



RERA BULLETIN 1

NEW PROCEDURES FOR CREATING AN OWNERS ASSOCIATION

Introduction

Law 27 of 2017 regulating the Real Estate Sector repealed the former procedures for setting up an owners' association for jointly-owned buildings. The former practice involved conducting a meeting of the majority of owners, to join together in signing a deed of incorporation and having this notarised and then registered in the municipality.

New procedures

Under the new law, an owners' association is created automatically by the registration in the Survey and Land Registration Bureau of the first sale of a unit in the building (see Article 62A). As soon as the first title deed reflects the name of the purchaser, the owners' association comes into being as a legal entity under the law.

Making the new owners association operational

The Real Estate Regulatory Authority issued Resolution 7 of 2018 regulating Owners Associations and Joint Properties. This came into effect on 26 September 2018. The Resolution created Articles of Association that apply to all joint property buildings and simple villa joint properties automatically. The Resolution and Articles of Association are set out in the RERA website.

Under the Resolution, the developer can make the owners association operational by calling an initial meeting. Two important functions to be undertaken to make the owners association operational are:

- to appoint 3-9 owners to a Board, with delegated responsibility to make decisions and to represent the owners' association;
- to approve the Joint Property By-laws so that these may be registered by RERA in the Special Register of Joint Properties (or delegate the function to the Board).

When RERA receives evidence of the conduct of the meeting and of the appointment of Board members, it will issue a certificate setting out the names of the Board. This is now considered as sufficient evidence of the existence and creation of the owners' association and of the power of Board members to represent the owners.

Production of a RERA-signed Certificate of Board Membership will set out:

- the name of the association and a unique registration number allocated by RERA;
- the names of the Board members;
- officers of the Board, including the Chair, Secretary and Treasurer;
- the name of the Owners Association Manager appointed by the owners' association (if requested by the owners' association).



Agencies may accept a RERA certificate

The RERA certificate may be accepted by banks, utilities and government agencies such as the Electricity and Water Authority [EWA], The Central Informatics Office [CIO] and the Labour Market Regulatory Authority [LMRA], as proof that the owners' association has been created and is operational. It will no longer be necessary to obtain the certificate of the Municipality.

Actions by owners' associations relating to bank accounts will require signature by three of the Board members (see Article 66, Resolution 7). Other activities, such as issuing a Statement of Service Charges or Clearance Certificate may be issued by the Secretary (see Article 42, Resolution 7).

For any enquiries relating to this Bulletin or owners' association issues, please contact oa@rera.gov.bh