

REPUBLIC OF LITHUANIA

**LAW
ON
THE LEASING OF LAND**

Article 1. The Purpose of the Law on Land Lease

This Law shall establish the procedure for leasing land to natural and legal persons of the Republic of Lithuania and foreign states as well as to joint ventures and firms with foreign capital, and shall regulate the relations between the lessee and the lessor.

The procedure for leasing land to diplomatic and consular missions of foreign states is established in the Law of the Republic of Lithuania "On the Procedure and Conditions for the Sale and Lease of Land to Diplomatic and Consular Missions of Foreign States".

Buildings, structures and other facilities located on leased plots of land shall be rented according to the procedure established by law, and the conditions for the use thereof shall be established in the lease. With people who are using land for the purpose of agriculture which has been assigned to them for their private holdings or as service allotments, contracts for a lease of State-owned land shall not be concluded until the complex land-use planning projects of land reform are designed.

Article 2. The Concept of a Land Lease Contract

By a land lease contract the lessor shall obligate himself to permit the lessee to temporarily use the land, while the lessee - to use the land under the conditions provided for in the contract and established by the laws of the Republic of Lithuania, and to pay land rent.

Article 3. The Form of a Land Lease Contract

Land lease contracts shall be concluded in writing and registered with the institution which keeps the State Land Cadastre according to the procedure established by the laws of the Republic of Lithuania and the Government of the Republic of Lithuania.

In the event that the above regulations are not complied with, the land lease contract shall be invalid.

The plan of the parcel of land subject to lease, the manner of designing of which shall be established by the Ministry of Agriculture, must be attached to the land lease contract.

When land is leased to natural and legal persons of foreign states, the land lease contract, at the request of the lessee, may be executed in two languages: in Lithuanian and in one foreign language. Should a dispute concerning the text arise, it shall be settled on the basis of the Lithuanian version.

Article 4. Contents of Land Lease Contracts

The following must be stated in a land lease contract:

- 1) the lessor of the land;
- 2) the lessee of the land;
- 3) the subject of the lease and the data from the land cadastre characterising the parcel of land subject to lease;

- 4) the term of the lease of land;
- 5) the principal particular purpose of land utilisation;
- 6) conditions for construction on the leased plot of land;
- 7) conditions for land utilisation;
- 8) restrictions on land utilisation;
- 9) land easements;
- 10) land rent and the procedure of payment thereof;
- 11) other obligations of the lessor and lessee in connection with the use and return of the leased plot of land; and
- 12) liability for the violations of the land lease contract.

If plots of agricultural land are leased for more than 3 years, the data which characterises the quality of the agricultural land according to the indices approved by the Ministry of Agriculture shall also be included in the land lease contract.

The data specified in Pars. 1, 3, 5, 7, 8 and 9 hereof shall be recorded in the contract according to the data of the State Land Register.

In the event that a contract for the lease of private land is concluded, the above data may be recorded therein according to the extract from the State Land Register presented by the owner.

Land lease contracts must state the conditions of transfer of the buildings, facilities, plantations of trees and areas under crops belonging by ownership right to the former user or owner of the land or compensation therefor, as well as the date from which the use of the leased land is to begin.

When land designated for agricultural purposes is leased and the parcel is under crops, cultured plant grass, fruit-bearing fruit-trees and bushes, the lessee may begin to use said land only after the former user of the land has gathered in the year's harvest, unless the land lease contract provides otherwise.

In the event that the leased land contains buildings or engineering facilities and lines of communication which are owned by the State or a third person, or if it contains protected objects of cultural heritage or nature which are not connected with the lessee's activities, taking the above into consideration, the following must be stated in the land lease contract: the lessee's rights, obligations and activity restrictions.

Article 5. The Lessor of Land

The lessor of land shall be the owner or co-owner of private land, town (district) Board or other State institution which performs the functions of the owner of State-owned land, the manager of the State-owned land appointed according to the procedure established by law and (when land is subleased) the user of State-owned land.

During the period of implementation of land reform and prior to the approval of land reform projects of land-use planning for appropriate territories, State-owned land in rural localities, with the exception of land allotted, on the county Council's decision, for use in the residents' private holdings, land assigned for service allotments, and land allotted for use on the decision of the district Board or the

Government of the Republic of Lithuania, shall be leased by the Agrarian Reform Agency of the county.

If a plot of land (or portion thereof) is owned by several persons by the right of joint ownership, it may be leased only on the consent of all of the co-owners. In such cases, the land lease contract shall be signed by all the co-owners or by one of them, provided that said co-owner has a notarised document testifying to the consent of the other co-owners. Disputes among the co-owners of a plot of land shall be settled in court. In the event that the State is a co-owner, it shall be represented by an officer appointed by the local government.

If the lessor of a land plot is a town or district Board, the land lease contract shall be signed, on the commission of the Board, by the head of the district Agency of Land-use Planning.

Article 6. The Leasing of State-owned Land by Competitive Bidding

State-owned land may be leased by competitive bidding in accordance with the procedure established by the Government of the Republic of Lithuania.

Land shall be leased by competitive bidding provided that it is not built over with structures owned by the prospective lessee or is not built over with structures which are owned by other persons and which are not leased with the land, and that the land is not planned to be assigned, according to the territorial planning documents, to the land tenure of the prospective tenant.

Article 7. Land Tenants

Citizens of the Republic of Lithuania who are 18 years of age or over, or foreign nationals who possess a permit for permanent residence in the Republic of Lithuania, as well as enterprises, institutions, organisations, joint ventures and foreign capital firms which possess a licence for foreign investment in the Republic of Lithuania and which have been registered in the established manner, may be land tenants.

Agricultural land may be leased to citizens for the purpose of establishing or expanding a farm, to agricultural enterprises and other enterprises for the production of agricultural produce, and to other persons for developing non-agricultural activities.

Land shall be leased to persons who are establishing a new farm only after the preparedness for farming of said persons has been acknowledged in accordance with the procedure established by the Ministry of Agriculture.

Land tenants must observe the land use requirements established by laws for business and other activities taking into account the territorial planning documents, nature protection and public interests, and the interests of the owners and users of the neighbouring land parcels.

Article 8. The Object of Land Lease

The object of land lease shall be a parcel of land registered in the State Land Register or a portion of such land parcel formed in accordance with the project of land-use planning or any other document of territorial planning.

Article 9. The Term of Land Lease

The length of the term for which land is leased shall be established by an agreement between the landlord and the tenant; however, the term may not exceed 99 years.

Persons who have had their land returned to them, when concluding a contract in advance for the lease thereof to agricultural enterprises under the terms established by the Law on the Procedure and Conditions of the Restoration of the Rights of Ownership to the Existing Real Property, may lease the land:

- 1) prior to the termination of activities of said enterprises, if the leased land has been assigned to the land purchased by the State; and
- 2) for a term of no less than 3 years and no more than 99 years.

If, according to the territorial planning documents, the land parcel is set aside to be used for public needs (construction, exploitation of mineral resources, etc.), such land parcel shall be leased only for a period which shall end prior to the appropriation of said land for the above purposes.

Article 10. Change of the Principal Particular Purpose of Utilisation of Leased Land

The principal particular purpose of utilisation of leased land may be changed only according to the procedure established by the Government of the Republic of Lithuania at the request, or upon the consent, of the land owner. In the event that the principal particular purpose of utilisation of leased land is changed arbitrarily, the land lease contract may be terminated and the lessee shall be obligated to restore the land plot in its previous condition so that it can be used for the former principal particular purpose or to pay the funds required therefor.

Article 11. Land Rent

The amount of rent to be paid for leased State-owned land shall be established according to the procedure prescribed by the laws and the Government of the Republic of Lithuania.

The amount of rent to be paid for leased private land shall be circumscribed by the land lease contract.

An agricultural enterprises shall not have the right to refuse to take on lease the land parcel which is subject to being restored to private ownership and which, pursuant to the Law on the Procedure and Conditions of the Restoration of the Rights of Ownership to the Existing Real Property, has been assigned to the land purchased by the State for the needs of the agricultural enterprise, if the amount of land rent offered by the prospective lessor does not exceed the amount of rent for State-owned land as established for said parcel of land or is not in excess of the total amount of the land rent recorded in the contract for the lease of State-owned land concluded with the previous lessor of the land and the State land tax imposed on the land owner. Upon improving agricultural land or in any other way increasing the value of the land subject to lease, the lessor may request that the land rent be raised, unless the land lease contract provides otherwise.

For a lessee who with his own funds improved the agricultural land or in any other way increased the value of the leased land, land rent may be raised no earlier than after 5 years from the completion of land improvement works or any other works which increased the value of land, unless the land lease contract provides otherwise.

The lessee shall have the right to request that the land rent be appropriately lowered if, by reason of circumstances for which he is not responsible, the conditions of land utilisation as established in the contract deteriorate or additional restrictions are imposed thereon.

The terms and conditions of land rent for foreign investors shall be regulated by the Law on Foreign Investments in the Republic of Lithuania.

Article 12. The Lessor's Obligation to Repair Land Reclamation Facilities, Roads, Bridges and other Engineering Facilities

The lessor of land must with his own funds repair land reclamation facilities, roads, bridges and other engineering facilities which are owned by him and which effect utilisation of the leased land, unless the laws or the land lease contract provide otherwise.

If the lessor fails to fulfil the above obligation, the lessee shall have the right to perform repair works provided for in the land lease contract and to recover from the lessor the costs of the repair work, or to include the sum in the rental account, or to terminate the land lease contract and recover damages incurred by failure to implement it.

Article 13. The Lessee's Obligation to Preserve the Soil and its Quality, and to Keep Land reclamation Facilities, Roads, Bridges, other Engineering Facilities and Green Plantations in Good Order

The lessee shall have no right to perform actions on a leased land parcel whereby the fertile layer of the soil is damaged or polluted, and must use the land in such a manner that the quality of agricultural land does not deteriorate, orderly use, maintain and perform at his own expense minor repair works of land reclamation facilities, roads, bridges and other engineering facilities and preserve protective and other types of green plantations owned by the lessor, unless the land lease contract provides otherwise. If the lessee fails to fulfil the above obligations, the lessor shall have the right to recover from him funds for performing the works specified above as well as recover damages incurred by failure to fulfil duties set forth in this Article and to terminate the land lease contract.

Article 14. The Lessee's Obligation to Pay Land Rent

The lessee of land must pay land rent by the date specified in the land lease contract.

The procedure for paying rent for State-owned land shall be established by the Government of the Republic of Lithuania.

If privately-owned land is leased, the lessee may assume liability to pay land tax for the lessor at the expense of land rent or discharge other lessor's monetary liabilities to the State.

Article 15. The Rights of Land Lessee

Unless the lease contract provides otherwise, the lessee of land shall acquire the following rights:

- 1) to use the land parcel according to the principal particular purpose of land utilisation for the activity permitted under law;
- 2) to use agricultural land of the land parcel for the production of agricultural produce, to dispose of the produce and of the income received from land;
- 3) to build buildings, structures, facilities and roads and install water bodies required for his activities upon coordination of the above actions in the established manner and with the consent of the land lessor; and

4) to use, for the needs of his farm (but not for sale), surface and subterranean waters, mineral resources (with the exception of amber, oil, natural gas and quartz-sand) found on the land parcel as well as other useful properties of the entrails of the earth in accordance with the requirements set forth in laws and other standard acts.

The exploitation, sale and leasing of other natural resources located on the land parcel shall be regulated by appropriate laws and standard acts.

Article 16. Sublease of Land

Upon leasing land designated for agricultural purposes for a period in excess of 3 years, the lessee may sublease the land to a third person and only for the term of 3 years.

Natural and legal persons specified in Article 7 of this Law may be sublessees.

Land designated for agricultural purposes may not be subleased for any other purpose.

A contract of the sublease of land shall be concluded in accordance with the requirements established for the land lease contract.

The sublessee shall pay to the sublessor rent for the subleased land according to the procedure established in the contract. In the event that State-owned land is subleased, rent for the subleased land may not be in excess of the rent for the leased State-owned lands set to the lessor.

Upon the expiry of the term of the sublease contract, the sublessee shall have no right to request that the sublease contract be renewed.

Article 17. Reimbursement of the Lessee's Funds Used for the Improvement of Land Designated for Agricultural Purposes

The lessee's funds used for the improvement of land designated for agricultural purposes shall be reimbursed only provided that, prior to the commencement of land improvement works, both parties agree on the character and scope of the work and the amount of costs thereof.

Article 18. The Lessee's Right to Compensation for Built Buildings, Structures and Facilities

Upon the expiry of the term of land lease or when the land lease contract is rescinded prior to the expiry of its term, the owner of the land must compensate the lessee for the built buildings, structures and facilities or he may use them by easement if this was provided for in the land lease contract or in a supplementary written agreement.

Disputes concerning the amount of compensation shall be settled in court.

Article 19. Validity of the Land Lease Contract upon the Death of the Lessee

Upon the death of the lessee, the rights and duties incident to the lease contract shall, upon the lessor's consent, descend to the heirs of the lessee who must present, according to the procedure established by the Government of the Republic of Lithuania, data for the revision of records in the State Land Register. The right to lease land designated for agricultural purposes may pass only to the heir of the deceased lessee of land who meets the requirements specified in part 2 of Article 7 of this Law.

Article 20. Validity of the Land Lease Contract upon the Change of the Lessor

Upon the death of the land owner, or upon the passage of the land ownership right to another owner in the case of conveyance of land or bankruptcy, or upon the change of the lessor of State-owned land, the land lease contract shall continue to be binding to the new owner of land or lessor of State-owned land.

The lease contract may be terminated only in the cases and under the terms specified in Article 22 of this Law.

Article 21. Prohibition to Lease Mortgaged Land

Upon the failure of the owner of mortgaged land to satisfy debt obligations by the date fixed in the mortgage contract and after he receives from the agency to which the land was mortgaged a notification to the effect that upon his failure to repay the debt within a two months period the mortgaged land will be sold by auction, said land may not be leased. Land lease contracts concluded in violation of the above restraint may be declared invalid by court.

Article 22. Termination of the Land Lease Contract

The land lease contract shall terminate:

- 1) upon the expiry of the term of lease, if the lease contract was not prolonged within one month after the expiry of the term;
- 2) upon the death of the lessee, if the rights and obligations incident to the lease contract do not pass to the heirs or if there are no heirs, or if the heirs of the lessee of land designated for agricultural purposes do not meet the requirements set forth in Article 7 of this Law;
- 3) upon liquidation of the enterprise, institution or organisation which were the lessees of land;
- 4) upon the sale of the leased land, or its transfer as a gift or in any other way to the lessee; and
- 5) upon the termination of the land lease contract in cases provided for in Article 23, 24 and 25.

The contract for the lease of land designated for agricultural purposes may be terminated only after the lessee has gathered in the year's harvest.

Article 23. Termination of Land Lease Contract upon the Taking of Land for Public Use

When the leased land is taken for public use, the land lease contract shall be terminated and compensation for damages according to the procedure established by law shall be determined for the lessor and the lessee.

Article 24. Termination of Land Lease Contract at the Lessor's Request prior to its Expiry

The land lease contract may be terminated at the lessor's request prior to its expiry if the lessee of land:

- 1) fails to pay land rent within a period in excess of 3 months, if the leased land is privately-owned, or within a period in excess of 6 months, if the leased land is State-owned, after the date when the rent is

due and payable as fixed in the land lease contract, or if he fails to discharge other liabilities specified in part 3 of Article 14 of this Law;

2) arbitrarily changes the principal particular purpose of land utilisation; or

3) fails to fulfil the obligations specified in Article 13 of this Law.

A land lease contract with natural and legal persons of foreign states shall be terminated if their licence for foreign investment is revoked.

Upon the termination of a land lease contract the lessor shall have the right to recover losses incurred by him.

A land lease contract may also be terminated prior to its expiry if land designated for agricultural purposes is inherited by a farmer or a person whose preparedness to engage in farming has been confirmed in the established manner and provided that the above persons desire themselves to engage in farming on the leased land. In the above case, if the contract is due to expire after more than a year, the lessor must pay the lessee a compensation amounting to 2 years' average net income received from the leased land parcel.

Article 25. Termination of a Land Lease Contract at the Lessee's Request prior to the Expiry of its Term

A land lease contract may be terminated at the lessee's request prior to the expiry of its term provided that the lessee of agricultural land designated for agricultural purposes notifies the lessor thereof no later than before 6 months, and, in the case of land designated for other purposes, no later than before 3 months.

A land lease contract may be terminated at the lessee's request prior to the expiry of its term if the land lessor fails to fulfil the obligations specified in Article 12 of this Law.

Article 26. The Priority Right of the Lessee of Land to Prolong the Land Lease Contract

If, upon the expiry of term of the lease contract, several other persons besides the previous lessee apply for the lease of the land under identical conditions, the previous lessee who orderly fulfilled obligations under the lease contract shall have the right of priority.

Disputes concerning the prolongation of land lease contract shall be resolved by court.

Article 27. Investigation of Disputes Concerning Land between the Lessors and Lessees of Land

Disputes concerning land between the lessors and lessees of land as well as disputes concerning the contents of lease contract, compliance with the terms and conditions thereof and liability shall be investigated according to the procedure established by the Republic of Lithuania Law on Land.

Disputes concerning land arising from civil matters may, by agreement between the parties, be referred to the arbitration.

The regulations of the arbitration shall be approved by the Government of the Republic of Lithuania.

Article 28. Control over the Compliance with the Land Lease Contracts

Town and district local governments and State land-use planning agencies shall exercise control over the compliance with the contracts of lease of State-owned land.

I promulgate this Law passed by the Seimas of the Republic of Lithuania.

ALGIRDAS BRAZAUSKAS

President of the Republic

Vilnius

23 December 1993

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