall be granted for consideration at a market price, after a tender held under terms and procedures established by the municipal council, unless otherwise provided for in a special law.
- (3) To citizens with proven housing needs, building rights shall be granted at a price and under terms established by the municipal council.
- (4) Building rights may be granted for no consideration, upon a municipal council decision, to legal entities maintained from the government budget.
- (5) Based on the outcome of the tender, or the decision of the municipal council, respectively, a contract shall be concluded with the mayor of the municipality.

Article 38

- (1) Rights to superstruction or additions to real properties constituting private municipal property shall be granted under the terms and procedures of Article 37.
- (2) The rights to superstruction or additions to existing real properties built on municipal land shall be instituted to owners of housing in the said buildings, or their descendants of age, if their housing needs have not been satisfied, without a tender and at prices established by the municipal council under the terms and procedures under Article 47, paragraph (2).

Article 39

- (1) The right to use a real property constituting private municipal property shall be instituted through an order of the mayor of the municipality for a term not exceeding ten years, under terms and procedures established by the municipal council.
- (2) A right to use with no consideration can be granted only upon a decision of the municipal council.
- (3) The order under paragraph (1) shall determine the manner of instituting rights to use: with or without consideration. Where the rights to use are instituted with consideration, the order must also specify the price for it.
- (4) Based on the order, the mayor shall conclude a contract.

Article 40

- (1) When the need for a real property is no longer there, the property is being used for purposes different from those originally approved, or becomes necessary in order to meet another, more urgent need of the municipality, the rights to use shall be terminated upon a municipal council decision through an order of the mayor of the municipality.
- (2) If the rights to use have been granted with consideration, the person shall be entitled to reimbursement of the amount paid, with a deduction offsetting the period for which the property has been used.

Article 41

Disposal of chattels constituting private municipal property: machinery, equipment, vehicles, and items with economic and administrative purposes shall be done by the mayor of the municipality under terms and procedures be established in the ordinance under Article 8, paragraph (2).

Chapter Five MUNICIPAL HOUSING

Article 42

- (1) Municipal housing, by the purpose assigned, shall include:
 1. Housing to rent out;
 2. Housing for short-term occupancy;
 3. Reserve housing;
 4. Housing for sale.

- (2) The number, type and location of housing of the groups under paragraph (1) shall be determined by the municipal council upon a proposal by the mayor of the municipality and may be changed in accordance with the specific needs.
- (3) Upon a municipal council decision, an institutionally-owned housing stock can be set up under the municipality.
- (4) It is not allowed to remise and use municipal housing for non-housing purposes.

Article 43

- (1) Rental housing shall be made available for habitation to Bulgarian citizens in need of housing, the housing needs of which have been established under the terms and procedures established by the Rules of Enforcement of this Act.
- (2) Rental housing can be occupied also by specialists employed at the units maintained from the municipal budget, for the time of their employment there, provided they, or members of their families, do not own housing or villas fit for constant habitation in the respective settlement. The number, type and location of housing shall be determined under the terms and procedures established in Article 42, paragraph (2).
- (3) Occupancy in rental housing shall be effected through an order of the mayor of the municipality.
- (4) In the Municipality of Sofia and cities containing wards, the order under paragraph (3) shall be issued by the mayor of the ward where the housing unit is located.
- (5) In the absence of citizens meeting the requirements under paragraphs (1) and (2), housing can be rented out at market prices under terms and procedures established by the ordinance under Article 8, paragraph (2).

Article 44

- (1) Housing for short-term occupancy shall be made available for temporary habitation, under terms and procedures established by the municipal council, to:
 1. Lessees in real property expropriated under the procedure of Chapter Three, where the former owners have received monetary compensation;
 2. Lessees in municipal housing affected by new construction, superstruction or addition of new parts of the building;
 3. Lessees in municipal housing undergoing renovation or rehabilitation.
- (2) Occupancy shall be effected under the procedure established in Article 43, paragraphs (3) and (4).

Article 45

- (1) Reserve housing shall be made available for habitation for a term not exceeding 2 years to citizens:
 1. Whose housing has become unfit for habitation as a result of natural or man-made disasters, or other emergency situations;
 2. Who have received a court ruling to evacuate the housing they have occupied;
 3. In whose families there exist severe social or health problems.
- (2) Occupancy shall be effected under the procedure established in Article 43, paragraphs (3) and (4) upon establishment of the fact that the individuals under paragraph (1) and members of their families do not own housing or villas fit for habitation.
- (3) Upon a municipal council decision, reserve housing can be made available for occupancy, for their term in office, to elected officials from the municipal administration who do not own housing in the respective settlement.

Article 46

- (1) Rental relations shall be discontinued:
 1. due to a failure to pay the price of the rental, or the due share of operating expenses for more than two months, or due to a systematic failure to pay on time;
 2. due to new construction, superstruction or addition to the existing building, which have been permitted in the due procedure, where these affect the space being occupied;
 3. due to a breach of decent behavior;
 4. due to bad husbandry;
 5. where institutionally-owned municipal housing has been rented by an individual not employed in the municipal administration;
 6. due to a termination of the labor contract with an employee housed in institutionally-owned municipal housing, unless otherwise provided for in the collective or individual labor contract;

7. with the expiry of the term of the occupancy;
 8. where a lessee, or a member of his family owns or gains possession of own housing or villa fit for constant habitation;
 9. where it has been found that the lessee does not meet the requirements for provision of municipal rental housing;
 10. where the rented housing is not being used for housing purposes.
- (2) Rental relationship shall be terminated by way of an order of the body designated under Art. 43, paragraph (3) or (4). Such order shall set forth the grounds for the termination of the rental relationship, the evidence accrued and the time-limit for the vacation of the residence, which may not exceed one (1) month.
 - (3) Upon termination of the rental relation on the grounds of paragraph (1), subparagraph (2), attached to the order should be an occupancy order for another municipal housing unit, provided the lessee meets the requirements entitling him to one.
 - (4) The order under paragraph (2) can be appealed at the District Court under the procedure established in the Administrative Procedure Act.

Article 47

- (1) Housing under Article 42, paragraph (1), subparagraph (4) may be sold to:
 1. Those entitled under the Settlement of Housing Problems of Long-term Housing Savers Act;
 2. Citizens who have been given occupancy in it under an administrative procedure;
 3. Citizens whose property is proposed for expropriation under the terms of Chapter Three;
 4. Other individuals and legal entities.
- (2) The prices of housing assigned for sale to persons under paragraph (1), subparagraphs (1) and (2) shall be established by the municipal council under criteria set out in the Rules for Enforcement of this Act.
- (3) The sale of housing to persons under paragraph (1), subparagraph (4) shall be done through a tender.
- (4) Sale contracts shall be concluded with the mayor of the municipality, and in the Sofia Municipality and in cities containing wards, with the mayor of the respective ward.

Article 48

The following cannot be sold:

1. Municipal housing in buildings the main purpose of which is to meet administrative, economic, cultural, educational, health and commercial needs;
2. Municipal housing in buildings of up to three floors inclusive, located on tracts assigned for middle or multi-floor housing development, or on tracts assigned for other development, under the terms and procedures of the Territorial and Urban Planning Act;
3. Short-term occupancy and reserve municipal housing.

Article 49

An exchange of municipal housing for housing or non-residential property owned by individuals or legal entities shall be done under the procedure set out in Article 35.

Article 50

Occupancy in rental space, sale and exchange of municipal studios and garages is done under the terms and procedures established in the ordinance under Article 8, paragraph (2).

Chapter Six MUNICIPAL ENTERPRISES

Article 51

The economic activity of the municipality shall be performed through commercial companies with municipal assets, and autonomously through municipal enterprises.

Article 52

- (1) The municipal enterprise is a specialized unit of the municipality for the provision of goods and services needed for the purposes of meeting the needs of the community and supporting the performance of municipal activities.
- (2) The municipal enterprise shall operate on an extra-budgetary account on the basis of by-laws adopted by the municipal council. Financial relations between the municipality and the municipal enterprise shall

be determined by the municipal council when approving the income and expenses under the extra-budgetary account of the enterprise.

Article 53

Municipal enterprises are set up for the purposes of carrying out municipal activities in the following areas:

1. Public works and communal services: building and maintenance of municipal infrastructure;
2. Operation and maintenance of municipal market-places;
3. Social services and rituals;
4. Operation and maintenance of municipal facilities for cultural, educational, health, sports and social activities;
5. Support for recreational activities, student and other cafeteria catering;
6. Operation and maintenance of municipal housing and other buildings,
7. Transportation services.

Article 54

- (1) Municipal enterprises shall be set up, transformed and closed down upon a decision of the municipal council.
- (2) The decision shall establish the activity, structure, the number of employees and the resources to be appropriated.

Article 55

Management contracts with the management of municipal companies shall be concluded by the mayor of the municipality, unless otherwise ruled by the municipal council.

Chapter Seven

SUPERVISION AND DEED ISSUANCE FOR REAL PROPERTIES CONSTITUTING MUNICIPAL PROPERTY

Article 56

(Amended, SG No. 55/1997) Title deeds for municipal ownership shall be drawn up for municipal real property within the construction boundaries of settlements and settlement formations, in a format approved by the Minister of regional development and public works.

Article 57

The following municipal properties shall also be subject to deed issuing procedure:

1. Buildings located outside the boundaries of settlements and settlement formations, including buildings in the municipal forestry fund, together with the adjacent land;
2. Agricultural land owned by the municipality, and the buildings and structures on them;
3. Real properties expropriated for municipal purposes, and the buildings on expropriated land for which there are plans to demolish them for the purposes of new construction or for other purposes;
4. Territories of water basins and their adjacent beaches, quarries and parks of municipal significance, and municipal buildings and structures on them.

Article 58

- (1) The municipal title deeds for a real property shall be drawn up in three copies by the Municipal Property authority for the area where the property is located. It shall be signed by the person drawing it up, and is approved by the respective mayor. The first copy shall be kept at the authority which has drawn the deed, the second shall be forwarded to the respective Municipal Property authority, and the third shall be sent to the persons using the property.
- (2) The municipal title deed for a real property shall be accompanied by documents establishing the real rights of the municipality.

Article 59

Where, in the process of making changes in detailed urban development plans, new parcels are formed, for each newly formed parcel a new municipal title deed shall be drawn up, indicating the number and date of the old one. The change is recorded on the old deed as well.

Article 60

In the case of a change in the grounds for the acquisition of a real property by the municipality, or when an obvious factual mistake is found, no new deed shall be issued. In these cases, the new grounds shall be recorded, or the mistake corrected, in the old deed.

Article 61

The title deed for a municipal property shall also show the establishment or termination of a right to use, building rights, and other real rights on the property.

Article 62

- (1) Title deeds for municipal property shall be numbered consecutively in the register, bound into title deed books and kept in the respective Municipal Property authorities.
- (2) Title deed books for municipal properties shall be accessible to the public and anyone can request information contained in them under terms and procedures established in the Rules for Enforcement of this Act.
- (3) On the municipal title deed for a municipal property which has ceased to constitute municipal property, or for a real property for which a new deed has been drawn, the respective circumstance shall be recorded and the deed shall be kept in the manner described under paragraph (1).

Article 63

- (1) (Amended, SG No. 55/1997) On the basis of the issued deeds for municipal title on real property, the following shall be set up: a main register, a catalog, an auxiliary register and other registers in a format approved by the Minister of regional development and public works.
- (2) Main and auxiliary registers shall be kept in the archives for an indefinite term.

Article 64

- (1) Real property constituting municipal property which has been improperly issued a deed as such, and property for which the grounds for the deed are no longer valid, shall be written off from the title deed books and restored to their owner through an order of the mayor of the municipality.
- (2) Any disputes over substantive law shall be settled through a court procedure.

Article 65

- (1) A municipal property which is in possession or is being held on no legitimate grounds, is not being used as designed, or the need for which is no longer there, shall be seized on the basis of an order of the mayor of the municipality.
- (2) The order to seize a property shall be executed under an administrative procedure with the assistance of the National Police authorities.
- (3) The order under paragraph (1) can be appealed in the order of the Administrative Procedure Act. Appeal shall not suspend the execution of the order, unless the court rules otherwise.

Article 66

- (1) State authorities shall render the necessary assistance to municipalities with regard to operation, management and disposal of municipal property.
- (2) Regional governors shall perform overall supervision and control for the enforcement of the law.

Chapter Eight GRANTING CONCESSIONS

Article 67

- (1) A concession, within the meaning of this Act, is the granting of a special right to use over projects constituting public municipal property assigned for long-term meeting of public needs of municipal significance, and to granting permits for the performance of activities related to these projects, which are carried out by the municipalities.
- (2) No concessions may be granted in the case of a danger for national security and the defense of the country, for public order, for the environment and for the territories and projects protected by a law.

Article 68

- (1) The term for which a concession is granted may not exceed fifteen years from the date the contract is concluded.
- (2) The term under paragraph (1) may be extended upon the consent of the parties to the concession agreement, on the basis of a decision of the municipal council. The total term of the concession may not exceed twenty-five years.

- (3) The concession holder under a contract the term of which has expired, *ceteris paribus*, shall be given preference in granting a new concession for the same project or activity.

Article 69

The special right to use under Article 67, paragraph (1) may be granted for the following projects:

1. Water sources, including mineral waters, which are used only by the respective municipality, together with the water intaking equipment and the water distribution network and equipment;
2. Water basins, together with their adjacent beaches of municipal significance;
3. (Amended, SG No. 23/199) Aggregate and other materials used to meet the construction needs of the population, produced by quarrying in quantities not exceeding 10000 cubic meters per year;
4. Local roads and public parking lots constituting municipal property;
5. Municipal forests.

Article 70

Permits under Article 67, paragraph (1) may be granted for the following activities:

1. Water supply and sewerage;
2. Central heating and gassification;
3. Use of networks and equipment of the transportation infrastructure and transport services for the public;
4. (Repealed, SG No. 56/1999)
5. (Repealed, SG No. 56/1999)
6. Commercial activity performed on real property constituting public municipal property;
7. (Repealed, SG No. 56/1999)

Article 71

- (1) The procedure for granting a concession shall include:
 1. A decision of the municipal council to grant the concession taken with a majority of more than half of the total number of council members;
 2. Holding a competition or tender to select the concession holder under terms and procedures established by an ordinance of the municipal council;
 3. Conclusion of a concession contract by the mayor of the municipality.
- (2) The municipal council decision under paragraph (1), subparagraph (1) shall be promulgated in the *State Gazette* and in at least one local daily newspaper.

Article 72

The decision to grant the concession shall define:

1. The object of the concession;
2. The term of the concession;
3. The manner for selecting the concession holder: a competition or a tender;
4. The type, size and manner of payment of the deposit for participation in the competition or tender;
5. The type and size of the performance guarantee for obligations under the concession contract;
6. Other requirements related to the nature of the concession.

Article 73

- (1) Within one month of announcing the results, the mayor shall conclude a contract with the applicant who has won the competition or tender.
- (2) The content of the contract under paragraph (1) and the terms for its termination are established in the Regulations on the Enforcement of this Act.
- (3) The Regulations on the Enforcement of this Act shall also define cases where the municipality has privileged creditor rights.

Article 74

- (1) The municipality shall retain all of its rights over the object of the concession except those explicitly instituted or ceded through the concession contract.
- (2) Any gains on chattels constituting municipal property which are related to the performance of activities under Article 70 shall be property of the municipality.

Article 75

- (1) A concession is terminated with the termination of the concession contract.
- (2) Where, as a result of the implementation of the concession contract, there emerges a danger for national security or the defense of the country, for the environment, for the territories and projects protected by a law, and for public order, the parties may change the contract, or may terminate it ahead of time upon reaching mutual agreement, or unilaterally.
- (3) In the case of termination of the concession contract ahead of time, the concession holder shall be entitled to indemnification for improvements made, except if found in culpable non-performance of obligations.

Chapter Nine

ADMINISTRATIVE PENAL PROVISIONS

Article 76

Any lessee in municipal property who violates the bans under Article 12, paragraph (3), and Article 14, paragraph (6) about subletting, joint use under contract with a third party, or its use for economic and production activities shall be penalized with a fine from 50,000 to 200,000 lv.

Article 77

Anyone who detains a municipal real property shall be penalized with a fine from 20,000 to 200,000 lv, if not held liable to a more severe punishment.

Article 78

Anyone who fails to comply with an order or a decision, within one month of its effective date, to vacate a municipal property shall be penalized with a fine from 50,000 to 150,000 lv, if not held liable to a more severe punishment.

Article 79

Anyone who fails to meet the obligation under § 4 of the Transitional and Concluding Provisions shall be penalized with a fine from 10,000 to 50,000 lv.

Article 80

- (1) Protocols establishing violations shall be issued by officials determined by the mayor of the municipality and by the officials from the Municipal Property authorities.
- (2) Penal orders shall be issued by the mayor of the municipality or by persons authorized by him.
- (3) Establishment of violations, issuance, appeal and execution of penal orders shall be done under the procedure established by the Administrative Offenses and Penalties Act.

ADDITIONAL PROVISIONS

- § 1. Equivalent real properties, within the meaning of Chapter Three of this Act, are properties approximately equal in terms of location, type, size and price.
- § 2. Family, within the meaning of this Act, are spouses and their children who are not of age, if the latter are not married.
- § 3. The event has started, within the meaning of Article 31, paragraph (1), if the architectural designs have been approved and a building permit has been issued.

TRANSITIONAL AND CONCLUDING PROVISIONS

- § 4. Individuals and legal entities using municipal real property shall, within six months of the effective date of this Act, notify in writing the respective Municipal Property authority responsible for the area where the property is located.
- § 5. (1) Title deed issuance for properties constituting municipal property as of the effective date of this Act shall be done within six months of the said date.
(2) Within the term established in paragraph (1), municipal councils announce, in a decision, the real properties and chattels constituting public municipal property.
- § 6. For rights to use for an unlimited term, or for more than ten years, instituted under the procedure effective prior to the date this Act comes into force, the term under Article 39, paragraph (1) shall be applied starting from the date the right was instituted.

- § 7. (1) Lease agreements concluded under the effective procedure prior to 1 June 1996 the term of which has not expired shall preserve their validity until the end of the contracted rental term but for no more than three years after the effective date of this Act.
- (2) Municipal councils shall determine the base rental price rates for municipal real property within three months of the effective date of this Act.
- (3) Contracts concluded prior to the adoption of decisions under paragraph (2) at rental prices below the base rates shall be adjusted in accordance to the established base rental price rates.
- § 8. Procedures already under way for the sale, exchange, institution of real rights on realty constituting private municipal property, and for the partition of such real property and chattels owned by the municipality by tenure in common, shall be completed under the grandfathered procedure.
- § 9. (1) No concessions shall be granted for rights over projects under Article 69 and activities under Article 70, acquired and implemented by sole proprietor commercial companies with municipal assets and by municipal enterprises.
- (2) Persons who have, in due course, acquired or who have duly implemented rights over projects under Article 69 and activities under Article 70 prior to the effective date of this Act are obliged to declare such rights before the municipal council within three months of the date this Act comes into force.
- (3) With the expiry of the term under paragraph (2), any undeclared rights shall be considered redeemed.
- (4) For rights declared under paragraph (2), the municipal council shall make a decision within one year on adjusting them so as to comply with the law.
- § 10. (1) (Amended SG 93/1998) With the enactment of this Act, ownership of projects built with state funds, remised to the former people's councils, or built with voluntary labor and funds of the community shall be transferred to the municipality.
- (2) (New, SG 22/1998) Where proceedings start under Article 9 or Article 28 of the Administrative and Territorial Division Act of the Republic of Bulgaria, the disposal of municipal properties on the territory of the respective settlements shall be suspended.
- (3) (New, SG 22/1998) Where the results of the proceedings under Article 9 or Article 28 of the Administrative and Territorial Division Act of the Republic of Bulgaria are negative, the suspension under paragraph (2) shall be discontinued.
- § 11. Under the procedure of Article 45, paragraph (1), reserve housing is made available for occupancy also to persons who have received a court ruling to evacuate the housing they have occupied under the Restoration of Ownership over Nationalized Real Property Act.
- § 12. In the Concessions Act (promulgated, SG No. 92 of 1995, No. 16 of 1996 - Decision No. 2 of the Constitutional Court from 1996), in § 1, paragraph (1) of the Transitional and Concluding Provisions, the following change is made:
- "(1) Granting concessions on projects constituting municipal property, as well as granting permits for activities which are performed by the municipalities, shall be regulated in a separate Act."
- § 13. In the Protection of Agricultural Property Act (promulgated., SG No. 54 of 1974; amended, No. 22 of 1976, No. 36 of 1979, No. 28 of 1982, No. 45 of 1984, and No. 65 of 1995), the following changes are made:
1. In Article 10, paragraph (1), the words "leadership of the agricultural organization" are replaced with "the mayor of the ward or municipality".
 2. In Article 16, paragraph (2), the words "the agricultural organization" are replaced with "the municipality".
 3. In Article 23, paragraph (2), the words "by the agricultural organization" and "or from own funds" are deleted.
- § 14. The Rental Relations Act (promulgated, SG No. 53 of 1969, amended, Nos. 26, 32 and 43 of 1973, No. 33 of 1977, No. 36 of 1979, Nos. 45 and 63 of 1984, No. 88 of 1986, Nos. 21 and 101 of 1990) is repealed.
- § 15. In the Code of Civil Procedure (promulgated, *Izvestiya*, No. 12 of 1952, amended, No. 92 of 1952, No. 89 of 1953, No. 90 of 1955, No. 90 of 1956, No. 90 of 1958, Nos. 50 and 90 of 1961, No. 99 of 1961, No. 1 of 1963, No. 23 of 1968, No. 27 of 1973, No. 89 of 1976, No. 36 of 1979, No. 28 of 1983, No. 41 of 1985, No. 27 of 1986, No. 55 of 1987, No. 60 of 1988, Nos. 31 and 38 of 1989, No. 31 of 1990, No. 62 of 1991, No. 55 of 1992, Nos. 61 and 93 of 1993, No. 87 of 1995, Nos. 12, 26 and 37 of 1996), the following changes are made:

1. In Article 288, paragraph (8), first sentence, the words "the Rental Relations Act" are replaced with "the State Property Act", and in the third sentence, the words "under Article 10 of the Rental Relations Act" are replaced with "established under the effective procedure for state-owned housing".
 2. In Article 415, the following changes are made:
 - a. In paragraph (2), the words "and after the co-partitioner who occupies the housing is provided with a different housing under the terms of Article 46 or 47 of the Rental relations Act, the decision is executed for the part of the housing exceeding the norms under these provisions, without the provision of another housing unit." Are deleted.
 - b. Paragraphs (3), (4) and (5) are repealed.
- § 16. In § 3 of the Restoration of Ownership over Real Property to Bulgarian Citizens of Turkish Descent Who Have Filed Applications to Leave for the Republic of Turkey and Other Countries in the Period from May to September 1989 Act, (promulgated, SG, No. 66 of 1992, No. 102 of 1992 - Decision No. 18 of the Constitutional Court from 1992), the words "Article 10 of the Rental relations Act" are replaced with "the State Property Act on state-owned housing".
- § 17. In Article 25 of the Monuments of Culture and Museums Act (promulgated, SG, No. 29 of 1969, amended, No. 29 of 1973, No. 36 of 1979, No. 87 of 1980, No. 102 of 1981, No. 45 of 1984, No. 45 of 1989, Nos. 10 and 14 of 1990, No. 112 of 1995, No. 31 of 1996 - Decision of the Constitutional Court from 1996), the words "are relieved of the action of the Rental Relations Act and" are deleted.
- § 18. In Article 37, paragraph (4), the first sentence of the Property of Citizens Act (promulgated, SG, No. 26 of 1973, amended, Nos. 32, 43 and 78 of 1973, No. 21 of 1975, No. 102 of 1977, Nos. 3, 52 and 65 of 1980, No. 45 of 1984, No. 88 of 1986, No. 26 of 1988, No. 31 of 1989, No. 21 of 1990), the words "provided with occupancy rights under the terms of the Rental Relations Act" are deleted and the following is added before the end of the sentence: "if they meet the requirements for occupancy in state-owned or municipal housing".
- § 19. Pending court procedures under § 14, 15, 16, and 18 shall be settled under the grandfathered procedures currently in force.
- § 20. The Council of Ministers shall adopt Regulations on the Enforcement of this Act.
- § 21. This Act is effective as of 1 June 1996.

This Act was submitted to a vote and duly adopted by the 37th National Assembly on 9 May 1996 and the State Seal was affixed hereto.

Chairman of the National Assembly: **Blagovest Sendov**