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Act on Jointly Owned Forests (109/2003)

Chapter 1 - General provisions

Section 1 - Scope of application

- (1) In this Act jointly owned forest means an area belonging to several real estates jointly which is intended to be used for practising sustainable forestry for the benefit of the shareholders.
- (2) This Act lays down the provisions concerning the use and administration of a jointly owned forest. In addition to this Act, the Forest Act (1093/1996) applies to the management and use of areas considered as forestry land. Other statutes apply as provided separately.

Section 2 - Use of a jointly owned forest area

- (1) Jointly owned forest must be used primarily for practising sustainable forestry.
- (2) An area belonging to a jointly owned forest may be used for purposes other than forestry if this is feasible economically or otherwise.

Section 3 - Shareholder and partnership of a jointly owned forest

- (1) The shareholders of the jointly owned forest are the owners of shareholding real estates. The shareholders constitute the partnership of the jointly owned forest.
- (2) A list of shareholders contains the shareholders, the shareholding real estates owned by the shareholders and their shares in the jointly owned forest.

Section 4 - Legal capacity

- (1) The partnership acts as the plaintiff and defendant in matters concerning the jointly owned forest and may obtain rights and give commitments to carry out tasks referred to in this Act.
- (2) The shareholders of a jointly owned forest have no personal responsibility for the obligations of the partnership.

Section 5 - Establishment of a jointly owned forest

- (1) The real estate owners may establish a jointly owned forest by concluding an agreement concerning this. The agreement must be dated and signed by the founders. The agreement can be concluded before the establishment operation of the jointly owned forest or in connection with this.
- (2) The agreement must contain a proposal for rules of procedure, together with:
 - 1) full names, addresses, places of residence and dates of birth of the founders;
 - 2) areas to be established as a jointly owned forest; and
 - 3) shareholding real estates of the jointly owned forest and their owners, share of the jointly owned forest allocated to each shareholding real estate or grounds for establishing this, compensations relating to the establishment of the jointly owned forest or the basis for calculating the compensations, unless these remain to be determined either fully or partly in the land survey operation concerning the establishment of the jointly owned forest.
- (3) If the real estate is divided or parcelled out upon the application of the owner, he or she may request that the area of the real estate or part of this be established as a jointly owned forest to the real estates to be established in the operation. The provisions of subsection 2 concerning the agreement on the establishment of jointly owned forest apply, as appropriate, to the request.

- (4) Provisions on the establishment of a jointly owned forest are laid down in Chapter 10 of the Act on the Formation of Real Estate (554/1995).

Chapter 2 - Administration of a jointly owned forest

Section 6 - *Task of the partnership*

- (1) The task of the partnership is to ensure that the management of the affairs concerning the jointly owned forest is organised in an appropriate manner.
- (2) Rules of procedure must be approved for the partnership's operation.

Section 7 - *Exercising the power of decision*

- (1) The power of decisions of the partnership is exercised by the partnership's meeting, administrative board and agent as laid down in this Act and in the rules of procedure pursuant to this Act.
- (2) Notwithstanding the provisions of subsection 1 the shareholders may decide unanimously a matter which is the competence of the partnership's meeting without a meeting.

Section 8 - *Matters to be decided at a partnership's meeting*

- (1) Partnership's meeting makes the decisions on matters concerning:

- 1) approving the rules of procedure;
 - 2) remuneration of the chairman and other members of the administrative board and auditors;
 - 3) election and dismissal of the members of the administrative board and their deputy members, election of a member of the board as the chairman or vice chairman of the administrative board, unless the election of chairman and vice chairman is carried in the administrative board according to the rules of procedure;
 - 4) partnership's action plan and budget;
 - 5) financial statement, election of auditors and formal approval of actions;
 - 6) use of surplus;
 - 7) incurring liabilities, unless otherwise provided in the rules of procedure;
 - 8) forest plan;
 - 9) use of an area belonging to a jointly owned forest for purposes other than forestry in connection with the jointly owned forest, unless the matter is the competence of the administrative board according to the rules of procedure;
 - 10) incorporation of an area referred to in section 35 to the jointly owned forest, unless the matter is the competence of the administrative board according to the rules of procedure;
 - 11) inclusion of a rule concerning the right of pre-emption referred to in section 18 in the rules of procedure;
 - 12) amending the rules of procedure;
 - 13) assignment of a real estate or parcel, assignment of an area to be separated from the jointly owned forest or leasing an area together with felling rights;
 - 14) approval of an agreement concerning the joining of two or several jointly owned forest areas;
 - 15) division or sale of a jointly owned forest; and
 - 16) inclusion of a restriction concerning the assignment of a share in a jointly owned forest referred to in section 17 in the rules of procedure.
- (2) A decision concerning a matter referred to in subsection 1(11-15) above is not valid, unless at least two-thirds of those who participated in the voting have voted for the decision, and a decision on a matter referred to in subsection 1(16) is not valid, unless at least three-fourths of those who participated in the voting have voted for the decision.

Section 9 - *Partnership's meeting*

- (1) The partnership must hold at least one annual meeting. The rules of procedure lay down further provisions on the meeting and matters to be dealt with.
- (2) A shareholder has the right to have a matter which is the competence of the meeting dealt with at the meeting if this is demanded from the administrative board in writing 30 days before the partnership's meeting, unless a shorter time limit is laid down in the rules of procedure.

Section 10 - *Partnership's extraordinary meeting*

- (1) An extraordinary meeting must be held if this is considered necessary by the administrative board or demanded in writing by shareholders representing at least one-tenth of the total number of votes for dealing with a matter which is the competence of the partnership's meeting. The notice of a meeting demanded by the shareholders must be issued within 30 days from the demand.

Section 11 - *Right to vote*

- (1) A shareholder has a right to vote in a partnership's meeting according to the share in the jointly owned forest in the list of shareholders. However, no shareholder shall hold more than one-tenth of the total number of votes represented in the meeting.
- (2) After a chairman for the meeting has been elected, a list must be drawn up of the shareholders present, real estates owned by them, their shares and number of votes according to the shares, based on the list of shareholders (*voting list*). In order to exercise his or her right to vote a shareholder who has not been entered into the list of shareholders or whose share has changed must present an account of his or her partnership and the share to be entered in the voting list. The voting list is approved if it is supported by the majority of the shareholders present.
- (3) If a real estate which includes a share in the jointly owned forests has several owners, the joint owner who is present in the meeting may exercise the right to vote according to the share in the jointly owned forest. If more than one owner is present and they do not agree on the matter at hand, each joint owner holds a right to vote which corresponds only to the share owned.

Section 12 - *Incapacity of a shareholder*

- (1) In a meeting a shareholder may not participate in a decision on a matter where his or her private interest clearly conflicts with the partnership's interest.

Section 13 - *Decision of the meeting*

- (1) With exceptions laid down in section 8(2), the opinion for which the majority of the votes are given is considered the decision of the meeting. When the vote is even, the opinion which gets the largest number of votes in terms of the number of shareholders is the decision. When this is also even, the result of the vote is the opinion supported by the chairman, except in elections. If the chairman is not a shareholder or in the case of elections the matter is decided by drawing lots.
- (2) Further provisions concerning the decision-making may be laid down in the rules of procedure.

Section 14 - *Restriction of the decision-making*

- (1) A meeting may not decide matters other than those which must be dealt with according to the law or the rules of procedure or which are specifically mentioned in the notice of the meeting.
- (2) A meeting may not make a decision which clearly yields unjustified benefit to a shareholder or other party at the cost of the shareholders or partnership.

Section 15 - *Convening a partnership's meeting*

- (1) If a person who according to the law or rules of procedure is responsible for convening the meeting fails to convene a meeting which according to the law, rules of procedure or a decision of a meeting must be held, any shareholder or member of the administrative board has the right to convene the meeting at the partnership's cost.
- (2) If matters referred to in section 8(1)(11-16) above are to be dealt with at the meeting, the main content of the proposal for a decision must be presented in the notice of the meeting.

Chapter 3 - **Rules of procedure**

Section 16 - *Matters to be included in the rules of procedure*

- (1) The rules of procedure must include:
 - 1) name of the partnership of the jointly owned forest and the municipality where the partnership is domiciled;
 - 2) when the regular meeting of the partnership is held and, if there are several such meetings, the matters to be dealt with in each meeting;
 - 3) composition and term of the administrative board;
 - 4) how the sale of forest products from the jointly owned forest is to be organised;
 - 5) how the use of the jointly owned forest and area owned by the partnership for purposes other than forestry is to be organised;
 - 6) accounting period and when the financial statement must be completed;
 - 7) the content of the annual report of the administrative board;
 - 8) how the auditing of the administration and financial management of the partnership is to be organised;
 - 9) how the partnership's meeting is to be convened and how other communication to the shareholders is to be organised; and
 - 10) other necessary matters for the management of the partnership's affairs.
- (2) The rules of procedure may not violate equality between the shareholders.

Section 17 - *Restriction on assignment of shares*

- (1) The rules of procedure may prescribe that a share of the jointly owned forest which is smaller than a certain number of shares may not be assigned separately, unless the recipient is the partnership or another shareholder. An assignment which violates the rules of procedure is void.
- (2) The provisions of subsection 1 also apply to the establishment of a share in a jointly owned forest in cases referred to in section 150 of the Act on the Formation of Real Estate.

Section 18 - *Right of pre-emption*

- (1) The rules of procedure may prescribe that the partnership has the right of pre-emption to a share of the jointly owned forest sold separately subject to the conditions agreed in the transaction. When a pre-emption clause is included in the rules of procedure, these must also set out:
 - 1) transactions not covered by the pre-emption;
 - 2) the period not exceeding three months during which the administrative board must notify the seller and buyer of the exercise of the right of pre-emption; and
 - 3) how the administrative board is to notify the seller and buyer of the exercise of the right of pre-emption;
- (2) If the rules of procedure prescribe that the partnership may exercise the right of pre-emption, the buyer must notify the administrative board of the assignment of a share in the jointly owned forest. The buyer gets the right established in the purchase contract only after the time for notifying of the exercise of the right of pre-emption has expired or the buyer has been notified

that the right of pre-emption is not exercised. The period referred to in subsection 1(2) above starts when the partnership has received notification of the transaction.

- (3) The partnership does not have the right of pre-emption referred to in subsection 1 when the buyer is a shareholder of the jointly owned forest, spouse of the seller or a person who under Chapter 2 of the Inheritance Code (40/1965) may inherit the seller or the spouse of such person. The partnership also has no right of pre-emption when exercising this must be considered manifestly unreasonable, considering the relationship between the buyer and seller, conditions of the assignment or other circumstances.

Section 19 - *Ratification of the rules of procedure*

- (1) The rules of procedure and amendment of the rules of procedure must be submitted to the Forestry Centre referred to in section 47 for ratification without delay. The Forestry Centre must ratify the rules of procedure if they do not violate the law or equality between the shareholders.

Section 20 - *Authorisation to issue a decree concerning the rules of procedure*

- (1) Further provisions on drawing up the first rules of procedure and the administration of the jointly owned forest before the administrative board according to the rules of procedure has been appointed are issued by Government Decree.

Chapter 4 - **Administrative board and agent**

Section 21 - *Tasks of the administrative board*

- (1) The administrative board manages the practical operations of the partnership.
- (2) The administrative board must:
 - 1) manage the administration of the jointly owned forest and appropriate organisation of the operations;
 - 2) prepare the matters to be dealt with at the partnership's meeting, convene the partnership's meeting and ensure the enforcement of the decisions made by the partnership;
 - 3) represent the partnership;
 - 4) decide matters which pursuant to section 8 are not the competence of the partnership, unless the decision-making power on a certain matter which is the competence of the administrative board is assigned to the agent in the rules of procedure; and
 - 5) keep the list of shareholders referred to in section 3(2).

Section 22 - *Composition of the administrative board*

- (1) The administrative board has, as set out in the rules of procedure, at least three and no more than 15 members. Each member of the administrative board has a personal deputy member.
- (2) The partnership's meeting may release a member or deputy member of the administrative board from the office in the middle of the term and elect a new member or deputy member for the remaining term. If a member or deputy member of the administrative board resigns or is permanently incapacitated, a new person is elected to the office for the remaining term.

Section 23 - *Empowerment to sign*

- (1) The name of the partnership is signed by the chairman of the administrative board together with another member of the board. The administrative board may assign one or several members of the board, the agent or official of the partnership the right to act on behalf of the partnership either jointly or separately in matters which are the competence of the administrative board and in such a case to sign the name of the partnership. If the partnership has a single agent instead of an administrative board, this agent signs the name of the partnership.

Section 24 - *Meeting of the administrative board*

- (1) The administrative board is convened by the chairman, or when the chairman is prevented from doing this, by the vice chairman. The administrative board must be convened if this is requested in writing by at least two members of the administrative board to deal with a certain matter.

Section 25 - *Presence of a quorum*

- (1) The quorum exists when at least half of the members of the administrative board are present, including the chairman or vice chairman. The decision shall be the opinion which the majority supports or, when the vote is even, the opinion supported by the chairman.
- (2) A meeting may not make a decision which clearly yields unjustified benefit to a shareholder or other party at the cost of the shareholders or partnership.

Section 26 - *Agent*

- (1) The rules of procedure may prescribe that instead of or in addition to an administrative board the partnership has one or several agents.
- (2) If the partnership has an agent instead of an administrative board, the relevant provisions concerning the administrative board also apply to the agent. In that case the agent must have a deputy. If the partnership has several agents, their distribution of labour and empowerment to sign must be set out in the rules of procedure.
- (3) The provisions concerning a member of the administrative board laid down in section 22(2) also apply to the agent and his or her deputy.

Section 27 - *Service of summons*

- (1) Summons and other notice is considered served to the partnership when it has been notified to a member of the administrative board or the agent or a official of the partnership empowered to sign the name of the partnership.

Section 28 - *Liability for damages*

- (1) A member of the administrative board and the agent is liable for a damage he or she has caused to the partnership deliberately or due to negligence. This also applies to damage to a shareholder or other person due to violation of this Act or the rules of procedure.
- (2) The provisions laid down in Chapters 2 and 6 of the Tort Liability Act (412/1974) apply to the reduction of compensation and distribution of the liability for damages between two or several liable persons.
- (3) Action for compensation for damages to the partnership may also be brought at the District Court of the municipality where the partnership is domiciled.

Chapter 5 - Finances of the partnership

Section 29 - *Financial statement*

- (1) A financial statement, including profit and loss account, balance sheet and annual report, must be drawn up for each accounting period. The financial statement must be drawn up in accordance with the Accounting Act (1336/1997) and this Act.
- (2) The documents referred to in subsection 1 above must be given to the auditors at least one month before the annual meeting of the partnership where the financial statement is to be ratified.
- (3) The financial statement may be ratified and formal approval of actions may be granted after the written statement of the auditors has been presented to the partnership's meeting.

Section 30 - *Auditors*

- (1) A partnership must have at least two auditors. One auditor is elected by the Forestry Centre.
- (2) The provisions laid down in this Act and Audit Act (936/1994) apply to the audit of a partnership.

Section 31 - *Forest plan*

- (1) A jointly owned forest must be managed and used according to a forest plan, unless there are special reasons for departing from this. Before the partnership has approved a forest plan, a jointly owned forest may be managed and used taking account of the provisions concerning the requirements for drawing up a forest plan laid down in subsection 2.
- (2) Requirements for sustainable forestry and forest management must be taken into account when drawing up a forest plan.
- (3) The forest plan must be sent to the relevant Forestry Centre. If the partnership does not see to the drawing up of a forest plan, the Forestry Centre must see that the plan is drawn up at the cost of the partnership.

Section 32 - *Use and distribution of surplus*

- (1) Expenses deriving from the administration, financial management, forestry measures required in the forest plan, management of the property of the partnership and other tasks and duties must be paid or funds must be reserved for their payment before the surplus is distributed to the shareholders or otherwise used for furthering the purposes of the jointly owned forest.
- (2) The share of the surplus allocated to each shareholder is established based on the share of his or her real estate in the jointly owned forest.
- (3) The administrative board may decide to pay an advance of the surplus when the partnership has sufficient funds for this and when the payment of an advance may be considered appropriate considering the amount of funds to be distributed and the costs of the distribution. The payment of an advance may not compromise the ability of the partnership to meet its own obligations.

Chapter 6 - **Jointly owned forest area**

Section 33 - *Selling and division of a jointly owned forest*

- (1) For special reasons and based on an application by the partnership the Ministry of Agriculture and Forestry may grant the permission to sell a jointly owned forest for the shareholders' benefit or divide this into two or several jointly owned forests.
- (2) Permission referred to in subsection 1 above is not necessary when the jointly owned forest in question has been formed in accordance with section 96 of the Act on the Formation of Real Estate.

Section 34 - *Joining of jointly owned forests*

- (1) Jointly owned forests which the partnerships have agreed to join together are joined by establishing a new jointly owned forest. Further provisions on the joining of jointly owned forests are laid down in Chapter 10 of the Act on the Formation of Real Estate.

Section 35 - *Incorporating a real estate into a jointly owned forest against a share in the jointly owned forest*

- (1) Further provisions on the joining of real estate or area belonging to a real estate into a jointly owned forest against a share in the jointly owned forest to be given to the real estate are laid down in Chapter 10 of the Act on the Formation of Real Estate.

Chapter 7 - **Special provisions concerning land survey operations**

Section 36 - *Forming real estate of an area assigned from a jointly owned forest*

- (1) An area assigned from a jointly owned forest and jointly owned forest sold as set out in section 33(1) is formed or transferred into a real estate in accordance with the provisions on parcelling laid down in the Act on the Formation of Real Estate. The real estate to be formed is released from the mortgages allocated to the shareholding real estates of the jointly owned forest and registered pension entitlements.

Section 37 - *Securing the position of a mortgage holder*

- (1) If an area is assigned from a jointly owner forest or the jointly owned forest is sold and the value of one or more shareholding real estates is significantly reduced due to the measure, the partnership must deposit the share of such a real estate in the sales price with interest to the State Provincial Office, if there are mortgage claims to the real estate. In connection with parcelling the executors must decide the real estates for which the sales price must be deposited. The sales price may not be distributed before the executors have made their decision.
- (2) The holder of a mortgage or registered pension entitlement has the same right to the deposited sales price as to the shareholding real estate. If the owner of the shareholding real estate cannot show that the holders of the rights mentioned above have given the permission to withdraw the deposited sales price, the State Provincial Office must distribute the funds as set out in the Execution Act (37/1895) concerning the distribution of the sales price of real property.
- (3) The provisions concerning the sales price laid down in subsections 1 and 2 above apply to the compensation for an area redeemed from a jointly owned forest.

Section 38 - *Application for a land survey operation*

- (1) When permission referred to in section 33(1) has been granted for the division of a jointly owned forest into two or several jointly owned forests, the partnership must apply for the division from the competent land survey office. The provisions on partitioning set out in the Act on the Formation of Real Estate apply to the division, as appropriate.
- (2) When the partnerships of jointly owned forests have approved an agreement concerning the joining of two or several jointly owned forests, the partnerships of the jointly owned forests to be joined must apply for the joining from the competent land survey office. The provisions of section 133(3) and 134(2,3) of the Act on the Formation of Real Estate apply to the joining.

Section 39 - *Incorporating an area in a jointly owned forest*

- (1) A parcel which has come to the ownership of the partnership is formed into real estate by parcelling out or, at the partnership's request, incorporated in the jointly owned forest as set out concerning the incorporation of an area into a jointly owned area in Chapter 13 of the Act on the Formation of Real Estate. The parcel to be incorporated may not have a share in the jointly owned area or special benefit, except for the share in the jointly owned forest belonging to a shareholding real estate of the jointly owned forest.
- (2) A real estate for which the partnership holds the title to property may be incorporated in a jointly owned forest upon application if there are no mortgages to the real estate and it has no right to special benefit or a share in other jointly owned area than the jointly owned forest to which it is to be incorporated. In other respects the provisions on joining real estate laid down in Chapter 17 of the Act on the Formation of Real Estate apply to the joining. The jointly owned forest and parcel to be incorporated in this or a real estate to be joined to this need not be located in the same municipality.
- (3) If a jointly owned forest consists of registered units belonging to different municipalities, an area referred to in subsection 1 is incorporated in the registered unit which is located in the same

municipality as the area to be incorporated, and a real estate referred to in subsection 2 is joined to the registered unit which is located in the same municipality as the real estate to be joined. If no part of the jointly owned forest is located in the same municipality as the area to be incorporated or real estate to be joined, in the incorporation or joining a separate registered unit which constitutes a part of the jointly owned forest is established from the area or real estate.

Section 40 - *Share in a jointly owned forest acquired by the partnership*

- (1) A share in a jointly owned forest belonging to a shareholding real estate which has come to the possession of the partnership is separated from the shareholding real estate and transferred to the other shareholding real estates relative to their earlier shares. The provisions on parcelling laid down in the Act on the Formation of Real Estate apply to the operation. If the share in a jointly owned forest referred to above has followed a parcel acquired by the partnership, the share is transferred to the shareholding real estates in an operation referred to in section 39(1).
- (2) Incorporation of a share in a jointly owned forest in the jointly owned forest is subject to the condition that the partnership holds the title to property for the share and there are no mortgages to the real estate from which the share is taken or the share to be incorporated is released from the liability for the mortgages of the real estate concerned. The holder of the right of lien must agree to the release. Releasing from the liability may occur without the consent of the holder of the right of lien if the real estate from which the share is taken is clearly sufficient to meet the mortgage claims after the incorporation. A decision concerning the release must be notified to the registration authority without delay.
- (3) If a real estate to be joined in a jointly owned forest under section 39(2) includes a share in the jointly owned forest, this share is transferred to the shareholders' real estates at the same time when the real estate is joined to the jointly owned forest relative to their shares in the jointly owned forest. In this case the sizes of the shares of the shareholding real estates in the jointly owned forest must be established in the decision concerning the joining.

Section 41 - *Relationship to the Act on the Formation of Real Estate*

- (1) Unless otherwise provided in this Act, the provisions concerning a share in a jointly owned area laid down in Chapter 13 of the Act on the Formation of Real Estate apply to the share in a jointly owned forest.

Section 42 - *Other rights of lien*

- (1) The provisions on mortgages laid down in this Act also apply to other rights of lien entered into the register of land ownership and mortgages.

Section 43 - *Notification obligation of the keeper of the real estate register*

- (1) If a land survey operation or other measure concerning the formation of real estate causes changes concerning the shareholding real estates of the jointly owned forest or their shares, the keeper of the real estates register must notify these to the partnership for the amendments to be made in the list of shareholders.

Chapter 8 - **Miscellaneous provisions**

Section 44 - *Right of avoidance*

- (1) A shareholder who considers that a decision of the partnership's meeting has not been made in the proper legal order or it violates the law or the rules of procedure has the right to object to the decision by bringing an action against the partnership in the District Court of the municipality where the partnership is domiciled within 30 days from the date when the decision was made.

The court of law may prohibit the implementation of the decision before the final settlement of the matter.

- (2) A buyer or seller of a share in a jointly owned forest who considers that a decision of the administrative board concerning the exercise of the right of pre-emption referred to in section 18 has not been made in the proper legal order or it violates the law or the rules of procedure has the right to object to the decision by bringing an action against the partnership in the District Court of the municipality where the partnership is domiciled within 30 days from the notification of the decision.

Section 45 - *Period for the registration of title to property in case of pre-emption*

- (1) The period during which the partnership must apply for the registration of the title to property for a share in a jointly owned forest acquired by pre-emption starts from the date when the pre-emption is completed and legally valid.
- (2) The buyer's copy of the purchase contract or a copy of this certified by the notary public may be considered the partnership's document of title.

Section 46 - *Management and use of an area not included in the jointly owned forest*

- (1) The provisions concerning the jointly owned forest area apply to the management and use of a real estate and parcel owned by the partnership.

Section 47 - *Enforcement of this Act*

- (1) The enforcement of this Act is the responsibility of the Forestry Centres. The competent Forestry Centre is the one in whose territory the jointly owned forest or the main part of this is located.

Section 48 - *Register on jointly owned forests*

- (1) The Forestry Centre must keep a public register of jointly owned forests located in its territory. The register must show:
 - 1) the rules of procedure of the partnership of the jointly owned forest, as amended;
 - 2) members, deputy members and agents of the administrative board and their domiciles and addresses;
 - 3) persons entitled to sign the commercial name of the jointly owned forest and their domiciles and addresses; and
 - 4) information on execution referred to in section 50 and lapse and expiry of execution.
- (2) The partnership of a jointly owned forest must notify the information referred to in subsection 1(2,3) to the Forestry Centre to be entered to the register without delay.
- (3) Information entered to a register referred to in subsection 1 is considered disclosed to a third party.

Section 49 - *Right to surplus in certain cases*

- (1) A share in the surplus corresponding to the share of a shareholding real estate in the jointly owned forest referred to in section 32 above is allocated to a party who owns the shareholding real estate when the decision on the distribution is made, unless otherwise agreed or prescribed in connection with the title. If the ownership of a shareholding property is under dispute when the decision on the distribution is made, the share in the surplus corresponding to the share of the real estate in the jointly owned forest is allocated after the ownership is settled and legally valid.
- (2) If a dispute concerning the right of pre-emption referred to in section 44(2) is pending when the decision on the distribution of the surplus is made, the share of the surplus corresponding to the

share in the jointly owned forest which is subject to the right of pre-emption is allocated when the right of pre-emption is settled and legally valid, unless otherwise decided by a court of law.

Section 50 - *Execution of a partnership's liability*

- (1) Execution may be levied on wood and this may be sold from jointly owned forest for debts of the partnership as indicated by the Forestry Centre in compliance with the provisions concerning the levying of execution upon and sale of personal property laid down in the Execution Act.
- (2) The execution officer must notify an execution referred to in subsection 1 to the Forestry Centre to be entered to the register referred to in section 48 without delay. When the execution lapses or expires, this must also be notified.

Section 51 - *Dissolution of a jointly owned forest*

- (1) If the whole area of a jointly owned forest is redeemed or sold by a decision of the partnership's meeting to the benefit of the shareholders, all the partnership's debts fall due for payment. The partnership must take out a public summons to the creditors and the partnership is considered dissolved when the debts have been paid. If the funds of the partnership exceed the debts and unless otherwise provided due to the legal relationship between the shareholders, the surplus must be distributed between them according to the shares of the shareholding real estates.
- (2) When the jointly owned forest area has been redeemed or sold as set out in subsection 1, the administrative board or agent or, if these do not exist, one of the shareholders must notify the dissolution of the partnership to the land survey office within 60 days from the date when the debts of the partnership have been paid.

Section 52 - *Further provisions*

- (1) Further provisions on the implementation of this Act are given by Government decree.

Chapter 9 - **Transitional provisions and entry into force**

Section 53 - *Entry into force*

- (1) This Act enters into force on 1 March 2003.
- (2) This Act repeals the Act on Jointly Owned Forests of 11 January 1991 (37/1991), as amended.
- (3) Measures necessary for the implementation of this Act may be undertaken before the Act's entry into force.

Section 54 - *Relationship with earlier law*

- (1) The provisions in force upon the entry into force of this Act apply to land survey operations instituted before the entry into force of this Act.
- (2) An application for permission concerning the acquisition of a share in a jointly owned forest lodged before the entry into force of this Act which is not settled and legally valid lapses upon the Act's entry into force.
- (3) Notwithstanding the provisions of sections 9 and 10 of the Act on Jointly Owned Forests repealed in section 53(2), the provisions laid down in section 131 of the Act on the Formation of Real Estate concerning the transfer of a share in a jointly owned forest and formation of a farm apply to a share in a jointly owned forest which has been assigned, transferred or retained before the entry into force of this Act.

Section 55 - *Transitional provision concerning the rules of procedure*

- (1) A partnership of a jointly owned forest established before the entry into force of this Act must amend the rules of procedure so as to comply with this Act. These must be submitted to the

Forestry Centre referred to in section 47 for ratification within a year from the entry into force of this Act. In cases where the rules of procedure conflict with this Act, the provisions laid down in this Act shall be complied with.

Section 56 - Assignment of a share in certain cases

- (1) The restriction on assignment of shares in a jointly owned forest set out in section 17 does not apply to an assignment of a share in a jointly owned forest belonging to a real estate when the decision on the restriction was made if the assignment concerns the whole share of the real estate in the jointly owned forest.