

FOREIGN CLAIMS SETTLEMENT COMMISSION
OF THE UNITED STATES
WASHINGTON, D.C. 20579

IN THE MATTER OF THE CLAIM OF

SIMON S. ROMANO

Claim No. Y2-0108

Decision No. Y2-
204

Under the Yugoslav Claims Agreement of 1964
and Title I of the International Claims
Settlement Act of 1949, as amended

Counsel for claimant:

Paul Neuberger, Esq.

PROPOSED DECISION

This claim for \$111,363.00 is based upon the asserted ownership and loss of improved real property located in Belgrade, Yugoslavia. Claimant, SIMON S. ROMANO, has been a national of the United States since his naturalization on February 11, 1952.

Under Section 4(a) of Title I of the International Claims Settlement Act of 1949, as amended (64 Stat. 13 [1950], 22 U.S.C. §1623(a) [1958]), the Commission is given jurisdiction over claims of nationals of the United States included within the terms of the Yugoslav Claims Agreement of 1964, which provides, among other things:

"Article I (a) The Government of Yugoslavia agrees to pay, and the Government of the United States agrees to accept, the sum of \$3,500,000 United States currency in full settlement and discharge of all pecuniary claims of nationals of the United States, whether natural or juridical persons, against the Government of Yugoslavia, on account of the nationalization and other taking of property and of rights and interests in and with respect to property which occurred between July 19, 1948 and the date of this Agreement."

* * * *

"Article II. The claims of nationals of the United States to which reference is made in Article I of this Agreement refer to claims which were owned by nationals of the United States on the date on which the property and rights and interests in and with respect to property on

which they are based was nationalized or taken by the Government of Yugoslavia and on the date of this Agreement." (Agreement between the Government of the United States and the Government of the Socialist Federal Republic of Yugoslavia Regarding Claims of United States Nationals, November 5, 1964, which entered into force on January 20, 1965, 16 U.S.T. & O.I.A. 1965, T.I.A.S. No. 5750 [1964].)

The record before the Commission shows that claimant was the owner of improved real property at No. 31 Dobracina Street in Belgrade, recorded in Liber No. 456 as Parcel No. 924 of the cadastral district of Belgrade, consisting of land with an area of 402.8 square meters, containing a four-story brick apartment building with a basement and an attic.

The record further shows that the subject property was nationalized by the Government of Yugoslavia on January 20, 1961 by virtue of a decision issued by the Nationalization Commission for the Old City of Belgrade under No. 97/59, pursuant to the Law on Nationalization of Buildings for Rent and Building Lots of December 26, 1958 (Sl. List (Yugoslavia), No. 52, Item 890, December 31, 1958). Exempted from nationalization and left in the ownership of the claimant was one apartment of four (4) rooms situated in the building.

Claimant submitted an appraisal of the property, dated October 10, 1967, executed by Branko T. Markovic, a private architect of Belgrade, who states that the construction value of the building including value of land amounted to 3,521,039 prewar dinars or \$80,023.61, plus 281,683 prewar dinars for transfer taxes.

A commission of three experts appointed by the Government of Yugoslavia appraised the value of the nationalized property at 946,860 dinars expressed in prewar currency, or \$21,519.54.

The Commission has given careful consideration to the appraisals; claimant's documentation including a photograph of the building in its present condition; the fact that the property is located close to the center of the city of Belgrade and that the building was erected in 1937;

and information available to the Commission concerning the value of apartment houses in Belgrade similar to that which is the subject of this claim. The Commission has decided that the prewar (1938-1939) values reflect a better basis for the appraisal of property and are to be considered as the point of reference for valuation purposes; that depreciation of the buildings during and after the war was largely set off by appreciation of real estate values after World War II; and that the prewar dinar currency shall be converted into United States currency at the rate of 44 dinars for \$1.00. (See Claim of Alexis G. Bacic, Claim No. Y2-0522.)

Based upon the entire record, the Commission finds that at the time of nationalization the land in question measuring 402.8 square meters had a value of 1,320 prewar dinars per square meter, or 531,696 prewar dinars; and that the building had a value of 1,000 dinars per square meter of usable dwelling space, or 1,240,000 dinars for the useful building area of 1,240 square meters. Accordingly, the Commission finds that at the time of nationalization the value of the subject property was 1,771,696 dinars expressed in prewar dinar currency, or \$40,265.84.

The record shows that in 1958, prior to the nationalization of the property, a mortgage in the amount of 1,700,000 dinars was recorded as an encumbrance on the property in favor of the Credit Fund for Dwelling Constructions of the People's Committee of Belgrade. The mortgage was based on a loan granted for the purpose of building repairs.

Paragraph 3 of the Interpretative Minute to the Yugoslav Claims Agreement of 1964 provides the following:

Rights and interests in and with respect to properties which are mortgaged or otherwise encumbered by an owner or the owners thereof are covered and settled by this Agreement for the amount of the equity or value remaining after deduction of the principal amount of such mortgage or other encumbrance.

Accordingly, the Commission concludes that the value of the property must be reduced by the mortgage of 1,700,000 dinars, which converted at 750 : 1, the applicable exchange rate of the dinar at the time of the loss, amounts to \$2,266.67. Therefore, the net value of claimant's property at the time of the loss was:

Value of property	\$ 40,265.84
Less mortgage	<u>- 2,266.67</u>
Net Value	\$ 37,999.17

Paragraph 2 of the Interpretative Minute to the Yugoslav Claims Agreement of 1964 provides as follows:

Properties or parts thereof which have been exempted from nationalization or other taking by the Government of Yugoslavia in accordance with the laws of Yugoslavia are not covered or settled by this Agreement.

The apartment exempted from nationalization has a useful dwelling space of 107 square meters. The Government of Yugoslavia in nationalizing the building cancelled the mortgage, but placed a mortgage of 425,000 dinars as a lien on the exempted apartment. The Commission is aware that the apartment under the laws and regulations prevailing in Yugoslavia cannot be used by the claimant as long as it is occupied by tenants and that he has no control over the selection of present or future tenants nor has he any means to evict a tenant, except under extraordinary circumstances not present here. The income from rent is negligible and in the present claim the circumstances indicate that such income is used in its entirety by the local housing authorities for the payment of taxes, for the satisfaction of the mortgage, and for repairs. The claimant, a resident of the United States, obviously does not use the exempted apartment and its value to the claimant is a fraction of the value which the apartment would be worth, if the owner had the right to use it. A sale of the occupied apartment is practicable to a very limited extent only and the proceeds of a sale, if any, would amount to a fraction of the sales price

for an unoccupied apartment free for the use of the owner. Based upon Commission information concerning sales transactions concluded in Yugoslavia, the Commission finds that this type of occupied apartment had a market value of twenty-five per cent (25%) of a free apartment evaluated in prewar dinars. As stated above, the Commission finds the value of the subject building to be 1,000 prewar dinars per square meter of usable dwelling space. However, in view of the foregoing, the Commission finds that, at the time of nationalization, the exempted apartment measuring 107 square meters had a value of 250 prewar dinars (25% of 1,000 prewar dinars) per square meter of usable dwelling space, or 26,750 prewar dinars for the entire apartment. At the exchange rate of 44 : 1, this amount in United States currency is \$607.95.

As a result, the value of claimant's interest in the nationalized property is \$ 37,999.17
 less value of exempted apartment - 607.95
 Net value after exemption \$ 37,391.22

The Commission, therefore, concludes that claimant is entitled to an award in the principal amount of \$37,391.22.

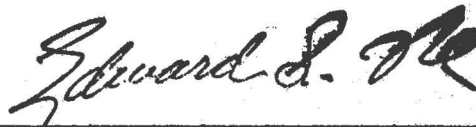
The Commission has decided that in granting awards on claims under the Yugoslav Claims Agreement of 1964, interest shall be allowed at the rate of 6% per annum from the date of loss, January 20, 1961, to January 20, 1965, the date on which the Agreement entered into force and effect. (See the Claim of Alexis G. Basic, Claim No. Y2-0522.) Accordingly, the amount of the award will be increased to that extent.

A W A R D

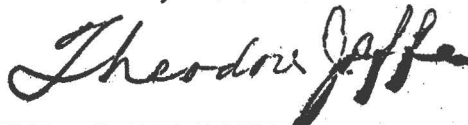
An award is hereby made to SIMON S. ROMANO, in the principal amount of Thirty-seven Thousand Three Hundred Ninety-one Dollars and Twenty-two Cents (\$37,391.22), with interest thereon at 6% per annum from January 20, 1961, the date of loss, to January 20, 1965, the date on which the Yugoslav Claims Agreement entered into force, in the sum of Eight Thousand Nine Hundred Seventy-three Dollars and Eighty-nine Cents (\$8,973.89).

Dated at Washington, D. C.
and entered as the Proposed
Decision of the Commission

JAN 10 1968



Edward D. Re, Chairman



Theodore Jaffe, Commissioner

NOTICE: Pursuant to the Regulations of the Commission, if no objections are filed within 15 days after service or receipt of notice of this Proposed Decision, the Decision will be entered as the Final Decision of the Commission upon the expiration of 30 days after such service or receipt of notice, unless the Commission otherwise orders. (FCSC Reg., 45 C.F.R. s531.5(e) and (g) as amended, 32 Fed. Reg. 412-13 (1967).)