

# RUSSIAN FEDERATION

## FEDERAL LAW

As of July 24, 2002, #101-FZ

Published in *Rossiskaya Gazeta*, July 27, 2002

### On Agricultural Land Turnover

*Adopted by the State Duma on June 26 2002*

*Approved by the Federation Council on July 10, 2002*

#### CHAPTER I. GENERAL PROVISIONS

##### Article 1. Scope of this Federal Law

1. This Federal Law shall regulate relations associated with possession, use and disposal of agricultural land parcels; establish rules and constraints applied to the turnover of land parcels and shares in the right to common ownership in agricultural land parcels – transactions resulting in the occurrence or termination of rights to agricultural land parcels, and a share in the right to common ownership in agricultural land parcels; define conditions for allocating land parcels from agricultural lands in state or municipal ownership, as well as withdrawal thereof into state or municipal ownership.

This Federal Law shall not apply to the agricultural land parcels granted to citizens for the purposes of individual housing, garage construction, private subsidiary and summer house holdings, gardening, cattle breeding and vegetable growing, as well as the land parcels under buildings and facilities. Turnover of these land parcels shall be regulated by the Land Code of the Russian Federation.

2. Relations associated with the turnover of land parcels and shares in the right to common ownership in agricultural land parcels shall be legally regulated by the Constitution of the Russian Federation, Land Code of the Russian Federation, Civil Code of the Russian Federation, this Federal Law, other federal laws, as well as other regulatory legal acts of the Russian Federation and laws of the subjects of the Russian Federation adopted in compliance with the aforementioned.

3. Agricultural land turnover shall be based on the following principles:

- 1) Maintaining the targeted use of land parcels;
- 2) Establishing the limits for the total area of agricultural land parcels located in the same administrative/territorial unit of a subject of the Russian Federation and simultaneously owned by an individual, his/her close relatives and legal entities where such individual or his/her close relatives have the right to manage over 50 percent of total votes in stock or contributions (shares) which form the authorized (shareholder) capital of such legal entities;
- 3) A preferential right of a subject of the Russian Federation or, when provided for by the laws of a subject of the Russian Federation, the local self-government body, to purchase an agricultural land parcel in the event of its sale, except for the sale through public tenders;
- 4) A preferential right of a subject of the Russian Federation or, when provided for by the laws of a subject of the Russian Federation, the local self-government body, to purchase a share in common ownership of an agricultural land parcel subject to paid alienation of such share by the holder in case other shareholders refuse from the purchase of the share or fail to declare their intention to acquire such share in common ownership of the agricultural land parcel;

5) Establishing specific procedures for agricultural land parcel allocation to foreign citizens, foreign legal entities, stateless persons, as well as legal entities whose authorized (shareholder) capital includes over 50 percent of shares owned by foreign citizens, foreign legal entities, and stateless persons;

6) Transfer of state or municipally owned agricultural land parcels into the ownership of individuals or legal entities, for money or free of charge, as established by federal laws.

4. Agricultural land parcels in state or municipal ownership shall be privatized according to the procedure established by the present Federal Law, Russian Federation Land Code and other federal laws. Privatization of these land parcels situated in the territory of the Russian Federation's subject occurs on the date fixed by the law of this RF subject.

State or municipally owned agricultural land parcels occupied by reindeer pastures in the Far North and distant pastures shall not be subject to privatization.

5. Subjects of the Russian Federation shall not be allowed to adopt laws and other regulatory and legal acts containing additional rules and restrictions of the turnover of agricultural land parcels.

6. Norms of other federal laws shall apply to relations resulting from the use of agricultural land parcels in compliance with their designated purpose and land protection requirements in cases not regulated by this Federal law.

#### **Article 2. Participants in the Relations Regulated by this Federal Law**

1. Participants in the relations regulated by this Federal Law shall include citizens and legal entities, the Russian Federation, subjects of the Russian Federation, municipalities.

2. The rights of foreign citizens, foreign legal entities, stateless persons, as well as legal entities whose authorized (shareholder) capital includes more than 50 percent in shares owned by foreign citizens, foreign legal entities, and stateless persons to parcels of agricultural lands shall be specified in compliance with this Federal Law.

#### **Article 3. Rights of Foreign Citizens, Foreign Legal Entities, Stateless Persons, as well as Legal Entities whose Authorized (Shareholder) Capital Includes more than 50 Percent in Shares Owned by Foreign Citizens, Foreign Legal Entities, Stateless Persons to Agricultural Land Parcels**

Foreign citizens, foreign legal entities, stateless persons, as well as legal entities whose authorized (shareholder) capital includes more than 50 percent in shares owned by foreign citizens, foreign legal entities, stateless persons have a right to hold agricultural land parcels on lease right only.

#### **Article 4. Size Limits of and Location Requirements to Agricultural Land Parcels**

1. The minimum size of an agricultural land plot may be established by the laws of the subjects of the Russian Federation in compliance with the requirements of the land management laws of the Russian Federation.

Transactions with agricultural land parcels shall not be allowed, if they result in establishment of new land parcels whose size and location do not meet the requirements of this Article.

Allocation of a land parcel based on a share (shares) in common ownership of an artificially irrigated agricultural land parcel shall not be allowed, if the size of the land parcel allocated in kind (on site)

is less than the minimum permissible size of a land parcel established by the subjects of the Russian Federation for ameliorated lands in compliance with the laws of the Russian Federation.

2. The total area of agricultural land parcels located in the same administrative/territorial unit of a subject of the Russian Federation and simultaneously owned by an individual, his/her close relatives and legal entities where such individual or his/her close relatives have the right to manage over 50 percent of total votes in stock (contributions, shares) which form the authorized (shareholder) capital of such legal entities, shall be established by the laws of the subject of the Russian Federation.

The total area of such agricultural land parcels established by the laws of a subject of the Russian Federation may not be less than 10 percent of the total agricultural land area within the boundaries of a single administrative/territorial unit.

#### **Article 5. Obligation of a Person to Alienate Agricultural Land Parcel or Share in the Right to Common Ownership in Agricultural Land Section that He Cannot Possess by Right of Ownership**

1. Should a person come to own, on grounds permitted by law, an agricultural land parcel or share in the right to common ownership in agricultural land parcels, which would entail violation of Articles 3 and 4 of this Federal Law, the owner must alienate the such parcel or share. Alienation of the land parcel or share in the right of common ownership in agricultural land parcel acquired prior to the effective date of this Federal Law should be performed within one year after the effectiveness of this Federal Law. Land parcels or shares in the right to common ownership in agricultural land parcels acquired after the enactment of this Federal Law shall be subject to alienation within a year after the occurrence of ownership right to these parcels or shares in the right to common ownership in the agricultural land parcels, or within one year from the day when the owner has learnt or should have learnt of circumstances entailing violation of Article 3 of this Federal Law.

If, in case of violation of Article 4 of this Federal law, the owner fails to alienate the parcel or share in the right to common ownership in agricultural land parcels within the period specified in this paragraph, the agency of justice performing state registration of rights to immovable property and real estate transactions must inform the organ of state power of the subject of the Russian Federation about this in writing.

2. The organ of state power of the subject of the Russian Federation shall, within one month from the date when it has learnt of the violation of Articles 3 and 4 of this Federal Law, apply to court requesting to force such owner to sell the parcel or share in the right to common ownership in agricultural land parcels through tender (competition, auction).

3. In case no one expresses the wish to purchase the agricultural land parcel or share in the right to common ownership in the agricultural land parcels, such land parcel or share shall be purchased by the subject of the Russian Federation or, in instances specified by the laws of the subject of the Russian Federation, by the local self-government body, at the initial bidding price.

#### **Article 6. Forcible Withdrawal and Termination of Rights to Agricultural Land Parcels**

1. Owners of land parcels, land users, land possessors, lessees of agricultural land parcels shall be obliged to use the said land parcels in compliance with the designated purpose of the given land category, and by authorized methods that should not cause damage to land as a natural body, including land degradation, pollution or cluttering; poisoning, spoilage or destruction of the fertile soil layer; and other negative (adverse) impacts caused by the economic activity.

The extent of environmental damage, including damage to land as a natural body, shall be determined on the basis of environmental protection standards in compliance with the Federal Law #7-FZ on Environmental Protection as of January 10, 2002.

2. Right of permanent (unlimited) use, right of inheritable possession for life, or the right of gratuitous fixed term use of an agricultural land parcel may be forcibly terminated on the grounds and in the procedure established by the Land Code of the Russian Federation. Leasing of an agricultural land parcel can be forcibly terminated in compliance with the requirements of the Land Code of the Russian Federation and the Civil Code of the Russian Federation.

3. An agricultural land parcel can be forcibly withdrawn from the owner in case of its improper use through a court procedure. Improper uses of an agricultural land parcel shall be defined in compliance with the Land Code of the Russian Federation.

The government authority of the subject of the Russian Federation or, in cases specified by the laws of the subject of the Russian Federation, the local-self-government body, shall appeal to court for forcible withdrawal from the owner of an agricultural land parcel in case of its improper use, which has caused environmental damage, including the one caused to land as a natural object. Application to court shall be submitted in accordance with the rules established by the Land Code of the Russian Federation for forcible withdrawal of rights to the land parcel from a person other than its owner due to improper use of the land parcel.

#### **Article 7. Mortgage of Agricultural Land Parcels**

Mortgage of agricultural land parcels shall be performed in compliance with the Federal Law #102-FZ "On Mortgage (Pledge of Immovable Property)" as of July 16, 1998.

### **CHAPTER II. PECULIARITIES OF TURNOVER OF AGRICULTURAL LAND PARCELS**

#### **Article 8. Purchase and Sale of Agricultural Land Parcels**

1. When selling an agricultural land parcel, the subject of the Russian Federation or, in cases specified by the laws of the subject of the Russian Federation, the local self-government body, shall have the preferential right to purchase this parcel at the offered selling price, except for the instances of public sale.

2. The seller of the agricultural land parcel shall in writing notify the supreme executive body of state power of the subject of the Russian Federation or, in cases specified by the laws of the subject of the Russian Federation, the local self-government body, on the intention to sell the land parcel, having specified the price and other significant terms and conditions of the contract.

Notification shall be handed against signature or shall be sent by registered mail with advice of receipt.

3. Should the subject of the Russian Federation or, in cases specified by the laws of the subject of the Russian Federation, the local self-government body, refuse the purchase or fail to notify the seller on the intention to buy the land parcel offered for sale within one month from the date of notification receipt, the seller shall have the right to sell the land parcel within one year to a third party at a price not lower than the price that was specified in the notification. The above mentioned period shall start from the date of receipt

of the notification by the supreme executive body of state power of the subject of the Russian Federation or, in cases specified by the laws of the subject of the Russian Federation, the local self-government body.

In the event of sale of the land parcel at a price lower than the earlier declared price, or with changes in other substantive terms and conditions of the contract, the seller shall send a new notification according to the rules specified in this Article.

4. In case the land parcel is sold with violation of the preferential right of purchase, the subject of the Russian Federation or, in cases specified by the laws of the subject of the Russian Federation, the local self-government body, shall have the right through court proceeding to claim transfer of the seller's rights and responsibilities to the local self-government body within a year from the date of state registration of the transfer of the ownership right.

### **Article 9. Lease of Agricultural Land Parcels**

1. Agricultural land parcels, including those under the shared ownership, may be leased out if they have been registered in the state cadastre.

2. In the event of lease of an agricultural land parcel, which is under the shared ownership, the lease agreement shall be signed either with the participants in the shared ownership or with one of them acting pursuant to powers of attorney issued to him/her by the other participants in the shared ownership.

3. The term of the agreement on lease of an agricultural land parcel may not exceed forty-nine years.

The validity of a lease agreement whose term exceeds the limit established by this Federal Law shall be considered equal to the maximum term of the lease.

4. An agreement on lease of an agricultural land parcel may envisage a transfer of the leased land parcel into the lessee's ownership, upon or before the expiration of the lease, provided that the lessee pays a full buyout price established in the agreement, with due regard for peculiarities specified in Article 8 and 10 of this Federal Law.

5. Unless otherwise provided by the law or lease agreement, a lessee who has duly performed his/her obligations shall have a preferential right to sign a new lease agreement upon the expiration of the lease.

6. The area of agricultural land parcels simultaneously leased by the same lessee shall not be limited.

7. Economic incentives to a person who uses the agricultural land parcels based on the lease agreement signed for at least ten years shall be provided in the procedure established by budget and tax laws.

### **Article 10. Allocation of State or Municipally Owned Agricultural Land Parcels to Individuals and Legal Entities into Ownership or Lease**

1. State or municipally owned agricultural land parcels shall be transferred into the ownership of individuals or legal entities through tenders (competitions, auctions).

The rule specified in this paragraph shall not apply to the instances specified in paragraph 4 below.

2. State or municipally owned agricultural land parcels shall be leased out in the procedure established by Article 34 of the Land Code of the Russian Federation if there is only one application for agricultural land parcel lease, provided that the proposed land parcel lease has been preliminarily announced in the media specified by the subject of the Russian Federation on a timely basis. A decision to lease out the land parcels can be made on condition that no other application is submitted within one month after the publication of the announcement. Provisions of this paragraph shall not apply to the instances specified in paragraph 5 below.

In the event there are two or more applications for agricultural land parcel lease, such land parcels shall be leased out through tenders (competitions, auctions).

3. Tenders (competitions, auctions) to sell agricultural land parcels shall be prepared and held in compliance with Article 38 of the Land Code of the Russian Federation similar to the implementation of rights to sign the agreements on lease of such land parcels.

4. Upon the expiration of a three-year period after the date of conclusion of the lease agreement, the land parcel leased out to an individual or a legal entity may be transferred into the lessee's ownership at the market price provided that such land parcel has been properly used.

A decision to transfer the land parcel into the ownership shall be made within two weeks after the submission of a written application to an executive body of state power or local self-government body entitled to allocate the relevant land parcels within its terms of reference.

5. State or municipally owned agricultural land parcels may be leased out to religious organizations (associations), Cossack societies, scientific-research institutions, agricultural educational institutions; and communities of the small-in-numbers indigenous peoples of the North, Siberia and Far East of the Russian Federation for the purposes of agricultural production, preservation and development of the traditional lifestyles, economic activities and trades of the small-in-numbers indigenous peoples of the North, Siberia and Far East of the Russian Federation, as well as to individuals for haymaking and cattle pasturing, in the procedure established by Article 34 of the Land Code of the Russian Federation.

A land parcel thus leased may not be bought out for ownership.

6. State or municipally owned agricultural land parcels occupied by reindeer pastures in the Far North or distant pastures may be allocated to individuals or legal entities only by right of lease.

#### **Article 11. Inheritance of Agricultural Land Parcels**

Should the inheritance lead to violation of requirements specified in Articles 3 and 4 of this Federal Law, the rules established in Article 5 of this Federal Law shall apply to the heirs.

### **CHAPTER III. PECULIARITIES OF TURNOVER OF SHARES IN THE RIGHT TO COMMON OWNERSHIP IN AGRICULTURAL LAND PARCELS**

#### **Article 12. Peculiarities of Transactions with Shares in the Right to Common Ownership of Agricultural Land Parcels**

1. Rules of the Civil Code of the Russian Federation shall apply to transactions with shares in the right to common ownership of agricultural land parcels

A participant in the shared ownership may, at his/her discretion, sell, donate, exchange, devise or mortgage his/her share, contribute it to the authorized (shareholder) capital of a legal entity, or otherwise dispose of it, taking into account the rules for paid alienation set forth in Article 250 of the Civil Code of the Russian Federation. A participant in the shared ownership may transfer his/her share in the right to common ownership of an agricultural land parcel into trust management.

In case there are more than five participants in the common ownership, the rules of the Civil Code of the Russian Federation shall apply with due regard for peculiarities specified in this Article, as well as Articles 13 and 14 of this Federal Law.

2. A participant in the shared ownership must in writing inform the other participants in the shared ownership or publish a notification in mass media defined by the subject of the Russian Federation on the intention to sell his share in the right to common ownership of the agricultural land parcels to a third party.

In case, within one month from the date of the notification receipt or publication of the above information, other participants in the shared ownership refuse the purchase or fail to declare the intention to purchase the share in the right to common ownership of agricultural land parcels, the seller shall send a written notification to the supreme executive body of state power of the subject of the Russian Federation or to the local self-government body, in cases envisaged by the laws of the subject of the Russian Federation, of his/her intention to sell his/her share in the right to common ownership of agricultural land parcels, specifying the price and other significant terms and conditions of the agreement in accordance with the rules set forth in Article 8 of this Federal Law, irrespective of the number of participants in the shared ownership.

If the subject of the Russian Federation or the local self-government body, in cases envisaged by the laws of the subject of the Russian Federation, refuses to purchase the share in the right to common ownership of agricultural land parcels, or fails to notify the seller of its intention to acquire such share within one month after the receipt of the written notification, the seller may, within a year, sell his/her share in the right to common ownership of the agricultural land parcel to a third party at a price not lower than the one specified in the notification.

To sell the share in the right to common ownership of an agricultural land parcel at a price lower than the earlier announced price or with a change in other significant terms and conditions of the agreement the seller shall send a new written notification in compliance with the rules set forth in Article 8 of this Federal Law.

### **Article 13. Allotment of Land Plots Associated with Shares in the Right to Common Ownership in Agricultural Land Parcels**

1. Participant in the shared ownership shall have the right to demand allotment of a land plot associated with the share in the right to common ownership in the agricultural land parcels. To this end, the participant in the shared ownership must in writing inform the other participants in the shared ownership or publish a notification in mass media defined by the subject of the Russian Federation on the intended allotment of the land plot associated with the share in the right to common ownership in the agricultural land parcels, having indicated the proposed location of the allotted land parcel, and the amount of compensation to be paid to the other participants in the shared ownership in instances specified in this Article.

Location of the allotted land parcel must comply with requirements established in paragraph 1 of Article 4 of this Federal Law. In case the market value per unit of square area of the allotted land parcel exceeds the market value per unit of square area of the remaining land parcel, the participant in the shared

ownership effecting the allotment of the land parcel shall pay compensation to the other participants in the shared ownership upon the allotment of the land parcel.

The amount of compensation shall be defined as a product of the square area of the allotted land parcel, and the difference between market values of the allotted land parcel and the remaining land parcel per unit of their square areas.

2. In case no objections are received from participants in the shared ownership within one month from the date of the relevant notification of the participants in the shared ownership or publication of information specified in paragraph 1 of this Article, the proposal on the land parcel location and amount of compensation to be paid in cases specified in this Article, shall be considered as agreed.

Disputes on the location of the allotted land parcel, and the amount of compensation shall be settled among participants in the shared ownership using conciliation procedures to be established by the Government of the Russian Federation.

In case of a failure to reach an agreement, disputes on the location of the allotted land parcel and the amount of compensation shall be considered in court.

3. If a part of jointly owned agricultural land parcel had been unused within two years, the subject of the Russian Federation or, in cases specified by the laws of the subject of the Russian Federation, the local self-government body, can allot this part as an independent parcel according to the rules established in this Article.

The subject of the Russian Federation or, in cases specified by the laws of the subject of the Russian Federation, the local self-government body, shall be entitled to appeal to court to acknowledge ownership right of the subject of the Russian Federation or municipality to the above land parcel, in case the participant or participants in the shared ownership are unknown; or, in case the participant or participants in the shared ownership are known, to terminate the ownership right of the participant or participants in the shared ownership to the share in the right to common ownership of an agricultural land parcel, and acknowledge ownership right of the subject of the Russian Federation or municipality to the above land parcel.

#### **Article 14. Peculiarities of Defining Procedures for the Possession and Use of Land Parcels in Share Ownership**

A decision on the procedures for possession and use of land parcels in share ownership shall be made by the general meeting of participants in the shared ownership. Participants in the shared ownership must be informed on the coming meeting at least one month prior to the meeting either in written form against signature and (or) through issuing the information in mass media defined by the subject of the Russian Federation. Provided the proper notification, the meeting of participants in the shared ownership shall be considered valid if it is attended by at least 20 percent of the participants in the shared ownership. Decisions shall be made by the majority of votes no less than two thirds of participants in the shared ownership attending the meeting, and documented in the protocol. All participants in the shared ownership present at the meeting shall sign the protocol.

### **CHAPTER IV. TRANSITIONAL AND FINAL PROVISIONS**

#### **Article 15. The Concept of Land Share**



A land share obtained through privatization of agricultural lands prior to effectiveness of this Federal Law shall be a share in the right to common ownership of agricultural land parcels.

**Article 16. Regulation of Relations under Land Share Lease Contracts Concluded Prior to the Effectiveness of This Federal Law**

1. Land share lease agreements signed before the effectiveness of this Federal Law shall be brought into compliance with the provisions of the Civil Code of the Russian Federation and Article 9 (2) of this Federal Law within two years after the effective date of this Federal Law.

2. If the land share lease agreements referred to in paragraph 1 above have not been brought into compliance with the provisions of the Civil Code of the Russian Federation and Article 9 (2) of this Federal Law within two years after the effective date of this Federal Law, they shall be subject to the provisions of agreements on trust management of property. Registration of such agreements shall not be required.

**Article 17. Physical Delineation of the Boundaries of the Commonly Owned Agricultural Land Parcels**

Participants in the shared ownership who have privatized land shares must provide for physical delineation of the boundaries of the commonly owned agricultural land parcels in compliance with land surveying requirements.

**Article 18. Documents Certifying the Right to Land Share**

Certificates of the right to land shares issued prior to effectiveness of the Federal Law #122-FZ “On State Registration of Rights to Immovable Property and Real Estate Transactions” as of July 21, 1997, as well as, in their absence, extracts from decisions of local self-government bodies on privatization of agricultural lands issued prior to effectiveness of the aforementioned Federal Law certifying the right to land share shall have equal legal validity with records in the Single State Registry of Rights to Immovable Property and Real Estate Transactions.

**Article 19. Effective Date of this Federal Law**

This Federal Law shall become effective in 6 months from the date of its official publication.

**Article 20. Bringing Regulations in Compliance with this Federal Law**

1. President of the Russian Federation and Government of the Russian Federation shall bring their regulations in compliance with this Federal Law.

2. Government of the Russian Federation shall, during six months, adopt regulations providing for the implementation of this Federal Law.

President of the Russian Federation

V. Putin