



This English version is based on an internal RERA working translation of the resolution published in the gazette on 7 May 2020. When a more official translation is available, this English version will be updated.

ARTICLES OF ASSOCIATION

Pursuant to Law 27 of 2017 Promulgating the Real Estate Sector Regulation Law and pursuant to Resolution No 1 of 2020 regulating the Management of Joint Properties, the Real Estate Regulatory Authority directs that the following shall be the Articles of Associations for joint properties.

By Order of the Chief Executive Officer dated 30 June 2020

Shaikh Mohammed Khalifa Abdulla Al Khalifa

ARTICLES OF ASSOCIATION

Notes:

- *The Articles of Association are based on the wording of Resolution No 1 of 2020 regulating the Management of Joint Properties. In the event of any inconsistency in wording, the words in the Arabic Resolution shall prevail.*
- *The definitions for the terms used in these Articles of Association are found in the Resolution.*
- *Owners Associations may create vary or additional Articles pursuant to Article 76 of the Resolution.*
- *Variations must be lodged with RERA and annotated by the Survey and Land Registration Bureau.*
- *References in the Articles of Association to the "Law" are to Law 27 of 2017 and to the "Resolution" are to Resolution No 1 of 2020 regulating the Management of Joint Properties.*

1 Members of the owners association [See Resolution Article 6]

The members of an owners' association are the unit owners including the buyer in the lease ending with ownership, and the main or sub-developer for unsold units.

The owners association shall be a member of a main owners association or a central owners association as circumstances require.

In the cases where the unit owner is not a member of an owners association, the unit owner shall be a member of the main owners association or central owners association as circumstances require.

2 Developer's obligations after creation of the owners association [See Resolution Article 9]

After the creation of the owners association and before the first annual general assembly meeting, the developer shall:

- 1) Create the common seal of the owners association which shall contain:
 - a) The registration number allocated to the owners association by the Authority; and
 - b) The name of the owners association set forth in the joint property by-laws and the words "Owners Association."
- 2) Prepare the first annual Budget for the owners association including the establishment, within the Budget, of the Operational Account and the Reserve Account.

After creation of the owners association and before the first annual general assembly, the developer may:

- 1) Make a tender for any goods or services required for the operation of the Joint Property provided that no contracts shall exceed two years unless the joint property is within a Special Management Scheme or within a main or central joint property.
- 2) Enter on behalf of the owners association into any contracts necessary for operation of the joint property including a contract with an Owners Association Manager.
- 3) Open bank accounts in the name of the owners association for deposit of the annual subscriptions.

3 Transferring custody to the owners association [See Resolution Article 10]

Upon election of the board of directors of the owners association, the developer shall transfer into the custody of the owners association all the relevant documents pertaining to operation of the joint property including the following:

- 1) As-built drawings;
- 2) A list of all assets whether fixed or movable owned by the owners association;
- 3) A full accounting of all annual subscriptions collected by the developer on behalf of the owners association;
- 4) Copies of any construction contracts, design contracts, building permits and approvals;
- 5) Any construction warranties assigned to the owners association;
- 6) All instruction manuals, keys, codes and similar information;
- 7) A list setting out all units, members and their addresses and their contact details;
- 8) Originals of all tender documents, budgets, service contracts, accounts, notices, agendas, minutes of meetings, resolutions and other documents entered into by or prepared in relation to the owners association;
- 9) All necessary documentation to transfer the operation of the owners association's bank account into the management and control of the owners association; including an accounting for all annual subscriptions paid by the members;
- 10) Copies of the property location plan and joint property by-laws registered with the Bureau; and

11) The approved common seal.

At the first general assembly, the developer shall provide details of all existing service contracts entered into by the developer and shall disclose any interest that the developer has in such contracts, and provide a list of the units under its management pursuant to Article 34 of the Law and the expiry date of the obligation where the developer has, at the time of the general assembly, an ongoing obligation to manage units under that Article.

4 Maintaining documents [See Resolution Article 11]

The documents referred to in Article (10) herein shall be stored securely at the site of the joint property taking into consideration to have extra copies of those documents, and the common seal must remain in the custody of the Owners Association Manager or if there is no Owners Association Manager appointed, then in the custody of the board member appointed as the secretary of the owners association.

5 Powers of the owners association [See Resolution Article 13]

Without prejudice to the powers stated in the Law, the owners association shall have the following powers:

- 1) Conclude supply agreements for utilities and services;
- 2) Own movable and immovable property to be able to perform required works;
- 3) Exploit common areas, including lease thereof in accordance with Article (30) of this resolution;
- 4) Appoint an Owners Association Manager licensed by the Authority;
- 5) File lawsuits and initiate judicial proceedings for execution of claims;
- 6) Reimburse the costs of executing the works related to the common areas from the Unit owner;
- 7) Enforce the joint property by-laws and operational rules; and
- 8) impose financial penalties.

6 Functions of owners associations [See Resolution Article 14]

The owners association shall:

- 1) Ensure maintenance and repair of the common areas and their contents or replacement thereof, if repairing is not economically feasible;
- 2) Set the Operational Rules to ensure good use of the common areas;
- 3) Appoint one or more auditors for the main and central owners associations, provided that the auditor of owners association shall be appointed according to the desire of the general assembly;
- 4) Collect the annual subscriptions of the members of the owners association and take legal action to collect them;
- 5) Strengthen the social relations between the members to ensure maintenance of good-neighbourly relations and encourage joint teamwork between them;
- 6) Insure the common areas and machinery and equipment associated therewith;

- 7) Provide the members with all necessary information and documents in keeping with the principle of transparency;
- 8) Issue the Statement of Annual Subscriptions and Clearance Certificates;
- 9) Carry out any other functions set out in this Resolution.

7 Owners association records [See Resolution Article 15]

The owners association shall keep the records relating to its work in a manner that sufficiently reflects its financial position, rights and liabilities, particularly:

- 1) A record containing the plan which defines the units and common areas, a copy of the joint property by-laws and statement of the entitlements of each unit;
- 2) A written record of the association board meetings, including minutes of meeting and its decisions;
- 3) A written record of the general assembly, including the meeting procedures, minutes of such meetings and resolutions;
- 4) A record of the official correspondence;
- 5) A record of the insurance policies;
- 6) A record containing all the financial statements, audit documents and statements of bank accounts;
- 7) A record including all original copies of all contracts and agreements;
- 8) A record of assets;
- 9) An updated record of the names of the owners association members, their addresses, and their contact details for the purpose of serving notices;
- 10) An updated record of the payment status of annual subscriptions; and
- 11) Any other records as may be determined by the Authority.

The paper or electronic records of the owners association shall be the property thereof. The Owners Association Manager and the board of directors shall hand such documents to the owners association at the end of their term and shall keep them for a period not less than five (5) years as of the date of last registration.

8 Easements and lease obligations [See Resolution Article 20]

The owners association shall abide by the easements and obligations arising from the Special Management Scheme, lease, Musataha, or the agreements listed in the supplementary record sheet or the joint property by-law.

9 Financial resources of the owners association [See Resolution Article 21]

The owners association's financial resources shall consist of the following:

- 1) Members' subscriptions;
- 2) Revenue from the exploitation of any part of the common areas;

- 3) Gifts, donations and any other resources accepted by the board of directors after the approval of the Authority in a manner that does not contradict the objectives of the owners association; and
- 4) Other resources determined by the general assembly.

10 Subscriptions of owners association members [See Resolution Article 22]

The members shall pay their annual subscriptions to the owners association. The developer – in its capacity as an owner - shall be responsible for the annual subscriptions of all unsold units and shall – before notarizing the sale contracts of these units – pay any outstanding annual subscriptions.

Annual subscriptions shall be due from the date of handing the unit over to the member or sixty days after the date of the owner's receipt of the notice of handing over of the unit with acknowledgment of receipt. The Authority may set a prior date for the due annual subscriptions in certain cases upon its discretion.

Unless otherwise provided in the articles of association, subscriptions shall be paid in quarterly instalments.

The Owners Association shall pay the annual subscriptions to the Main or Central Owners Association from its operational account as the case may be.

11 Subscriptions of main and central owners association members [See Resolution Article 23]

The members of the central and main associations are obliged to pay their shares of the annual contributions, and these contributions are allocated to cover the expenses of managing, operating, maintaining and repairing the main or central common areas, as the case may be, and insurance expenses for them.

Unless otherwise provided in the articles of association of the main or central owners association, subscriptions shall be paid in quarterly instalments.

The annual subscriptions of the central owners association and the main owners association shall be due from the date of its operation commencement.

The main owners association shall pay from its Operating Account the annual subscriptions to a central owners association.

12 Method of determining entitlements and contributions [See Resolution Article 25]

The Annual Service Charge Contribution of each member shall be determined according to the area of the member's unit as a percentage of the total area of the units, taking into account the nature of the use of the unit and any other standards stipulated in the articles of association including the use of common areas.

Unless the joint property by-laws indicate otherwise, the Service Charge Contribution shall also determine the member's undivided share of common area.

13 Increasing the amount of subscriptions [See Resolution Article 26]

The board of directors of the owners association may increase the amount of members' subscription to cover unforeseen expenses and due to emergency reasons, provided that such increase may not exceed 10% of the annual subscription amount.

The board of directors shall indicate the details and reasons for increasing the amount of contributions to the general assembly at its first meeting following the decision of increase.

14 Authority of the owners association to impose administrative and financial sanctions [See Resolution Article 27]

The owners association may take any of the following administrative and financial actions to ensure compliance by members with their obligations to pay subscriptions and fulfillment of their other obligations, including:

- 1) Setting a system of discounts for members who pay service fees on time.
- 2) Imposing administrative and financial sanctions on the member who is in arrears for paying his/her subscriptions or other financial obligations to the owners association for a period of 3 months from the due date, at a rate not exceeding 10% per annum, provided that such member shall be notified twice with a registered mail during the said three months.
- 3) Imposing administrative and financial sanctions against the member violating any of the requirements of the joint property by-laws or articles of association, provided that the sanction shall not exceed BD200 without prejudice to the provisions of the last paragraph of this Article.
- 4) Preventing the member from exercising the right to vote in the general assembly, except as provided for in this Resolution.
- 5) Restricting access by the member to common facilities.

However, the association may not:

- (a) Restrict a member's access to the unit and parking area;
- (b) Restrict the supply of utilities to the unit
- (c) Prevent a member from repairing and maintaining the member's unit in accordance with this resolution.

The owners association may charge the member for any costs incurred thereby to recover the subscriptions due from the member.

The owners association may claim any compensation for damages arising from the member's violation of the requirements of the owners association.

15 Order to Pay [See Resolution Article 28]

If the member refuses to pay his/her share of the annual subscriptions or any other liabilities to the association payable under the provisions of this Law or Articles of Association, the Association Manager may issue a decision carrying the stamp of the Association ordering him/her to pay within ninety days as of the date on which he/she was notified of the decision under a registered mail without envelope.

The Order to Pay shall include:

- 1) Any arrears in annual subscriptions;

- 2) Any compensations imposed by the owners association for late payment pursuant to Article (27) of this Resolution;
- 3) Financial obligations imposed on the member by the owners association pursuant to the articles of association.

16 Insurance of the common areas [See Resolution Article 31]

The owners association shall procure in its name insurance on the following:

- 1) Buildings, assets and other improvements within the common areas under a comprehensive insurance policy against damage or destruction resulting from explosion, fire, lightning, wind or storm in consideration for:
 - a) The value of their replacement in full; and
 - b) The cost associated with replacing them or returning them to their previous condition before damage, including the cost of removing debris and professional fees due for reconstruction.
- 2) Insurance against liability for damage to property or subsequent bodily injury to any person whatsoever arising in connection with the common areas.
- 3) Insurance against any other risks stipulated in the Law or in the directions issued by the Authority. The owners association shall also obtain every five years an assessment from an engineer or real estate valuer licensed by the Authority to ensure that insurance policies for the above items are adequately covered.

17 Recovering the amount of the increased premium [See Resolution Article 32]

If the way in which a unit is being used by a member or an occupier results in an increased premium, then the owners association may recover the amount of the increased premium from the member concerned.

In all circumstances, the proceeds of the insurance claim must be applied towards the reinstatement of the damage.

18 Operational Account and Reserve Account [See Resolution Article 33]

The owners association shall establish an Operational Account and a Reserve Account for the joint property to ensure good and continuous management, operation and maintenance of the common parts.

The board of directors shall, unless exempted by the Authority, conduct every five years a study to identify maintenance activities to be funded from the Reserve Account over the next five years. Such study shall include at least three initial bids from suppliers or contractors for maintenance works to estimate the amount of subscriptions to be paid.

Upon collection of subscriptions from the members, the share of the subscriptions allocated to the Reserve Account shall be separated from the Operational Account.

Surplus amounts must either be deposited into the Operating Account or the Reserve Account of the owners association.

19 Operating the bank account [See Resolution Article 34]

The bank accounts may be operated jointly on behalf of the owners association, by the Owners Association Manager and two members of the board of directors.

If there is no Owners Association Manager acting jointly, the bank accounts shall be operated by three members of the board of directors, provided that the board chairman, secretary or treasurer is one of them.

20 Requirements of membership of the board of directors [See Resolution Article 35]

A member of the board of directors should:

- 1) Be a member of the owners association or a representative of a member of the owners association,
- 2) Be at least twenty-one years old, in case of a natural person,
- 3) Be a resident of the Kingdom of Bahrain,
- 4) Be the only representative of the owner in the board of directors,
- 5) Not be declared as bankrupt or convicted of a crime of dishonor or breach of trust unless rehabilitated.

21 Election of board members of the owners association [See Resolution Article 36]

The members of the owners association shall elect a board of directors at the annual general assembly meeting. Each member shall have one vote in the elections for each unit owned by the member, and in favour of one candidate unless otherwise provided in the articles of association.

The Owners Associations shall have more than nine units. If the number of units is nine or less, the owners shall automatically constitute the members of the board of directors, provided that the number of members of the board shall not be less than three and not more than nine, except where the joint property has only two units, and in which case the owners constitute the board.

The general assembly may select three reserve members to fill the vacancies in the board of directors when such vacancies arise for any reason whatsoever.

As for the main or central associations, the articles of association may specify the number of members of the board of directors.

22 Appointing a representative as a candidate for the board [See Resolution Article 37]

In the event of being a legal person, a member including a developer may nominate one person as its representative to run for election to the board of directors in the owners association.

In case the unit is owned by more than one owner, one of them may be nominated for election to the board of directors.

23 Resignation of a board member [See Resolution Article 38]

A member of the board of directors may resign during his/her tenure, without the owners association being obliged to appoint a new member, provided that the remaining number of members is not less than three, except provided in Article (36) of this resolution. Otherwise, an extraordinary general assembly meeting shall be convened to elect the remaining members of the board of directors.

24 Dismissal of a board member [See Resolution Article 39]

The owners association may dismiss the chairman or any of the board members in the following circumstances:

- 1) Failing to fulfill their obligations.
- 2) Chaos in managing the owners association.
- 3) Conflicts between the board members.
- 4) other reasons specified in the articles of association

In these circumstances, any of the reserve members appointed in accordance with Paragraph (3) of Article (36) of this resolution may fill the vacancy arising from dismissal of a board member and a new chairman may be appointed by the board.

Should there be an insufficient number of board members, an extraordinary general assembly meeting may be called in accordance with the provisions of Article (58) of this resolution to elect the new members.

25 Tenure of the board of directors [See Resolution Article 40]

The tenure of the board of directors shall be two years starting from the election date of its members and ending at the general assembly meeting following the end of two years. The board members may be elected for additional terms.

The tenure of board members for a central or main owners association shall be as specified in its articles of association.

26 Powers and functions of the board members [See Resolution Article 43]

The board of directors of the owners associations shall set the statutory duties:

- 1) develop the general policy of the owners association;
- 2) control and manage the business of the owners association; and
- 3) The Board of Directors may exercise all the powers and carry out all the functions assigned to it in accordance with the provisions of this resolution, except as follows:
 - 1) Approving the annual Budget;
 - 2) Amending the articles of association and the joint property by-laws;
 - 3) Approving the remuneration of the board of directors;
 - 4) Any other restrictions imposed by the owners association; and
 - 5) The functions and matters assigned to the general assembly in accordance with the provisions of this Resolution.

A central or main owners association may by ordinary resolution amend its articles of association or expressly authorize the board to undertake the functions in Item (2) of this Article, provided that the developer does not vote on this resolution.

The board of directors may form one or more committees from among its members to carry out one or more specific actions; supervise any aspect of the owners association business or exercise certain powers or competences assigned to the board of directors.

27 Disclosure of conflict of interest [See Resolution Article 44]

At the first meeting of the board of directors, the board member must disclose any direct or indirect personal interest or any conditions or circumstances that may give rise to doubts about his/her impartiality or independence or are in conflict with the requirements of his/her duties. If any of such conditions or circumstances arise during the member's tenure, the member must disclose the conflict in writing immediately to the board of directors before the discussion of the subject relating to the conflict of interests.

The board member who has a conflicting interest may not participate in the meeting or vote on any matter relating to the conflict of interest. Such member may not continue to be present at the meeting when discussing the issue that relates to conflict of interest unless the board of directors asks the member to do so for the purpose of providing information.

28 Duties and responsibilities of the board of directors [See Resolution Article 45]

The Association board of directors shall perform its functions honestly and fairly for the benefit of the owners association and carry out due diligence to ensure that the owners association fulfills its obligations.

The board of directors or any member thereof shall only be liable for the intentional errors or gross negligence causing damage to the owners association.

29 Convening the board of directors [See Resolution Article 46]

The invitation to the meeting of the board of directors, including a detailed agenda, date and place of the meeting, shall be issued at least seven days prior to the scheduled meeting date. Such period may be reduced in urgent cases if the majority of the members of the board of directors agree on the same in writing.

Subject to the provisions of Article (65) of this Resolution, if the invitation to a meeting included an option for the members to participate via electronic or telephone means, the meeting agenda shall show all the information about how the members shall use such means.

30 Board meetings [See Resolution Article 47]

The meeting of the board shall be valid in the presence of the majority of its members, provided that the chairman or deputy chairman is among them. The decisions of the board shall be made by the majority of the votes of those present, and when the votes are equal, the chairman shall have a casting vote and each member has only one vote. In all cases, the decisions must be in writing.

A board member is not entitled to vote if he has not paid the subscription payable thereby.

The central and main owners associations may determine another method of voting, including voting based on the Vote Ratio for board meetings as set out in the joint property by-laws.

31 Contracts and covenants concluded by the board of directors [See Resolution Article 48]

Contracts and undertakings shall be signed by the Owners Association Manager and two board members. In case of no association manager, they shall be signed by the association board chairman, secretary and treasurer and shall carry the association's stamp.

In all circumstances the owners association shall be entitled to take steps to terminate a contract or undertaking where the counterparty knew that the internal approvals were not in place or were made in a manipulative manner.

32 Voting by circulation [See Resolution Article 49]

The board of directors may adopt its resolutions by circulation with consent of the majority of its members and proceed with their implementation, provided that they are made in writing. However, such resolutions shall be included for approval in the agenda of the meeting immediately following the passing of those resolutions.

The board of directors may set mechanisms, conditions and rules to circulate and manage its resolutions.

33 Election of the chairman, vice-chairman, secretary and treasurer [See Resolution Article 50]

The board of directors shall elect its chairman, vice-chairman, treasurer and secretary and shall determine their duties if they are not determined by the owners association.

No board member may be elected as treasurer for two consecutive tenures and may not hold more than one position without approval of the general assembly.

34 Duties of the chairman, vice-chairman, secretary and treasurer [See Resolution Article 51]

The secretary's duties are to record the minutes of meetings, send notices of meetings, notices under the joint property by-laws, notices of subscription payment, and any other duties assigned thereto by the chairman.

The treasurer's duties are to issue the Statement of Annual Subscriptions and prepare the financial statements and the annual Budget.

The articles of association may set out additional duties for the secretary and treasurer.

35 Annual meeting [See Resolution Article 52]

The general assembly of the owners association shall be held annually by sending a written notice to owners 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 owners association.

The articles of association may specify other periods for sending the notification of the meeting.

36 Requirements of the notice for holding the general assembly [See Resolution Article 53]

The notice sent to the members of the general assembly shall include:

- 1) The date, time and place of the general assembly;
- 2) A detailed agenda including the following items:
 - a) Appointment of a chairman to chair the general assembly at the first meeting of the general assembly;
 - b) Approval of the minutes of the previous general assembly meetings;
 - c) Review of the annual financial statements;

- d) Review of the proposed Budget and subscriptions and payment dates during the following year;
- e) Election of the board of directors;
- f) The issues that the board of directors seeks to present to the general assembly;
- g) The issues that the members may request (in writing) to be included in the agenda;
- h) Any requests or resolutions to be approved by a special resolution; and
- i) Any other business as may arise.

37 Documents enclosed with the notice [See Resolution Article 54]

The following documents shall be attached to the notice:

- 1) A copy of the minutes of meetings to be approved;
- 2) A copy of the annual financial statements;
- 3) Details of the existing insurance policies;
- 4) A copy of the proposed Budget, provided that it includes the fees for the proposed services;
- 5) A copy of any other documents required to be submitted [to the general assembly] in order to consider the various agenda items;
- 6) A copy of the form of the proxy; and
- 7) A Voting Paper that defines the proposed resolutions.

38 Attending general assembly [See Resolution Article 55]

The participation in the general assembly of the main owners association shall be by the chairpersons of the board of directors of the owners associations, in addition to owners of the Main Units.

The participation in the general assembly of the central owners association shall be by the chairpersons of the board of directors of the main owners association or representatives approved by members and owners of the Central Units.

The owners association may appoint an Independent Observer to participate in the meetings of the general assembly.

39 Obligations of chairperson of the board of directors [See Resolution Article 56]

The chairperson of the board of directors shall:

- 1) Vote according to instructions of the owners association which they represent;
- 2) Disclose any conflict of interest with respect to any of the resolutions to be voted on;
- 3) Act honestly and impartially in the performance of their duties as representatives and not take advantage of their positions to achieve direct or indirect interest or benefit; and
- 4) Provide the owners association with the results of the meeting and the resolutions that have been adopted.

40 Obligations of the main and central owners association before the general assembly [See Resolution Article 57]

The central owners association shall ensure that the main owners association has accurate details of the resolutions and documents to be voted on at the general assembly meeting of the central owners association and has the opportunity to meet and instruct the chairman on how to vote.

The same obligation mentioned in the preceding paragraph shall apply to the main owners associations in regards to the owners associations.

41 Extraordinary general assembly meetings [See Resolution Article 58]

The extraordinary general assembly shall be held in the following cases:

- 1) At the Authority's request;
- 2) At the request of two members of the Association board members or its chairman.
- 3) At the request by members of not less than (25%) of the number of units in the owners association, provided that an Independent Observer shall attend the meeting and submit a report to the Authority on the conduct of the meeting unless this requirement is waived by the Authority. The cost of the Independent Observer's appointment is borne by the owners association.

When the Independent Observer indicates that the extraordinary general assembly was convened in accordance with legal procedures and the documents are prepared as required, the board of directors and the Authority may ignore a subsequent request by 25% of the owners to hold another extraordinary general assembly to discuss the issues that have been decided on in the previous extraordinary general assembly.

In such cases, the notice need not contain all the data required for holding the ordinary general assembly.

Where the number of members is less than ten, two members may request the meeting unless the articles of association provide otherwise.

42 Voting in the general assembly [See Resolution Article 59]

Each member shall vote in accordance with the provisions of this Resolution. If the unit is owned by more than one person or owned by a company, voting shall be through a proxy or a legal representative or through Voting Paper signed by the owners or their legal representative.

As for the owners association, voting by a member shall not be permitted if there are any outstanding financial dues on the unit except for voting on resolutions that require a special resolution or voting on a resolution to terminate the joint property.

A person may not be a proxy for more than (10%) of the common area and voting entitlements in the joint property unless appointed by a single owner holding more than 10% of the vote Ratio.

When a member borrows from a bank or a financial institution and the name of the bank or financial institution appears on the title deed as the owner, such member shall provide the owners association with a letter from the bank or financial institution authorizing the member to vote at meetings of the owners association.

43 Excluding the developer from voting [See Resolution Article 60]

The developer shall not be entitled to vote in the following cases:

- 1) If all units are sold in a joint property
- 2) Voting on any contract for goods or services, whenever the developer has an interest therein;
- 3) Voting on a resolution to take action against the developer for the breach of its obligations; and
- 4) Voting on a resolution granting the developer exclusive use rights or any other rights to use the common areas, including car parks, or voting on a resolution granting it a benefit or privilege that is not available to the other owners, unless the rights are temporary in nature, and the resolution establishing the right includes reasonable compensation to be paid by the developer to the owners association.

44 Legal Quorum [See Resolution Article 61]

For a general assembly meeting to be valid, a quorum of (50%) of the owners of unit in a joint property shall be present in person, by proxy or by legal representative whether the voting is by a Voting Paper or electronic voting.

If the quorum is not present within one hour of the scheduled time for commencement of the general assembly, the general assembly meeting shall be postponed and held at the same time and place after the lapse of seven (7) days from the date of the first meeting. Such meeting shall be validly convened by presence of any number of members.

45 Voting Paper [See Resolution Article 62]

Voting may be made by a Voting Paper in accordance with the following requirements:

- 1) The general assembly meeting and voting notices shall be sent to the member through the Voting Paper at the notified email address or through the post office;
- 2) The resolutions to be voted on shall be recorded in the agenda of the meeting and in the Voting Paper;
- 3) The member shall mark in the Voting Paper for acceptance or rejection of the resolution to be voted on.
- 4) 4) The member shall sign the Voting Paper and it should be witnessed by an adult person and copies of the identity card or passport of both the member and the witness should be attached to the form.
- 5) The member shall return the Voting Paper to the owners association before holding the meeting by e-mail or post office; and
- 6) All the records of the meeting shall be kept.

In all cases, the provisions of the general assembly meetings shall apply.

46 Ordinary Resolution [See Resolution Article 63]

Voting on ordinary resolutions shall be by the majority of the present members and in accordance with Article (59) of this Resolution and shall be by Ordinary Resolution except as otherwise required by this Resolution or the articles of association or joint property by-laws.

Each unit owner shall have one vote on a show of hands or shall vote according to the Vote Ratio if the chairman so decides or at the request of one of the members voting on such resolution, in which case each owner shall have a vote value determined by the Vote Ratio of the owner's unit.

The Articles of Association may determine equal voting ratios in any of the following cases:

- 1) Owners want to have equal voting rights; or
- 2) To achieve the optimal governance of the joint property if owners' equal voting will be positive.

47 Special Resolution [See Resolution Article 64]

Voting on the special resolution is adopted by the present members authorized to vote in accordance with the provisions of Article (59) of this Resolution, provided that the votes in favour of the resolution represent at least (60%) of the common areas entitlement and at least (60%) of votes of the Vote Ratio.

48 Holding the meeting by electronic or telephone means [See Resolution Article 65]

The articles of association of the owners association may provide that the general assembly or meeting of the board of directors may be held through any means of electronic or telephone communications, provided that the measures are taken to ensure:

- 1) Verification of the identity of the meeting participant and the validity of any power of attorney whereby a proxy is participating in the meeting;
- 2) Enabling full participation of the board member in the meeting, as if such member is present at the meeting place, including being aware of all that is going on in the meeting, giving opinions and participating in discussions;
- 3) The proper recording of any statement or vote that may be made by the participant in the meeting; and
- 4) The taking of any other measures determined by a resolution from the Authority.

49 Mechanism for appointing Owners Association Manager [See Resolution Article 66]

The owners association may:

- 1) Appoint by an ordinary resolution an Owners Association Manager licensed by the Authority; or
- 2) Authorize by an ordinary resolution the board of directors to appoint the Owners Association Manager.

The appointment resolution shall indicate the duties to be performed by the Owners Association Manager.

The Owners Association Manager of a central or main owners association may be appointed as the Owners Association Manager of other joint properties.

50 Obligations of the Owners Association Manager [See Resolution Article 67]

Without prejudice to any additional contractual obligations, the Owners Association Manager shall:

- 1) Work with the board of directors to develop strategies for managing the common areas;

- 2) Implement the strategies, programs and plans developed by the board of directors;
- 3) Facilitate convening the general assembly meetings;
- 4) Provide a variety of administrative and secretarial services to the owners association board of directors;
- 5) Facilitate the board of directors' performance of its functions and exercise of its powers;
- 6) Take the actions required for making tenders and concluding contracts on behalf of the owners association;
- 7) Supervise the performance of contractors and suppliers and submit reports to the board of directors and the general assembly;
- 8) Prepare the annual Budgets, in coordination with the treasurer, for approval by the board of directors;
- 9) Respond to the inquiries and complaints received from the owners and provide solutions therefor;
- 10) Fulfill the insurance requirements;
- 11) Carry out the basic financial operations;
- 12) Supervise the judicial proceedings, including any proceedings set forth under Article 68 (b) of the Law;
- 13) Ensure and supervise the implementation of all proposed works;
- 14) Gather, update and maintain all the information of the owners association, including the members' lists and addresses;
- 15) Follow the legal instructions of the owners association or the board of directors;
- 16) Disclose any conflict of interest to the board of directors or the general assembly; and
- 17) Act honestly, fairly and transparently in all his/her dealings with the board of directors and the owners.

51 Contract with Owners Association Manager [See Resolution Article 68]

The Owners Association Manager shall conclude a written contract with the owners association, including the following:

- 1) Name, license number and contact details of the Owners Association Manager;
- 2) Name of the owners association;
- 3) The contract term, which may not exceed two years unless the Joint Property is within a layered joint property management or is subject to a Special Management Scheme;
- 4) The management fees for the entire term of the contract;
- 5) The duties assigned by the owners association;
- 6) The conditions of contract;
- 7) Case of contract termination;

- 8) An undertaking from the Owners Association Manager to disclose any conflict of interest, remuneration or benefit obtained thereby as a result of the contract from or on behalf of the owners association during the contract term;
- 9) The provisions relating to deposit of the annual subscriptions into the Operational Account and the Reserve Account; and
- 10) Any agreement relating to accounts audit.

The owners association or its board of directors may terminate the agreement with the Owners Association Manager if the latter breaches the requirements of contract.

In all cases, the Owners Association Manager shall provide information about the Association and its board of directors to the Authority and any other information as requested by the Authority from time to time.

52 Restrictions on Owners Association Manager [See Resolution Article 69]

The Owners Association Manager may not do any of the following:

- 1) Delegate to another person the obligations assigned to the Owners Association Manager under this Resolution;
- 2) Determine the value of annual subscriptions; and
- 3) Conclude contracts on behalf of the owners association without approval of the board of directors.

53 Standards of appointing the developer [See Resolution Article 70]

The developer or an Owners Association Manager in which the developer has an interest may be appointed by the general assembly as the Owners Association Manager provided that:

- 1) The developer and the Owners Association Manager shall disclose any financial interests or relationship before voting; In case of failure to disclosure the financial interest or relationship between the developer and the Owners Association Manager, the owners association may request termination of the contract under which the Owners Association Manager was appointed;
- 2) The developer may not vote on the resolution;
- 3) The developer holds an Owners Association Manager license issued by the Authority when appointed as Owners Association Manager in the general assembly after the developer's management period has expired as specified in Article (8) of this Resolution.

54 Rights and obligations [See Resolution Article 71]

The Association members shall:

- 1) Notify the owners association of any amendment to the ownership.
- 2) Comply with any architectural or engineering norm or standard specified in the articles of association or the joint property by-laws Upon implementing any work or building to the unit.
- 3) Use their units in accordance with the permitted use and may not change the use except in accordance with this Resolution.
- 4) Pay their subscriptions and any other liabilities to the Association.
- 5) Provide the purchaser with a clearance certificate about the sold unit.

- 6) Ensure that the owners association or Owners Association Manager has an up-to-date postal address and email address for the service of notices on the member.
- 7) Participate in the affairs of the owners association and abide by any resolution made at validly convened meeting of the owners association or the board of directors.
- 8) Ensure that he/she maintains adequate insurance of his/her interest within the development project.

The member cannot avoid liability for a subscription for any reason, including:

- A. Non-use of the common areas;
- B. Non-development of or non-use of the unit; and
- C. Any perceived failure by the owners association to repair or maintain the common areas.

55 Making modifications to the unit or common area [See Resolution Article 72]

An Owner may paint walls, affix wallpaper, change floors, carpet or otherwise decorate the internal structure of the unit provided that:

- 1) The action complies with any requirements of the Joint Property By-Law in respect to the transmission of any noise outside the unit;
- 2) The action does not damage the common areas.
- 3) He/she does not make any structural alteration to a unit without the consent of the owners association.

56 Providing maintenance and internal repairs in a unit [See Resolution Article 73]

A member or an occupier shall provide the maintenance and internal repairs for the unit he owns or occupies when it is harmful to the unit or the building in the case of maintenance or repairs are not provided

Where the member or the occupier fails to do the internal maintenance and repairs, the Owners Association Manager or the board chairman may request the competent court to issue a judgement enabling the manager or the chairman to do the repairs at the expense of the member or the occupier, and claim the compensations or expenses borne by the owners association.

57 Filing a lawsuit for compliance with rules and by-laws [See Resolution Article 74]

The Owners Association Manager may, on his/her own initiative or at a request submitted by the board of directors or any member of the owners association, file a lawsuit against any member of the owners association, tenant or occupant of a real estate unit for violating the Operational Rules or the joint property by-laws. Any damages or expenses incurred by the owners association in connection with the lawsuit may be claimed in the proceedings.

If there is not manager for the association, the board chairman may take the actions stated in the previous paragraph after taking the approval of the board members.

58 Adherence to the by-laws and articles of association [See Resolution Article 75]

The member shall, towards the owners and occupants of other units and the owners association, adhere to joint property by-laws and articles of association and to the requirements of the central and main joint property by-laws, to the building management regulation and to any other Special Management Scheme notified in its joint property by-laws.

The occupant of the unit shall, towards the owners and occupants of other units and the owners association, adhere to the joint property by-laws and articles of association as far as their provisions apply to such occupant.

The unit's tenant shall, towards the owners and occupants of other units and the owners association, abide by the joint property by-laws and articles of association.

59 Operational Rules [See Resolution Article 78]

The general assembly of the owners association shall may adopt or amend the Operational Rules in relation to the measures of safety and security and determine the common areas that which may not be used in certain times and decide on any other matters that ensure the good use of the joint property subject to the joint property by-laws.

60 Notices [See Resolution Article 85]

Any notice to the member shall be served by e-mail or at any other address provided by such member in accordance with Articles (53) and (54) of this Resolution, and any notice to the owners association shall be served at the address of the Owners Association Manager, chairman of the board of directors, treasurer or secretary.

The Owners Association Manager shall be notified at the address registered as domicile of the Owners Association Manager.

61 Obligation of members to provide their addresses [See Resolution Article 86]

Service of notices shall be legally effective if sent by registered post to the postal address or email address of the member provided by the member under Article (71) of this Resolution.

A member may not object to lack of service if the notice was sent to an out-of-date address for the member.

62 Verification of the receipt of notice [See Resolution Article 87]

Notices shall be deemed to be received upon confirmation of their delivery by the computer server in case of sending by e-mail, or upon acknowledgment of receipt in case of sending by any other means.

63 Notification of members having out-of-date addresses [See Resolution Article 88]

If a member fails to provide any address or to acknowledge receipt of the notice within a reasonable period of time as estimated by the owners association, the owners association shall have the right to execute the notice by posting any warning on the main entrances of the unit.

The Authority may specify other means by which notices can be served pursuant to this Resolution.