



Factsheet for Buyers of property with common areas – villas & apartments

There are significant advantages in apartment living and the range of attractive products in Bahrain is expanding. Apartment now include various common area facilities such as swimming pool, a fully equipped gymnasium, sauna, bbq/relaxation areas and landscaped gardens, all designed to improve the lifestyle of owners. Buying a unit in a joint property allows the buyer the right to use and share the common area facilities. It also brings obligations on the owner that need to be understood at the time of signing the contract.

Before you sign a contract to buy a unit, you should consider the following:

- **Your obligations** – Owners of units in a joint property, including villa units, have rights, responsibilities and obligations:
 - you are automatically a member of an Owners Association and you are affected by its operating rules;
 - you are required to pay service charges to cover the cost of maintenance and upkeep of the common areas;
 - you are expected to participate in Owners Association general assembly meetings - it is in your interest to do so;
 - there are documents that affect your rights. For example, the Joint Property By-Law can include items that limit your rights.
- **Understand what you own** - You need to understand the difference between “units,” which are individually owned, and “common areas” that all unit owners jointly own. This information is generally available on the plan defining units and common areas and you can ask the broker to explain what you own. Make sure your broker is licensed by RERA.
- **Information you should ask your broker**
 - All unit owners must pay service charges to maintain common areas. How much do you need to pay every 12 months?
 - Is the Owners Association functioning? Are General Assemblies/meetings being conducted? Are Minutes of meetings available? If so, these will give you some insight into current issues in the Joint Property
 - Details of building and public liability insurance policies arranged by the Owners Association;
 - Are there any disputes in the Joint Property?
 - Is there a Reserve Fund to cover [this is a compulsory fund where money is set aside for major renovation/ repair expenses]? How much is deposited? Is there a Reserve Fund expenditure plan?
 - Are the financial statements up to date and available?
 - What percentage of owners are up-to-date in the payment of service charges. If there are many in arrears, the paying owners may be expected to cover the shortfall until arrears are recovered? What action is the Owners Association taking to address the situation?
 - If you are a non-Bahraini, is your unit in an area where non-Bahrainis can buy?
 - Is the selling broker licensed by RERA

- ***There may be restrictions on extending or altering your unit or villa*** - There may be restrictions on your rights to make alternations or extensions to your villa. Some work on your unit may require the consent of the board. This information should be set out in a document called the Joint Property By-Law. You will be given a copy of this with the draft contract.
- ***You may become liable to pay the seller's unpaid service charges*** – if the seller has not paid all previous service charges, you will become liable to pay them. You should therefore insist that the seller provides a Statement of Service Charges from the Owners Association. This will list all unpaid charges. These can either be paid by the seller before you pay for the unit or you can deduct the amount from the purchase price and pay it to the Owners Association.
- ***A clearance certificate is required from 26 March 2019*** – from that date, you will need a Clearance Certificate to give the Notary before he will notarise the Sale Purchase Agreement. If not available, you cannot have the contract notarised and registered. However, some owners associations will not be fully operational and in this case, the seller and buyer can jointly declare that the certificate cannot be obtained.
- ***You need to understand your unit entitlement*** - Your unit has a percentage or unit entitlement. This affects your share of the common areas, your share of the service charges and the size of your vote. Your contributions and vote value may not be the same as other unit owners.
- ***The purchase needs to be registered*** - The purchase needs to be registered by SLRB or the purchase contract has limited effect.
- ***You must notify the owners association*** - You need to notify the owners association of your purchase so you can receive notices. The association will need relevant contact details.
- ***Disclosure documents you need to read before signing*** - On any sale of a unit, the developer should provide the buyer with the following before the buyer signs the contract:
 - A copy of the plan defining units and common areas;
 - A copy of the unit entitlements particulars
 - A copy of the Joint Property By-Laws
 - A projection calculated on a reasonable basis of the next two years' service charges.
 - Details of any arrears of service charge.
 - A commitment to help the buyer obtain a Clearance Certificate.

These documents should be studied and their implications understood before you sign the contract.

FOR MORE INFORMATION ON BUYING A UNIT OR VILLA IN A JOINT PROPERTY, PLEASE GO TO
<https://www.rera.gov.bh>