

**LAW OF GEORGIA**  
**ON RELATIONS ARISING FROM THE OCCUPANCY OF DWELLINGS**

**Article 1 - Scope of the Law**

1. This law regulates the relations between owners and occupants of dwellings that arose during the period between 25 February 1921 and 25 November 1997 and which require special legal regulation.
2. This law does not apply to the right to use a dwelling that arose on the basis of a rental agreement or other bases provided for by the Civil Law Code of the Georgian SSR (the Gazette of the Supreme Council of the Georgian SSR, 1964, No 36, Art. 662).
3. If the parties have regulated the relations provided for by this law by a legally valid contract, an agreement between the parties shall prevail over the regulations established by this Law.
4. Time frames established by the Civil Code of Georgia shall not apply to the rights provided for by this Law.

**Article 2 - Definitions of terms**

1. For the purposes of this Law, the terms used herein shall have the following meanings:
  - a) occupant - a person who, by the time this law enters into force, has actually possessed a dwelling in good faith on the basis of a written sale and purchase agreement with the owner without observing the notarial procedure, or a person who has acquired the right of possession on the basis of an agreement on ceding the right to use a dwelling or an administrative act;
  - b) registration - registering oneself in the residential space in accordance with the procedure applicable before the entry into force of the Law of Georgia of 27 June 1996 on the Procedure for Registering Citizens of Georgia and Aliens Residing in Georgia, for Issuing Identity (Residence) Cards and Passports of a Citizen of Georgia (the Gazette of the Parliament of Georgia, No19-20, 30.7.96, p. 28);
  - c) dwelling - a residential house or a part of it, including additions and superstructures constructed by the occupant, together with a plot of land of which the residential house is an essential constituent;
  - d) written sale and purchase agreement - written document(s) that confirm(s) an intention of the owner to sell the dwelling and the receipt of the purchase price;
  - e) cost of a dwelling - the market price of a dwelling at the time of exercising rights provided for by this Law;
  - f) compensation - a sum of money that is calculated as a percentage of the cost of a dwelling. In addition, when determining compensation to be paid by the occupant, the cost of additions and superstructures and/or other substantial improvements to the dwelling carried out by the occupant shall be deducted from the cost of the dwelling. When determining compensation to be paid to the occupant, the total amount of the cost of additions and superstructures and/or other substantial improvements to the dwelling carried out by the occupant shall be added to the percentage of the cost of the dwelling (with the deduction of the cost of additions and superstructures and/or other substantial improvements to the dwelling carried out by the occupant).
2. Rights and obligations provided for by this Law shall equally apply to owners and occupants, as well as to their successors in title.

**Article 3 - Acknowledgement of a sale and purchase agreement**

1. An occupant who has entered into a written sale and purchase agreement with the owner without observing the notarial procedure, and has been possessing the dwelling continuously for at least 30 years, shall be entitled to claim the acknowledgement of the sale and purchase agreement through a court (a claim for the acknowledgement of a sale and purchase agreement).
2. A court decision on the acknowledgement of a sale and purchase agreement shall serve as a basis for registration in the Public Registry.

**Article 4 - Acknowledgement of a sale and purchase agreement through payment of compensation**

1. An occupant who has entered into a written sale and purchase agreement with the owner without observing the notarial procedure and has been possessing the dwelling for less than 30 years, shall be entitled to claim the acknowledgement of the sale and purchase agreement through a court, subject to the payment of compensation in the amount of 10 % of the cost of the dwelling.
2. A claim for the acknowledgement of a sale and purchase agreement, in addition to the documents provided for by Article 178 of the Civil Procedure Code of Georgia, shall be accompanied by an expert report on the cost of the dwelling and a document verifying that compensation in the amount of 10 % of the cost of the dwelling has been paid into the deposit account of the court or notary.
3. In case of the acknowledgement of a sale and purchase agreement, the court shall decide on awarding compensation to the respondent. If compensation determined by the court exceeds the amount deposited in accordance with paragraph 2 of this article, within the limit of difference between them, the court shall determine the respondent's mortgage on the dwelling. The mortgage shall be terminated upon the full payment of the compensation. This procedure shall also apply if the court finds when hearing a claim submitted in accordance with this article that the claimant is an occupant as defined by Article 5 of this Law rather than an owner as defined by this article.
4. A court decision on the acknowledgement of a sale and purchase agreement shall serve as a basis for registration in the Public Registry. If the court decision determines the respondent's mortgage as well, the right of ownership and the right to mortgage shall



be registered simultaneously, regardless of which party exercises the right to request registration first.

5. The procedures established by paragraphs 3 and 4 of this article shall also apply if the court finds when hearing a claim submitted in accordance with this article that the claimant is an occupant as defined by Article 5 of this Law rather than an occupant as defined by this article.

### **Article 5 - Redemption of a dwelling**

1. An occupant who has been possessing a dwelling continuously for at least 30 years and has acquired the right of possession on the basis of an agreement on ceding the right to use a dwelling, shall be entitled to claim redemption of a dwelling, subject to the payment of compensation in the amount of 25 % of the cost of the dwelling (a claim for the redemption of a dwelling).
2. An agreement on ceding the right to use a dwelling shall be confirmed by the following circumstance/circumstances: occupant's registration in the dwelling in question, the payment of utility bills and/or the payment of a specific fee to the owner.
3. If an occupant has paid a specific fee to the owner in exchange for the cession of the right to use a dwelling, the court shall be authorised, taking into consideration the amount of the fee, to reduce the compensation defined in paragraph 1 of this article to 15 % of the cost of the dwelling.

### **Article 6 - Termination of possession through the payment of compensation, claim for transferring the right of ownership**

1. If an occupant has been possessing the dwelling for less than 30 years and has acquired the right of possession on the basis of an agreement on ceding the right to use a dwelling, the owner shall be entitled to request from the occupant the termination of possession, subject to the payment of compensation in the amount 75 % of the cost of the dwelling.
2. If the occupant refuses compensation and continues to occupy the dwelling, the owner shall be entitled to exercise the right provided for by paragraph 1 of this article through a court (a claim for the termination of possession).
3. An occupant shall be entitled to request the owner to pay the compensation defined in paragraph 1 of this article. The owner shall be obliged to pay the compensation within 3 years from the receipt of such request in written form.
4. If the owner does not pay the compensation within the time frame defined in paragraph 3 of this article, the occupant shall be entitled to request from the owner through a court the transfer of the right of ownership in the dwelling in exchange for the payment of compensation in the amount of 25 % of the cost of the dwelling (a claim for the transfer of the right of ownership).

### **Article 7 - Termination of rights to the acknowledgement of an agreement and to redemption**

1. If the owners offer in writing to the occupants defined in Articles 4 and 5 of this Law the transfer of the right of ownership of a dwelling in exchange for compensation defined in the same articles, the occupants shall be obliged to pay the compensation within 3 years of such request or shall submit claims provided for by Articles 4 and 5 of this Law within the same time frame.
2. In the case of failure to fulfil the obligation provided for by paragraph 1 of this article, the occupant shall lose the right to submit claims provided for by Articles 4 and 5 of this Law. In such case, the owner shall be entitled to request from the occupant through a court the termination of possession, subject to the payment of compensation in the amount of 50 % of the cost of the dwelling. Possession shall be terminated upon the full payment of the compensation.
3. If a dwelling is encumbered with a mortgage, the time frame defined in paragraph 1 of this article shall be suspended for the duration of the right to mortgage.

### **Article 8 - Termination of possession acquired through an administrative procedure**

1. If the occupant has acquired the right of possession by an administrative act, his/her possession shall be terminated upon the payment by the State of the cost of the dwelling.
2. To receive payment provided for by paragraph 1 of this article, a claim against the State may be submitted either by an occupant or an owner (a claim for the payment of the cost of a dwelling).
3. The owner shall be entitled to independently pay the occupant for the cost of the dwelling. In such case, the right to request payment from the State as provided for by this article shall transfer to the owner.

### **Article 9 - Heirless dwelling**

1. If the owner of a dwelling dies or has been declared dead and there are no legal heirs or testamentary heirs, or none of the heirs received inheritance, and/or all the heirs have been deprived of the right to inherit, the occupant shall be entitled to request that the occupied dwelling be recognised as heirless (a claim for recognising a dwelling as heirless).
2. A dwelling that has been recognised as heirless in accordance with paragraph 1 of this article shall be transferred into the ownership of the occupant free of charge by a court decision and shall be registered in the Public Registry.

### **Article 10 - Additional regulations applicable to claims provided for by this Law**

The regulations established by Article 4(2)-(4) of this Law shall apply to claims provided for by Articles 5-7 of this Law, taking into consideration the specificity of norms defining the rights to claim.

### **Article 11 - Final provisions**

1. The Law of Georgia of 25 June 1998 on Relations Arising from the Occupancy of Dwellings (the Gazette of the Parliament of



Georgia, No 25-26, 15.7.1998, p. 11) shall be declared invalid upon the entry of this Law into force.  
2. This law shall enter into force upon its promulgation.

**President of Georgia**  
**Kutaisi**  
**24 June 2016**  
**No 5601-III**

**Giorgi Margvelashvili**

