

**LAW NO. (27) OF 2017
WITH RESPECT TO PROMULGATING THE REAL ESTATE SECTOR REGULATION
LAW**

We, Hamad Bin Isa Al Khalifa, King of the Kingdom of Bahrain,

After referring to the Constitution,

and the Civil and Commercial Procedures Act, promulgated by Legislative Decree No. (12) of 1971, as amended,

Legislative Decree No. (14) of 1971 with respect to Notarization

Legislative Decree No. (3) of 1972 with respect to Judicial Fees, as amended,

Legislative Decree No. (14) of 1973, with respect to the Organization of Advertisements,

The Penal Code, promulgated by Legislative Decree No. (15) of 1976, as amended,

Legislative Decree No. (21) Of 1976 with respect to Organizing the Real estate brokerage Profession,

Law for the Organization of Buildings, promulgated by Legislative Decree No. (13) of 1977, as amended,

Legislative Decree No. (2) of 1994 with respect to Urban Planning, as amended by Law No. (6) of 2005,

Legislative Decree No. (3) of 1994 with respect to the Division of Lands Intended for Construction and Development, as amended by Law No. (6) of 2005,

Legislative Decree No. (40) of 1999 with respect to the Ownership by Citizens of GCC Countries of Built Properties and Lands in the State of Bahrain,

Legislative Decree No. (2) of 2001 with respect to the Ownership by Non-Bahrainis of Built Properties and Lands,

Civil Code, promulgated by Legislative Decree No. (19) of 2001,

Commercial Companies Law. promulgated by Legislative Decree No. (21) of 2001, as amended,

Municipalities Law, promulgated by Legislative Decree No. (35) of 2001, as amended,

Judicial Authority Law, promulgated by Legislative Decree No. (42) of 2002, as amended,

Criminal Procedures Law, promulgated by Legislative Decree No. (46) of 2002, as amended,

Central Bank of Bahrain and Financial Institutions Law, promulgated by Law No. (64) of 2006, as amended,

Legislative Decree No. (30) of 2009 with respect to the Bahrain Chamber for Resolution of Economic, Financial and Investment Disputes, as amended by Legislative Decree No. (64) of 2014,

Land Registration Law promulgated by Law No. (13) of 2013,

Law No. (28) of 2014 with respect to Property Development,

Law No. (51) of 2014 with respect to the Organization of the Practice of Engineering Professions,

Legislative Decree No. (25) of 2015 with respect to Collecting the Costs of Constructing and Development of Infrastructure in Construction Areas,

The Shura Council and the House of Representatives approved the following law, and we accordingly ratified and enacted it:

Article One

The provisions of the attached Law shall apply in respect of the organization of the real estate sector.

Article Two

1. Legislative Decree No. (21) of 1976 with respect to Organizing the Real estate brokerage Profession shall be repealed.
2. The provisions governing ownership of strata and flats, set forth in Articles (814) to (843) of the Civil Code promulgated by Legislative Decree No. (19) of 2001 shall be repealed.
3. Law No. (28) of 2014 with respect to Property Development shall be repealed.
4. Additionally, every provision inconsistent with the provisions of the attached law shall be repealed.

Article Three

The Prime Minister and the Ministers, each in his respective capacity, shall implement the provisions of this Law, which shall come into force on the first day of the month following the lapse of six months from the date of its publication in the Official Gazette, provided that the provisions of PART I of this Law shall come into effect on the first day of the following month after the date of its publication.

King of the Kingdom of Bahrain
Hamad bin Isa Al Khalifa

Issued at Riffa Palace
On: 4th Thul Quadah 1438 Hijra
Corresponding to: 27th July 2017

REAL ESTATE SECTOR REGULATION LAW

PRELIMINARY PART DEFINITIONS AND SCOPE OF APPLICATION OF THE LAW

Article (1) Definitions

In the application of the provisions of this Law, the words and expressions shall have the meanings assigned opposite each, unless the context requires otherwise:

Kingdom: Kingdom of Bahrain

Minister: A minister designated by an Edict issued by the Prime Minister.

Authority: The Real Estate Regulatory Authority established in implementation of the provisions of Article (3) of this Law.

Board of Directors or Board: The Authority's Board of Directors.

Chairman: Chairman of the Board of Directors.

Chief Executive: Chief Executive Officer of the Authority.

Bureau: The Survey and Land Registration Bureau.

Land Register: The register created pursuant to the provisions of the Land Registration Law promulgated by Law No. (13) of 2013.

Property Development: Off-plan sale projects and real estate project works as may be specified by an Edict of the Council of Ministers which shall be published in the Official Gazette.

Developer: A main developer or sub-developer.

Main Developer: A natural person or corporate entity licensed to engage in the various property development activities, such as the construction and sale of off-plan sale properties, and who entrusts one sub-developer or more to develop one independent part, or more, of a property development project.

Sub-Developer: A natural person or corporate entity licensed to engage in property development activities who is entrusted by a main developer, under an agreement between them, to develop an independent part of a property development project.

Off-Plan Sale: Sale of divided property units based on the plan thereof before they are constructed or the building thereof is completed.

Escrow Account: A bank account in the name of a property development project to deposit amounts received from the developer and depositors, and is allocated for the construction and execution of the development project.

Escrow Account Agent: A bank licensed by the Central Bank of Bahrain (CBB) that undertakes the administration of the escrow account.

Depositors: Owners of the cash shares, such as the developer, financier, buyer, bank or a creditor financial institution of a property development project.

Real estate brokerage: Brokerage and intermediation by real estate agents to conclude contracts involving constructed and unconstructed properties, in accordance with the provisions of this Law.

Property Evaluation: The process of determining the market value of constructed or unconstructed properties, in accordance with the provisions of this Law.

Common Property: An entire building, or any part thereof, or the land, or both, which is divided into units allocated for independent ownership or usufruct. Part of such building or land shall be designated as common parts.

Property Unit or Unit: An apportioned part of a Common Property, which includes any allocated off-plan part, or any apartment, storey or part of a land or house (villa) whether attached to or detached from another house, which is located within a Common Property.

Common Parts: Parts of a Common Property held in common that are allocated for common use by all the owners and occupants of the property units in the location plan of the property.

Property Location Plan: A plan registered in the Land Register that specifies the units and the common parts thereof.

Bylaws: The terms and conditions that regulate the development and management of a Common Property.

Owners' Union: A Union established by the owners of property units located in a Common Property in accordance with the provisions of this Law, and which aims to ensure good use of the Common Property and property units, as well as the use and maintenance of the common parts by the owners in pursuance of the provisions of this Law.

Main Owners' Union: A Union established by a group of Owners' Unions of a Property Development Project in accordance with the provisions of this Law.

Central Owners' Union: A Union established by a group of Main Owners' Unions of a Property Development Project in accordance with the provisions of this Law.

Articles of Association of the Owners' Union: The rules and regulations that govern the Owners' Union, issued in accordance with the provisions of this Law.

Occupant: A tenant of a property unit or an occupant or worker in it who is not the owner or from the owners of property rights.

Utility Services: They include water, gas, electricity, air conditioning and telephone services, computer cables, television, internet, sewerage, rainwater drainage and removal or disposal of refuse or waste, delivery of mail, parcels or goods, and any other system or service designed to improve the facilities in the units and common parts.

Usufruct Rights: A real estate right that entails its holder to use the property or property unit and enjoy it in accordance with the provisions of this Law.

Musataha Right: A real estate right that confers upon its holder the right to construct facilities or buildings for a limited period of time on a piece of land belonging to another person.

Long Term Lease: A real estate right of not less than ten-year term and not more than ninety-nine years, unless agreed to be renewed.

Mortgage: A contract whereby a creditor shall acquire a right over a property existing either actually or constructively, whereby he shall have priority over ordinary creditors, or other creditors who come after him in rank, in collect his rights from the proceeds of such property, irrespective of in whose possession it is.

Mortgagor: An owner of a property, owner of a real right or a buyer of an off-plan sale unit and is registered in the Register of Property Development Projects.

Mortgagee: A creditor who acquires a real right over a property existing either actually or constructively to secure the payment of his debt.

Article 2
Scope of Application of the Law

The provisions of this Law shall apply to common properties, property developments and all activities of the real estate sector.

PART I
REAL ESTATE REGULATORY AUTHORITY

Chapter One
Establishment of the Authority, its Functions, Powers and Financial Affairs

Article 3
Establishment of the Authority

An institution called “Real Estate Regulatory Authority” shall be established, which shall have a corporate entity status, and be attached to the Bureau. A Decree shall be issued to organize the Authority, form its Board of Directors and determine the functions thereof, determine the mechanism of appointing the Chief Executive Officer and his functions and all issues related to the Authority. The Board of Directors shall include representatives from the real estate sector and those licensed in accordance with the Law.

Article 4
Functions and Powers of the Authority

- A) The Authority shall undertake all functions and powers necessary to organize the real estate sector in the Kingdom. For this purpose, it shall carry out the following:
- 1) drawing up and implementing a national plan in respect of organizing the real estate sector including the strategy and general policy in respect of the sector, taking into consideration the State’s policy and economic and social development plans. The national plan shall be published in the Official Gazette.
 - 2) collecting and analyzing data, information and statistics related to the organization of the real estate sector in the Kingdom, so that the Authority shall become a main source of accurate data, information and statistics in respect of the real estate development sector in the Kingdom.

The Authority shall seek to update such data on a regular and continuous basis to reflect the actual situation on the ground of the real estate sector in the Kingdom.

The Authority shall, in this respect, prepare reports to be published through appropriate media means and channels as may be specified by the Board of Directors, so as to give the general public easy access to them.

- 3) proposing programs and policies to promote the real estate sector in respect of matters or areas that are outside the scope of the Authority's functions, and passing these programs and policies to the concerned authorities.
- 4) educating the practitioners and workers of the real estate sector and providing them with guidance.
- 5) laying down rules, issuing implementing regulations and orders necessary to implement the provisions of this Law, including the rules, regulations and orders that relate to the following:
 - a) the rules and procedures for granting and renewing licenses for real estate sector activities and specifying their classes and the conditions that apply to each of them and the validity period of such licenses and all matters related thereto.
 - b) the rules and procedures for granting and renewing licenses of real estate development projects and the conditions that apply to each of them and the validity period of such licenses and all matters related thereto.
 - c) the rules and procedures for granting developers the licenses to conduct the business of real estate development and renewing such licenses and the terms and conditions that apply to each of them and the validity period of such licenses and all matters related thereto.
 - d) the procedure for carrying out inspections to ascertain the implementation of the provisions of this Law and the regulations and orders issued for its implementation.
 - e) the records which licensees in the real estate sector must maintain, and the particulars and information to be recorded therein.
 - f) the rules and procedures of opening and administering an escrow account for a real estate development project and the approving the escrow account's agent.
- 6) proposing and collecting fees levied on permits and licenses for real estate activities, property development projects, real estate agents, property management and maintenance company, and the renewal fees thereof.
- 7) monitoring the extent of compliance with the provisions of this Law and with the rules, regulations and orders issued to implement it, and taking measures in accordance with these provisions to ensure compliance therewith and with the terms and conditions of the issued permits and licenses.
- 8) acting as a central point through which all applications shall be submitted and all fees related to the permits and licenses issued in pursuance of the provisions of this Law collected, all in co-ordination with the authorities concerned.
- 9) working with the related parties to simplify the procedures for the issuance of permits and licenses for real estate development projects.

- 10) organizing training and educational courses and programs to promote awareness of the provisions of this Law and disseminate knowledge about all aspects of the real estate sector. Conducting and supporting research and studies in this field and seeking to benefit from their results.
 - 11) representing the Kingdom at local, regional and international conferences related to the real estate sector.
 - 12) co-operating with counter parties in other countries on matters of common interest.
 - 13) giving opinion on draft laws, regulations and orders related to the real estate sector that are issued by other parties connected to the sector.
 - 14) examining applicable related laws and regulations to determine whether or not they contain any provisions that obstruct the promotion of the real sector, and submitting proposals on how to amend such provisions.
 - 15) receiving reports and complaints related to breaches of the provisions of this Law and examining such reports to and determine whether they are well-founded or not.
 - 16) carrying out other functions and powers provided for in this Law.
- B) In case the Authority intends to issue any regulations or take any measures of tangible effect, it shall have consultations with the public and the concerned authorities to seek their opinions before issuing any such regulations or taking any such measures. The Council of Ministers shall issue an Edict with respect to the organization of such consultations which would ensure access for the general public to the details of ongoing consultations and the opinions which have been expressed, through one common platform.
- C) by an Edict to be issued by the Council of Ministers upon the Authority's request, certain appropriate functions may be delegated to any of the government bodies, including the collection of fees due in accordance with the provisions of this law.

The Authority may, in the course of carrying out its functions, seek the assistance of whoever it deems necessary from those who have suitable qualifications and experience from among individuals, committees and non-government bodies.

In case the collection of fees is delegated to a non-government body, this must be published in the Official Gazette.

Article 5

Authority's Budget and Financial Resources

- A) The Authority shall have an independent budget. Its financial year shall commence at the beginning of the State's financial year and shall end on its end date.

- B) The Authority's financial resources shall consist of the following:
- 1) appropriations allocated to it in the State's General Budget.
 - 2) proceeds of revenues and fees for permits and licenses and any services rendered by the Authority, without prejudice to the provisions of Paragraph (C) of this Article.
 - 3) fines collected by the Authority for contravening the provisions of this Law.
 - 4) donations, subsidies and any other resources acceptable to the Board of Directors that do not conflict with the objectives of the Authority.
- C) The Authority shall deduct, from the total fees collected, a percentage as may be specified by an Edict of the Council of Ministers. The Authority may retain the deducted percentage, or part thereof, to finance its future projects, in co-ordination with the Ministry of Finance and the approval of the Council of Ministers.
- D) Without prejudice to the provisions of Paragraph (C) of this Article, the budget surplus from all the financial resources referred to in Paragraph (B) of this Article for the financial year just ended shall be transferred to the State's treasury.

Chapter Two Control

Article 6

The Minister Responsible for the Authority's Activities

The Minister shall be responsible for the Authority's activities before the Legislative Authority.

The Minister shall have the right to object to the Authority's decisions within the limits defined by the Council of Ministers.

Chapter Three Appeal against Decisions and Deciding on Real Estate Disputes

Article 7

Appeal against Decisions

- A) Any interested party may appeal against any decision issued in pursuance of this Law, within thirty (30) days from the date of his notification of such decision.

Appeals against decisions issued by the Board of Directors must be filed with the Board. Other decisions may be appealed against before the Chief Executive Officer.

The appeal must be decided on and the appellant notified of the outcome within thirty (30) days from the date of the submission thereof. The appellant may appeal against the

rejection of an appeal before the competent court within thirty (30) days from the date of being notified of the rejection decision, or the lapse of the time for deciding on the appeal without notifying the appellant of the outcome of his appeal.

- B) No appeal may be submitted to the court except after an appeal against the decision is filed and a decision rejecting the appeal is issued or the lapse of the period referred to in the preceding paragraph without notification to the appellant.

Article 8

Powers of Bahrain Chamber for Resolution of Economic, Investment and Financial Disputes

- A) Without prejudice to the provisions of Paragraph (C) of this Article, Bahrain Chamber for Resolution of Economic, Investment and Financial Disputes shall have the power to resolve, on an urgent basis, the following real estate disputes if the claim amount is in excess of Bahrain Dinars five hundred thousand:

- 1) dispute arising out of off-plan sale, usufruct rights, utilization and development (Musataha) rights or long-term lease rights or the lease to own (muntahi bittamleek) rights or lease contracts.
- 2) disputes related to the Owners' Union.
- 3) any disputes arising out of real estate works or projects or real estate rights specified by a resolution of the Board of Directors which shall be published in the Official Gazette.

- B) The provisions of Legislative Decree No. (30) of 2009 with respect to Bahrain Chamber for Resolution of Economic, Financial and Investment Disputes, and the regulations and orders issued for its implementation shall apply to the disputes provided for in the provisions of Paragraph (A) of this Article.

- C) The Authority may form conciliation committees for reconciliation and resolving real estate disputes amicably. Such a committee shall resolve a real estate dispute through amicable means before referring it to the Bahrain Chamber for Resolution of Economic, Investment and Financial Disputes or to a competent court, as the case be, within three months from the date referring the dispute to it.

A resolution shall be issued by the Board of Directors to organize all the procedures, rules and fees of the conciliation committees and such other matters.

Chapter Four

Inspection, Judiciary Police Powers, Investigation and Accountability

Article 9

Inspection and Judiciary Police Powers

- A) inspectors mandated by the Chief Executive Officer from among the Authority's staff, or specialists from other organizations, to carry out inspection duties to ascertain the implementation of the provisions of this Law shall have the following powers:
1. entering upon places that relate to or come und the jurisdiction of the Authority's powers to examine and inspect them and inspect the files, records and books that relate to the work of the Authority.
 2. hearing the statements of anyone who is suspected to have something to do with the matter of investigation from among those working in the places referred to under Clause (1) of this Paragraph.
- B) Authority employees designated by the minister concerned with Justice Affairs, in agreement with the Chairman of the Board of Directors, shall have the power of judiciary police in respect of crimes provided for in this Law and which fall under their jurisdictions and relate to their duties.
- C) Inspectors referred to in any of Paragraph (A) and (B) of this Article may not access places designated for residence without obtaining a permission from the Public Prosecution.
- D) A mandated inspector must have a professional experience, specialization and proficiency.

Article 10
Initiating Investigation

- A) The Authority may conduct an administrative investigation, on its own initiative or upon receiving well-founded reports or complaints, to investigate any violation of the provisions of this Law. It may conduct an investigation if it has strong evidence to make it believe that a violation is imminent.
- B) The Authority may seek to obtain from those licensed to engage in real estate sector activities or real estate development projects all the particulars, clarifications and documents, including confidential information, as it may deem necessary to complete the investigation. The Authority may also, in the course of performing its work, delegate any of the judiciary investigation officers referred to under Paragraph (B) of Article (9) of this Law, to carry out any of the tasks they are delegated to perform.
- C) A resolution shall be issued by the Board of Directors to organize the procedures of investigation, the time limits to be adhered to and the rules of notifying those licensed to engage in real estate activities or real estate projects of the violations attributed to them, coupled with all the evidence, documents and information, as well as the rules of giving all the parties concerned with an investigation a fair chance to defend their interests, including convening hearings, cross examining the concerned parties and their witnesses and enabling them to present their views and submit their pleas and evidence, whether written or oral. The concerned parties shall have the right to seek the assistance of their lawyers in all investigation hearings and procedures.

Article 11

Measures that May be Taken When a Violation is Proved

- A) Without prejudice to any civil or criminal liability, when a violation is established, the Authority shall order the violator to stop the violation and remove the causes and effects thereof immediately or within a time limit as may be specified by the Authority. In case of non-compliance to such order within the specified time limit, the Authority may issue an adequately justified order in respect of one of the following measures:
1. withdrawing the license issued by the Authority in accordance with the provisions of this Law, in case the violation is related to the license.
 2. imposing a fine calculated on a daily basis to make the violator stop the violation and remove the reasons and effects thereof, which shall not exceed BD 1,000 per day for a first-time violation, and BD 2,000 in case the violator commits any other violation within three years from the date of issuing an order against it in respect of a previous violation. In all cases, the total fine may not exceed BD 20,000.
 3. Imposing a lump sum fine of not more than BD 20,000.
- B) In the two cases provided for under Clauses (2) and (3) of Paragraph (A) of this Article, when determining the fine, the gravity of the violation and the obstinacy shown by the violator, the benefits it has obtained and the damages which have been suffered by third parties as a result of the violation shall be taken into consideration. Collection of the fine shall be made by using the methods prescribed for collecting amounts due to the State.
- C) The Authority may publish a statement of the violation which is proved to have been committed by the violator, using the method and manner specified in the order and in a way commensurate with the gravity of the violation, provided that such publication shall not take place except after the expiry of the time limit for the appeal against the Authority's order establishing the violation or after a conclusive court judgment is passed establishing the violation, as the case may be.
- D) If the Authority finds that an investigation has revealed in the existence of a criminal offense, it shall refer the papers to the Public Prosecution.

Article 12

Urgent Cases

- A) In urgent cases, if the Authority considers that there are strong indications that a licensee's continuing conduct in a certain manner may lead to a damage that cannot be avoided at a later stage, the Authority may, upon a request from the Authority's Chief Executive Officer, issue a justified order in respect of the following:

1. placing restrictions or conditions on the services that are being offered by a licensee licensed to carry on real estate activities or real estate development projects.
 2. temporarily suspend certain activities of the licensee licensed to carry on real estate activities or real estate development projects for a period not exceeding three (3) months.
- B) The Authority shall issue an order in any of the cases provided for in Paragraph (A) of this Article, after reviewing all the papers and hearing the statements of the concerned party and the licensee and giving both of them an opportunity to present their views and submit their pleas and any documents, papers, evidence or proofs supporting their points of view, all within the time limits and in accordance with the procedures specified by a resolution of the Board of Directors.

PART II ACTIVITIES OF THE REAL ESTATE SECTOR

Chapter One Property Developers

Article 13 Licensing of Developers

- A) The activities of real estate development in the Kingdom may not be undertaken unless the developer is licensed. Licensing developers to carry on real estate development activities shall be in accordance with the rules and conditions laid down in a resolution by the Board of Directors.
- B) Such resolution shall organize the conditions, requirements and procedures for granting, renewing and amending developers' licenses and the types, classes and validity periods of such licenses.
- C) A developer shall, in undertaking property development activities, comply with the limits of the license issued to it.

Article 14 Developers' Register

The Authority shall maintain a register called "Developers Register", which shall be a paper or electronic register in which all particulars and information related to the developers shall be entered.

A resolution shall be issued by the Board of Directors to specify the particulars and information to be entered in the paper or electronic register, and the security to be incorporated in the register to ensure the protection of the particulars and information recorded therein and show any changes occurring to such particulars or information.

A developer shall notify the Authority of any change to the particulars and information recorded in the Register within the time limit specified in a resolution by the Board of Directors.

The Register shall be accessible to the general public who will be able to obtain certified copies of the information recorded therein or a certificate that a certain thing was not listed therein, after paying the prescribed fees.

Article 15

Developers' Obligations and Duties

- A) An order shall be issued by the Board of Directors to organize the developers' work, duties and obligations and the code of conduct which they must adhere to.
- B) Every developer must submit its records to the Authority for annotation, especially the register in which it will be recorded all details of the operations it has carried out and the amounts it has charged, the price of the transaction, date of conducting it and the personal details of the contracting parties, and such other information or details as may be specified by a resolution issued by the Board of Directors.

Every developer must submit its records to the Authority for annotation at the end of every financial year or during the timeframe specified by a resolution of the Board of Directors.

- C) A developer shall create an escrow account for real estate development projects which are specified by a resolution of the Board of Directors.
- D) A resolution shall be issued by the Board of Directors, in coordination with the Central Bank of Bahrain, to stipulate the rules, regulations and requirements which should be complied with when creating and administering the escrow account referred to under Paragraph (C) of this Article.
- E) No attachment may be placed on the amounts deposited in the escrow account referred to under Paragraph (C) of this Article in favour of the developer's creditors, nor may the development project be included in the creditors' general security in case a developer is adjudged bankrupt, except for meeting the obligations and liabilities related to the project, including the rights of the buyers.

Article 16

Change of the Developer's Legal Status

Subject to the provisions of the Commercial Companies Law promulgated by Legislative Decree No. (21) of 2001, a developer's legal status may not be changed, whether the developer is a natural person or corporate body, except after the completion and handing over of the real estate development project and the approval of the Authority.

Article 17

Conflict of Interest

- A) A developer shall, when conducting its business activities, disclose to the customer, in writing, whether it has a direct or indirect interest that conflicts with the requirements of its work.
- B) A resolution shall be issued by the Board of Directors to organize all the issues related to conflict of interest and the circumstances which should be disclosed.

Chapter Two Off-Plan Sale

Article 18 Licensing Off-Plan Sale Projects

- A) A developer may not commence an off-plan sale project or offer off-plan units except after obtaining a license for the off-plan sale project and registering it in the Register referred to under Article (19) of this Law.
- B) The Board of Directors may issue a special regulation for small off-plan sale projects, and the provisions of this Chapter of this Law shall apply to such projects in respect of matters not provided for in such regulation.
- C) Without prejudice to the provisions governing civil and criminal liability, whoever raises funds in contravention of the provisions of Paragraph (A) of this Article shall refund them to their owners within a period of time not exceeding six months.

Article 19 Off-Plan Sale Projects Register

- A) A register shall be created at the Authority, under the name of “Off-Plan Sale Projects Register,” which shall be a paper or electronic register in which the off-plan real estate sale projects shall be recorded, together with the particulars and information’s related thereto, especially the following:
 - 1. the particulars related to the project’s developers and the sub-developer, if any, and its rights and obligations towards the main developer which may affect the buyers’ rights and obligations.
 - 2. the license issued to the off-plan sale project.
 - 3. the particulars, plans, specifications, designs and drawings related to the off-plan sale project.
 - 4. any directive, restriction, condition, measure or penalty issued by the Authority or any competent authority related to the off-plan sale project.
 - 5. the particulars and details related to the escrow account or any financial guarantees or funding methods related to the off-plan sale project.
 - 6. the main in-kind and ancillary rights resulting from the project, and any change that may occur to its ownership or to the developers undertaking it, or such other matters.
 - 7. any other particulars or information specified by a resolution of the Board of Directors.

- B) A resolution shall be issued by the Board of Directors with respect to organizing the off-plan sale projects register and the conditions and procedures of registration therein.
- C) The Authority shall notify the developer of any amendment to the particulars and information related to its project that are entered into the register within a period not exceeding seven working days.
- D) A developer shall notify the Authority, on the form designated for this purpose, of any incorrect or inaccurate particulars or information registered in the register within a period not exceeding ten working days from the date of his knowledge thereof.
- E) The Register shall be available to the public to access it and obtain certified copies of the particulars and information recorded therein or a certificate that a certain thing was not listed therein, after paying the prescribed fees.

Article 20

Procedures of Obtaining a License for an Off-Plan Sale Project

- A) A developer shall submit to the Authority an application to obtain a license for the off-plan sale project, using the form designated therefor, accompanied with the following documents:
 - 1) the title deed of the land or anything in lieu thereof, free of any real rights, or with the consent of the owners of the real right to execute the project and sell its units.
 - 2) the approved constructional and architectural engineering designs.
 - 3) a copy of the Articles of Association stating the stages of execution and completion of the project and any arrangements or division of the project.
 - 4) the building permit in accordance with the provisions of the Law for the Organisation of Buildings.
 - 5) a document that indicates that an annotation of the off-plan sale project has been made in the land's journal the Land Register.
 - 6) a copy of the agreements concluded between the developers concerned with the off-plan sale project.
 - 7) the information and documents stipulated by the Authority related to the connection between the off-plan sale project and the completion of the main plan, infrastructure and public utilities.
 - 8) a detailed program of the constructional and architectural works and the service works related to the off-plan sale project.
 - 9) a letter from a licensed consultant engineer licensed by the Council for Organizing the Engineering Professional Practice specifying the estimated value of the off-plan sale project.
 - 10) the main particulars related to the methods of financing the off-plan sale project.
 - 11) other documents, information and particulars specified by a resolution of the Board of Directors.
- B) The developer shall be liable for the correctness of all documents, information and particulars submitted to obtain the license.

- C) A resolution shall be issued by the Board of Directors to stipulate the conditions, requirements and procedures for obtaining the license for the off-plan sale project and its renewal and amendment.
- D) Without prejudice to the provisions of Article (10) of this Law, the Authority may withdraw the license if it is finds that the developer is not executing the off-plan sale project in a serious manner, in accordance with the rules, requirements and procedures specified by a resolution of the Board of Directors.

Article 21

Annotation of the Off-Plan Sale Project in the Land Register

- A) An annotation must be made of the off-plan sale project in the land's journal in the Land Register, and the developer must submit to the Authority an evidence of such annotation before obtaining the final license for the project. The Bureau may not change this annotation without the Authority's approval or by virtue of a court order.
- B) An annotation of the agreements entered into between a main developer and sub-developer must be made in the journal of the land owned by the main developer.

Article 22

Methods of Financing an Off-Plan Sale Project

- A) The Board of Directors shall specify, by an order issued by it, after obtaining the opinion of the Central Bank of Bahrain, the methods of financing off-plan sale projects and the percentages of monetary deposits or bank guarantees as a percentage of the estimated value of the project.
- B) The developer may not rely entirely on the funds and amounts received from the buyers of the off-plan property units for financing the project. The Board of Directors shall, after obtaining the opinion of the Central Bank of Bahrain, specify the maximum level of financing from the buyers as a percentage of the estimated value of the off-plan sale projects that a developer may not exceed.

Article 23

Mortgaging the Off-Plan Sale Project

If a developer mortgages the off-plan sale project to obtain a loan from a financing institution licensed by the of the Central Bank of Bahrain, such institution shall deposit the loan amount in the project's escrow amount to be disposed of in accordance with the provisions of this Law and the orders issued to implement it.

Article 24

Creation of the Off-Plan Sale Escrow Account

- A) A separate escrow account shall be created in the name of each off-plan sale project, by virtue of a written agreement between the developer and the escrow account agent to

organize the financial affairs of the project and deposit the amounts provided by the developer and the depositors. Such agreement shall specify the conditions for administering the account and the parties' rights and obligations, and a copy thereof shall be lodged with the Authority.

- B) The Central Bank of Bahrain shall, in agreement with the Authority, issue the rules organizing the conduct of the activities of the escrow account's agent and the conditions and the methods of appointing it and its powers, obligations, responsibilities and the procedures of deposit, disbursement and control over the account.
- C) The escrow account agent shall furnish the Authority with regular statements of the revenues and payments of the project's escrow account, and the Authority may, at any time, require the escrow account agent to furnish it with the information or particulars which it deems necessary to view. The Authority may request the assistance of whoever it deems suitable to audit such statements or particulars.
- D) The Authority shall maintain a register called "Register of Escrow Account Agents for Off-Plan Sale Projects," which shall be a paper or electronic register in which the names of agents of each escrow account for each off-plan sale project shall be registered. A resolution shall be issued by the Board of Directors to stipulate the conditions and procedures of registration in this Register and the right to access the particulars and information contained therein.

Article 25

Means of Spending from the Escrow Account

- A) The escrow account shall be exclusively allocated for spending on the purposes of constructing, executing and managing the off-plan sale project. No attachment may be placed on the amounts deposited in the escrow account in favour of the developer's creditors, nor may the development project be included in the creditors' general security in case the developer is adjudged bankrupt, except for meeting the obligations related to the project, including the buyers' rights.
- B) The escrow account's agent shall retain a percentage of the construction value of the project, to be specified by a resolution of the Board of Directors, after the developer obtains the completion certificate, to ensure good performance and repair any defects that may arise after completing the project. Such percentage may not be paid to the developer before the lapse of one year from the date of handing over the last unit to the buyers in pursuance of the provisions of Article (31) of this Law, and fulfilling all good performance conditions during such year.
- C) The Board of Directors may, after obtaining the approval of the Central Bank of Bahrain, specify the requirements and conditions whereby an installment of profits may be paid to the developers from the escrow account. In all cases, the profits received by the developer must be refunded within one year from the date of receiving them if it leads to the stalling or suspension of the project.

Article 26

Disposal of the Off-Plan Sale Project

Without prejudice to the depositors' rights, the Board of Directors shall organize the conditions and requirements which the developer must comply with when disposing of the off-plan sale project.

Article 27

Off-Plan Sale Register

- A) A register shall be created at the Bureau called "Off-Plan Sale Register", which shall be a paper or electronic register, and an order for organizing it and for the procedures of registering therein and for deleting the registration therefrom shall be issued by the President of the Bureau, in coordination with the Authority. The developer shall register in it the following particulars:
- 1) the license for the off-plan sale project.
 - 2) the units included in the development license.
 - 3) sale contracts for the units, and all acts of conveyance made to the rights arising out of the sale contract.
 - 4) a detailed statement of any entry which the Law stipulates to be made in the property's journal.
 - 5) any other particulars specified by an order of the President of the Bureau in coordination with the Authority.
- B) In all instance, the person disposing of the unit shall be responsible for entering the details of such disposal in the Register referred to in paragraph (A) of this Article, otherwise the beneficiary of the disposal may do all the necessary to enter the disposal in the said register at the expense of the disposer, unless decided otherwise by the President of the Bureau in coordination with the Authority.

Article 28

Advertisement

- A) The developer or the licensee for conducting the business of real estate brokerage may not advertise in the local or foreign news media, using any advertising medium, including newspapers, websites or participation in exhibitions inside the Kingdom or elsewhere, to promote the sale of the off-plan property units except after such units are registered in the Register referred to in the preceding Article of this Law and after obtaining a license to advertise from the Authority and the concerned authorities.
- B) The Board of Directors shall issue a resolution to organize the rules and requirements for advertising or participation in the exhibitions, and the cases exempted from the condition of registering the units and the license, for the purpose of conducting market studies for the project and such other purposes.

Article 29

Off-Plan Sale Contracts

A) The Board of Directors may issue a resolution organizing the terms, conditions and details of the off-plan sale contracts for property units, provided it shall contain the following details:

- 1) the terms and conditions related to how to conclude sale contract.
- 2) the terms and conditions, information and details which must be included in the sale contracts, including the obligations and rights of the main developer and the sub-developer, if any, which may affect the buyer's rights and obligations.
- 3) the conditions and obligations which may not be included in the sale contracts.
- 4) the requirements and restrictions on the advanced deposit amount to reserve the property unit and the method of retaining this security deposit and its use and the conditions under which the developer must refund it to the party making a reservation.

- 5) The time limit or the time limits during which the buyer may exercise the option of opting out of the contract and the amount of the expenses or indemnity which the buyer undertakes to pay to the developer if he exercises the opt-out option.
- 6) Payment schedule of the installments related to the property unit, in line with the progress of work on the project.
- 7) the date of completion by the developer of the property unit and handing it over to the buyer.
- 8) the circumstances under which the developer or the buyer may revoke the contract and the percentage of the fines due from the violating party, without prejudice to the right to compensation for damages.

- 9) the terms and conditions related to the common parts.
- 10) Any other particulars, provisions or conditions as may be stipulated by an order from the Board of Directors.

B) The Board of Directors may issue, in certain types of off-plan sale projects, model sale contract forms. A developer may not amend the terms and conditions of such forms except to the extent allowed by the forms.

C) The terms and conditions contained in the off-plan sale contracts shall be invalid towards the buyer if they are inconsistent with the provisions of Paragraph (A) of this Article or with the model sale contract form referred to under Paragraph (B) of this Article.

Article 30

Execution of the Off-Plan Sale Project

A developer shall execute the off-plan sale project in accordance with the approved constructional and architectural engineering designs and the documents on the basis of which the license has been issued to it.

No change may be made to the project unless such change is immaterial in view of acceptable engineering or technical considerations. However, if the change is material, it may not be affected except under unforeseen circumstances or due to emergency reasons and with the consent of the concerned authorities and the Authority.

This shall be without prejudice to the buyer's right to seek compensation or reduce the price by an amount equal to the reduction in the area or value of his property unit or its benefit.

Article 31

Completion and Hand Over of Property Units

A) The Board of Directors shall issue a resolution to organize the rules and conditions of completing and handing over the property units to the buyers, including the completion certificate, administrative penalties and financial fines resulting from the developer's default on its obligation to complete and hand over the unit.

B) The developer shall, after completion of the property unit, undertake all acts which are consistent with good faith to register the unit in the buyer's name and hand over to him

all the certificates, deeds and documents related to the unit and the common parts, the operation manuals for equipment and fixtures and the warranties for such equipment and fixtures.

- C) A buyer from a sub-developer shall have the right to claim directly from the main developer the payment of obligations and liabilities due from it to the sub-developer.

Article 32

Sale by a Buyer of His Property Unit

In case a buyer sells the off-plan unit to another person, the administrative expenses charged by the main developer or the sub-developer against such person who entered into a contract with the first buyer may not be more than the percentage specified by a resolution of the Board of Directors. The provisions of this Law shall apply to the new buyer.

Article 33

Stalling or Suspension of an Off-Plan Sale Project

- A) In case a developer stalls or suspends temporarily or permanently the execution of the off-plan sale project, for any reason whatsoever, the Authority may – after seeking the opinion of the escrow account's agent, take the necessary measures to safeguard the rights of depositors and the project's creditors to ensure completion of the project or refunding the amounts to their owners. Such measures may include referring the case to a competent court to seek a judgment to execute the project with the knowledge of another developer at the expense of the original developer or sell the project and distribute the sale proceeds to the depositors and the project's creditors.
- B) A resolution shall be issued by the Board of Directors to organize the instances and reasons for suspension and stalling that require taking the measures provided for under Paragraph (A) of this Article.

Article 34

Management and Maintenance of Property Units by the Developer

The developer shall manage and maintain the sold units for two years from the completion date of the project and handing them over to the buyers against collecting the actual costs together with a percentage not exceeding 5% of such costs as administrative expenses in accordance with the terms and percentages which shall be specified by a resolution to be issued by the Board of Directors.

Chapter Three Real Estate Brokerage

Article 35

Licensing the Practicing of Real Estate Brokerage (Real Estate Agent)

- A) No person may practice the real estate brokerage profession in the Kingdom except after obtaining a prior license from the Authority in accordance with the provisions of this Law.
- B) A license to practice real estate brokerage shall be given in accordance with the provisions and rules specified by a resolution of the Board of Directors.
- C) The resolution shall stipulate the conditions, requirements and procedures for granting, renewing and amending the licenses for practicing real estate brokerage and their types, classes and validity periods.
- D) A licensee shall, in practicing real estate brokerage, comply with the terms of the license issued therefor.

Article 36

Real Estate Brokerage Register

The Authority shall maintain a register called “Real Estate Brokerage Register”, which shall be a paper or electronic register in which all particulars and information related to those licensed to practice real estate brokerage shall be entered.

A resolution shall be issued by the Board of Directors to stipulate the particulars and information to be entered in the paper or electronic register, and the security to be incorporated in the register to ensure the protection of the particulars and information recorded therein and show any changes occurring to such particulars or information.

A licensee shall notify the Authority of any change to the particulars and information recorded in the Register within the time limit specified in a resolution by the Board of Directors.

The Register shall be accessible to the general public who will be able obtain certified copies of the information recorded therein or a certificate that a certain thing was not included in it, after paying the prescribed fees.

Article 37

Obligations and Duties of Real Estate Brokerage Licensees

- A) A resolution shall be issued by the Board of Directors to organize the work, obligations and duties of real estate brokerage licensees, especially the rules, regulations and provisions that are to comply with when creating or administering customers’ accounts or receiving and retaining their funds, the registers that are to be maintained at the licensee’s offices, as well as the code of conduct which those who practice real estate brokerage must comply with.
- B) Every real estate brokerage licensee shall maintain a register in which all details of real estate brokerage transactions it has done shall be entered, as well as the commissions and amounts charged by it, the value of the transaction, the date of executing the transaction, the personal details of the contracting parties, the earnest money paid to

complete the transaction and such other information or particulars as may be stipulated by a resolution to be issued by the Board of Directors.

A licensee shall submit the register to the Authority to annotate at the end of every financial year or during the timeframe specified by a resolution of the Board of Directors. The Authority may maintain a copy of the register.

Article 38

Commission of Real Estate Brokers

- A) The Board of Directors may issue a resolution to stipulate the percentage of commissions that a real estate brokerage licensee may charge for all or some of the real estate brokerage works, without prejudice to the charges or rates which the licensee agrees with the customer.
- B) A real estate brokerage licensee shall charge his commission equally between the two parties to the contract which he has mediated to fruition, and each contracting party shall be liable towards the real estate broker, without being jointly liable towards the payment of the other party's commission, unless agreed otherwise.
- C) A real estate brokerage licensee may not recover the expenses he has incurred on brokerage activities unless agreed otherwise in writing.
- D) A real estate brokerage licensee shall not be entitled to his commission unless his brokerage work has led to the conclusion of a contract, and he shall be entitled to the commission once the contract is concluded, unless agreed otherwise. If the contract is contingent upon a condition that remains pending, the licensee shall not be entitled to his commission unless the condition is fulfilled, unless agreed otherwise.
- E) Without prejudice to the measures that the Authority may take in accordance with the provisions of Articles (11) and (12) of this Law, a real estate brokerage licensee shall not be entitled to his commission or recover the expenses he has incurred in his real estate brokerage work if he has acted in a way that harmed one of the contracting parties or has given untrue information or evidence about the property, deliberately refrained from disclosing facts or he has obtained a benefit or a promise of a benefit in contravention of the principles of good faith and fair dealing.

Article 39

Conflict of Interest

- A) A licensee shall, in performing his real estate brokerage work, disclose to the customer, in writing, whether he has a direct or indirect personal interest which is in conflict with the requirements of his work.
- B) A licensee or any of his subordinate workers may not, in performing their real estate brokerage work, participate in brokerage transaction in which he, his wife or children has a personal interest, unless he discloses such interest to the other party and obtains his

written consent. In such cases, a licensee shall not be entitled to a commission for the brokerage unless agreed otherwise in writing.

- C) A resolution shall be issued by the Board of Directors to organize all matters related to the conflict of interest and the cases which should be disclosed.

Article 40
Liability Insurance

The Board of Directors shall stipulate which types or classes of real estate brokerage licensees must have insurance policies to cover the profession's errors, in accordance with terms and conditions as may be specified by a resolution issued by the Board of Directors.

Chapter Four
Property Valuation

Article 41
Licensing the Practicing of Property Valuation

- A) No person may practice the property valuation profession in the Kingdom except after obtaining a prior license from the Authority in accordance with the provisions of this Law.

A resolution to stipulate the conditions, requirements and procedures for granting, renewing and amending licenses and their validity durations shall be issued by the Board of Directors.

- B) A property valuation licensee shall, in practicing property valuation, be restricted by the limits of the license issued therefor, and he may not amend any of his services without obtaining a prior license from the Authority and paying the prescribed fees therefor.
- C) The Board of Directors shall issue the necessary resolutions to classify the licenses for the valuation activities into types and categories, according to the type of establishments and their nature, the purpose of the property valuation, the technical basis for estimating the market value of the establishments, as well as the requirements necessary for each of them.
- D) Practicing real estate brokerage may not be combined with the practicing of property valuation.

Article 42
Valuers' Register

The Authority shall maintain a register called "Valuers' Register" which shall be a paper or electronic register in which all particulars and information related to property valuation licensees shall be entered.

A resolution shall be issued by the Board of Directors to stipulate the particulars and information to be entered in the paper or electronic register, and the security to be incorporated in the register to ensure the protection of the particulars and information recorded therein and show any changes occurring to such particulars or information.

A property valuation licensee shall notify the Authority of any change to the particulars and information recorded in the Register within the timeframe specified in a resolution by the Board of Directors.

The developer shall notify the Authority of any change occurring to the particulars and information recorded in the register within the time limit specified in a resolution by the Board of Directors.

The Register shall be accessible to the general public who will be able obtain certified copies of the information recorded therein or a certificate that a certain thing was not included in it, after paying the prescribed fees.

Article 43

Obligations and Duties of Property Valuation Licensees

- A) Without prejudice to Paragraph (B) and (C) of this Article, a property valuation licensee shall perform his work based on an agreement entered by him and a customer. The agreement shall stipulate the obligations and duties of the valuer and the fee that his entitled to for his work.

- B) A resolution shall be issued by the Board of Directors to organize the work, obligations and duties of property valuation licensees, especially the rules, regulations, provisions and the technical principles to be complied with when conducting property valuation work, the qualifications that property valuers working for the licensee must have, the records that must be maintained at the licensee's offices and the code of conduct that property valuation practitioners must comply with.

- C) Every property valuation licensee shall maintain a register in which all details of property valuation transactions he has done shall be entered, provided that such details shall include a description of the valued property, the value thereof and the method of valuation used to obtain the value of the property and such other information or particulars as may be stipulated by a resolution to be issued by the Board of Directors.

Article 44

Conflict of Interest

- A) A licensee or any of his of workers shall, in performing property valuation activities, maintain impartiality and integrity in conducting property valuation, and shall disclose to the customer, in writing, whether he has direct or indirect interest that conflicts with the requirements of his work.

- B) A licensee or any of his workers may not, in performing property valuation, participate in property valuation activities in which he, his wife or children, has personal interest, unless he discloses such interest to the other party and obtains his written consent.
- C) A resolution shall be issued by the Board of Directors to organize all matters related to the conflict of interest and the cases which should be disclosed.

Article 45
Liability Insurance

The Board of Directors shall stipulate which types or classes of property valuation licensees must have insurance policies to cover the profession's errors, in accordance with terms and conditions as may be specified by a resolution issued by the Board of Directors.

Chapter Five
Property Management

Article 46
Licensing Property Management and Operations

- A) A license to practice property management and operations shall be given in accordance with f the rules and regulations specified by a resolution of the Board of Directors. The resolution shall stipulate the conditions, requirements and procedures for granting, renewing and amending the licenses and their validity durations.
- B) A resolution shall be issued by the Board of Directors to organize the work, obligations and duties of the property management and operation licensees.
- C) A property management and operation licensee shall be restricted by the limits of the license issued therefor, and he may not amend his services without obtaining a prior license from the Authority and paying the prescribed fees therefor.

PART III
OWNERSHIP OF COMMON PROPERTIES

Chapter One
Common Properties

Article 47
Special Register for Common Properties

- A) Common properties, the land on which they are built and the units and common parts they comprise shall be registered in the Land Register of the Bureau, and the Bureau shall maintain a special register for common properties which shall be a paper or electronic register, in which the following particulars shall be entered:

1. the lands owned by the developers, on which common properties will be built.
2. the units sold by the developers and their owners' names.
3. the acts of disposal made involving the unit, such as sale, long term lease contracts, usufruct rights, donation, will, mortgage and such other legal acts of disposal creating, establishing or transferring real rights, or which would lead to the extinguishing of any such rights, as well as the final court judgments establishing any such rights, and the declaration of assignment of the rank of registration of the ancillary real rights.
4. any particulars specified by a resolution of the Board of Directors issued in agreement with the Bureau.
5. Based on the details entered in the register, the Bureau shall issue certificates, deeds and any other documents related to the unit, upon the request of the concerned person. Any interested person shall have the right to access the register.

Article 48

Development of a Common Property Project

- A) In case a Common Property project is developed in stages, the Main Regulation shall specify the arrangements for subdividing such project.
- B) If a Common Property is limited to part of any property project, and the Main Regulation of the project does not show how to manage this part of the property project, then the Building Management Regulation must be registered in the Land Register. The Building Management Regulation means the terms and conditions related to the management of the building and the land in case the building and the plot of land on which it is built are divided into two parts or more, in which case each part shall be divided in the manner specified by the competent authority and shall constitute part of the building.

Article 49

Gated Community

- A) The Council of Ministers or the authority it authorizes shall, upon a proposal made by the Board of Directors, lay the rules and conditions for considering a property development project or a Common Property as a "gated community", especially the engineering and architectural requirements, the services that must be available and the developers' or owners' obligations towards the occupants of the property units, including providing the infrastructure.
- B) A resolution shall be issued by the authority designated by the Council of Ministers to consider a certain property development project or a common property as a "gated community", provided that such project or common property shall meet the rules and conditions referred to under the preceding paragraph of this Article,
- C) As an exception to any other law, the competent administrative authorities shall, after seeking the opinion of the Board of Directors, issue an order to stipulate the rates and financial costs for electricity, water and municipal services and such other government services provided to the units located in gated communities, with due regard to the volume of services provided by the competent administrative authorities and the expenses they incur, without prejudice to the provisions of Legislative Decree No. (25)

of 2015 with respect to Recovering the Costs of the Construction and Development of Infrastructure in Construction Areas.

Article 50

Ownership of Common Properties by Non-Bahrainis

The provisions of laws related to the ownership of properties by non-Bahrainis shall apply to the ownership of common properties.

Article 51

The Main Regulation and Articles of Association of the Owners' Union

- A) The site plan, Main Regulation and the Articles of Association of the Owners' Union shall form part of the title deed of a Common Property and shall be attached thereto. The Bureau shall retain the original copy of the Main Regulation at all times.
- B) An owner of a unit shall comply, towards the owners and occupants of other units and the Owners' Union, with the Main Regulation and the Articles of Association the Owners' Union.
- C) An occupant of a unit shall comply, towards the owners and occupants of other units and the Owners' Union, with the Main Regulation and the Articles of Association the Owners' Union in as much as their provisions apply to the occupant.

Article 52

Common Parts of a Property Held in Common

- A) Unless the site plan provides otherwise, the common parts consist of the land and any parts of the Common Property that are not located within the precincts of any unit and are designated for common use by the owners and occupants of the built units in the site plan, and include, in particular, the following:
 - 1. the structural parts of the Common Property, including mainstays, foundations, columns, structural walls, lintels, ceilings, ceiling joints, entrance halls, stairs, staircases, emergency exits, entrances, windows on the exterior walls, facades and roofs.
 - 2. car parks, watchmen's rooms, facilities, recreational equipment, swimming pools, gardens, store facilities and the places allocated for use by the Owners' Union or whoever is appointed by it or with whom it enters into a contract to manage the Common Property.
 - 3. the equipment and systems of the main utilities, including electricity generators, lighting systems, gas equipment, cold and hot water, heating, cooling, air conditioning systems and the utilities used for the collection and treatment of waste.
 - 4. lifts, tanks, pipes, generators, chimneys, fans, ventilation conduits, air compressing units and mechanical ventilation systems.
 - 5. water mains, sewers, gas pipes and chimneys, electric cables and wires that serve the owners of more than one unit.

6. fixtures, connections, equipment and utilities used by the owners of more than one unit.
 7. measurement instruments for the connection or supply of utility services.
 8. any parts, devices or other installations specified by a resolution by the Board of Directors with due regard to the nature of the Common Property.
- B) Unless the site plan provides otherwise, the common parts of a common property that consists of a land, and not a building or part thereof, shall include any parts of the Common Property which are not located within the precincts of any unit and are designated for common use by the owners and occupants of the units. They, in particular, shall include the following:
1. roads, roundabouts, intersections, passages, kerbstones, sewers and the middle islands on roads, bridges and drainage systems and anything connected therewith.
 2. lakes, pools, canals, parks, fountains, water forms and watercourses, including all equipment connected therewith.
 3. green areas, public areas and playgrounds.
 4. wires, cables, pipes, sewers, canals, machinery and equipment through which the units and common parts are supplied with utility services.
 5. measurement instruments for connection or supply of utility services that are considered to be designated for common use by the owners and occupants of the units.
 6. any parts, devices or other installations specified by a resolution of the Board of Directors with due regard to the nature of the Common Property.

Article 53

Scope of the Unit or Part of the Building

- A) Unless the site plan provides otherwise, each unit in a building or part of a building shall include everything located inside the unit, save for the utility services located in it which serve the common parts or any other unit. The unit shall, in particular, include the following:
1. the floors and the materials and parts of the floor until below the foundation of the joints and the structures supporting the floor of the unit.
 2. false ceilings and all types of ceilings and additions that form part of the interior sections of the unit and the spaces between such ceilings as well as the ceilings on top of the supporting walls, structures inside the unit and the walls that separate the unit from the remaining Common Property and any adjacent units or common parts.
 3. Non-load-bearing walls and non-supporting walls inside the unit.
 4. windows, glass and fixtures that form part of the internal windows, lighting systems, doors and their frames and all equipment and fixtures serving the unit.
 5. the internal connections that serve the unit.
 6. fixtures and installations fitted by the owner or occupant of the unit.
 7. additions, alterations and improvements effected to the unit from time to time.

- B) Unless the site plan provides otherwise, each unit of a Common Property that consists of a land, and not building, shall include everything located within the precincts of the unit except for the utility services that serve the common parts or any other unit.
- C) The internal walls separating adjacent units shall be common among all owners if they are part of the common parts.
- D) Each unit shall have the right to suitable support and compound separate from the other units and common parts.

Article 54
Ownership of Common Parts

Unless agreed otherwise, the owner of each unit and the developer of the unsold units shall have an unpartitioned share in the common parts in accordance with the percentages specified in the Main Regulation.

The percentages shall be determined on the basis the ratio of the area of the unit to the total area of the Common Property, nature of the use of the units and any other criteria provided for in the Main Regulation.

Article 55
Division of the Common Parts and Disposal Thereof

Common parts may not, under any circumstances, be divided or disposed of, or of any parts thereof independently from the units related thereto.

Disposal of the unit shall include disposal of the owner's share in the common parts.

Article 56
Enjoyment of the Common Parts

An owner and occupant of a unit and their guests shall utilize the common parts for their intended use and in a manner not detrimental to the rights of others to use such parts or cause inconvenience to them or jeopardize their safety or the safety of the Common Property, in accordance with the provisions of the Articles of Association of the Owners' Union.

Chapter Two
Disposal of the Units of the Common Property

Article 57
Disposal of Built Property and Owned Units in the Property

- A) An owner of a built property may sell his property units or dispose of them only if the property fulfills the technical, constructional and architectural conditions specified by a resolution of the Board of Directors.

B) An owner of a unit may sell his unit or dispose of it in any form of conveyance.

Article 58

Division of Owned Units in a Common Property

A unit owned in a Common Property may not be divided into two units or more without the consent of the competent authorities.

Article 59

Leasing Out a Unit

An owner of a unit may lease out his unit. In such a case, he and the lessee shall remain obliged to comply with the Main Regulation and the Articles of Association of the Owners' Union towards the owners and occupants of the other units and the Owners' Union.

Article 60

Pre-emption Right

- A) The owner of a unit in common in a Common Property shall have the right of preference to buy the share of the other owner who wishes to sell it to a person who is not a partner. However, if this right is exercised by more than one owner, then they shall have the right to buy pro rata the shares that each of them owns.
- B) A pre-emption right shall not be applicable if the sale is made between the spouses or to the ascendants or descendants or to the brothers or sisters and their descendants or to any company owned by any one of them.

Article 61

Exercising of Pre-Emption Right

- A) A pre-emption right is indivisible, and so it may not be exercised or waived except in its entirety. In case the owners of such right are several, each of them shall use his right pro rata the shares he owns, and if one of them or more waive their rights, such rights shall pass to the others equally.
- B) If it is established that a sale has been made on better terms to the buyer than the terms specified in the notice served on the owners of the pre-emption rights, they may claim compensation from the seller before the Court for the damages they have incurred.
- C) A resolution shall be issued by the Board of Directors to organize the pre-emption right, the time limits to be observed and the manner of notification of the desire to sell or buy.
- D) The pre-emption provisions set forth in Articles (860) to (873) of the Civil Code promulgated by Law No. (19) of 2001 shall not apply to the common properties registered in accordance with the provisions of this Law.

Chapter Three Owners' Union

Article 62

Establishment of the Owners' Union

- A) An Owners' Union shall, by law, be created upon the registering the first sale of a unit in a Common Property in the Land Register.
- B) An Owners' Union shall consist of the owners of the units of a Common Property, including the buyer under lease to own, the main developer or the sub-developer in case of unsold units.
- C) Membership of a unit owner in the owners' union shall commence on the date of the notarization of the sale contract in his name.
- D) The Authority may, in case there is no manager for the union, appoint a manager to manage the Owners' Union in accordance with the powers vested on him by the Authority in major property projects or tourist or hotel projects or for any reason that the Authority deems to serve the interests of the project and the owners.
- E) Subject to the provisions set out in this Chapter, the Board of Directors shall issue a resolution to organize all the provisions related to the Owners' Union, taking account of the nature of the common properties, to ensure the protection of the minority owners from the control of an owner or developer that owns more than half of the common property units over the resolutions of the general assembly.
- F) A main union or more may be established that consist of a number of unions in a property development project. A central union may also be established that consists of a number of main unions in the project. The Board of Directors shall issue a resolution to organize all the provisions related to the Owners' Union, the Main Union and the Central Union.

Article 63

Acquiring the Juristic Entity

- A) An Owners' Union is a non-profit organization, and the Union shall have a corporate entity independent from that of its members. It shall have the right to sue in this capacity, and shall be represented by its Manager before the courts, administrative bodies and third parties.
- B) An Owners' Union shall have the right to own movable and immovable properties to enable it to do the work and acts necessary to realize its objectives, in accordance with the provisions of the Articles of Association of the Owners' Union.
- C) There shall apply, in respect of the Owners' Union, the provisions set out in this Law and other orders issued in implementation of this Law as well as the Main Regulation and the Articles of Association of the Owners' Union.

- D) Without prejudice to the provisions of this Law, an Owners' Union may, in its own name and on behalf of its members, sue third parties, including the owners and occupants of the units of the Common Property if any of them violates any provision of this Law or the Union's Articles of Association.

Article 64

Meetings of the Owners' Union

- A) An owner of a unit and the developer, in respect of the unsold units, shall have the right to attend and vote at the General Assembly meetings of the Owners' Union in accordance with the Union's Articles of Association.
- B) Each owner of a unit shall have ^شnumber of votes in proportion to his shares in the common parts in pursuance of what is provided for in the Main Regulation. The Board of Directors shall issue the Code of Governance to ensure good governance of the Owners' Union, including the protection of the minority owners from the control of the owner or developer owning more than half the Common Property units over the General Assembly.
- C) Meetings of the General Assembly of an Owners' Union may be held through any of the electronic or telephonic means of telecommunications, provided that measures are taken to ensure the following:
1. verification of the identity of the participant at the meeting.
 2. enabling the unit owner to fully participate in the meeting, as if he were present at the venue of the meeting. This shall include hearing everything being discussed at the meeting, giving an opinion and participating in the discussions.
 3. the recording in an appropriate manner of any statement or vote made by the participant at the meeting.
 4. any other measures stipulated by a resolution of the Board of Directors.

Article 65

Use of the Term "Owners' Union"

Every Owners' Union must state, in its letterhead papers and correspondence, the term "Owners' Union", the number of the property and the name of the property, if any.

Article 66

Management, Operation, Maintenance and Repair of Common Parts

- A) An Owners' Union shall undertake the responsibility of managing, operating, maintaining and repairing the common parts.
- B) The Owners' Union may delegate some of its functions to any person licensed by the Authority in accordance with the provisions of Article (46) of this Law against the payment of fees and on terms to be agreed upon.

Article 67

Annual Subscriptions of the Members of the Owners' Union

- A) Every owner of one of the Common Property units, as well as the main developer or sub-developer in respect of the unsold property units, shall pay his share in the annual subscriptions to cover the expenses of managing, operating, maintaining and repairing the common parts and the cost of insuring them. Such share shall be determined based on the ratio of the area of the unit to the total area of the Common Property, nature of use of the unit and any other criteria set forth the Articles of Association of the Owners' Union.
- B) No owner of a unit, main developer or sub-developer may waive his share in the common parts to avoid payment of his share in the annual subscriptions.
- C) The Authority may, upon the request of the Owners' Union, and in coordination with the competent authorities, deduct the annual subscriptions with the deduction of any of the fees or rates of the government services. Such deductions shall be deposited in the account of the Owners' Union.
- D) The annual subscriptions shall become due from the date of the hand-over of the unit or after sixty days from the date the unit owner receives a registered notice, with a delivery note, to take-over the unit.

The Authority may decide an earlier date for the commencement of the annual subscriptions and the expenses and costs necessary to establish the Owners' Union.

Article 68

Right of Lien

- A) The amounts due as annual subscriptions of the members of the Owners' Union and any other financial obligations incurred by the owner in accordance with the provisions of this Law and the Articles of Association of the Owners' Union shall have priority over other rights in respect of a sold property unit, and such priority shall remain in place even if the ownership of the unit is transferred to another person.
- B) If a unit owner refrains from paying his share in the annual subscriptions of the members of the Owners' Union or any other financial obligations imposed on him in accordance with the provisions of this Law or the Articles of Association of the Owners' Union, the Union Manager may issue an order obliging him to pay within ninety days from the date of notifying him of the order by a registered letter with a delivery note without an envelope. The unit owner may contest such order within the said timeframe before a competent court. In case no appeal is filed within the said timeframe, the order shall acquire the force and effect of an executive deed, and it may be executed before a competent Judge of Execution after making an annotation on the order to this effect by a competent court after verifying the validity of the notice and the expiry of the time limit for appeal against the order or the handing down of a final judgment in respect thereof.

Article 69

Making Alterations to a Unit or to the Common Parts

- A) Without prejudice to the provisions of Article (58) of this Law, a unit owner or occupant may not make any changes or alterations to the structure or to the exterior of his unit or to any part of the Common Property in a manner that materially affects the unit or any of the common parts of the Common Property or its exterior appearance, unless provided otherwise by the provisions of the Articles of Association of the Owners' Union and the Main Regulation.
- B) In case of violating the provision of Paragraph (A) of this Article, a violator shall be liable to repair at his own expense the damage caused in a manner as may be required by the Owners' Union. In case a violator fails to fulfill this obligation, the Owners' Union shall repair the damage and recover the cost of repairs from the violator.

Article 70

Mediation Committees

The Authority may form mediation committees for conciliation and resolving the disputes amicably among the owners of the common properties or between the Owners' Union and one of its members.

All procedures, rules and fees of the mediation committees and such other matters shall be organized by a resolution to be issued by the Board of Directors.

Chapter Four Developer's Obligations

Article 71

Developer's Responsibility

Without prejudice to any provisions governing the contractor's responsibility provided for in other laws, the developer's responsibility shall be as follows:

- A) A developer shall be liable for the defects which may appear in the structural parts of a Common Property which are notified to him by the Owners' Union or the owner of any unit. The developer's liability shall continue for ten years commencing on the date of his receipt of the completion certificate for the project he has developed.
- B) Subject to the provisions of Article (34) of this Law, a developer's liability for ensuring the repair or replacement of defective fixtures in a Common Property shall continue for one year from the date of receiving the completion certificate of the project he has developed, or part thereof, unless a longer period is agreed. The fixtures shall include the mechanical, electrical, plumbing and sanitary fixtures, and the like.
- C) The liability of the main contractor or sub-contractor may subrogate the developer's liability in respect of the provisions of Paragraphs (A) and (B) of this Article in

accordance with resolutions passed by the Board of Directors, without prejudice to the developer's liability.

- D) The developer shall be responsible for providing infrastructure in respect of plots of land located in the master plan of the project that are sold to third parties, unless agreed otherwise in writing.
- E) The provisions of Article (24) and (25) of this Law shall apply to the funds deposited by the developer and the depositors on the account of the infrastructure of the project.
- F) Subject to the provisions of Paragraphs (A) and (B) of this Article, there is nothing in this Law that prevents or affects any rights or guarantees for a unit owner by virtue of any other legislation towards the main developer or sub-developer of the property.

Chapter Five Insurance on the Common Property

Article 72 Insurance on the Common Property

The Owners' Union shall insure the Common Property against risks of destruction, demolition, fire and any other insurance hazards so as to ensure the repair or rebuilding thereof. The Union shall be the named beneficiary of this insurance in accordance with the rules, conditions and requirements stipulated in a resolution by the Board of Directors.

Article 73 Liability Insurance

An Owners' Union shall procure insurance against liability for damages and corporal injuries which may afflict unit owners or occupants as a result of the Common Property, in accordance with the rules, conditions and requirements stipulated in a resolution by the Board of Directors.

Article 74 Calculation of Insurance Premiums

Insurance premiums due from unit owners shall be calculated as part of the annual subscriptions of the Owners' Union members payable to the Owners' Union.

PART IV RPROPERTY ACTS OF DISPOSAL

Chapter One Acts of Disposal and Rights that Must be Registered

Article 75 Registration of Acts of Disposal and Property Rights

- A) There shall be registered in the Land Register all acts of disposal that create, establish or transfer the real property rights, both principal and ancillary, or that would lead to the loss of any of these rights, as well as the acts that involve off-plan sold properties, right of usufruct, utilization and development (Musataha) right, long term lease right, lease to own and court judgments that establish such rights. Non-registration of such acts in the Land Register shall mean that rights are not created, established, transferred, changed or removed, neither between the concerned parties nor towards others.
- B) The provisions of the land Registration Law shall apply to the registration of acts of disposal provided for under paragraph (A) of this Article.

Chapter Two Property Real Rights

Article 76

Permissibility of Disposal of the Property Right

A developer or a property right owner may dispose of the completed or off-plan sold properties by all means of property disposal acts. A property owner or property right owner may not change the nature of a property right or exceed the powers granted by virtue of the provisions of the Law.

Article 77

Usufruct Right

- A) A holder of usufruct right of more than ten years may dispose of it, including mortgaging it without the permission of the landlord, unless another period is agreed in writing. A usufruct right holder may not be prevented from disposing of his right except for a legitimate reason. The party in whose favour the disposal has been made shall subrogate the holder of the usufruct right in his rights and obligations, unless agreed otherwise in writing.
- B) A property owner or a property unit owner may mortgage his property or unit even if it is encumbered by a usufruct right without the need to have the permission of the usufruct right holder, unless agreed otherwise in writing.
- C) The term of a usufruct right may not exceed ninety-nine years.
- D) In case of destruction of a property or usufruct unit, it may be agreed in writing to transfer the usufruct right to whatever replaces the property or unit in a form of compensation.
- E) The right of usufruct shall expire:
1. on the lapse of fifty years, unless agreed otherwise in writing.
 2. On the destruction of the property or usufruct unit, without prejudice to Paragraph (E) of this Article.
 3. On waiving the right by the usufructuary.

4. by a final court order terminating the usufruct right.
5. with the merger of the capacities of the owner and the usufructuary, unless the owner has interest in continuing the usufruct right, such as when the unit is mortgaged.

Article 78

Right to Utilization and Development (Musataha)

- A) A Musataha term may not exceed ninety-nine years.
- B) A holder of a Musataha right owns what he has constructed on land in the form of buildings or installations, and he may dispose of them in conjunction with the right of Musataha, unless agreed otherwise in writing.
- C) A holder of a Musataha right of a term of more than ten years may depose of it, including mortgaging it without the landlord's permission, unless agreed otherwise in writing. A Musataha right holder may not be prevented from disposing of his right except for a legitimate reason.
- D) The party in whose favour the disposal has been made shall subrogate the Musataha right holder in his rights and obligations, unless agreed otherwise in writing.
- F) The land owner may mortgage his land even if it is encumbered by a usufruct right without the need to have the permission of the usufruct right holder, unless agreed otherwise in writing.
- E) A Musataha right shall not expire on the removal of the building or the installations from the land before the expiry of the term thereof.
- F) Upon the expiry of a Musataha right, if a Musataha right holder has constructed building or installations on the land, the land owner shall have the right, upon the expiry of the Musataha right, to either request the right holder to demolish the building and remove the installations or to take possession of what has been constructed at a price that equals the cost of the demolition or removal, if such demolition or removal shall cause damage to his land.

If the demolition or removal does not cause damage to the land, the land owner may not keep the buildings or installations without the consent of the holder of the Musataha right, unless agreed otherwise in writing.

Article 79

Long Term Lease Right

A long-term lease contract shall be governed by the same provisions that govern usufruct rights, unless agreed otherwise.

PART V MORTGAGE

Chapter One

Scope of Mortgage and its Constitution

Article 80

Scope of the Mortgage

- A) The provisions of this Part shall apply to the mortgage of properties and property units if it relates to off-plan sale, Common Property or unit held in common, Musataha right, long-term lease right, usufruct right or such other acts of conveyance that are specified by a resolution of the Board of Directors.
- B) A mortgage may be taken upon a property in its entirety or on a common part thereof, a principal real right or an off-plan sold property unit.
- C) The provisions of the Civil Code shall apply to any matter which is not covered by a special provision in this Part.

Article 81

Conclusion of Mortgage

- A) A mortgage may not be concluded except by an official document and after the registration thereof with the Bureau. Any agreement to the contrary shall be null and void.
- B) The expenses of the mortgage deed shall be borne by the mortgagor, unless agreed otherwise.

Article 82

Mortgagee Creditor

The Board of Directors may stipulate, in certain types of mortgages that are governed by the provisions of this Law, that the mortgagee creditor must be a financing institution licensed by the Central Bank of Bahrain to carry on the business of real estate development finance in the Kingdom.

Article 83

Mortgagor

Without prejudice to the provision of Article (98) of this Law, the mortgagor must own the mortgaged property or the mortgaged property deed and qualified to dispose of it.

The mortgagor may be the same debtor or real surety providing mortgage in favour of the debtor.

Article 84

Object of the Mortgage

- A) A mortgaged property or mortgaged property unit must be standing and actually or constructively located on the map when the mortgage is made.
- B) The mortgage may not be concluded except on a property or property unit that can be traded or sold independently in a public auction.
- C) A mortgaged property or property unit must be specifically and precisely described as regard to its nature and location either in the mortgage deed itself or in an official contract subsequently concluded, or else the mortgage shall be void.
- D) A mortgage shall extend to the extensions of the mortgaged property or property unit, including buildings, plantations and properties which are specified, and all the facilities that were subsequently built after the conclusion of the mortgage deed, unless agreed otherwise.

Article 85
Consideration for the Mortgage

A mortgage may be taken out as security for a specified and established debt. It may be a security for a future, contingent or conditional debt, or it may be granted to secure an opened credit or the opening of a current account, provided that the amount of the secured debt, or the maximum amount which such debt may reach, shall be specified in the mortgage deed.

Chapter Two
Legal Effects of the Mortgage

Article 86
Disposal of the Object of the Mortgage

A mortgagee creditor may stipulate that the mortgagor may not dispose of the mortgaged property or property unit in any way of conveyance, or encumber it by a real right except after obtaining his consent.

This condition shall not be valid unless it is based on a strong motive and legitimate reason.

Article 87
Nullity of Mortgage Conditions

Any agreement shall be void if it gives the mortgagee creditor, in case of non-payment of the debt when it is due, the right to acquire the mortgaged property or property unit at any price, or to sell it without observing the procedures prescribed by the law, even if such agreement was concluded after concluding the mortgage deed.

However, it may be agreed, after the debt or one of the installments of the debt has fallen due, for the debtor to assign to the mortgagee creditor the mortgaged property or property unit in settlement of his debt.

Article 88

Management of the Mortgaged Property

- A) A mortgagor shall have the right to manage the mortgaged property and collect the fruits and all proceeds thereof until such time as a distraint is registered on the deed of the mortgaged property or the mortgaged property unit.
- B) A court may order that an attachment be placed on the proceeds of a mortgaged property or mortgaged property unit with effect from the date of filing the case for enforcing the mortgage if it finds that the mortgagor is procrastinating in paying his debt in prejudice to the interests of the mortgagee creditor.

Article 89

Destruction or Deterioration of a Mortgaged Property

If a mortgaged property or mortgaged property unit is destroyed or if it deteriorates for whatever reason, the mortgage shall be transferred, in its order of priority, to the right obtained as a result of such destruction or deterioration, such as compensation, monies paid by the insurance company or payments received on account of acquisition for public benefit.

Article 90

Execution Against the Funds of a Non-Debtor Mortgagor

If the mortgagor is a person other than the debtor, only his mortgaged property, and not any other assets, can be used to satisfy the debt. A mortgagor may not demand recourse against the debtor before the foreclosure, unless agreed otherwise.

Article 91

Assignment of Mortgage

- A) A mortgage shall not be effective against third parties unless it is registered in accordance with the provisions of this Law before such third party acquires a real right over the property.
- B) A mortgagee creditor may transfer his right secured by the mortgage to another person provided that the mortgagor consents thereto and the assignment deed is registered with the Bureau.
- C) A mortgagee creditor may assign the order of priority of his debt to the extent of his debt to another creditor who has a mortgage over the same mortgaged property, and in this case the assigning mortgagee creditor and the assignee creditor shall replace each other in ranking of debt.

Article 92

Value of Mortgage

The effect of the mortgage shall be limited to the amount specified in the mortgage deed, unless the Law or an agreement provides otherwise.

Article 93
Right of Preference

Mortgagee creditors shall be paid their rights before ordinary creditors out of the proceeds of the sale of the mortgaged property or mortgaged property unit or out of the monies received in substitution thereof, in the order of their debt ranking, even if they have registered on the same day.

Article 94
Determining the Rank of a Mortgage

The rank of a mortgage shall be determined by the serial number of the registration with the Bureau. If several persons applied, at the same time, to register their mortgages against one debtor and over one property, the registration of such mortgages shall be under one number, and these creditors shall be considered of the same rank of priority.

Article 95
Right of Tracking a Mortgaged Property

A mortgagee creditor may, upon maturity of the debt, track a mortgaged property in the hand of any third party holder to recover his debt, after serving a summons on him to pay the debt, unless this third party holder opts to pay the debt, redeem the mortgage or abandon the property. Any person is deemed to be a third party holder if he acquires the ownership of the property after its mortgage, or has any mortgageable right over the property, without being personally liable for the debt secured by the mortgage.

Article 96
Guaranteeing the Mortgaged Property

A mortgagor shall guarantee the mortgaged property and he shall be liable for its safety in full until the date the debt is satisfied.

A mortgagee creditor may object to any decrease in his security and may take the legal measures necessary to safeguard his right. He shall have the right of recourse against the mortgagor for the expenses.

Article 97
Extinguishment of the Mortgage

The mortgage shall extinguish:

1. When the secured debt is extinguished, and shall be revived, together with the debt, if the cause by reason of which it has been extinguished disappears, without prejudice to the rights that a bona fide third party has acquired during the interval between the extinguishment of the debt and its revival.

2. If the proceedings of freeing the property are completed, the mortgage is finally extinguished even if the ownership of the third-party holder who proceeded with the freeing formalities disappears for any reason whatsoever.
3. If a mortgaged property is force-sold in a public auction, whether against the owner of the property, third-party holder or a receiver to whom the abandoned property has been delivered on abandonment, the mortgage rights encumbering the property shall be extinguished by the depositing of the purchase price or by payment of this price of the awarded auction to the registered creditors who, by virtue of their rank, are entitled to receive their rights out of this price.

Chapter Three Specific Mortgages

Article 98 Mortgage of Real Rights

Subject to the provisions of Paragraph (B) of Article (77) and Paragraph (D) of Article (78) of this Law, the owner of a real right over a property or property unit, such as the right to usufruct, Musataha right or long term lease of more than ten years, may mortgage the benefit of the property or the property unit by way of mortgage for the period of the usufruct, Musataha or long term lease.

The Board of Directors may amend the mortgage term by a resolution issued by it.

Article 99 Extinguishment of a Mortgage on a Real Right

A mortgage on a real right is extinguished and the entries shall be deleted from the Bureau's records on the expiry of the mortgaged debt or on the expiry of the period of this real right.

Article 100 Mortgage of Off-Plan Sold Units

A buyer of off-plan sold property units may mortgage them as security to the purchase price of the property unit, provided that such units or properties are registered in the Off-Plan Sale Register, and the mortgagee creditor pays the debt amount in the project's account.

Chapter Four Procedures of Enforcement Against the Mortgaged Property

Article 101 Initiation of Enforcement Procedures Against a Mortgaged Property

A mortgagee creditor or his universal or particular successors may initiate enforcement proceedings against the mortgaged property and sell it if the debt is not paid on its due date, or if an event arises whereby the date falls due before the lapse of such date, provided that

the debtor, guarantor or holder of the property is served a notice, by a registered letter with a delivery note, thirty days before the enforcement application is filed with the competent Judge of Execution.

Article 102

Sale of the Mortgaged Property by Public Auction

In case a mortgagor or his universal or particular successors default on payment of the debt during the time limit set forth under Article (101) of this Law, the competent Judge of Execution shall, upon the demand of the mortgagee creditor, issue an order attaching the mortgaged property as prelude to selling it by public auction in accordance with the rules and procedures issued by an order of the Minister concerned with Justice Affairs in coordination with the Chairman of the Board of Directors, The order shall be published in the Official Gazette.

Article 103

Deferment of the Sale of the Mortgaged Property by Public Auction

Subject to the provision of Article (102) of this Law, if a debtor or his real surety requests the competent Judge of Execution to defer sale by public auction, the Judge may entertain this request to defer sale for a period not exceeding sixty days once only if he sees that it is possible that the mortgagor will pay the debt due from him if he is granted this request, or that the sale of the mortgaged property or the mortgaged property unit may cause severe damage to the debtor.

Article 104

Completion of Sale of the Property by Public Auction

Without prejudice to the provisions of Article (101), (102) and (103) of this Law, if the debt is not paid within the specified time limit, the mortgaged property or mortgaged property unit shall be sold by public auction within a period of not more than thirty days from the date of expiry of the time limit referred to in such articles, as the case may be.

Article 105

Payment of the Debt out of the Mortgaged Property's Price

The mortgagors' debts shall be paid out of the proceeds of the sale of the property unit or property or out of the funds which have replaced it according to the rank of priority of each of them, even if they have registered on the same day. If the sale price is not sufficient to satisfy the debt, a creditor may claim the balance from the debtor.

PART VI CRIMINAL LIABILITY

Article 106

Penalties

A prison term of not more than two years, and a fine of not less than BD 1,000 and not more than BD 50,000, or either, shall be imposed on any person who:

1. sets up or manages an establishment to conduct property development activities or projects without obtaining a license.
2. Conducts property sector and property development activities without obtaining a license.
3. Sells or offers for sale an off-plan unit without registering it in the Off-Plan Sale Register.
4. Knowingly sells an off-plan property unit to more than one buyer without any right.
5. Invites the public, using any means, to advertise or promote the sale of off-plan property units in contravention of the provision of Article (28) of this Law.
6. Obtains a license from the Authority using fraudulent means.
7. Submits to the Authority false or misleading information contrary to what is mentioned in the records, statements or documents under his disposal.
8. Conceals from the Authority any information, particulars, records or documents from those which he must provide the Authority with or enable it to access them to carry out its functions prescribed under this Law.
9. Causes obstruction or delay to the work of the Authority's inspectors or any investigation which the Authority is in the process of conducting.

Article 107

Corporate Entity's Liability

Without prejudice to the criminal liability of a natural person, a penalty of not less than BD2,000 and not more than BD100,000 shall be imposed on a corporate entity if any of the crimes mentioned in Article (106) of this Law is committed in its name or for its account or benefit, as a result of an act or omission, consent, collusion or gross negligence by any of the members of the Board of Directors or any authorized officer of the corporate entity or by whoever acts in this capacity.

PART VII MISCELLANEOUS PROVISIONS

Article 108

Fees

An Edict shall be issued by the Council of Ministers, upon the submission of the Board of Directors, to stipulate the categories of fees due for the services, applications and licenses issued in accordance with the provisions of this Law.

The Council of Ministers may, upon the submission of the Board of Directors, determine the proceeds of the fees based on the licensee's total income as a result of this license, provided that the parentage of such fees shall not exceed 1% of the total annual income referred to.

Article 109

Rectification of Status

Property developers, real estate brokers, property valuers and those licensed to manage and operate properties, who are existing at the time when this Law comes into force, shall rectify their status in accordance with its provisions within a period not exceeding six months from the date it comes into effect.