



Guide

Owners Associations & Joint Properties

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Preface to Version 3 of Guide to Owners Associations and Joint Properties

In the early months of assisting owners associations to transition towards operating under Resolution 7, RERA staff have had numerous meetings with owners, association board members, owners association managers and consultants preparing documentation under the resolution. As a result of that interaction, changes have been made in version 3 to address issues arising. These include:

- Revising templates and forms to reflect:
 - The need for some forms to be witnessed and to include CPR numbers;
 - The requirement for proxy forms to be notarised when signed in Bahrain;
 - The need to include a description of common areas and utilities in the joint property by-laws
 - The need for proof of the attendance at both the first and second meetings of the owners association – see Form 11;
 - The expanded use of Part 4 of the joint property by-law template where the joint property is part of a wider development that affects rights and obligations of owners in the joint property;
- Confirming the right of RERA to call for additional evidence of the conduct of meetings
- Owner association dealings with banks, the Central Informatics Office and EWA.

There is a growing number of licensed owners association managers available to support owners associations in their day to day operations and these are listed on the RERA website.

The Guide now emphasises the importance of the first meeting of the owners association under Resolution 7, as a range of significant issues are likely to be discussed at the meeting. The notice of meeting and agenda should adequately alert owners of the full range of complex issues to be decided, including such items as:

- Reviewing and approving the unit entitlement of each unit
- Reviewing the allocation of allocated parking bays
- Reviewing the draft budget and how it will be apportioned among owners
- Approving the next service charge payable by owners
- Receiving nominations for appointment to the Board and selecting board members
- Reviewing the draft bylaws or delegations to the board members
- Approving service contracts for the next two years.

RERA will require the Chairman of the Board or owners association manager to certify that the meeting has been duly convened so that it can process applications based on decisions made at the meeting.

Please note that RERA recently commenced the practice of publishing bulletins for owners associations on its website [under Our Services/ Owners Associations] permitting updates in practice between editions of the Guide. The following are currently available:

- **Bulletin 1** – New Procedures for Creating an Owners Association
- **Bulletin 2** – Developer Responsibilities in Setting up the Owners Association
- **Bulletin 3** – Owners of Apartments must Establish Owners Associations
- **Bulletin 4** – Changes Affecting Proxy Forms and Voting Papers.

Disclaimer: RERA provides the following information as a guide to practice and is generalised to recognise a range of owners associations. It not a restatement of Laws and Resolutions and is not intended to free the reader from the personal study of the law. Readers should obtain their own

advice in relation to associations and should apply it in the context of the specific needs of the association.

GUIDE FOR OWNERS ASSOCIATIONS AND JOINT PROPERTIES

Note: This Guide is provided as an introduction to the Joint Property Resolution, the duties and functions of owners associations and the management of Joint Properties. It is not intended to replace the need for owners associations, owners association managers and owners of units to review the specific requirements in the Law and Resolution.

1. Introduction

*Resolution No 7 of 2018 regulating owners associations and joint properties,*¹ [The Resolution] under Law 27/2017, came into effect on 26 September 2018 [the start date] and provides a new legal framework for joint properties in Bahrain.

Over the last 20 years, the sale of apartment buildings has become increasingly popular in Bahrain. Such developments are known as Joint Properties or Common Properties, as the owners of the apartments jointly own the common areas, which may include shared facilities such as foyers, lifts, gymnasiums, pools etc. The concept has been expanded to include villa developments with common areas such as access ways or recreational areas. Note that common areas are owned jointly by all apartment or villa owners. The owners together constitute an “owners association” [or owners union], a legal body responsible for maintaining the common areas.

Recent developments in Bahrain include clusters of Joint Property buildings, each with its own owners association that is a member of a central or main owners association.² There are also developments where the joint property is part only of a building or twin tower development, where the relationship between the strata and non-strata parts is regulated by a Building Management Statement. RERA intends to issue follow-up resolutions to address the needs of such complex joint property developments. The Guide sets out how the joint property by-law will describe the impact of the wider development on the joint property.

2. Bringing an existing owners association under Resolution 7

If the Joint Property building was completed before the start date and title deeds issued, then an owners association may have already been established using the procedures in the Civil Code and Directions issued by the Ministry of Justice [2004]. That law has been repealed and replaced by Law 27 of 2017, with an updated framework for managing buildings. New terminology and documentation are introduced. An owners association now needs Articles of Association and Joint Property By-laws.

If your owners association was operational before the start date, your rights are affected by the new Resolution as follows:

- **You now have new Articles of Association** – the Resolution contains a standard form of Articles of Association applying to all owners associations, existing and future. The Articles of Association have been published on the RERA website. They regulate the management of association

¹ A second resolution by the Chairman of the Survey and Land Registration Bureau [Resolution 2 of 2018 regulating the Special Register of Common Properties] was gazetted on the same day, recognising SLRB’s role in setting up the Special Register of Joint Properties under Article 47 of Law 27/2017. It provides a registration framework for plans and documents creating joint properties.

² Article 62H of Law 27/2017 envisages that clusters of owners associations may be members of a Main Owners Association and clusters of Main Associations may be members of a Central Owners Association.

meetings and contain the functions of owners associations and meeting procedures. The Articles of Association replace any existing meeting rules that your owners association may have previously made. It is possible to add new complementary Articles, including for example, special provisions for electronic voting, a mechanism for proceeding against unit owners not complying with their obligations, or creating an alternative procedure for selecting and appointing Board members.

- **You now need a Joint Property By-Law** – the Resolution requires you to have a document known as a Joint Property By-Law. This will contain details of how the building will be managed, the operating rules for the owners association, and information relating to security and access, safety, parking, the use of common areas (hours of use; noise, dress code) etc. The document must also set out a list of all units and their unit entitlements and, where appropriate, the allocated parking bays. If you already made operational rules before the start date, these can be set out again in the format for the Joint Property By-law provided in the RERA template on the website – see Form 13. Apply to RERA on Form 10 to register the By-Laws. This Guide includes templates that you may adapt for simple or complex developments.
- **You need to call a General Assembly** to approve the Joint Property By-Law and to review other responsibilities under the new Resolution. You should record all participants, proxies and representatives on the meeting reporting form – see Form 11. See Paragraph 7 below on calling the first general assembly.
- **It is important that you review the building and public liability insurance policies**, to ensure appropriate insurance policies are in place and that the association has adequate cover. The requirements will vary according to the size of the building, the use of lots (commercial use can increase premiums), the extent of public access, etc. It is prudent to consult with an independent professional on this important issue.³
- **You need to have an Operating Account and a Reserve Account** - the Operating Account is the bank account for the regular operating costs of the owners association and the reserve account [often referred to as the Sinking Fund] is to accumulate funds for the longer-term repair and maintenance of buildings and replacement of equipment. You also need to prepare a Reserve Fund Study, listing maintenance priorities for the next 5 years, such as replacing lifts, carpet, major refurbishment and equipment. The study is intended to permit owners to set priorities for expenditure and to progressively accumulate funds for that purpose.
- **Your existing Owners Association Manager** may not be licensed by RERA, and you need to ensure that the manager obtains a license.⁴
- **You need to bring your owners association under the new law** –bringing your owners association into compliance with the new legal requirements will involve the following:
 - call the General Assembly and record participation using Form 11;
 - study the new Articles of Association and assess the impact on the existing association meeting procedures;
 - appoint a Board and delegate functions [you may already have a board, and appointments/terms can be confirmed at the meeting, so that a certificate of board members can be obtained from RERA. Apply using Form 10 – see Paragraph 16 below]. Before confirming appointments of Board members, you should ensure that they meet the essential requirements in Article 33 of Resolution 7.
 - locate your joint property's percentages/ unit entitlements. The percentage determines your ownership share of the common areas and your share of contributions to the annual service charges. If you cannot find the existing schedule, you may need to prepare a new schedule

³ Article 21 of the Resolution refers to a certified engineer or valuer

⁴ See Decision No 4 of 2018 on licensing the management and operation of real estate properties

as required by Article 54 of the Law, setting out the entitlements in a Table form in the Joint Property By-Laws.

- prepare the Joint Property By-Law setting out operational rules, following the template in Appendix 13 and apply to RERA to register the By-Law using the Application Form 10;
- obtain adequate and correct insurance – if you don't know the value of the building for insurance purposes, you have time to arrange an assessment. First, consult your insurer - the insurance valuation is not the same as the commercial value of the building, as it relates to the cost of removing the existing building and replacing it;
- open a Reserve Account [you may already have an Operating Account and a Reserve Account; you may need to change the way banking is undertaken – see Paragraph 18];
- prepare a Reserve Account Study to determine how much needs to be budgeted for expenditure on long-term maintenance, repairs and refurbishment over the next five years.
- obtain a seal for the owners association – you may already have one from a commercial printer [note that the Resolution did not change the name of your association, but RERA will issue a registration number to each owners association for identification purposes];
- review existing long-term service contracts [it is prudent to seek at least three quotations when renewing contracts]
- prepare an annual budget – this will specify the amounts required to be deposited into both the Operational Fund and the Reserve Fund;⁵
- develop a roll/database of the names of current owners and their addresses;
- review the status of existing owners and whether their payments are up-to-date;
- set up mechanisms for issuing statements of service charges to buyers of units and also issuing clearance certificates for the buyer and seller – see further information in this Guide;
- decide if you should appoint an owners association manager, or ensure that the existing owners association manager obtains a RERA license. Note that this licensing requirement applies where the owners association appoints an owners association manager on a commercial basis to conduct the management functions. It does not apply to any internal management processes of the owners association by its members. A board member does not require an Owners Association Manager license.

It is important that proper records of the meeting are kept, using the following:

- Owners Association General Assembly Reporting Form, Form 11;
- Minutes of Meetings - see Form 17.

Although the above items about your owners association have changed, some aspects of your owners association are unchanged by the Resolution:

- The unit entitlement allocated to the units;
- The name of the association (however, RERA will issue a registration number unique to your association);
- The definition of what is unit and what is common area in the joint property plan;
- Exclusive use rights previously existing will continue;
- Existing service contracts are carried forward, although association managers now require a license and are limited to two-year contracts;

⁵ As you may already have a budget for the existing year, there may need to be an adjustment if calling the meeting changes your annual cycle [if for example you are only half-way through your budget cycle and now need to call a new meeting after only six months]

- The existing Board continues, although it may be appropriate at the first meeting to re-appoint them for two years and to obtain a RERA certificate – see Paragraph 16.

Please refer to Paragraph 10 for action to take after the meeting. In particular, you should apply on Form 10:

- for a RERA certificate setting out your registration number and names of board members;
- to lodge your joint property by-laws for registration in the Special Register of Joint Properties.

3. Buildings completed before start date but with no operational Owners Association

If you are in an existing Joint Property and the sale of the first unit has been registered in SLRB's Land Register before the start date but owners have never officially signed, notarised and registered an incorporation deed or made your Owners Association operational, your rights are also affected:

- ***The old process of notarisation of a deed is replaced*** - You no longer need to prepare a deed of incorporation, notarise it and register it with the municipality. The new resolution permits you to proceed as if already incorporated. You may now call a General Assembly under the procedures outlined in the Resolution. Participation at the meeting should be recorded using the template in Form 11. All resolutions should be recorded so they can be set out in the Minutes of Meeting – see Form 17.
- ***You have new Articles of Association*** - You have Articles of Association, which are published on the RERA website and apply to you automatically. These permit you to immediately call a meeting and make your owners association operational.
- ***You need a new document known as Joint Property By-laws*** - You need to call a meeting within 6 months and create a document known as a Joint Property By-Law, setting out your operating rules [a template is set out on the RERA website – see Form 13]. It should contain a table setting out all units and their unit entitlements [as defined in the original plan].
- ***The template meeting agenda will guide you*** - The meeting agenda (see Form 2) will alert you to additional action you now need to take, including insurance, appointing Board members, setting up a Reserve Account, preparing a Reserve Account study [unless you apply to RERA and are eligible for an exemption]. You should also consider all the issues described for existing owners associations in Paragraph 2 above.

Please refer to Paragraph 10 for action to take after the meeting. In particular, you may want to apply on Form 10:

- for a RERA certificate setting out your registration number and names of board members;
- to lodge your joint property by-laws for registration in the Special Register of Joint Properties.

4. Important Joint Property documents

The rights of owners of units in a Joint Property are impacted by various documents registered in SLRB to create the Joint Property and to set up the owners association as provided in the Resolution. Some key documents are:

- ***The plan defining the units and common area*** – for older buildings, a plan will already be registered by SLRB. For future buildings a new plan known as a Property Location Plan is required to be prepared by the developer. The Property Location Plan has several parts:

- *An illustration* of the building in relation to the land boundaries of the base plot.
- *the unit plan* defining the units, their location in the building and unit numbers. The plan will indicate if the owner owns to the inside edge of the walls, floors and ceilings of the unit. The plan will include a statement of the areas of the unit and what is included or excluded from that calculation.⁶ Note that, for future developments, where parking is intended to be included as part of the ownership of the buyer, and set out in the title deed, it will require a number in the Property Location Plan and SLRB will issue guidelines on numbering. Under the proposed practice, if it is the developer's intention, the title deed for the apartment will include the attached car bay and storeroom. A sale of the unit will automatically include the sale of the car bay and storeroom.
- *the common area plan* – in a building Joint Property, any part of the base plot divided by the Property Location Plan that is not shown as a unit is assumed to be common area. There will be a common area plan to illustrate the common areas but the assumption is that, within the building, any parts of the building not within units are automatically common area. Land outside the building and under the building will also be common area. In a villa or land Joint Property, the common area will be identified as a plot or plots.
- *exclusive use plan [if required]* – this will define parts of the common areas that are subject to exclusive use rights.
- *accessory unit plans [if required]* – this defines accessory units that may be bought and sold amongst unit owners, such as surplus parking bays. For further explanation on accessory units, see Paragraph 11(iii). SLRB will soon issue guidelines on appropriately defining the accessory units.

Note that the SLRB resolution accompanying the RERA Joint Property Resolution provides that, in the first 12 months, SLRB may register a plan in the existing format, thus providing a 12-month period to transition in new plan procedures.

Note that SLRB may issue a title deed for common areas.

- ***The Articles of Association managing the meeting processes*** - the standard Articles of Association applicable to all Joint Properties are set out in the RERA website www.rera.gov.bh. These replace previous and existing Articles. For the sake of consistency, all Joint Properties will have a standard form of Articles of Association.⁷ Note that the standard Articles of Association apply but the owners association or developer is empowered to add additional and complementary Articles. Changes will be set out in Part 3 of the Joint Property By-laws - see template in Form 13. This will be important for the more complex developments.

Where such additions are made after the initial lodgement of the by-laws, the owners association may apply on Form 10 to update the articles of association.

The additions to Articles of Association require the approval of RERA. Some examples of additions permitted by the Resolution include:

- Adding a process for electronic voting;
- Adding a mechanism for proceeding against defaulting owners;
- Creating a process to impose financial obligations on owners in addition to service charges – see Articles 8 and 19 of the Resolution.

The owners association may also consider additional items such as:

⁶ SLRB is working towards a national measurement standard for units and for the calculation of unit areas

⁷ Main Associations and Central Associations will be the subject of a later resolution and will have different rules

- Clarifying how to vote on a poll – if a secret ballot is required etc;
 - Setting up a process for receiving nominations for election to the Board;
 - Adding an alternate process for appointing board members. If the owners association has nine owners or less, they may for example create an Article stating that all owners are automatically members of the Board.
- ***The Joint Property By-Law for managing the building or villa complex*** – RERA has published on its website a guide for preparing the Joint Property By-Law – see Forms 13-16. It may include any of the following:
 - a text description of the common area;
 - operational rules that regulate the use and enjoyment of common areas including safety and security issues;
 - a description of parking arrangements for the building, including visitor parking;
 - information about utility services for the units and common areas;
 - definition of exclusive use rights created over part of the common area;
 - information about accessory units if they exist within the joint property;
 - insurance details – policies required;
 - easements and covenants;
 - restrictions on the use of lots, such as prohibition on short-term letting;
 - developer management role in the first two years after handover of units under Article 34 – see additional comments in paragraph 6(iv) below;
 - mechanisms against owners not paying service charges – these may include for example a 10% per annum administrative fee, restrictions on access to common facilities, or additional administrative fees if the fees remain unpaid for 12 months;
 - systems to reward owners who pay service charges on time;
 - any system set up under Article 67C of the Law to collect service charges, such as via EWA;
 - fees to be charged by the owners association for the issue of statements of service charge and clearance certificates
 - any theme such as an architectural or landscaping theme that must be followed by all unit owners. If buildings are yet to be constructed, such as in a staged joint property with a single owners association, there may be development conditions built into the document;
 - any changes or additions to the standard Articles of Association;
 - any internal dispute resolution process;
 - if the Joint Property construction is ongoing, such as a staged joint property or an off-plan sale project, details about the construction timetable and the building’s facilities and infrastructure to be provided in future stages;
 - if the joint property is in a Special Management Scheme, such as a layered or a serviced apartment, details of how membership of that Special Management Scheme impacts the rights and obligations of owners. See Paragraph 20 below.

RERA reviews by-laws lodged with Form 10 to ensure consistency with its template, to check that a bilingual version is provided and to assess proof that the general assembly has approved the by-laws. By accepting the by-laws, RERA is not approving the specific content of the by-laws. If RERA has evidence of the conduct of the general assembly, at which the by-laws were passed, it may accept the by-laws.

- ***The unit entitlement*** – this is important for a number of reasons, including determining:
 - the size of the unit owner’s undivided share of the common areas - see Law Article 54;

- The unit owner's share of the service charge – see Law Article 67;
- The value of the owner's vote – see Resolution 7;
- The share of proceeds from an insurance policy upon destruction of the building or the proceeds of sale where the joint property is terminated and the plot sold.

For existing joint properties, the unit entitlement was originally allocated according to the relative value and location of the units at the time the joint property was created.⁸ This entitlement continues to apply to the joint property under the Resolution. For joint properties after 1 March 2018 [the date of commencement of Law 27 of 2017], unit entitlement is determined by the developer, taking into account:

- the area of the unit as a percentage of the sum of all unit areas;
- the potential use that lots make of common areas – for example, commercial lots will make greater use of visitor parking areas, foyer and rest rooms in the commercial areas and should make a greater contribution to maintenance etc; and
- other factors the developer considers relevant - see Article 54 of Law 27/2017.

Thus, the developer has a discretion in allocating unit entitlements according to factors considered important at the time of designing the joint property. The Resolution requires the developer or owners association to include in the by-laws a Table of units, listing all units and their entitlements. Some will express the entitlement as a percentage of total unit entitlements and some will show it as a whole number. If the areas of units are slightly different but it is preferred to require equal contributions to service charges and for owners to equally own the common areas, then unit entitlements may be equal. The developer must also set out details of the formula/ factors taken into account in formulating the table of unit entitlements.

The Law did not provide a methodology for the owners to vary the unit entitlement but the Resolution empowers RERA to issue guidelines. This will be considered as the need arises.

- **The Title Deed** – this sets out the name of the unit owner and covenants binding the unit owner. It contains a diagram of the apartment and its area. SLRB will endorse the joint property by-laws on the title deed for the information of owners, as they are bound by the terms of the joint property by-law. SLRB may also cross-reference the title deed for the common areas (if issued).

These key documents affect the rights and obligations of owners of units. In addition, the Law and Resolution give additional rights and obligations – these are described below in Paragraphs 11 & 12.

5. Creation of the Owners Association – new Associations

For Joint Property developments where the first sale is registered after the start of the Resolution, the owners association is incorporated automatically by operation of law upon registration of the first sale – see Article 62A of Law 27/2017. It is not necessary to prepare and notarise a deed of incorporation. The owners association automatically consists of all the owners of all units [this may include the developer if he retains ownership of some units] and is responsible to properly manage the building or villa development. Owners should meet at least annually at Owners Association General

⁸ See Article 818 of the Civil Code providing that the share of each owner in the common parts shall be in proportion to the value of the divided part that he owns. The value of such part shall be estimated on the basis of its area and location at the time of constructing the building (**higher floors or lower floors; view**). This “share” is set out in the contract for sale and some developers may have tabulated the results for all units in the building.

Assemblies, to approve an annual budget, insure assets, authorise repairs, set rules and make other decisions. The owners association has a legal identity and can take legal action (for example, to recover arrears of service charges).

(i) How it is created

At the time the developer applies to SLRB for a cadastral survey of flats, the developer must provide to SLRB a draft of the By-Laws for registration in the Special Register of Joint Properties. The By-Laws will be recorded on the title deeds.

In a building Joint Property - under Article 62A of Law 27/2017, the owners association is created automatically [by operation of Law] when SLRB registers the first transfer of a unit after the building Completion Certificate is issued by the Municipality, approving the building for occupation.

In a villa Joint Property – the owners association is created on the registration of the sale of the first villa lot, regardless of whether any or all villas have been constructed. Since villa buildings can be completed at different times, the first transfer to a villa buyer may be registered on the title deed before any other villa buildings are constructed. The owners association may be created before any buyers are actually resident in the scheme. The developer has the discretion in Resolution 7 to delay the calling of the first General Assembly in a villa joint property.

(ii) Who is a member of an Owners Association?

A person becomes a member of the owners association automatically when that person's purchase contract for a unit in the Joint Property is notarised and registered by SLRB - see Article 62C of Law 27/2017.

(iii) What happens if I sell my unit?

When a person sells a unit, the person automatically ceases to be a member of the association and is replaced by the buyer.

The buyer will ask the seller to provide a statement of annual subscriptions from the owners association, to make sure the seller has paid all service charges and penalties imposed by the owners association. The notary of the sales contract will also expect to receive a Clearance Certificate from the owners association [this requirement commences six months after the start date of the resolution].

Note that if two or more people own a unit and one decides to sell the share of the unit, the other co-owners of the unit have a right of pre-emption - they have the first choice to buy the share being sold.

Note that the buyer becomes liable to pay any service charges owed by the seller, so the buyer should insist on obtaining a clearance certificate from the owners association.

The new buyer will provide his contact details to the owners association, so that all notices such as notices of meeting or invoices for service charges can be redirected to the buyer.

(iv) Role of the owners association

The owners association is a separate legal entity. It represents all owners, particularly in legal proceedings. It is responsible for managing all common areas [unless exclusive use rights reduce this responsibility].

The common areas in a building joint property are generally the land in the Joint Property scheme, the structure of the building, the shared access ways and foyer, lift, stairwells, gymnasium and pool.

Note that an owner of a unit will also be a joint owner of the common areas. The share of ownership of the common areas will be clearly set out in the table of unit entitlements in the Joint Property By-Law. The unit entitlement also determines the size of contributions to service charges/ maintenance costs of the owners association. It is pre-set by the developer according to:

- the area of the unit as a percentage of all unit areas in the joint property;⁹
- the potential use that lots make of common areas – for example, commercial lots will make greater use of visitor parking areas, foyer and rest rooms in the commercial areas and should make a greater contribution to maintenance etc; and
- other factors the developer considers relevant - see Article 54 of Law 27/2017.

In a villa Joint Property development, some parts of the land will be common areas such as access ways, roundabouts, street verge, and landscaping areas, visitor parking, etc. The common areas will be defined as a plot in the Property Location Plan.

Owning the common areas means that the unit owners need to contribute to the cost of maintaining and repairing the common areas. The annual subscriptions paid by owners to the owners association cover these expenses. Note that the owners association is not responsible for maintaining services inside the unit – these are the responsibility of the unit owner.

(v) Powers and obligations of the owners association

The powers and obligations of owners associations are set out below in Paragraph 13.

6. Developer's Role before the first General Assembly

(i) Developer designs the Joint Property and may sell units off-plan

In new developments after the start date, the developer has the obligation to prepare/ draft key joint property documents described above. The developer is involved with the building from its design and inception. As part of the design, the developer decides what part of the building is for units and what part is common area. If units are offered for sale off-plan during construction, the developer will require a RERA development license before the building is constructed. As part of the application for a development license, the developer will lodge:

- plans defining units and common areas;
- the Joint Property By-Law setting out operational rules etc;
- any additions to the Articles of Association if required to support meeting processes; and

⁹ Article 54 of the Law refers to the area of a unit compared to the total area of the joint property. It is understood that what is intended is that the area of an individual unit should be considered as a percentage of the total of all unit areas. This is one only of the factors considered by the developer.

- the schedule of unit entitlements – these determine the unit’s share of common area and the proportion the unit owner will contribute to service charges.

If the development is not an off-plan sales project, the joint property by-laws will be lodged by the developer with SLRB after the building is completed.

(ii) Duty to call first General Assembly

Another duty of the developer is to call the first General Assembly within 3 months of creation of the owners association (registration of the first transfer by SLRB).

Prior to the first meeting, the developer may also create the seal of the owners association and prepare the first budget and may tender for any contracts [note restrictions on contracts below], open bank accounts for the Operating Account and Reserve Account and collect the initial service charges.

Note that in a villa joint property development, the developer may delay calling the first General Assembly until 10% of the villa units are constructed.

(iii) Duty to hand over important documents at first meeting

The developer must hand over all funds, bank accounts, critical documents etc at the first General Assembly. The documents to be handed over include:

- as-built drawings;
- a list of all assets whether fixed or movable owned by the Owners Association including a full accounting of all Service Charges collected by the developer or on behalf of the owners association;
- copies of any construction contracts, design contracts, building consents, approvals and compliance certificates;
- any construction warranties assigned to the Owners Association;
- all instruction manuals, keys, codes and similar information;
- a table setting out all Units, Owners and their addresses for service;
- originals of all tender documents, budgets, service contracts, accounts, notices, agendas, minutes, resolutions and other documents entered into by or prepared in relation to the Owners Association;
- all necessary documentation to transfer the operation of the Owners Association bank account into the management and control of the Owners Association, and including an accounting for all paid Service Charges paid by owners;
- copies of the Property Location Plans and Joint Property By-Laws registered within the Bureau; and
- the common seal.

(iv) Developer shall “manage and maintain” units on behalf of owners

The developer is required to “manage and maintain” the owners’ units for two years on their behalf and may claim a 5% administration fee for so doing – see Article 34 of Law 27/2017. The intention is that this is a service to owners for maintaining items inside the units, not to the owners association for maintaining the common areas, and does not empower the developer to run the affairs of the owners association or to manage the complex for two years. However, some developers consider this has a wider meaning and includes undertaking the owners association manager role for two years. The developer is also responsible for a period of 12 months to repair and replace defective fixtures in

the joint property, including plumbing and electrical fixtures.¹⁰ In order to avoid confusion about roles in the first two years, the developer should, when preparing the Joint Property By-Law, clearly state:

- the management and maintenance activities to be undertaken by the developer in the first two years, including maintaining units and undertaking owners association functions and the hand-over of management functions to the owners association;
- the role of the owners association or Owners Association Manager during the two-year period;
- the end date of the developer's obligation to manage and maintain the units and to perform owners association activities;
- what service charge payments will be pre-paid – see Article 16 of the Resolution;
- the developer's commitment to repair or replace defective fixtures for units and common areas.

In any case, the developer has no management role after two years. The Owners Association Manager engaged by the developer in the first 2 years may tender for another two-year contract and the tender may be evaluated by the owners association. Note that, because the general requirement in Article 56(xvi) of Resolution 7 is for the owners association to be independent of the developer or owners, where the owners association wishes to vary this requirement, a specific resolution is required by the general assembly. It should be clearly set out in the Minutes of Meeting.

Where the developer carries out all handover steps but owners are not willing to take over the owners association activities, the developer may notify RERA and RERA will send notice to the owners to initiate the owners association.

The owners association has the following options:

- To appoint the developer as owners association manager;
- To engage another owners association manager;
- to self-manage by means of its Board and with the help of service contractors or facilities manager.

As indicated above, for developments after the commencement of Law 27 of 2017, there are ongoing responsibilities for the developer in relation to defects – see Articles 25B and 71 of the Law. The developer is liable for structural defects for ten years from the date of the completion certificate [the owners association must notify the developer of defects in that period] and for the repair or replacement of defective fixtures in the joint property for one year from the issue of the completion certificate unless a longer period has been agreed. Article 71 refers specifically to mechanical and electrical works, sanitary and plumbing fixtures but these are indicative, not an exhaustive list.

7. Calling the first General Assembly

The transition from developer control to owners association control occurs at the first General Assembly.

(i) Importance of the first General Assembly

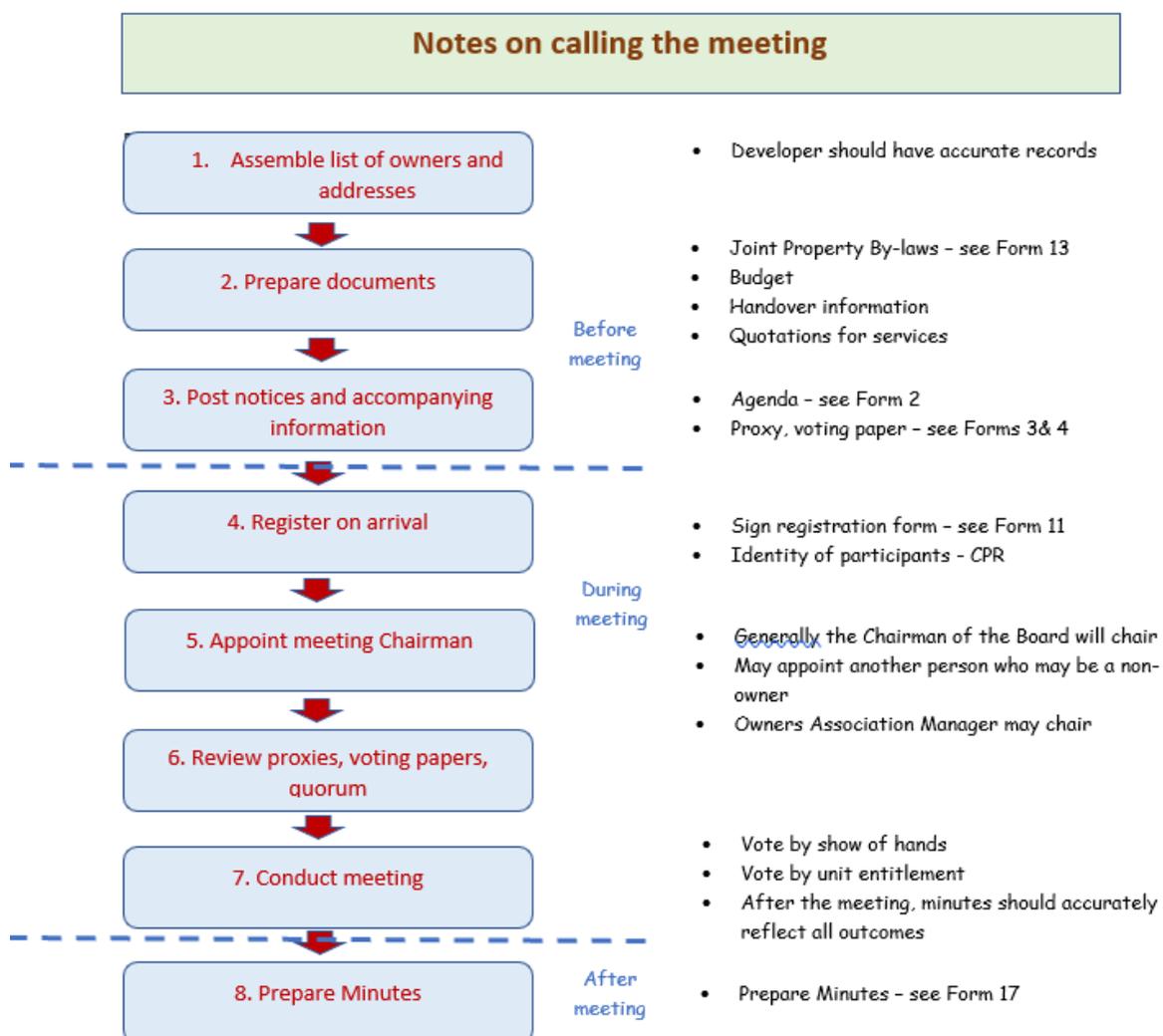
RERA understands the importance of the first general assembly called by the owners association under the new resolution. Critical decisions must be made at the meeting of owners, in relation to their unit entitlements, service charges, allocation of car bays, acceptance of existing service contracts,

¹⁰ See Articles 25B and 71 of the Law

appointment of Board members, appointment of the owners association manager, review of service contracts, preparing the budget etc.

The notice of meeting and agenda must provide detailed information to owners of the range of issues to be considered at the meeting, so that owners can make an informed decision about the significance of the meeting, how to formulate a response to proposed resolutions, whether to attend in person or to vote using a voting paper etc.

The meeting process in Resolution 7 provides more flexibility than the previous law and for that reason, RERA may expect clear proof that a meeting has actually occurred. There are template forms for tracking participation in meetings. RERA will require a copy of the notice of meeting, a declaration by an officer that the meeting notice has been served and the meeting duly convened. Minutes of meeting will also be required. In some situations, it may be appropriate for the developer or owners association to engage an independent witness to certify procedures at the meeting. Owners must participate in the meeting process to ensure their views are expressed.



(ii) Introduction to procedures

The procedures for calling the meeting are set out in Articles 46-54 of the Resolution. The following are relevant:

- 21 days' notice must be given to all members. Although it is highly desirable that each owner actually receives the notice, the responsibility for ensuring an up-to-date postal or email address is available is the owner's. The developer must make a genuine effort to send the notice to every owner.
- If not received, owners can argue that the meeting has not been properly convened. If the developer cannot contact the owner at known addresses, the notice is sufficient if a copy is left at the apartment. Note that RERA will often require a copy of the notice of meeting with a declaration that it was sent to all owners – see Form 17.
- The content of the notice is specified in Article 47
- The documents to accompany the notice of meeting are set out below – see Article 48
- Voting procedures are set out below – see Articles 52-54.
- The quorum process is set out below – see Article 51.

Meeting Checklist:

| | Item | <input checked="" type="checkbox"/> |
|----|--|-------------------------------------|
| | Notice | |
| 1 | Full contact list of owners | <input type="checkbox"/> |
| 2 | Notice of meeting sent | <input type="checkbox"/> |
| 3 | 21 days' notice given | <input type="checkbox"/> |
| 4 | Notice attached all documents | <input type="checkbox"/> |
| 5 | Agenda clearly indicates the business to be discussed | <input type="checkbox"/> |
| 6 | Proxy Form and Voting Paper attached | <input type="checkbox"/> |
| | At the meeting | |
| 1 | Chairman appointed | <input type="checkbox"/> |
| 2 | Participants complete and sign Form 11 | <input type="checkbox"/> |
| 3 | Quorum present - continue | <input type="checkbox"/> |
| 3A | Quorum absent - defer for 7 days | <input type="checkbox"/> |
| 3B | Email reminder | <input type="checkbox"/> |
| 3C | Meeting 2 - Chairman appointed | <input type="checkbox"/> |
| 4 | Participants at second meeting complete Form 11 | <input type="checkbox"/> |
| 5 | Meeting addresses items on agenda and business arising | <input type="checkbox"/> |
| 6 | Resolutions recorded | <input type="checkbox"/> |
| | After Meeting | |
| 1 | Minutes prepared and signed | <input type="checkbox"/> |

(iii) Who prepares the notice of meeting?

The first notice of General Assembly in recent developments is prepared by the developer. For subsequent meetings, the notice may be prepared by:

- the Association Manager (where appointed by the Association);
- the Board of the Association – the Secretary;

- if there is no operational owners association, the owners jointly need to work together to call the first meeting following procedures in the Resolution. Alternatively, an owner can request RERA to issue an Order to owners to engage an independent party to call the meeting.

It is important for the person calling the meeting to have an accurate list of owners and contact addresses.

(iv) Contents of notice of meeting

The notice sets out:

- the date, time and location of the meeting;
- the detailed agenda;
- item for confirmation of previous minutes (if not the first meeting);
- the financial statements;
- the budget and proposed service charge;
- election of Board members.

The notice will indicate that if no quorum is present at the first meeting, the meeting is adjourned for 7 days. There may be other relevant items such as reviewing insurance policies.

(v) Documents to accompany the notice of meeting

The notice is accompanied by:

- a copy of any previous minutes;
- financial statements;
- proposed budget and proposed new service charge;
- a Voting Paper that sets out the Resolutions;
- relevant documents to be considered during the meeting;
- proxy form;
- requests for nominations to stand as board members;
- where the owner has not paid the service charge, a reminder that it must be paid before the meeting or the owner may not vote.

(vi) Making sure you receive a notice of meeting

It is important to provide a postal address and an email address to the Association Manager or to the Board. If the owner fails to do this, important notices cannot be delivered. The owner is liable for service charges and to follow association decisions and orders, even if the notice was not received.

(vii) The agenda for the meeting

It is important that the agenda accompanying the notice accurately reflects the items to be considered at the meeting so that owners may make an informed decision about attendance and voting. The agenda for the meeting may include [some items are only required for the first General Assembly]:

- appoint a meeting chairman;
- review of quorum – count participants' proxies and voting papers, etc;

- handover of documents by the developer at the first General Assembly – see above;
- review of contracts entered into by the developer on behalf of the association before the first General Assembly;
- review the financial statement provided by developer;
- review the draft budget;
- Review and approve the draft joint property by-laws;
- appoint a Board;
- review the statutory Articles of Association and determine if extra articles are needed;
- set a procedure for preparing the Joint Property By-Law and lodging it with RERA/ SLRB after the first General Assembly;
- insurance – review existing policies or set method for obtaining new policies;
- decide whether to appoint an Owners Association Manager [set a procedure for selecting and appointing an Association Manager]. This selection process may be delegated to the Board.

Important issues should be set out on the agenda and not be left to general business or business arising from the meeting.

(viii) Starting the meeting

- *On arrival* – as the participants arrive, they will be asked to sign the Form 11 [Owners Association General Assembly Reporting Form], which lists all units and participants at the meeting. Owners or proxies will sign and insert their CPR number as a record of participation. This is an opportunity to confirm the identity of the participants. The Chairman will add details of voting papers received. From this information, the presence of a quorum can be assessed.
- *Selecting a chairperson* – it will generally be the case that the Chairman of the Board will chair owners association meetings. However, the owners association may select another chairman for the meeting. Nothing prevents the owners association appointing a non-member as the meeting chairman.
- *Checking quorum* – the chairman will review proxies, voting papers and participants as listed on Form 11, to see if the quorum is available. The number of persons present, the number of proxies [see below in (ix) for restrictions affecting proxies] and the number of voting papers or persons participating electronically are taken into account.
- If the owners of 50% of units are participating or represented, the meeting proceeds. If no quorum is present, the meeting cannot proceed on that occasion. After 60 minutes, the Resolution requires the meeting to adjourn and reconvene for a second meeting 7 days later, at the same time and place. This is automatic, and although the Resolution does not specify that new notices are required, it is prudent to alert all owners via their email address. The completed Form 11 from the adjourned meeting must be retained as it will be required by RERA. The participants of the second meeting constitute the quorum, regardless of the number of participants. A second Form 11 should be completed at the follow-up meeting.
- *Completing the record of meeting* – the record of participation should be signed by the Chair and Secretary – see template in Form 11. It records all units and participants and CPR details [in person, by proxy, by voting paper etc] and will show the calculation of the quorum. This is an important document and will be required by RERA as proof of the proper conduct of the meeting. After the meeting, the Minutes of Meeting should be prepared and signed by the Chairman and

Secretary – see the template in Form 17. A copy will be required by RERA to support Application Form 10.

(ix) How do owners participate?

Voting options are:

- *Voting in person* – the owner attends the meeting and votes.
- *Voting by proxy* – the owner signs a proxy form to give the voting power to a trusted owner, board member, manager or friend – see template in Form 3. The following apply to proxies:
 - if the proxy is signed in Bahrain, the proxy must be notarised;
 - if the proxy is signed outside of Bahrain, the signature must be witnessed by an adult person and CPRs/ passport copies provided for the owner and witness;
 - a person cannot exercise proxies from more than 10% of owners.
- *Voting by personal representative* (for example a deceased or absent owners).
- *Voting by voting paper* – the owner, co-owners or company votes by completing the Voting Paper provided with the notice of meeting, signing it in front of a witness and returning it before the meeting – see template in Form 4. Since the Voting Paper lists the resolutions, the preferred vote can be recorded [Yes vote or No vote]. The disadvantage of this process is that draft resolutions often evolve during the meeting, or additional items arise during general business, and thus the voting paper will not include all resolutions likely to be discussed at the meeting. It is important that the agenda reflects all major business arising and contains the resolutions to be voted on. These then need to be set out in the voting paper.

The following restrictions affect voting papers:

- Voting papers cannot be used as a substitute for a physical meeting for any annual general assembly – a physical meeting must still be called;
 - Voting papers may be used in an extraordinary general assembly where a small number of urgent resolutions require votes from owners [the Board to ensure that owners are not adversely affected by the use of a paper vote];
 - Where in a meeting the wording of the resolution changes so that it is different than the wording in the voting paper, the voting paper must be excluded on that resolution [but it will not affect the calculation of the quorum completed at the start of the meeting].
- *Voting by electronic means* – this is relevant only if the owners association has added an appropriate electronic voting methodology to its Articles of Association.

Owners will appreciate that if they fail to participate in meetings in one of the five ways provided in the Resolution, they are in effect allowing a minority to make decisions and will be bound by the decisions.

(x) If you are a joint owner or a company

The notice of meeting will include a proxy form that may be completed, nominating one owner or a company representative to vote. A voting paper may also be used. The proxy may be under seal and signed by appropriate officers. Notarising the affixing of the company seal to the proxy form is not necessary.

(xi) General Assembly decisions

Decisions are made by ordinary resolution unless the Resolution requires a special resolution. An ordinary resolution is a simple majority vote in favour of the resolution. It can proceed in two ways:

- *initially by a show of hands for and against the resolution* - in this case, each participant has one vote and if the majority vote for the resolution, it is passed;
- *by unit entitlements* [this is often referred to as a poll] – if the vote outcome is not clear, the chairman may ask for a vote by unit entitlement. Or any participant entitled to vote can request this option. On this basis, each participant has the same number of votes as the unit entitlement of the lots represented. The resolution is passed if the majority of unit entitlements for participants in the meeting supports the resolution.

Any owner who is in arrears in service charges is not entitled to vote.

Example: In a complex of 100 flats, A owns 10 flats and 10% of the unit entitlement. On a show of hands, A has 1 vote. On a poll [voting by unit entitlement], A's vote is worth 10% (the share of entitlement). If B owns 51% of the entitlements, on a show of hands, B has 1 vote but if he demands a poll he has 51% of the vote.

RERA has initially decided not to write down the vote of the developer controlling the majority of votes. However, the developer cannot vote on certain items - see Paragraph 8 below.

If a special resolution is required, it must be supported by owners of 60% of the units and 60% of the unit entitlements.

(xii) Contested meetings

It is possible that some building owners, because of the lack of an operational and effective owners association where decisions can be made by voting in general assemblies, will already be in dispute with each other or with the developer. It may be that factions and competing groups already exist before the calling of the first meeting. It is not the role of RERA to intervene in each meeting to resolve disputes, although in due course it may establish a mediation process, where practitioners can assist in finding solutions. Therefore, the developers and owners calling such a meeting need to exercise additional levels of care to ensure transparency of the meeting process, so that it cannot be challenged by an objective observer. The following should be considered:

- extra care in ensuring that notices of meeting have been delivered to all owners. Take care to preserve the proof of service;
- voting papers are to be verified – in addition to the requirement that all owners and witnesses signing voting papers provide clear copies of the CPR card/ passport, consider requiring each voting paper signed in Bahrain to be notarised;
- extra clarity on nominating for membership of Board – send out nomination forms with instructions on how to nominate before/ during the meeting and be willing to see that all interests are represented;
- validation of proxies and voting papers at the start of the meeting – a group of owners may act as scrutineers of the proxies and voting papers, to ensure they have been properly signed and witnessed. Full information should be made available to all participants.
- Independent chairman – it may be wise to have a chairman who is not aligned with any faction;
- Independent observer – it may be wise to engage an observer acceptable to all participants to witness the meeting, review all processes and provide additional validation of processes. This would provide additional certainty to RERA when it is asked to act on resolutions made at the meeting.

In situations of conflict, where groups of owners complain to RERA that processes have not been followed, RERA may lack sufficient certainty that the meeting has been duly convened and may call for the meeting to be convened again.

8. The developer may control voting in the first years

The owners association may be established at a time when the developer still owns units. Therefore, the developer and unit owners constitute the owners association. RERA has decided not to reduce the vote of the developer [*at this stage, although it may do so in the future*]. Developers typically have experience in owners association matters and can be expected to make decisions from the perspective of enhancing quality and maintaining values. The developer's ongoing involvement can help owners in the initial years to obtain knowledge, experience and skill in owners association functions. The developer, as an owner, has to pay service charges for each unit owned and also has voting rights. As the developer sells units, the voting power of the developer is progressively reduced. When the developer owns less than 50% of the unit entitlement, owners may outvote the developer.

There are some restrictions placed on the developer's voting rights. He cannot vote on resolutions to appoint a service provider if he has an interest in that provider and cannot vote on a resolution to take action against the developer for failing to observe owners association requirements. The developer should have only one vote on the Board.

RERA will monitor this item during implementation in consultation with stakeholders, to assess if further clarification is required.

9. Specific issues at General Meetings

(i) Appoint a Board

The Owners Association may delegate day-to-day activities to the Board. A Board is compulsory for all owners associations. It can have from three to nine members. If the Joint Property has 9 units or less, the owners automatically constitute the Board. The owners associations will call for nominations to stand for election and voting may then take place. The Board should be representative of the interests of all owners. An owner may vote for one nominee and has the same number of votes as units owned. At the time of appointment, the Owners Association decides what functions to delegate to the Board. Where factions are present within the owners association, ensuring all interests are represented on the Board may reduce conflict and reduce requests to hold extraordinary general assemblies.

The following conditions apply to nominees and should be enforced by the owners association (set out conditions on nomination forms):

- a nominee must be an owner;
- the nominee must reside in Bahrain;
- an owner cannot have multiple representatives on the Board;
- the nominee must not be subject to bankruptcy in the previous 5 years.

Note that board members do not require an Owners Association Manager license.

See Paragraph 14 for additional information on the Board.

Where an application is made to RERA for a Board certificate, RERA will require a copy of the CPR and title deed of every Board member – see Form 10.

(ii) Appoint an Owners Association Manager.

The owners may manage the joint property themselves [through their board] or may appoint a licensed Owners Association Manager to undertake day-to-day management activities on their behalf. This is optional. The owners association may delegate to the Board the power to engage the Owners Association Manager. Note that Resolution 7 provides that a contract must be signed between the owners association and the association manager. The resolution sets out information to be included in the contract. RERA will require a copy of the contract before recording the name of the association manager on the Board certificate.

(iii) Insurance

Obtaining insurance cover is now compulsory for owners associations. This includes insuring the building against damage and public liability cover.

The insurance obligations in the law are:

- *Article 72* – insure the Joint Property against risks of destruction, demolition, fire and any other insurance hazards so as to ensure the repair or rebuilding. This power is suitable in a building joint property where the building is common area and jointly owned.

In addition, the owners association should insure all common area fixtures, fittings, equipment, furniture, tools, machines, etc, not covered by the building policy.

- *Article 73* – requires the owners association to procure insurance against damages and corporal injuries which may affect unit owners or occupants as a result of the Joint Property.

Equally important, but not specified, is the need to insure members of the public against death or personal injury arising in the common areas. This is increasingly important in mixed use developments attracting large numbers of the public to common areas to access shops, offices, restaurants, etc. A public liability policy is important, and it should cover injury on private roads owned by the association.

- *Owners need additional insurance for risks inside the unit.* The owners association policies are not required to cover items inside the units. The unit owner should take responsibility for arranging adequate insurance. This includes damage to fixtures (kitchens, etc), fittings (lights, curtains, carpets, etc), furniture and equipment. Owners should also consider their own public liability policy for incidents within the units [example, accidents from slipping on balconies].
- *The risks of under-insurance are significant* - the Owners Association has an obligation to obtain regular building valuations to ensure insurance is adequate (every 5 years at a maximum).
- There is no minimum level of insurance specified in the Resolution. This is because the liability depends on a number of factors including size and the use of lots. Some buildings have increased risk: e.g. if some lots are for commercial use, this may increase the risk and this may increase

premiums. The extra premium can be recovered from the owner of the lot with an increased risk profile. Similarly, the public liability may increase if the development includes commercial lots.

Note that in a villa Joint Property the insurance obligation is different because there may not be a common area building to insure; however, injury on the private access ways should be covered.

Some owners associations may need to consider insurance for employees and officer bearers cover for members of Board members.

(iv) Enforcement mechanism against owners – see Articles 8, 19 and 59 of the Resolution.

Mechanisms for the enforcement of operational rules and the collection of service charges may be set out in the by-laws. They require a specific resolution at the general assembly and should be mentioned on the agenda and in the minutes of meeting. The mechanism may include how the owners association serves notice of a compliance order, the period of the notice, the content of the notice and the enforcement mechanism if the owner does not comply with the notice. RERA does not prescribe mechanisms and it is for each association to determine its enforcement process. Some may think in terms of imposing a penalty; others may consider an additional interest rate if the service charge remains unpaid after 12 months etc. Some associations are giving thought to providing an incentive to early payers, such as a discount or longer renewal period on the security card.

RERA may require the following to be deleted from an enforcement mechanism by-law:

- excluding access to the unit or parking area;
- cutting the supply of utilities;
- refusing to issue a clearance certificate if the owner is in breach of a by-law.

10. Action to take after the meeting

(i) Starting up the Board

After the meeting, the Board will set up regular meetings and will issue notices of meeting and conduct business on items delegated by the owners association.

(ii) Lodge documents with RERA

Some documents must now be lodged with RERA. These include:

- *register the appointment of the Board and obtain a RERA certificate to authenticate actions by the Board.* This certificate will list:
 - the registration number allocated by RERA to the owners association;
 - the names of Board members representing the owners association;
 - if appointed, the name of the owners association manager.

The certificate may be used for official purposes such as with the Central Informatics Office to obtain an establishment number, with EWA to record the name of the owners association on the invoice for common areas and with banks to open accounts. Where additional proof is required, RERA can provide a supporting letter.

- *application to register the Joint Property By-Law* – the same Form 10 can also be used to lodge the joint property by-laws for registration in the Special Register of Joint Properties. RERA will look for evidence in the minutes of meeting of the general assembly that the assembly has approved the by-laws. RERA will review the by-laws, to ensure the general format is acceptable, that Arabic text or a bilingual document is available, and will accept the document for registration by SLRB. It will issue a signed copy to the owners association for use in its meetings etc.

The application form for these actions is set out below – see Form 10 and Form 10B. It is important to study the forms, as they describe the supporting evidence required by RERA, including:

- evidence of the conduct of the meeting (Notice of Meeting Form 1, Meeting Record Form 11);
- evidence that the meeting appointed the board members (minutes of meeting – Form 17);
- CPR, unit numbers and title deeds of board members;
- where the board member represents a company, a copy of the letter from the company appointing the person as its representative.

See Paragraph 16 below for flow charts on applications to RERA.

11. Your rights as an owner of a unit and as a member of the owners association

(i) What you own:

- *in a building Joint Property* – you own a “unit” which is part of the building, defined by the unit plan; you also own a share of the common area. You own the fixtures, fittings and contents of your unit and the internal walls but generally the dividing walls and external structural walls are common areas. Structural alterations to walls need the approval of the association. In some new buildings, the title deed will record that ownership of the unit includes ownership of a specific car bay.
- *in a villa Joint Property* – Article 53C provides that “*unless the property location plan provides otherwise, each unit of a common property that consists of land and not building shall include everything within the precincts of the unit except for the utility services that serve the common parts or any other unit.*” The villa building constructed on the villa unit [the land plot] is therefore owned fully by the villa owner and is not common area. Similarly, the land around the building may be part of the “unit” (the plot containing the villa building) and owned by the villa owner.¹¹

(ii) Your rights under the law

Right to use your unit and common areas - you are entitled to exclusive right to your unit and may jointly share and use common areas. You, your tenants and guests are entitled to use the common areas subject to an obligation not to jeopardise the safety and enjoyment of others (Article 56 of the Law). Note that owners who do not pay service charges may have their rights to use common facilities suspended.

¹¹ *Some 2-lot subdivisions are occurring where the plot size is too small for a traditional subdivision. Care needs to be taken in this context to assess if the villa building is common area, with the unit owner owning the space inside the villa but not the structure of the villa. In this situation, it is possible that land around the villa is also common area, affecting the right to extend the building into that area. The use of a villa joint property may simplify the process.*

Right to sell, mortgage or lease - you may mortgage or lease your unit with no restrictions from the owners association. See however (i) special restrictions applying to serviced apartments and branded apartments; (ii) there may be restrictions on use of the lot set out in the Joint Property By-Law, for example, restricting short-term letting. The zoning of the Joint Property by planning can also impact use rights. If your joint property is part of a Special Management Scheme, your rights may be affected – see Paragraph 20 below.

Joint owners of all common areas - under the law, you are entitled to an undivided share of the common areas. The size of your share is determined by the percentage of your unit entitlement. You may not mortgage or sell the share of common area. When you sell your unit, you automatically sell your share of the common area.

Rights of Pre-emption - if you are a co-owner of a unit, you have the right of preference to buy the shares of other co-owners wishing to sell (See Article 60).

Meetings - you are entitled to join in meetings of the owners associations. You may vote if your service charges have been paid (See Article 64).

Parking - you may own a parking area. If so, this will clearly be indicated in the Property Location Plan and on your title deed. If you have exclusive use of a common area car bay, this will be recorded on the by-laws. Your visitors have access to visitor parking areas. If a security gate exists, there may be owners association rules about access, security cards etc.

(iii) Rights under the Resolution

You may own accessory units for parking, etc - the resolution provides additional ownership rights. For example, some joint properties may include “accessory units” such as surplus parking bays. These may be bought and sold among unit owners but may not be sold outside the joint property. Such rights will be recorded on the owner’s title deed. Each principal unit must retain at least one parking bay to comply with municipal requirements but additional parking areas may be bought and sold by other association members. After the developer has sold all units, the developer cannot keep ownership of any accessory units.

Exclusive use rights - some units may be granted exclusive use rights in the Joint Property By-Laws. The owner may have “exclusive use” rights over some parts of the common area defined in an exclusive use plan that forms part of the Property Location Plan. The right may be an exclusive right (such as access to a specified common areas car bay) or shared with some other owners. The terms and conditions of the exclusive use right will be set out in the Joint Property By-Law.

May be appointed to the Board - the unit owner may nominate or be nominated to stand for election as a board member.

12. Your obligations as an owner and member of the owners association

(i) Obligations in the Law

The Law sets out several obligations for owners of units. These include:

- Article 51A – to comply with the Joint Property By-Law and Articles of Association. All operational rules including any restrictions on the use of common areas will be set out in the Joint Property By-Laws;
- Article 56 – not to use common areas in a way that is detrimental to other owners;
- Article 67A – to pay the share of the annual subscriptions (service charges) to cover the expenses of managing, operating and maintaining the common areas;
- Article 68 – a non-paying owner’s unit will be subject to a lien in favour of the association for arrears. The owners association may initiate action in the execution court to recover arrears;
- Article 69 – an owner may not make structural alterations to the structure or exterior of the unit in a manner that materially affects the common areas unless compliant with the Joint Property By-Law. The Joint Property By-Law may establish themes and architectural standards that bind the unit.

(ii) Obligations in the Resolution

The resolution includes additional obligations on the owner. In Article 59 of the Resolution, an owner in default of service charges may be subject to an administrative fee such as 10% per annum.

An owner not complying with an association directive may be subject to a penalty action. See Articles 19(iii) and 59 of the Resolution which empower the owners association to set measures and mechanisms against owners for breaches of obligations of members. See also Article 68B of the Law which recognises that owners associations may add to Articles of Association a process for imposing financial obligations on owners [in addition to annual subscriptions/ service charges]. Article 8 of the Resolution also permits the process to be added to the Articles of Association.

An owner not paying service charges may be subject to action by the owners association to sell the assets of the owner via the Execution Court.

An owner wishing to undertake work on the unit cannot adversely affect common area walls without the approval of the board. Repairs and building alterations may be subject to an architectural theme in the Joint Property By-Law and must comply with its requirements.¹² Any works undertaken by the owner [as defined in the Resolution] require approval, including repairs that affect the external appearance of the unit or result in transmission of sound.

Must pay service charges to vote - the resolution confirms that the right to vote is subject to the owner having paid service charges and not being in arrears.

(iii) what your service charge covers

The service charge covers all expenses of the owners association in managing the association and maintaining the common areas such as lifts, stairways and halls, landscaping, recreational areas such as pools, gym, paying water and electricity for common areas, etc. It does not include the maintenance of anything inside the unit except for service pipes, etc, that service more than your unit.

13. Powers and Obligations of the Owners Association

¹² A joint property in a more complex development may be subject to the Technical Interface Office approval procedures.

An owners association is a non-profit organisation with legal status. It has the right to sue and be sued. It has the right to own assets such as equipment on the common areas - see Article 63 of Law 27/2017. Where a judgment debt is payable by the owners association, all members contribute to the debt in shares determined by their unit entitlement.

The owners association is regulated by:

- Law 27/2017;
- the Joint Property Resolution; and
- the Articles of Association;

In complex developments such as Special Management Schemes the owners association may also be subject to another document arising from that complex development. If so, the details should be set out in the Joint Property By-law, using Part 4 – see Form 13.

The functions of the owners association are set out in Article 18 of the Resolution as follows:

- Supervision of common areas, assets and services according to the public benefit of the owners and managing and controlling it
- Ensuring the maintenance of common areas and the repair of assets or replacement if repair is not economically sound
- Keeping records according to Article 24 of this Resolution,
- Maintaining insurance according to Articles 72 and 73 of the Law, Article 20 of this Resolution and the Joint Property By-Laws
- Promoting harmony and a sense of belonging among Owners and occupiers of units and managing disputes
- Complying with any other obligations in the law.

The maintenance obligation may include some of the following activities:

- lift maintenance – comply with recommended servicing periods;
- maintain fire alarms, extinguishers, fire hoses;
- maintain security areas, security systems, CCTV systems;
- maintain security to electrical, water and gas meters;
- maintain all utility connections;
- maintain in-house air-conditioning;
- maintain internal lighting, external lighting and street lighting in common areas;
- common areas – maintenance and safety;
- landscaping;
- repair or accessways; building safety;
- in-house communications, internet, satellite receivers;
- intercom;
- security gates, access card systems and security services;
- building water supply, pumps, tanks, filters;
- building appearance;
- common area cleaning;
- pool maintenance.

The powers of the association are set out in Article 19 of the Resolution as follows:

- To enter into utility supply and service agreements;
- To make Operational Rules for the effective management of the Joint Property;

- To set appropriate measures and mechanisms against Owners for a breach of the Articles of Association or Joint Property By-Laws or of any notice to the Owner requiring the Owner or the Owner's tenant, guest or occupier to comply with owners association requirements.
- To remedy defective building work in relation to the Common Areas;
- To carry out work required by law or the Joint Property By-Laws or if the Owner has failed to do the work;
- To collect annual subscriptions/ service charges from Owners and to require payments in quarterly instalments – this requirement is based on Article 76 of the Law, which refers to “annual subscription.” The Resolution envisages that instalment payments can be spread across the financial year;
- To recover from the Owner of a unit the costs of carrying out work;
- To enter a Unit upon reasonable written notice to the Owner or occupier, or without notice in an emergency, to inspect or effect repairs to Common Areas or the unit or to carry out work;
- To enforce Owners' obligations under the Law, Resolution or Joint Property By-Laws;
- To sue and take judicial action to enforce monetary claims in its own name;
- To effect insurances required by the Law, this Resolution, or the Joint Property By-Laws;
- to invest surplus funds in a bank registered with the Central Bank of Bahrain or any institution approved by the Authority in consultation with the Central Bank of Bahrain;
- To issue statements of annual subscriptions indicating the annual subscriptions payable in relation to the unit and to issue Clearance Certificates according to Article 27 of the resolution – see also Paragraph 20 below.
- To own equipment, furniture and other assets consistent with its functions and powers.

The owners association has power to set and collect service charges. If service charges are not paid it has additional enforcement powers:

- *Power to charge an administration fee on late service charges* – see Article 59 of the Resolution specifying that, where service charges remain unpaid for three months, the owners association may impose an administrative penalty as defined in the articles of association, effective from the date due. See Form 5 for the template notice of service charges. It includes a warning that non-payment will result in a late fee. See Form 8 for a notice to an owner that a late fee is payable.
- *Power to recover against an owner in the execution court* – see Article 30 of the Resolution, which specifies a procedure for initiating proceedings in the execution court. This action is in addition to charging a late fee/ administrative fee for non-payment. The Owners Association Manager or the chairman of the board may issue an Order to Pay, giving the owner 90 days to pay or oppose the order. If the owner fails to do so, the manager may ask the court to stamp the order and may forward the order to the execution court for implementation. The template for the order to pay is set out in Form 9.
- *Power to negotiate with EWA to collect service fees* – this power is described in Article 67C of the Law. The owners association may request RERA support for arranging the service charges to be collected by for example EWA.
- *Power to establish a mechanism against late-payers* – see Articles 8, 19(iii) and 59 in Resolution 7. To implement this process, RERA requires evidence that the mechanism has been approved by the general assembly as a by-law. This will be reflected as a separate resolution listed on the agenda and recorded in the Minutes of Meeting. Some associations are setting an administration fee of 10% per annum.

RERA may disallow some mechanisms against non-payers, such as:

- to exclude access to the unit;
- to cut off water and electricity;
- to exclude access via security gates or to a car bay.

The owners association may undertake commercial activities if they are consistent with the Joint Property By-Law and the income is used to reduce the service charges. Examples: lease out a common property room; lease roof space for advertising or communications infrastructure; gym membership; lease common area parking bays.

The owners association may vote to terminate the joint property but this requires support by owners of 90% of the total unit entitlements. RERA is empowered to issue additional clarification of the termination process.

14. Owners Association Board

Each owners association is required to have a board and to delegate functions to the board¹³ for the day-to-day management of the joint property. Appointing an Owners Association Manager is also an option, which may be appropriate depending on the size of the joint property.

(i) How is the board appointed?

A minimum of three and a maximum of nine members applies. If there are less than 10 units, the owners are automatically members of the board. The pre-conditions for nomination are set out in Paragraph 9(i) above. Participants at the meeting can vote for one candidate. The participant has one vote per unit owned. The Owners Association can make different rules for voting for the Board nominees by adding them to Part 3 of the by-law form. Note that supplementary members in addition to the 9 may be appointed, to cover resignations, members selling, etc. If one Board member sells and leaves the Board, the next supplementary member automatically joins the board.

(ii) What are the duties and functions of the board?

The Board may carry out the functions of the Owners Association. The powers and functions of the board should be specified in the resolution of the general assembly. The by-laws may include a standard delegation by-law. The delegation may restrict the powers of the Board. The Resolution states that the Board cannot:

- approve the annual budget;
- approve a resolution on payments to board members;
- amend the Articles of Association or Joint Property By-Laws.

Where the general assembly specifically wishes to empower the Board to draft and approve the by-laws, a specific resolution should be minuted and made available to RERA.

(iii) Meetings of the board

- The Board may meet as often as required to fulfil its obligations;
- The quorum is 50% of the board members;
- Notice of 14 days must be given. This can be reduced if all board members agree;

¹³ Note that RERA is considering the establishment of optional training courses for Board members.

- voting – each Board member has one vote and decisions are made by simple majority. The chairman does not have a deciding vote.

Written records should be kept of all board meetings and decisions

(vi) Payment of board members

Although Board members generally are volunteers, the owners association in general assembly may decide to make some form of payment.

(vii) Term of Board member

Board members serve for two years and must then be re-elected. They may serve successive terms. The term expires at the General Assembly two years after appointment. It is not necessary that the terms of all board members expire at the same meeting. Each general assembly may vote on new members if there are vacancies.

(viii) Obtaining RERA certificate listing Board members

The Board members may apply for a RERA certificate listing the names of Board members – see Paragraph 16 below. The application form and details of supporting documents are set out in Form 10 and Form 10B.

(ix) New Board member required

If due to resignations etc the number of Board members falls below three, it is possible to call an extraordinary general assembly for the purpose of appointing additional members. If supplementary members have been appointed, these may automatically fill vacancies.

15. Owners Association Manager

The owners association may appoint an Owners Association Manager but this is not compulsory. The association may in general assembly delegate this appointment function to the Board.

The manager is required to sign a contract with the owners association and the requirements of the contract are set out in the resolution. The appointment is for a maximum of two years and the manager may be engaged for successive periods.

Possible functions include:

- work with the board to develop strategies for the management of the common areas;
- implement strategies, programs and plans set by the board;
- represent the Owners association and the board before relevant authorities;
- facilitate meetings of the board and the owners association;
- provide the full range of administrative and secretarial services to the board and the Owners association;
- facilitate the owners association exercising its functions and powers [including for example collecting service charges];
- arrange for tenders and facilitate the entry into contracts on behalf of the Owners association;

- supervise the performance of contractors and suppliers to the owners association and report to the board or general assembly;
- prepare annual budgets for the approval of the board;¹⁴
- address queries and complaints of the Owners;
- process insurance claims;
- undertake basic credit control processes;
- supervise legal proceedings including any proceedings under Article 68 (b) of the Law;
- ensure all proposed Works are compliant and supervise such Works;
- collect, update and safeguard all information of the owners association including a roll of all Owners and their addresses;
- be independent of the developer or any Owner in the Joint Property;
- follow lawful instructions of the owners association or board;
- disclose to the board or the general assembly any conflicts of interest;
- act honestly fairly and transparently in dealings with the board and Owners.
- Have a written contract with the owners association setting out:
 - The name and contact details of the Owners Association Manager;
 - The name of the Association
 - The duration of the contract, which must not exceed two years unless it is within a Special Management Scheme;
 - The management fee payable for the total contract period;
 - The functions delegated by the owners association
 - The contractual terms
 - The steps for terminating the agreement;
 - An undertaking by the Owners Association Manager to disclose any conflict of interest or remuneration or benefit received as a result of a contract entered into by or on behalf of the owners association during the term of the contract;
 - Provisions relating to the banking of association Annual Subscriptions into the Operational Account and the Reserve Account;
 - Any agreement concerning the audit of accounts.

RERA may support the process by providing a guide to the form of contract. If so, it will be notified on the web site.

Decision No 4 of 2018 on Licensing the Management and Operations of Real Estate Projects sets out additional obligations for owners association managers – see Guidelines for Owners Association Managers on the RERA website.

16. Applications to RERA

Further information on this topic is set out in Paragraph 10.

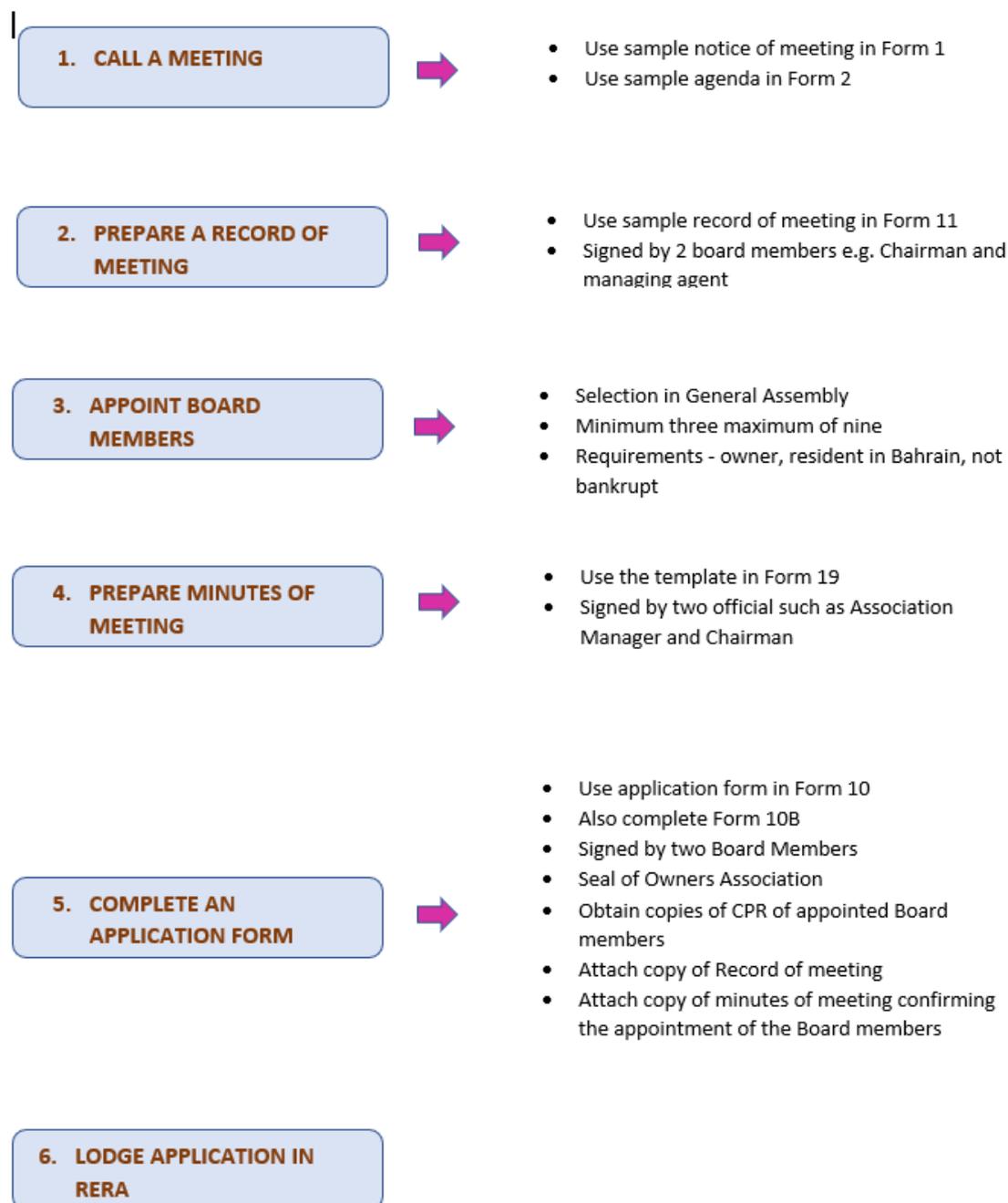
(i) Application for RERA certificate stating names of Board members

It is helpful for the owners association or the board to have a certificate from RERA recognising that the owners association is operational.

¹⁴ If the Board is happy with the budget, it can submit it to the General Assembly for approval
Guide for owners associations publication version 3.0

The following flowchart describes key steps in the application process. Note that the first general assembly provides an opportunity for the owners in meeting to appoint board members and to delegate functions:

HOW TO PREPARE AN APPLICATION FOR A RERA BOARD CERTIFICATE

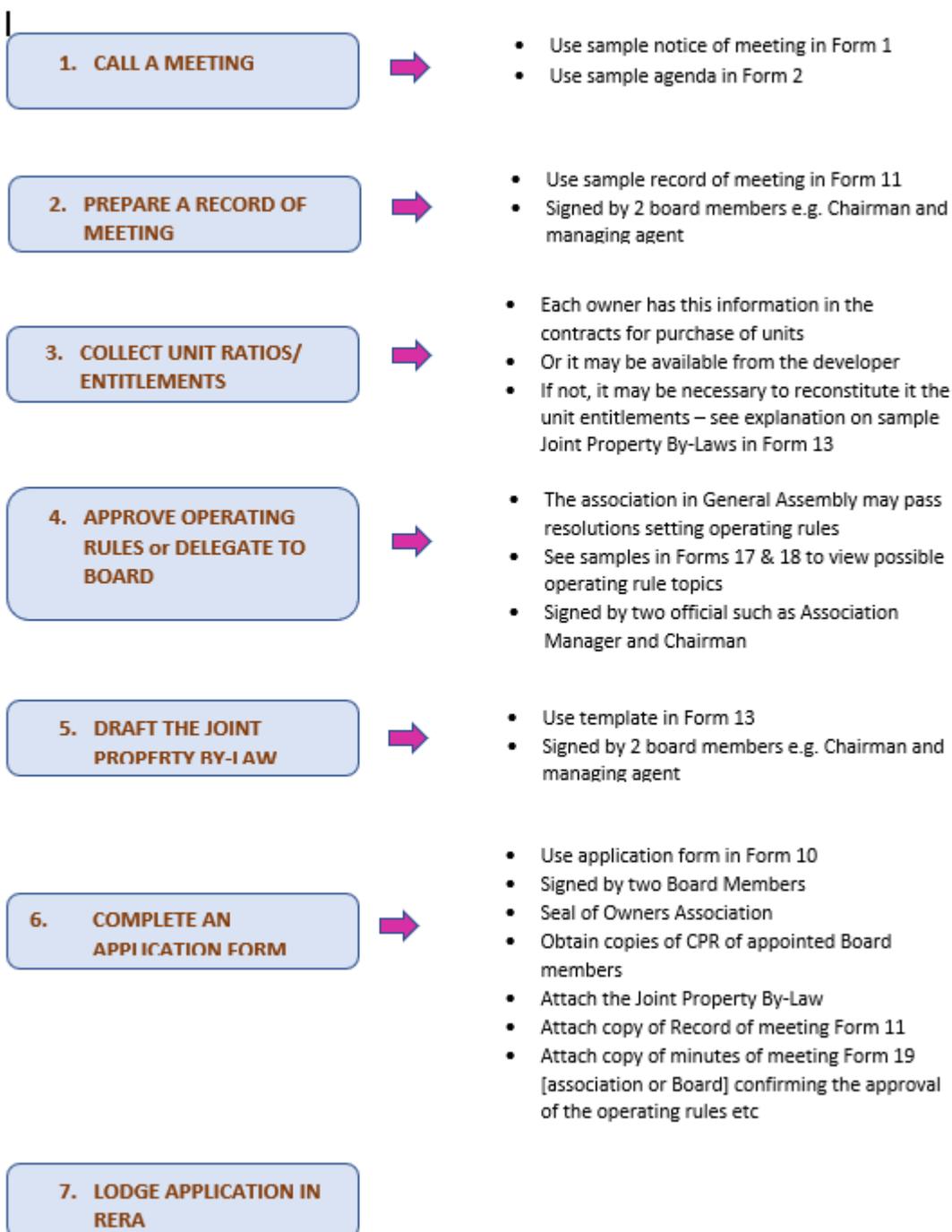


See Form 10 for the application form. See also paragraph 10 above, in relation to evidence required by RERA.

(ii) Lodgement of by-laws

The following flowchart describes the key steps in the process [noting that the first general assembly provides an opportunity for the members in meeting to review and approve the by-laws drafted by the developer]:

HOW TO PREPARE AN APPLICATION TO REGISTER A JOINT PROPERTY BY-LAW



17. What if there is a dispute?

It is not the intention of RERA to monitor or to intervene in the internal workings of individual owners associations. It does not have the role of resolving internal disputes within owners associations. Instead, it has set up an operational framework for associations to follow and is licensing owners association managers to provide support to owners associations. Responsibility rests on the individual owners to participate in the owners association activities and to support its role in promoting harmony within the development. Disputes may arise and it falls upon the owners association to internally

resolve disputes, to engage the assistance of an owners association manager or to seek external mediation. Some provisions apply:

- If there is a dispute about the validity of the general meeting or decisions made, owners of 25% of the units are entitled to request the Owners Association Manager or Board to call an extraordinary general assembly – see Article 49 of the Resolution. RERA may require an independent observer to be present at extraordinary meetings that result from a complaint about the initial meeting process;
- Owners can also apply to RERA for an order that a new meeting be conducted [see Article 69(x) of the Resolution] or for an order that an independent observer is required for a meeting [see Article 69(iii) of the Resolution]. The RERA-approved observer will assess whether proper meeting procedures are followed.
- RERA has the power to order disputing parties to participate in external mediation – see Article 69(ii) of the Resolution. At this stage, no mediation services are provided by RERA.

RERA may at some future stage create a specific mediation process for owners associations – see Article 70 of the Law.

Note also Article 8 of the Law, which gives the Bahrain Chamber for Dispute Resolution of Economic, Investment and Financial Matters jurisdiction to hear disputes for claims exceeding BD500,000, including disputes related to owners associations. RERA is also empowered by that Article to set up mediation processes for disputes before they go to the Chamber.

18. Operating Bank accounts

An owners association must have two bank accounts:

- Operating fund - for all day-to-day expenses of the owners association;
- Reserve Fund - for the longer-term maintenance obligations such as replacing lifts, painting common areas, replacing carpets or gutters, etc. Note the Reserve Fund studies every five years.

The annual budget must specify an amount for the operating account and for the reserve account. The funds must be placed in the correct account. A bank account will need three signatories to withdraw funds.

All annual subscriptions/ service charges must be deposited into the accounts, including funds paid to the Owners Association Manager.

19. Changing the Articles of Association or Joint Property By-Laws and Operating Rules

A key document prepared by the developer for the owners association is the Joint Property By-Laws. It is described in detail in Paragraph 4.

It is possible for the owners association to change the document initially prepared and registered by the developer. The assumption is that the Joint Property By-Law may be amended by ordinary

resolution of the owners association except as specified below [extracted from Article 61 of the Resolution]:

The following changes to the Joint Property By-laws shall be approved by Special Resolution:

- Changes to the architectural landscaping or other theme around which the development is designed;
- Changes to the permitted use of land in the Joint Property;

The following restrictions also apply to specified changes to the Joint Property By-laws:

- Changes to Exclusive Use rights established upon the initial registration of the Joint Property By-Laws may only be approved with the consent of the beneficiary of those Exclusive Use rights unless expressed otherwise in the Joint Property By-Laws;
- Changes to the entitlements of units must be made in accordance with guidelines issued by the Authority;
- Changes to easements and covenants agreements set out in the Joint Property By-Law require the consent of the beneficiary
- Changes to a Special Management Scheme may only be made with the consent of the beneficiary
- Changes to construction period covenants can only be made with the consent of the developer;
- Changes to the timetable for construction and implementation of future stages of development of the Joint Property require the consent of the developer.

Once the owners association has approved a change, it must be notified to all owners. The change must also be registered in the Special Register of Common Properties. An application form is set out in the Appendices – see Form 10.

It is expected that the changes may be made as follows:

- Use the RERA template for Changes to the Joint Property By-Law form;
- In the correct location on the template, reproduce the amended by-laws in full, showing it as it will read after amendment;
- In the correct location on the template, add new or additional by-laws, using the next available consecutive by-law number;
- Apply to RERA to approve the changes using the application form in Form 10.

Where the developer prepares the Joint Property By-Law for lodgment with an application for an off-plan sale project development license before construction of the joint property, care should be taken in drafting the by-laws as the document forms part of the compulsory disclosure to off-plan purchasers. There may be limited scope contractually to vary the document after the building is completed.

20. Main and Central Owners Associations and other complex developments

Introduction

Where the joint property by-laws are being prepared for a joint property that is part of a more complex development, Part 4 of the template should be completed. This is suitable where:

- The joint property is a subsidiary association within a Main Association or Central Association (known as a layered scheme);
- The joint property is impacted by a serviced apartments contract or is a branded residence;

- The joint property is part only of a building or part of a complex of buildings that are related but not within the owners association. In this situation the owners association will be impacted by a Building Management Statement governing the interaction of the strata and non-strata parts.

Using Part 4 of the joint property by-laws

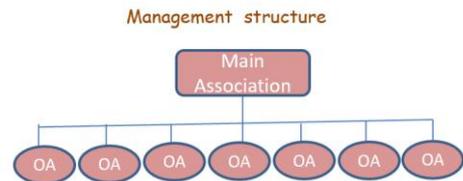
Part 4 should set out, in a succinct summary, the impact on the owners and the owners association from belonging to the wider development. The following broad headings may be considered:

- Impact on owners' rights and obligations;
- Impact on owners associations powers, functions and duties;
- Financial obligations on the owners association arising from the arrangement;
- Any service contracts that are binding on the owners association. These may exceed two years;
- Any rights, covenants, easements required over the joint property in order to effectively operate the wider scheme.

It is not appropriate to simply attach lengthy Main Association by-laws or building management statements. It is expected that Part 4 will be an effective disclosure document that is easy to read and understand.

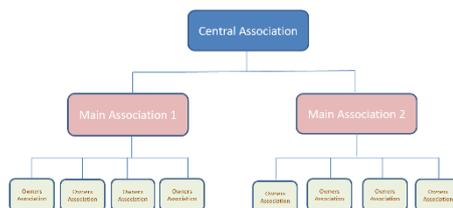
Explanation of terms

A layered scheme arises where a cluster of joint properties and their associations is managed by a Main Association. This is like an umbrella management body that ensures that the operating rules and standards are consistently applied across the related subsidiary owners associations.



A Main Association is used where there are two tiers of management in the development. It will have a Main Joint Property By-law.

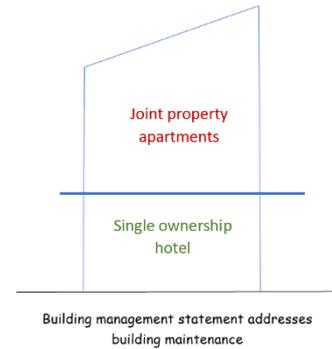
A Central Owners Association occurs where there are three levels of management. A Central association manages a cluster of main associations. It will have a Central Joint Property By-law.



A building management statement will be used where the joint property is part only of a building. For example, in the diagram the office component of the building is intended to be in single ownership; the office component is intended for single ownership and the apartment component is intended to be divided by a joint property plan to create an owners association. The offices and shops are not within the owners association. In this context, when SLRB processes a plan that creates the three components of the building, it will accept for registration a building management statement that regulates the relationship between the various components of the building. It is expected that the building management statement will:

- Confirm that the development is not intended to be a joint property.
- Identify the components that are joint property and non-joint property.
- Provide full details of any easements applying in the development:

- set out which owner owns the easement component burdened by the easement and who has the benefit of the easement;
 - describe rights of access for each component including rights through or across another component;
 - set out rights of shelter and support.
- Describe issues in relation to the maintenance of the building and easement areas:
 - describe how the shared elements are to be maintained, who is responsible for maintenance including renewal and replacement;
 - set out how the costs of maintenance repair and replacement will be allocated.
- Describe the provision of utilities to each component and whether metered. For a component that is shared but not metered, the cost-sharing arrangement should be stated.
 - Set out insurance arrangements.



The Building Management Statement may also include:

- Power to engage a facilities manager.
- A detailed description of the allocation of costs – a formula or based on use.
- Provision for regular meetings of component owners.
- Architectural standards for the building.
- Rules for use of common or shared elements.
- A process for dispute resolution.
- Termination arrangements.

The Building Management Statement will be recorded on the title deeds for the components. One or more components may then be subdivided by a joint property to create an owners association within that component. Association members are bound by the terms of the Building Management Statement.

Assessing implementation

RERA recognises that owners associations are of various sizes and levels of complexity. Some operate with the help of an Owners Association Manager and some will self-manage. Some boards will have minimal experience. It is unlikely that a single resolution will address the full range of issues. The implementation issues will be monitored with support from all stakeholders. Should it be necessary, RERA will follow up with directions, guidelines and additional resolutions.

Further resources

- *RERA website;*
- *Enquiries may be sent to oa@rera.gov.bh;*
- *Website Help Desk*
- *Additional guidelines for developers involved in establishing joint properties [coming soon];*
- *Special Management Scheme guidelines [coming soon];*
- *Guidelines for the staged development of a joint property [coming soon];*
- *Fact sheets on buying an apartment/ villa (off-plan or not off-plan) – see Help Desk.*

Forms

The forms are provided as a template that may be adapted to meet the needs of the owners association. However, Form 10 is a standard application form that should be followed.

Form 1 - Notice of General Assembly

Form 2 – Agenda for meeting

Form 3 - Proxy Form

Form 4 - Voting Paper

Form 5 - Notice to owner that service charges are payable

Form 6 - Statement of service charges issued to buyer

Form 7 - Clearance Certificate

Form 8 - Notice that an administrative fee of is payable by late-payers

Form 9 - Order under Article 68B to pay

Form 10 - Application to register or update Joint Property documents

Form 10B – Registration of Board of Owners Association with RERA

Form 11 – Owners Association General Assembly Reporting Form

Form 12 – Request by Interested Person for details of owners association board

Form 13 – Template for Joint Property By-Law - simple

Form 14 – Explanatory notes for simple joint property by-laws

Form 15 – Template of Joint Property By-laws - complex

Form 16 – Explanatory notes for complex joint property by-laws

Form 17 – Minutes of Meeting

Note that the templates and forms are provided as a guide only and may be modified to meet the requirements of the owners association. Items in italics are added as a guide to completing the templates. Word versions of the may be downloaded from the RERA website.

When preparing the Joint Property By-laws, please compose your own text rather than copying the examples set out below.

Form 1 – Notice of General Assembly

| | |
|---|--|
| Name of Owners Association | <i>To be completed by owners association</i> |
| Address of Owners Association | <i>To be completed by owners association</i> |
| Registration number of Owners Association | <i>This number is allocated by RERA when the Board Certificate is issued</i> |

A General Assembly of the owner's association will be conducted at the following time and place:

| | |
|----------|---|
| Date | <i>(According to article 52) The general assembly of the owners association shall be held annually by sending a written notice to members twenty-eight (28) days prior to the scheduled date of the general assembly meeting for the central owners association, twenty-one (21) days for the main owners association and fourteen (14) days for the Subsidiary Owners Association.</i> |
| Time | <i>Timing should be convenient for most participants</i> |
| Location | <i>To be completed by owners association</i> |

The meeting will discuss the financial statements, proposed budget and general business of the owner's association as outlined in the attached agenda.

Attachments *[complete as required]*

| | |
|---|--|
| 1 | Agenda for meeting |
| 2 | Minutes of the last General Assembly |
| 3 | Annual Financial Statements |
| 4 | Proposed budget for the next year |
| 5 | Voting Paper |
| 6 | Proxy form |
| 7 | Certificates of current insurance policies |
| 6 | <i>Documents to support general business items such as Quotations for carpet replacement</i> |
| 7 | Order to pay served on defaulting owners |
| 8 | Application form to nominate for Board membership |

Unit owners should note as follows:

1. A quorum is required for the meeting to proceed. A quorum requires participation by the owners of 50% of the units in the joint property,
2. If a quorum is not present within 60 minutes of the time for the start of the meeting, the meeting will be adjourned and will reconvene seven days later at the same time and place.
3. At the reconvened meeting, the meeting will proceed regardless of the number of owners participating.
4. It is important that owners participate, so that all views are considered. Important decisions will be made about the finances of the owners association and the service fee payable by all owners. The risk of not participating is that decisions will be made by a minority and will be binding on all owners.
5. How you can participate in the meeting:
 - Attend and vote in person
 - If you can't attend:
 - send your vote before the meeting by using the attached Voting Paper;
 - appoint a trusted proxy to attend on your behalf by completing and returning the attached proxy form
 - send your legal personal representative – with a document to authenticate the power
 - Vote by electronic means *[Note - this is relevant if the owners association has established a process in its Articles of Association]*
6. If you have not paid your service charge, you may attend the meeting but may not be eligible to vote

Note - RERA may ask an applicant to provide a copy of the notice of meeting and proof that it has been posted/ emailed to all owners

Form 2 – Agenda for Meeting

Some possible agenda items are shown by way of example

| | |
|---|--|
| Name of Owners Association | <i>To be completed by owners association</i> |
| Address of Owners Association | <i>To be completed by owners association</i> |
| Registration number of Owners Association | |
| Date of meeting | <i>To be completed by owners association</i> |

The agenda for the meeting is as follows:

1. Appointment of meeting Chairman – *[if required]*
2. Confirmation of the Minutes of the last meeting
3. Review of the annual financial statements - attached
4. Review the proposed budget - attached
5. Review the proposed service charge for the next year – details attached
6. Appointment of new Board members – nomination forms attached
7. Approval of continuation of insurance policies – certificates of insurance attached
8. Approval of Reserve Fund expenditure:
 - 8.1 Acceptance of quote by ABC for carpet replacement – see attached quotations
 - 8.2 Acceptance of quote by DEF for gutter replacement – see attached quotations
9. Approval of action against defaulting owners
10. approving the joint property bylaws or delegating the board to prepare it.
11. Other business arising

Notes:

- *The agenda is a key document in alerting owners of the significant issues to be discussed during the meeting. List each major discussion item as a separate proposed resolution*
- *The mechanism should be listed as an agenda item. Mechanisms may include (i) setting up an administrative fee such as 10% per annum] for late payers, (ii) excluding non-payers from access to common facilities; (iii) other penalties.*
- *If there is to be a resolution under Article 70 appointing the developer as managing agent or appointing a managing agent in which the developer has an interest, an agenda item is required and the developer may not vote on the resolution.*
- *If the owner's association wishes to delegate to the Board the power to complete the by-laws, this needs a separate agenda item.*
- *If there is to be a resolution by the main or central association to delegate to the Board the items in Article 43 B of the Resolution, including (i) the approval of the annual budget; (ii) amending the articles of association or by-laws; etc, then a separate agenda item is required and the developer may not vote.*

Form 3 – Proxy Form

| | |
|-------------------------------|--|
| Name of Owners Association | <i>To be completed by owners association</i> |
| Address of Owners Association | <i>To be completed by owners association</i> |
| Registration Number | |
| Unit number | <i>To be completed by owners</i> |
| Names of owners | <i>To be completed by owners</i> |

I/we , the owners of the unit as listed above, appoint

[insert name of proxy] to be our proxy and to vote on our behalf at the General Assembly on

..... *[insert date so the proxy is specific to a single meeting]* and any continuation of the meeting seven days later.

Signed at [Location]

..... Date

..... Signature of Owner 1

..... Name of Owner 1

..... CPR/ Passport number

..... Signature of Owner 2

..... Name of Owner 2

..... CPR/ Passport number

..... Signature of Witness Or Notary

..... Name of Witness

..... CPR/ Passport number

Notes:

- *If a company, affix seal and authorised signatures.*
- *For individuals signing in Bahrain, the signature must be notarised. If signed overseas, please have the signature witnessed by an adult witness and provide copies of the CPR/ passport of the owner and witness.*
- *In accordance with Article 59 of the Resolution, a person cannot be proxy for more than 10% of the vote ratio unless appointed by a single owner holding more than 10% of the voting entitlement.*

Form 4 – Voting Paper

| | |
|-------------------------------|--|
| Name of Owners Association | <i>To be completed by owners association</i> |
| Address of Owners Association | <i>To be completed by owners association</i> |
| Registration number | |
| Unit number | <i>To be completed by owners</i> |
| Names of owners | <i>To be completed by owners</i> |

I/we, the owners of the unit as listed above, vote as follows in relation to the notified proposed resolutions at a meeting of the General Assembly to be conducted on [Date] and any continuation of the meeting seven days later.

[insert appropriate wording to reflect the actual resolution to be voted on by the General Assembly]

| Resolution | Description | Yes | No |
|--------------|--|-----|----|
| Resolution 1 | <i>That the circulated Minutes be confirmed as an accurate record of previous meeting</i> | | |
| Resolution 2 | <i>That the circulated financial statements be accepted</i> | | |
| Resolution 3 | <i>That the circulated budget be accepted</i> | | |
| Resolution 4 | <i>That the proposed service charge for the next year be approved</i> | | |
| Resolution 5 | <i>That the current insurance policies be maintained</i> | | |
| Resolution 6 | <i>That the proposed action in the execution court against defaulting owners be approved</i> | | |
| Resolution 7 | <i>That the proposed Quote by XYZ for carpet replacement be accepted</i> | | |
| Resolution 8 | <i>That the proposed quotation for gutter replacement by ABC Company be accepted</i> | | |
| Resolution 9 | <i>That the attached by-laws be approved</i> | | |

..... Date

..... Signature of owner 1

..... Name of Owner 1

..... CPR number

..... Signature of owner 2

..... Name of Owner 2

..... CPR number

..... Signature of Witness

..... Name of Witness

..... CPR number

If a company, affix seal and authorised signatures.

Notes:

- *The Voting Paper will set out the draft resolutions to be voted on during the meeting. All supporting information to permit an informed vote should be provided*
- *If the agenda includes voting to accept the by-laws, then it is useful for the owner's association of the person signing the voting paper also signs and returns the by-laws provided with the voting paper*
- *In accordance with Article 62, the signature of the voting paper by the member shall be witnessed by an adult person. Copies of the identity card/ passport of the member and witness must be obtained by the owner's association so it can confirm that the form has been correctly signed.*

Form 5 – Notice of Service Charge to owner

In accordance with the resolution of the General Assembly, the following service charge is payable in relation to your unit:

| | |
|-------------------------------|--|
| Name of Owners Association | <i>To be completed by owners association</i> |
| Address of Owners Association | <i>To be completed by owners association</i> |
| Registration number | |
| Unit number | <i>To be completed by owners association</i> |
| Names of owners | <i>To be completed by owners association</i> |
| Annual Service Charge | <i>To be completed by owners association</i> |
| (i) Operational Account | |
| (ii) Reserve Account | |
| (iii) Total payable: | |
| Date Due | <i>To be completed by owners association</i> |

Payment Options – *[Set out the owners association’s preferred payment options]*

Your payment is important to the Owners Association – service charges are essential, to permit the owners association to carry out the maintenance and repair of the buildings and equipment, insuring the joint property, etc.

If the payment is not made on the due date, the owners association is empowered to require an administrative fee of up to 10% per annum on outstanding amounts.” - see Article 27A 2, which requires the member to be notified twice during the three-month period.

If amounts remain unpaid, the owner’s association is required under Article 68 of the Law and Article 28 of Resolution 1 of 2020, to serve an Order to Pay on the owner to initiate enforcement action in the execution court.”

Dated this *[insert date]*

.....

Signed by *[name of association manager or Board Member]* on behalf of the Owners Association

Form 6 – Statement of Service Charge for buyer

This statement of service charges is issued in relation to the proposed sale of the unit shown below. It sets out the outstanding payments in relation to the unit as at the date stated below.

Particulars

| | |
|-------------------------------|--|
| Name of Owners Association | <i>To be completed by owners association</i> |
| Address of Owners Association | <i>To be completed by owners association</i> |
| Registration number | |
| Unit number | <i>To be completed by owners association</i> |
| Names of owners | <i>To be completed by owners association</i> |
| Date of Certificate | <i>To be completed by owners association</i> |

Amounts due [*To be completed by owners association*]

| <i>Date due</i> | <i>Amount</i> | <i>Administrative charges</i> | <i>Total</i> |
|-----------------|---------------|-------------------------------|--------------|
| | | | |
| | | | |

Payment options - [*Set out the owners association’s preferred payment options*]

Validity of Certificate – The certificate is valid at the date of issue. When the amounts owing are paid, the owners association is empowered to issue a Clearance Certificate in order to support the registration of the sale of the unit.

The seal of the owners association has been affixed in the presence of

..... Signature

..... Name and authority of Witness [manager/ board member]

..... Signature

..... Name and authority of Witness [board member]

..... Signature

..... Name and authority of Witness [board member]

Form 7 – Clearance Certificate

| | |
|-------------------------------|--|
| Name of Owners Association | <i>To be completed by owners association</i> |
| Address of Owners Association | <i>To be completed by owners association</i> |
| Registration number | |
| Unit number | <i>To be completed by owners association</i> |
| Names of owners | <i>To be completed by owners association</i> |
| Date of Certificate | <i>To be completed by owners association</i> |

The owners association hereby certifies that at the date of this certificate there are no unpaid charges or fees in relation to the above unit and that it does not object to the transfer of the unit.

The seal of the owners association has been affixed in the presence of:

..... Signature

..... Name and authority of Witness [manager/ board member]

..... Signature

..... Name and authority of Witness [board member]

..... Signature

..... Name and authority of Witness [board member]

Form 8 – Notice of Administrative Fee Payable

In accordance with the resolution of the General Assembly, the following service charge is now overdue in relation to your unit:

| | |
|-------------------------------|--|
| Name of Owners Association | <i>To be completed by owners association</i> |
| Address of Owners Association | <i>To be completed by owners association</i> |
| Registration number | |
| Unit number | <i>To be completed by owners association</i> |
| Names of owners | <i>To be completed by owners association</i> |
| Service charges due | <i>To be completed by owners association</i> |
| Date service charges due | <i>To be completed by owners association</i> |

Pursuant to Article 27 of Resolution 1 of 2020, you are hereby notified that, since the above service charge was not paid on the due date and remains unpaid at the date of this notice, an administrative charge of 10% per annum will now accrue on the unpaid amounts until the date of full payment.

Payment of all outstanding amounts may be made as follows: *[insert owners association’s preferred payment process]*

If amounts remain unpaid, the owners association is required under Article 68 of the Law and Article 28 of the Resolution, to serve an Order to Pay on the owner to initiate enforcement action in the execution court.

Dated this *[insert date]*

.....

Signed by *[name of association manager or Board Member]* on behalf of the Owners Association

Form 9 – Order to Pay

| | |
|-------------------------------|--|
| Name of Owners Association | <i>To be completed by owners association</i> |
| Address of Owners Association | <i>To be completed by owners association</i> |
| Registration number | |
| Unit number | <i>To be completed by owners association</i> |
| Names of owners | <i>To be completed by owners association</i> |
| Date of this Order | <i>To be completed by owners association</i> |

Pursuant to the powers set out in Article 68B of Law 27 of 2017 the owners association hereby notifies you that payment of the following amounts are now due and payable to the owners association:

Amounts due [*To be completed by owners association*]

| <i>Date payable</i> | <i>Amount</i> | <i>Administrative charges</i> | <i>Total</i> |
|----------------------------|----------------------|--------------------------------------|---------------------|
| | | | |
| | | | |

You are requested to pay the amount outstanding as soon as possible.

Payment options: [*insert owners association’s preferred payment process*]

You are also notified that the Law requires you to make the payment or at your expense to challenge this notice in the competent court. If you fail to do so within 90 days of this notice, the owners association will apply to the competent court to endorse this order and refer it to the execution court.

The execution court is empowered to take action against your assets in order to recover the amounts outstanding and where appropriate may sell your assets.

The seal of the owners association has been affixed in the presence of

..... Signature

..... Name and authority of Witness [manager/ board member]

..... Signature

..... Name and authority of Witness [board member]

..... Signature

..... Name and authority of Witness [board member]

FORM 10**إستمارة 10****Register or Update Joint Property****تسجيل أو تحديث عقار مشترك**

اسم اتحاد الملاك

عنوان اتحاد الملاك

Name of Owners Association

Address of Owners Association

| | |
|--|------------------------------------|
| | Road/طريقBuilding/مبنى |
| |Area/المنطقةBlock/مجمع |

request the registration of the following documents:

طلب تسجيل مستندات العقار المشترك الآتية:-

Joint Property By-Law**النظام الرئيسي**

| | |
|---|---|
| <input type="checkbox"/> New By-law | <input type="checkbox"/> نظام رئيسي جديد |
| <input type="checkbox"/> New Articles of Association | <input type="checkbox"/> نظام أساس جديد |
| <input type="checkbox"/> Amendment to by-law of articles of association | <input type="checkbox"/> تعديل قفرة في النظام الأساسي |

Certificate of Board of Owners Association**شهادة بأسماء أعضاء مجلس الإدارة**

| | |
|--|--|
| <input type="checkbox"/> Issue New Certificate | <input type="checkbox"/> إصدار شهادة جديدة |
| <input type="checkbox"/> Updated current Certificate | <input type="checkbox"/> تعديل الشهادة الحالية |

Approved at a properly convened General Assembly

معتمد في جمعية عمومية منعقدة انعقاد صحيح

• [DATE] :

• [التاريخ]:

• [TIME] :

• [الساعة]:

• [ADDRESS OF MEETING] :

• [مكان الاجتماع]:

.....

توقيع رئيس مجلس الإدارة

توقيع أمين الخزينة

Chairman's signature

secretary signature

.....

.....

قم بوضع ختم إتحاد الملاك

Affix the owner's association seal

المستندات المطلوبة انظر الصفحة التالية

SUPPORTING EVIDENCE – SEE NEXT PAGE

Name: الاسم :

CPR: الرقم الشخصي

Contact number: رقم التواصل:

Email: البريد الإلكتروني:

Signature التوقيع:

Please provide copies of the following:

- minutes of meeting of the General Assembly or Board it should include appointment of board members and the confirmation of the joint property by-laws.
- The duly completed Owners Association General Assembly Reporting Form – use **FORM 11** of the Guide on Owners Associations and Joint Properties.
- The duly completed Registration of BOD of Owners Association with RERA – use **FORM 10B**
- All Board members must provide a copy of the CPR, unit title deed, and a Good Conduct Clearance Certificate.
- Joint property by laws – use the template published on the website and see **FORM 13**.

Note: Proxies representing owners in Bahrain must be notarized to attend and vote in General Assemblies. Owners overseas must sign the **Proxy form** and have the signature witnessed by an adult witness and provide copies of the CPR/passport of the owner and witness.

المستندات المطلوبة:

- نسخة من محضر اجتماع الجمعية العمومية أو مجلس الإدارة، مبيناً القرار الذي تم التصويت عليه بشأن الطلب أعلاه. بما في ذلك قرار تعيين أعضاء مجلس الإدارة وقرار اعتماد النظام الرئيسي.
- ملء استمارة تقرير اجتماع الجمعية العمومية لاتحاد الملاك- استخدم **الاستمارة 11** من مجلد توجيهات اتحاد الملاك والعقارات المشتركة.
- ملء استمارة تسجيل أعضاء مجلس إدارة الإتحاد لدى المؤسسة – استخدم **الاستمارة 10**.
- نسخ من البطاقات الشخصية ووثائق الملكية بالإضافة إلى شهادة حسن السيرة والسلوك لجميع أعضاء مجلس الإدارة.
- النظام الرئيسي – استخدم النموذج المنشور على موقع المؤسسة الإلكتروني وانظر **الاستمارة رقم 13**.

ملاحظة: يجب مراعاة أن تكون الوكالات موثقة من قبل إدارة التوثيق بالنسبة للملاك المقيمين في مملكة البحرين، أما الملاك المقيمين في خارج المملكة فيجب أن يتم توقيع نماذج الوكالة من قبل شاهد وإرفاق نسخة من جواز السفر أو بطاقة الهوية لكل من المالك والشاهد.

FORM 10B - Registration of Board of Owners Association

إستمارة 10 ب - تسجيل أعضاء مجلس الإدارة لاتحاد الملاك

I hereby confirm that the following owners were elected as Board Members of

أُقر بأن الملاك التالية أسماؤهم تم انتخابهم كأعضاء لمجلس الإدارة

Name of Owners Association

اسم اتحاد الملاك

| # | Position | Name | CPR | Unit Address | Email Address | Contact Number | Appointment Date |
|---|----------------------------------|-------|--------------|--------------|-------------------------|----------------|------------------|
| | المنصب | الاسم | الرقم الشخصي | عنوان الوحدة | عنوان البريد الإلكتروني | رقم التواصل | تاريخ التعيين |
| 1 | Chairman رئيس مجلس الإدارة | | | | | | |
| 2 | Secretary أمين السر | | | | | | |
| 3 | Treasurer أمين الخزينة | | | | | | |
| 4 | Board Member عضو مجلس الإدارة | | | | | | |

| | | | | | | | |
|---|---|--|--|--|--|--|--|
| 5 | Board Member عضو مجلس الإدارة | | | | | | |
| 6 | Board Member عضو مجلس الإدارة | | | | | | |
| 7 | Board Member عضو مجلس الإدارة | | | | | | |
| | Board Member عضو مجلس الإدارة | | | | | | |
| 8 | Board Member عضو مجلس الإدارة | | | | | | |
| 9 | Owners Association Manager مدير اتحاد الملاك | | | | | | |

Affix seal of owners association

ضع ختم اتحاد الملاك

| | |
|---|--|
| توقيع رئيس مجلس الإدارة Chairman's Signature | توقيع أمين السر Secretary signature |
|---|--|

Form 11 - General Assembly reporting form

إستمارة 11 - استمارة تقرير الجمعية العمومية

| | | |
|--|--|---|
| اسم اتحاد الملاك ▼ Name of Owners Association | <input type="checkbox"/> النصاب القانوني متوفر <i>quorum present</i> | تاريخ ووقت الإجتماع ▼ Date and time of Meeting |
| | <input type="checkbox"/> تأجيل الإجتماع لسبعة أيام <i>deferred for 7 days</i> | |
| رئيس الاجتماع Meeting chairman | | عدد الوحدات المشاركة Number of participating units |

* All owners details must be filled out prior to the commencement of the meeting

* يجب تعبئة معلومات جميع الملاك قبل بدء الاجتماع

| Serial number | * Unit number | *entitlement | * Owners Name & CPR number | Participationالمشاركة | | | | | Signature |
|---------------|---------------|--------------|-----------------------------|-----------------------|-------------|---|-------------------------|--|-----------|
| | | | | Present حضور شخصي | Proxy وكالة | Proxies name & CPR number اسم الوكيل و الرقم الشخصي | Voting paper ورقة تصويت | Name of Legal representative اسم الممثل القانوني | |
| رقم التسلسل | * رقم الوحدة | * الإستحقاق | * اسم المالك و الرقم الشخصي | | | | | | |
| 1 | | | | | | | | | |
| 2 | | | | | | | | | |
| 3 | | | | | | | | | |
| 4 | | | | | | | | | |
| 5 | | | | | | | | | |
| 6 | | | | | | | | | |

| | | | | | | | | | |
|----|--|--|--|--|--|--|--|--|--|
| 7 | | | | | | | | | |
| 8 | | | | | | | | | |
| 9 | | | | | | | | | |
| 10 | | | | | | | | | |
| 11 | | | | | | | | | |
| 12 | | | | | | | | | |
| 13 | | | | | | | | | |
| 14 | | | | | | | | | |
| 15 | | | | | | | | | |

Affix seal of owners association

ضع ختم اتحاد الملاك

| | |
|---|--|
| توقيع رئيس مجلس الإدارة Chairman's Signature | توقيع أمين السر Secretary signature |
|---|--|

Form 12
– Request by interested person
for details of the Board of an
owners association

الملحق 12 -
طلب شخص مهتم لتفاصيل أعضاء
مجلس إدارة الإتحاد

Real Estate Regulatory Authority
Owners Association Unit
PO Box 18000
Manama
Kingdom of Bahrain

مؤسسة التنظيم العقاري
وحدة اتحاد الملاك
ص. ب 18000
المنامة - البحرين

| | | |
|-------|--|----------|
| DATE: | | التاريخ: |
|-------|--|----------|

Dear Sirs

الى السادة الأفاضل،،،

RE: Certificate of Board Membership

Please provide a copy of the Certificate of Board membership for

نرجو اصدار شهادة باسما أعضاء مجلس الإدارة لـ

| | | |
|--|--|--|
| | اسم اتحاد الملاك ▼ Name of Owners Association | عنوان اتحاد الملاك ▼ Address of Owners Association |
| Requested by: <i>Name of requester</i> | | مقدم الطلب: <i>اسم مقدم الطلب:</i> |
| Position: <i>(Board Member, Unit Owner, Potential Buyer, Member of Public)</i> | | المنصب: <i>عضو مجلس ادارة , مالك وحدة, مشتري محتمل, شخص من العامة</i> |
| Contact details: <i>Address, Phone, email</i> | | تفاصيل الاتصال: <i>العنوان , الهاتف , البريد الالكتروني</i> |
| Nature of interest: | | طبيعة الإهتمام |
| Yours faithfully | | تحياتي،، |

Form 13 – Template for Joint Property By-Laws – Simple

JOINT PROPERTY BY-LAWS

| | | |
|---|---|-----------------------------|
| Name of Owners Association | | |
| Address of Owners Association | | |
| Registration number | | |
| Description of common areas | | |
| Item | Subject | Content¹⁵ |
| PART 1 – By-Laws for Initiating the Joint Property | | |
| By-Law 1.1 | Table of areas, Unit Entitlements and allocated parking | |
| By-Law 1.2 | Description of method of Calculation of Entitlement of units | |
| By-Law 1.3 | Parking for units and visitors | |
| By-Law 1.4 | Supply of utility services | |

| | | |
|---|--|--|
| By-Law 1.5 | Exclusive use areas | |
| PART 2 – By-Laws for Managing the Joint Property | | |
| By-Law 2.1 | Management structure | |
| By-Law 2.2 | Operational Rules | |
| By-Law 2.3 | Fees for issue of certificates | |
| By-Law 2.4 | Procedures against non-payers | |
| By-Law 2.5 | Internal dispute mechanisms | |
| PART 3 – Additional Articles of Association | | |
| By-Law 2.6 | Powers and Functions delegated to the Board | |
| By-Law 2.7 | Powers and Functions delegated to the Owners Association Manager | |
| By-Law 3.1 | Additional Articles of Association | |

Accepted by RERA

.....

Date

.....

Registered by SLRB

.....

Date

.....

Acceptance of the by-laws for registration by RERA should not be taken as endorsement of the contents

Form 14 – Explanatory notes for completing by-laws for simple developments

Notes [do not reproduce these notes when preparing the Joint Property By-Law]

- **Legislative requirement for By-Laws** - The requirements for the Joint Property By-Law are set out in the law and Resolution 7.
 - **For new developments** – the developer shall prepare the Joint Property By-Laws applying the relevant parts of the Template as a guide, with particular emphasis given to Part 1. The wording of each document is left to the discretion of the developer, taking into account the design of the development. Much of the template is relevant to the new development.
 - **For existing developments** – transitioning owners associations need to create By-Laws following the relevant parts of the template, with particular emphasis on Part 2 and the Unit entitlements, omitting those parts of Part 1 best suited for the developer of a new development. Once your General Assembly has approved a process for creating the By-Laws, such as to delegate to the Board, the rules can be developed and approved and copied into a document in the form of the template. The owners association can then apply to RERA on the approved form to register the By-Laws
 - **By-laws should be numbered sequentially.** If one of the rows on the template is not required for a particular development, it should be omitted from the form.
-

Any wording is for illustration only. Please draft specific by-laws suitable for your owners association

| Name of Owners Association | | |
|---|--|---|
| Address of Owners Association | | |
| Registration number | | |
| Description of common areas | | <p>Note that anything in a joint property that is not shown as a unit is automatically common area managed by the owners association.</p> <p>Here insert a description of all facilities owned by the owners as common areas and managed by the owners association. Include all facilities</p> |
| Item | Subject | Content ¹⁶ |
| PART 1 – By-Laws for Initiating the Joint Property | | |
| By-Law 1.1 | Table of areas, Unit Entitlements and allocated parking | [Attach a table setting out (i) a list of all units, (ii) the area of the units, (iii) the Entitlements related to such Units and any car bays allocated to principal Units]. |
| By-Law 1.2 | Description of method of Calculation of Entitlement of units | <p>[Insert a description of how Entitlements are calculated, taking into consideration the factors set out in the Law].</p> <p>Unit entitlements may be based on areas of units. However, it is possible to have equal unit entitlements if the units have different areas, if the owners association wants all owners to</p> |

¹⁶ Delete items that are not relevant to the particular joint property. Maintain consecutive numbering. The manner of numbering may vary from that in the template but should be consistent in the document.

| | | |
|---|---|--|
| | | <i>contribute equally to service charges and to own the common areas equally. This is the practice in many existing owners associations.</i> |
| By-Law 1.3 | Parking for units | <i>[Specify the total number of car bays and describe parking arrangements for units, for visitors and for the public visiting commercial areas. This may specify if owners exclusive use rights to car bays.</i> |
| By-Law 1.4 | Supply of Utility Services | <i>[Insert a summary of all Utility Services supply arrangements including metering and billing arrangements where relevant]. Please record if the common areas are also separately metered</i> |
| By-Law 1.5 | Exclusive Use Areas | <i>[Having regard to the Property Location Plan, define any rights and obligations of parties having the benefit of Exclusive Use Areas. If such areas are not shown on plans, describe the areas and set down the parties' rights and obligations].</i> |
| PART 2 – By-Laws for Managing the Joint Property | | |
| By-Law 2.1 | Management structure | <i>Developer's confirmation that a single owners association is intended to be created by the Joint Property over the whole of the base plot and if not, a subdivision may be required or a legal structure defined up-front]</i> |
| By-Law 2.2 | Operational Rules | <i>[Insert any Operational Rules that apply to the Joint Property and use of the Common Areas. This may include items relating to parking, traffic flow, speed limits, conditions and use of common areas, hours of use, safety, security, card access, disposal of rubbish, noise mitigation etc].</i> |
| By-Law 2.3 | Fees for issue of certificates | <i>Fee for the issue of a clearance certificate by the owners association</i> <i>Fee for the issue of a statement of annual subscription to the seller/ buyer</i> |
| By-Law 2.4 | Procedures against non-payers | <i>[Set out action that is envisaged to be taken where an owner fails to pay a service charge – for example, an administrative charge of 10% per year, procedure in the execution court, etc]</i> |
| By-Law 2.5 | Internal dispute mechanisms | <i>[Here set out any procedures to be used within and external to the owners association in order to resolve disputes within the owners association.]</i> |
| By-Law 2.6 | Powers and Functions delegated to the Board | <i>The following functions are delegated to the Board</i> <i>[Here set out the specific powers delegated or the specific approvals retained by the Owners Association]</i> |
| By-Law 2.7 | Powers and Functions delegated to the Owners Association Manager | <i>[Set out the powers delegated to the Owners Association Manager. Note that the Owners Association Manager will provide the Owners Association with a contract containing these terms, to be approved by the Owners Association. The appointment is effective from the date the contract is signed.]</i> |
| PART 3 – Additional Articles of Association | | |

| | | |
|-------------------|---|--|
| By-Law 3.1 | Additions to Articles of Association | <i>[Insert any additions to the Articles of Association]</i> |
|-------------------|---|--|

Form 15 – Template for Joint Property By-Laws – Complex

| | | | | | | |
|---|--|-------------------------|---------------------|---------------------|-------------------------------|-----------------------------|
| Name of Owners Association | | Owners Association | | | | |
| Address of Owners Association | | | | | | |
| Registration Number | | | | | | |
| Description of Common Areas | | | | | | |
| Item | Subject | Content | | | | |
| PART 1 – By-Laws for Initiating the Joint Property | | | | | | |
| By-Law 1.1 | Table of Unit Entitlements, common areas and allocated parking | <i>Unit</i> | <i>Car bay</i> | <i>Area of unit</i> | <i>%</i> | <i>Entitlement</i> |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| By-Law 1.2 | Description of method of Calculation of area of units | | | | | |
| By-Law 1.3 | Description of method of determining % share of common areas | | | | | |
| By-Law 1.4 | Table of contributions to annual subscriptions | <i>Unit</i> | <i>Area of unit</i> | <i>% by area</i> | <i>Loading for commercial</i> | <i>% of service charges</i> |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | Description of method of Calculation of contributions to annual subscriptions/ service charges | | | | | |
| By-Law 1.5 | Supply of Utility Services | | | | | |
| By-Law 1.6 | Exclusive Use Areas | | | | | |

| | | |
|---|--|--|
| By-Law 1.7 | Parking for units | |
| By-Law 1.8 | Accessory Units | |
| By-Law 1.9 | Insurance | |
| By-Law 1.10 | Easements and Covenants | |
| By-Law 1.11 | Special Contractual Arrangements | |
| By-Law 1.12 | Theme - Architectural & Works | |
| By-Law 1.13 | Arrangements affecting the Base Plot | |
| By-Law 1.14 | Permitted Use and restrictions on use of plots, units | |
| By-Law 1.15 | Stages of construction | |
| By-Law 1.16 | Covenants applying during the construction period | |
| PART 2 – By-Laws for Managing the Joint Property | | |
| By-Law 2.1 | Management structure | |
| By-Law 2.2 | Operational Rules | |
| By-Law 2.3 | Fees for issue of certificates | |
| By-Law 2.4 | Procedures against non-payers | |
| By-Law 2.5 | Internal dispute mechanisms | |
| PART 3 – Additional Articles of Association | | |
| By-Law 3.1 | Additional Articles of Association | |
| PART 4 – Special Management Schemes | | |
| 4.1 | Description of special management scheme | |
| 4.2 | Impact on owners rights and obligations | |
| 4.3 | Impact on owners association powers, functions and duties | |
| 4.4 | Additional financial obligations on the owners association | |
| 4.5 | Service contracts intended to bind owners association | |
| 4.6 | Rights covenants and easements over the joint property | |

Accepted by RERA

.....

Date

.....

Registered by SLRB

.....

Date

.....

Acceptance of the by-laws for registration by RERA should not be taken as endorsement of the contents

Form 16 – Explanatory notes for completing by-laws for complex developments

| | | | | | | | |
|---|---|--|-----------------|---------------------|---------------------|-------------------------------|-----------------------------|
| Name of Owners Association | | Owners Association | | | | | |
| Address of Owners Association | | | | | | | |
| Registration Number | | | | | | | |
| Description of Common Areas | | <p><i>Note that anything in a joint property that is not shown as a unit is automatically common area managed by the owners association.</i></p> <p><i>Here insert a description of all facilities owned by the owners as common areas and managed by the owners association. Include all facilities</i></p> <p style="text-align: center; color: blue;">Any wording is for illustration only. Please draft specific by-laws suitable for your owners association</p> | | | | | |
| Item | Subject | Content¹⁷ | | | | | |
| PART 1 – By-Laws for Initiating the Joint Property | | | | | | | |
| By-Law 1.1 | Table of Unit Entitlements, common areas and allocated parking | | <i>Unit</i> | <i>Car bay</i> | <i>Area of unit</i> | <i>%</i> | <i>Entitlement</i> |
| | | | 1 | 1 | 80 sq m | 10.3% | 103 |
| | | | 2 | 2 | 90 sq m | 11.5% | 115 |
| | | | 3 | 3 | 100 sq m | 12.8% | 128 |
| | | | 4 | 8 | 120 sq m | 15.4% | 154 |
| | | | 5 | 7 | 80 sq m | 10.3% | 103 |
| | | | 6 | 6 | 90 sq m | 11.5% | 115 |
| | | | 7 | 5 | 100 sq m | 12.8% | 128 |
| | | | 8 | 4 | 120 sq m | 15.4% | 154 |
| | | | 780 sq m | 100% | 1000 | | |
| | <i>[this value determines the undivided share of unit entitlement and the value of the vote – see Article 54 of Law 27]</i> | | | | | | |
| By-Law 1.2 | Description of method of Calculation of area of units | <p><i>The area of each unit includes the internal area of the unit, the external area of the balcony and the area of the car space forming part of the unit. The area of the unit was calculated as the area inside the external walls, and did not exclude the area of structural walls inside the units and columns that are common area</i></p> | | | | | |
| By-Law 1.3 | Description of method of determining % share of common areas | <p><i>The unit entitlement was calculated based on areas of units, taking the area of each unit as a percentage of the sum of all unit areas.</i></p> | | | | | |
| By-Law 1.4 | Table of contributions to annual subscriptions | | <i>Unit</i> | <i>Area of unit</i> | <i>% by area</i> | <i>Loading for commercial</i> | <i>% of service charges</i> |
| | | | 1 | 80 sq m | 10.3% | +4.7% | 15% |
| | | | 2 | 90 sq m | 11.5% | +5.5% | 17% |
| | | | 3 | 100 sq m | 12.8% | +5.7% | 18% |
| | | | 4 | 120 sq m | 15.4% | +4.6% | 20% |

¹⁷ Delete items that are not relevant to the particular joint property. Maintain consecutive numbering. The manner of numbering may vary from that in the template but should be consistent in the document.

| | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--------------------|---|--|-------|-------------|-------|-------|----|---|---------|-------|-------|----|---|----------|-------|-------|----|---|----------|-------|-------|-----|--|-----------------|-------------|--|-------------|
| | <i>[this table is a theoretical example and sets out the formula for determining the share each unit pays of the annual service charge – see Article 67A of Law 27]</i> | <table border="1"> <tr> <td>5</td> <td>80 sq m</td> <td>10.3%</td> <td>-5.3%</td> <td>5%</td> </tr> <tr> <td>6</td> <td>90 sq m</td> <td>11.5%</td> <td>-4.5%</td> <td>7%</td> </tr> <tr> <td>7</td> <td>100 sq m</td> <td>12.8%</td> <td>-4.8%</td> <td>8%</td> </tr> <tr> <td>8</td> <td>120 sq m</td> <td>15.4%</td> <td>-5.4%</td> <td>10%</td> </tr> <tr> <td></td> <td>780 sq m</td> <td>100%</td> <td></td> <td>100%</td> </tr> </table> | 5 | 80 sq m | 10.3% | -5.3% | 5% | 6 | 90 sq m | 11.5% | -4.5% | 7% | 7 | 100 sq m | 12.8% | -4.8% | 8% | 8 | 120 sq m | 15.4% | -5.4% | 10% | | 780 sq m | 100% | | 100% |
| 5 | 80 sq m | 10.3% | -5.3% | 5% | | | | | | | | | | | | | | | | | | | | | | | |
| 6 | 90 sq m | 11.5% | -4.5% | 7% | | | | | | | | | | | | | | | | | | | | | | | |
| 7 | 100 sq m | 12.8% | -4.8% | 8% | | | | | | | | | | | | | | | | | | | | | | | |
| 8 | 120 sq m | 15.4% | -5.4% | 10% | | | | | | | | | | | | | | | | | | | | | | | |
| | 780 sq m | 100% | | 100% | | | | | | | | | | | | | | | | | | | | | | | |
| | Description of method of Calculation of contributions to annual subscriptions/ service charges | <i>Units 1-4 are commercial, retail outlets. Units 5-8 are residential units. Commercial units generate additional cleaning of common areas and public amenities, increased insurance premiums and additional demand for common area lighting. A loading has been applied to take into account the extra contributions</i> | | | | | | | | | | | | | | | | | | | | | | | | | |
| By-Law 1.5 | Supply of Utility Services | <i>Each unit has metered water, electricity and district cooling. The common areas are separately metered. The building is complete and all services are available</i> | | | | | | | | | | | | | | | | | | | | | | | | | |
| By-Law 1.6 | Exclusive Use Areas | <p><i>The following exclusive use areas have been provided – see the Property Location Plan which identifies the areas:</i></p> <p><i>Unit 1 – Area A – exclusive use of courtyard</i></p> <p><i>Unit 4 – Area B- exclusive use of storeroom</i></p> | | | | | | | | | | | | | | | | | | | | | | | | | |
| By-Law 1.7 | Parking for units | <p><i>Each unit has one carbay contained as part of the unit and part of the title deed.</i></p> <p><i>There are two accessory units for parking</i></p> <p><i>There are eight common area parking bays. These are allocated for visitor parking</i></p> | | | | | | | | | | | | | | | | | | | | | | | | | |
| By-Law 1.8 | Accessory Units | <p><i>Two accessory units for parking are available. Car bay A1 is allocated initially to unit 3 and car bay A2 is allocated to unit A8.</i></p> <p><i>Note that accessory car bays must be attached to a unit in the joint property. They may be sold by the current owner to another owner in the joint property. They may not be sold to a person who is not a member of the owners association</i></p> | | | | | | | | | | | | | | | | | | | | | | | | | |
| By-Law 1.9 | Insurance | <p><i>Building – comprehensive policy for full replacement value of 100,000 BD – Manama Insurance Company</i></p> <p><i>Public liability – 5,000,000 BD – Manama Insurance Company</i></p> <p>Important note - <i>the policies cover the liability of the owners association. The building policy does not cover the internal fixtures, fittings and contents of each unit. The public liability policy covers liability for events on the common areas and the exclusive use areas. It does not cover liability for events inside of units</i></p> | | | | | | | | | | | | | | | | | | | | | | | | | |
| By-Law 1.10 | Easements and Covenants | <i>No easements and covenants have been created across or benefitting the owners association</i> | | | | | | | | | | | | | | | | | | | | | | | | | |
| By-Law 1.11 | Special Contractual Arrangements | <i>Nil</i> | | | | | | | | | | | | | | | | | | | | | | | | | |

| | | |
|---|--|--|
| By-Law 1.12 | Theme - Architectural & Works | <i>The theme of the development is as follows</i> <i>No changes may be made to the external materials or the colour of external materials within 20 years of the date of registration of this By-Law in the Special Register of Joint Properties.</i> |
| By-Law 1.13 | Arrangements affecting the Base Plot | <i>Nil</i> |
| By-Law 1.14 | Permitted Use and restrictions on use of plots, units | <i>Units 1-4 are commercial units and may be used for retail or restaurants only. They may not be used for</i> <i>Units 5-8 are residential units and may be used as a single family unit residential dwelling. No residential unit may be used for commercial purposes and may not be subdivided into two separate dwellings.</i> |
| By-Law 1.15 | Stages of construction | <i>Not applicable as construction is completed</i> |
| By-Law 1.16 | Covenants applying during the construction period | <i>Not applicable as construction is completed</i> |
| PART 2 – By-Laws for Managing the Joint Property | | |
| By-Law 2.1 | Management structure | <i>This is a single owners association comprising 8 units – 4 residential and 4 commercial</i> |
| By-Law 2.2 | Operational Rules | Parking – there are eight common area parking bays, bays 1-6 allocated for the commercial units and bay 7-8 allocated for short-term parking by visitors of unit owners. Parking signs must be observed. A time limit of 3 hours applies to bays 1-6 and 6 hours applies to bays 7-8, unless the owner has notified the Chairman of the Owners Association and received a parking permit. No owner may park in the visitor parking. Vehicles breaching this by-law may be towed by the relevant authority without further notice and fees for collection of the vehicle are the responsibility of the vehicle owner. Noise – Owners and their tenants should respect the rights of all residents to the quiet enjoyment of their units. Residents should ensure that noise in their units is at a reasonable level. However, from 10 pm until 6:30 am residents should ensure that noise levels are minimal. The following additional requirements apply to commercial units. Commercial units may not open before 7 am and must close by 10 pm.... Pets – No pets are allowed in units or on the common areas. Smoking – smoking in the common areas is not permitted. |

| | | |
|-------------------|--|---|
| | | <p>Children – residents should ensure that children on the common areas including visitor parking areas are supervised.</p> <p>Security cards – card access is provided to the building and private parking areas. Owners and their tenants should ensure the cards are properly secured. Replacement cards are available at a cost of 20 BD upon giving one week’s notice to the Chairman.</p> <p>Alterations to units – no owner, tenant or resident may make any structural alterations without the approval in writing of the Board of the Association. Hanging of picture frames and other items on walls that are common area may be undertaken without approval provided care is taken not to damage the wall.</p> <p>No alterations or changes may be made to external walls of the units except by the owners association.</p> <p>Washing – no washing may be hung to dry in the common areas. Washing on balconies and the common area courtyard must not be visible from the road</p> <p>Rubbish – all waste must be properly wrapped and disposed of in the bins provided in the common area</p> <p>Dangerous goods, inflammable liquids – No dangerous goods, gas bottles, petrol or other flammable liquids may be stored in parking areas. In relation to commercial units ...</p> |
| By-Law 2.3 | Fees for issue of certificates | <p>Fees are payable to the Owners Association for the following certificates:</p> <ul style="list-style-type: none"> • Fee for Statement of Service Charges – 10 BD • Fee for clearance certificate – 5 BD • Urgent fee – an additional 5 BD |
| By-Law 2.4 | Procedures against non-payers | <p>The Association has the right to charge an administrative fee of 10% per annum on unpaid service charges if the owner has not paid service charges within 3 months of the date due for payment.</p> <p>The association also has a duty to commence action in the execution court where charges remain unpaid for 90 days.</p> <p>In addition, the association shall take the following action ...</p> |
| By-Law 2.5 | Internal dispute mechanisms | <p>Where an owner lodges a complaint on behalf of the owner or tenant</p> |
| By-Law 2.6 | Powers and Functions delegated to the Board | <p>The Board shall have the following powers:</p> <ul style="list-style-type: none"> • power to complete a draft of the Joint Property By-laws for approval by the Owners Association; |

| | | |
|--|---|--|
| | | <ul style="list-style-type: none"> power to enter into a contract with a licensed Owners Association Manager, delegating certain functions to the Owners Association Manager |
| By-Law 2.7 | | |
| PART 3 – Additional Articles of Association | | |
| By-law 3.1 | Additional Articles of Association | <i>Not applicable</i> |
| PART 4 – Special Management Schemes | | |
| 4.1 | Description of special management scheme | <i>The joint property is a subsidiary association in a Main Joint Property that consists of two subsidiary building joint properties and two subsidiary villa joint properties</i> |
| 4.2 | Impact on owners’ rights and obligations | <p><i>The owners may use the following Main Common Areas ...</i></p> <p><i>The owners’ rights are affected by the Main Joint Property By-law that includes building covenants, themes and restrictions on use as follows</i></p> |
| 4.3 | Impact on owners association powers, functions and duties | <i>The owners association is bound by the covenants in the main Joint Property by-laws as follows:</i> |
| 4.4 | Additional financial obligations on the owners association | <i>The owns association is required to pay the main service charge determined by the main association according to procedures set out in its by-laws</i> |
| 4.5 | Service contracts intended to bind owners association | <p><i>The owners association is bound by the following service contracts:</i></p> <ul style="list-style-type: none"> <i>Sewerage treatment contract [details...]</i> <i>District cooling contract [details...]</i> |
| 4.6 | Rights covenants and easements over the joint property | <i>The developer reserves the right to use common area roads for access during construction and for the display of advertising material marketing subsequent stages as follows....</i> |

Form 17 – Minutes of Meeting

| | |
|---|--|
| Name of Owners Association | <i>To be completed by owners association</i> |
| Address of Owners Association | <i>To be completed by owners association</i> |
| Registration number of Owners Association | <i>This number is allocated by RERA when the Board Certificate is issued</i> |
| Date of meeting | |

The meeting was conducted on [date] and commenced at [time]. Owners participated as follows:

- Attending – 23 owners
- Voting by proxy – 15 owners
- Voting by voting paper – 6 owners
- Personal representatives – 0 owners.

The statement of those present, participating by proxy and by voting paper is set out in the signed Form 11 Record of meeting.

The meeting appointed [name] to chair the meeting.

Establishing a quorum – As shown on the Form 11, a quorum was present and the meeting proceeded.

Item 1 – Minutes of previous meeting - the meeting confirmed the previous minutes unanimously

Item 2 – review of financial statements – the meeting approved the financial statements submitted by the Board by unanimous vote

Item 3 – Acceptance of proposed budget – the meeting accepted the budget proposed by the owner’s association manager – by majority vote on a show of hands

Item 4 - Setting annual service charge – the meeting approved the service charge of 250 dinars per unit for the financial year, payable quarterly, with the first notice to be sent 30 days after the meeting. The vote was passed by unit entitlement.

Item 5 – Appointment of Board members – For example, 12 nominations for the board were received and put to the meeting. The meeting elected the following 9 Board members

- Chairman
- Secretary
- Treasurer
- Other board Members....

and the following three members as supplementary members...

- Supplementary 1
- Supplementary 2
- Supplementary 3

Item 6 - approving the joint property bylaws or delegating the board to prepare it.

Mechanisms against non-paying members – as proposed on the agenda, the meeting approved a by-law setting a mechanism as follows:

- Owners paying on time will receive a discount of 5%
- Owners not paying within 90 days will be subject to an administrative charge of 10% per annum, payable from the date due
- If legal or other costs are incurred by the owner’s association in recovering the fee, the full cost is payable by the owner
- If the amount remains unpaid after 12 months from the date due, the administrative charge of 15% shall apply 12 months from the due date.

The meeting ended at [time]

Signed this [Date]

.....
Chairman

.....
Secretary

COPY FOR RERA

We declare that the Notice of Meeting was sent to all owners, the meeting was duly convened and the above Minutes accurately reflect the outcomes at the meeting. Full records of the meeting including proxy forms and voting papers have been retained by the owner’s association.

.....
Chairman

.....
Secretary