



## **RERA BULLETIN 6**

10 May 2020

### **NEW RESOLUTION TO CONTROL THE MANAGEMENT OF JOINT PROPERTIES**

#### **1. Introduction**

Resolution 7 of 2018 commenced operation in September 2018, providing a framework for joint property buildings and villa joint properties to use the simpler establishment procedures offered under Law 27 of 2017. As a result, over 130 joint properties have now been issued certificates by RERA.

Since that time, there has been great interest in also having a management framework for the more complex joint properties, particularly those operating in layered schemes [where for example there are several joint properties all managed by an umbrella Main Owners Association]. As a result, RERA has prepared a new resolution that combines management procedures for layered joint properties and also for the simpler joint properties not within a layered scheme. Resolution 1 of 2020 regulating the Management of Joint Properties now regulates the management of all joint properties. The resolution, which repealed existing Resolution 7, was gazetted on 07 May 2020 and commenced operation 08 May 2020.

This Bulletin provides a quick reference document of the key changes affecting joint properties that are not within layered schemes. An accompanying Bulletin will outline the changes for the more complex layered joint properties.

#### **2. Changes impacting simple joint properties not part of a layered scheme**

The following changes have been made for stand-alone villa and building joint properties:

- New Articles of Association have been published on the website. These replace the old Articles of Association for existing and future joint properties.
- The period of notice for annual general assemblies has been reduced from 21 days to 14 days.
- The first general assembly must now be called 12 months after the registration of the first sale, not 3 months.
- There is a new restriction on the developer's right to vote where the resolution grants special privileges to the developer.
- The developer's management period ends at the first general assembly and does not continue for two years.

- The board can make decisions by circulating the proposed decisions instead of a physical meeting.
- The amount charged on late payments is now set at 10%.
- The Board can impose an emergency budget 10% of approved budget without approval by the general assembly.
- The owners association may establish a discount scheme for on-time payers.
- There are clearer power to impose administrative and financial sanctions on members breaching by-laws and operating rules.
- An Independent Observer is required if there is an extraordinary general assembly called by 25% of units.
- There is greater emphasis on the activity of the owners association issuing a clearance certificate for every sale, stating that the seller has paid all service charges and fees.
- There is a new prohibition on the Treasurer serving consecutive terms and on board members holding several offices at the same time.
- The chairman of the board now has a casting vote.
- The requirement for the Owners Association Manager to be independent of the developer and owners has been removed. It is now possible for the owners association in general assembly to appoint the developer as the Owners Association Manager, provided the developer holds a RERA licence.

### **3. What action is required in your owners association?**

If your owners association was already operational under Resolution 7, you now have new Articles of Association. These should be circulated to members and evaluated at the next general assembly. Your next board and general assembly meetings should take place under the requirements of the new resolution.

If your owners association has not yet been made operational under Resolution 7, you may now conduct a meeting under the requirements and processes of Resolution 1.

Further information is available on the RERA website – [www.rera.gov.bh](http://www.rera.gov.bh)

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