
The English translations of the RERA legislation contained herein are currently in draft form and are provided for reference only.

Decision No. (2) of 2018 On Licenses for Real Estate Development Projects

Chairman of the Real Estate Regulatory Authority;

Upon review of the Regulation of the Real Estate Sector Law, promulgated by Law no. (27) of 2017;

Decree no. (69) of 2017 on the Organization of the Real Estate Regulatory Authority;

Decision No. (5) of 2018 on Determining Fees Due for Services, Applications and Licenses of the Real Estate Sector Issued in accordance with the Provisions of the Regulation of the Real Estate Sector Law;

And upon the proposal of the Chief Executive of the Real Estate Regulatory Authority;

And upon the approval of the Real Estate Regulatory Authority's Board of Directors;

Decides the Following:

Chapter One General Provisions

Section I

Article (1) Definitions

In the application of the provisions of this Decision, the words and phrases stated therein shall have the meanings stated in the Regulation of the Real Estate Sector Law, promulgated by Law no. (27) of 2017. The following words and phrases shall also have the meanings assigned to each of them, unless the context requires otherwise:

Law: The Regulation of the Real Estate Sector Law, promulgated by Law no. (27) of 2017.

Real Estate Development Project or Project: The project in which the developer intends to sell the real estate units off-plan, and the real estate development projects that are determined by a decision of the Cabinet.

License: Final written approval issued by the Authority to the applicant for the license to practice any of the real estate development activities.

Consultant Engineer: Consultant engineer licensed by the Engineering Practice Organization Council.

Existing Project: The real estate development project existence before the Law comes into force.

Previous License: Final written approval issued under Law No. (28) of 2014 on the Real Estate Development.

Registers of Real Estate Development Projects: Register of off-plan sales; and register of real estate development projects.

Register of Off-Plan Sale Projects: The register created under Article (19) of the Law.

Register of the Works of Real Estate Development Projects: The register created under Section IV of Chapter Two of this Decision to record the works of real estate development projects.

Statement of Disclosure: The data and documents that must be provided to the buyer at least 7 days before concluding the sale contract.

Market Research Advertising License: A written approval issued by the Authority allowing a market research for the real estate development prior to issuing the license.

Letter of Interest: A letter written by a person showing a serious desire to contract one or more of the real estate development project units.

Interested Buyer: A natural or legal person who writes the letter of interest.

Reservation Contract: A written agreement between the developer and the interested buyer for the purpose of reserving a real estate unit for the buyer before concluding a final sale contract.

Section II
Scope of Decision

Article (2)

The provisions stated in this Decision shall apply to the following licenses:

- 1- Off-plan sale projects.
- 2- The works of real estate development projects which shall be determined by a decision of the Cabinet.

Chapter Two Licenses

Section I
Power of Issuing Licenses

Article (3)

The Authority shall issue licenses for real estate development projects in the Kingdom.

Article (4)

The developer may not start the real estate development project, or advertise it until after obtaining a license from the Authority, and enter it in the prescribed register.

Section II
Application for License

Article (5)

The developer shall submit the application for the license to the Authority, in accordance with the prescribed form, accompanied by the following data and documents:

- 1- The title deed of the land or anything in lieu thereof, free of any in-kind rights, or with the consent of the owners of the in-kind right in the project.
- 2- Approved structural and architectural engineering designs.
- 3- A copy of the main plan.
- 4- A copy of the Articles of Association stating the stages of execution and completion of the project and any arrangements or division of the project.
- 5- The building license in accordance with the provisions of the Law for the Organization of Buildings.
- 6- A copy of the agreement concluded between the developers, related to the project.
- 7- A document that indicates that an annotation of the project has been made in the land's journal in the Land Register.
- 8- A detailed program of the constructional and architectural works and the service works related to the development project.
- 9- A letter from a consultant engineer specifying the estimated value of the project, and the period of its completion.
- 10- A copy of the form of the sale contract of the project units.
- 11- A certificate from the escrow account agent stating the opening of the escrow account and containing the account data.
- 12- Key data related to project financing methods in accordance with the form prescribed by the Authority.
- 13- Developer license.
- 14- A proof for the payment of the application fee.
- 15- Any other data or documents required by the Authority.

Section III
Issuing the License

Article (6)

The Authority shall examine the application for license after completing all required documents, and issue its decision of approval or rejection within forty days as of the date of submitting the application, accompanied by all documents.

In case of rejection of the application, the decision of rejection must be reasoned. The expiry of such period without response shall be considered as an implicit rejection of the request.

The applicant may complain against the decision to reject his application in accordance with the regulations stipulated in the Law.

Article (7)

The license shall be valid for the period specified by the consultant engineer; and the Authority shall, at the request of the developer, extend the license at the request of the developer, extend the license.

Section IV
Registers of Real Estate Development Projects

Article (8)

Subject to Article (19) of the Law, the data relating to the off-plan sale projects shall be entered in the register of off-plan sale projects in accordance with the provisions of this Decision

A register shall be created at the Authority, named of "Register of the Works of Real Estate Development Projects", which shall be a paper or electronic register in which the data related to the works of real estate development projects shall be entered, in accordance with the provisions of this Decision.

Article (9)

The data and information related to real estate development projects shall be entered in the registers of real estate development projects, in particular:

- 1- License data.
- 2- The data related to the project's developer and the sub-developer, if any, and its rights and obligations towards the main developer which may affect the buyers' rights and obligations.
- 3- The particulars, plans, specifications, designs and drawings related to the project.
- 4- Any directive, restriction, condition, measure or penalty issued by the Authority or any competent entity related to the project.
- 5- The data and details related to the escrow account or any financial guarantees or funding methods related to the project.
- 6- The main and ancillary in-kind rights resulting from the project, and any change that may occur to its ownership or to the developers undertaking it, or such other matters.

The Authority shall notify the developer of any amendment to the data and information related to its project that are entered into the register within a period not exceeding seven working days.

The developer shall notify the Authority, on the prescribed form, of any incorrect or inaccurate data or information entered in the register within a period not exceeding ten working days as of the date of his knowledge thereof.

The Register shall be available to the public to access it and obtain certified copies of the data and information entered therein or a certificate that a certain thing was not listed therein, after paying the set fees.

Chapter Three Mortgage and Disposal of the Real Estate Development Project

Section I Mortgage of the Real Estate Development Project

Article (10)

The developer is prohibited from mortgaging the project except for the purpose of obtaining a loan from a financing institution licensed by the Central Bank of Bahrain provided that the developer and its financier pledges the following:

- 1- Notifying any buyer of the mortgage in writing, and stating it in the sale contract.
- 2- Removing the mortgage mark from the title deed of any real estate unit of which price has been paid in full by the buyer and deposited in the escrow account.
- 3- Depositing the whole financing amount directly in the escrow account.

Section II Disposal of the Entire Project

Article (11)

The developer is prohibited from any disposal relating to the entire project without obtaining written permission from the Chief Executive of the Authority.

Chapter Four Advertising

Section I Market Research Advertising

Article (12)

Prior to obtaining the project license, the developer may request from the Authority a market research advertising license in accordance with the prescribed form, provided that it is accompanied by the following data and documents:

- 1- The approved main plan.
- 2- Details of the development license.
- 3- Project's description, including:
 - A- Use of land.
 - B- Building Height.
 - C- Expected building stages.
 - D- Facilities expected to be available.
- 4- Description of the project in the campaign to be implemented and the media used in the manner approved by the Authority.

Article (13)

The Authority shall examine the application for issuing the market research advertising license after completing all required documents, and issue its decision of approval or rejection within 5 working days as of the date of submitting the application, accompanied by all documents.

In case of rejection of the application, the decision of rejection must be reasoned. The expiry of such period without response shall be considered as an implicit rejection of the request.

The applicant may complain against the decision to reject his application in accordance with the regulations stipulated in the Law.

Article (14)

The market research advertising license shall expire automatically by the lapse of nine months as of the date of its issuance or by the issuance of the advertising license, whichever is earlier.

The Authority may, at the request of the developer, extend the period of the market research advertising license, provided that it shall be submitted at least one month before its expiry. The Authority shall decide on the application within five days as of the date of submitting it.

Article (15)

The terms and conditions of market research advertising, including the condition of displaying the Authority's logo and the market research advertising license number, shall be written on all advertising materials of the project.

Section II Letter of Interest

Article (16)

The interested buyer must pay one thousand BD when signing the letter of interest. The full amount shall be refunded upon withdrawal.

Article (17)

If the developer obtains the license within the duration of the letter of interest, it shall notify the interested buyer within fourteen days following its issuance.

The interested buyer may conclude a reservation contract within two months as of the date of notification of the issuance of the license.

Article (18)

The duration of the letter of interest shall be determined upon the agreement of the parties. The interested buyer shall withdraw from the letter of interest by written notice to the developer within the duration agreed upon.

In the event that the developer ceases to carry out the real estate development project, it shall refund all amounts collected from the interested buyers.

Article (19)

It is prohibited to conclude the sale contract during the duration of the letter of interest prior to obtaining the license.

Article (20)

If the developer fails to refund the amount of the letter of interest, the Authority shall have the right to take any of the following measures:

- 1- Cancelling the developer's license.
- 2- Rejecting the application for renewal of the developer's license.
- 3- Rejecting to issue any license to the developer even if it participates with the new applicant or if it is among the majority of shareholders in a real estate development project.

Section III Advertising License

Article (21)

The developer or licensee may not undertake real estate brokerage advertising in the local or foreign media and by any means of advertising, including newspapers and websites or participate in exhibitions inside or outside the Kingdom, to promote the sale of project units, without obtaining a license from the Authority.

Article (22)

The advertising license shall be submitted to the Authority accompanied by the following data and documents:

- 1- Name and location of the project, and its licensing number.
- 2- All details related to the developer and the information of his license.
- 3- Description of the advertising plan to be executed, and the media used in the manner approved by the Authority.
- 4- License or any other approval required under any other law in the Kingdom.
- 5- A letter from the escrow account agent stating the opening of an escrow account.
- 6- Any other data or documents required by the Authority.

Article (23)

The terms and conditions of the advertisement of the advertising license, including the condition of displaying the Authority's logo and the advertising license number, shall be written on all advertising materials of the project.

Article (24)

The Authority shall examine the application for issuing the advertising license after completing all required documents, and issue its decision of approval or rejection within 5 working days as of the date of submitting the application, accompanied by all documents.

In case of rejection of the application, the decision of rejection must be reasoned. The expiry of such period without response shall be considered as an implicit rejection of the request.

The applicant may complain against the decision to reject his application in accordance with the regulations stipulated in the Law.

Section IV Reservation contract by virtue of the Advertising License

Article (25)

The developer who has obtained an advertising license must conclude a contract with the interested buyer who wishes to enter into a contract within two months as of the date of obtaining the advertising license, provided that the interested buyer is informed within a period not exceeding three days as of the date of obtaining the license.

The reservation contract may not be concluded with interested buyers until after the lapse of the period referred to in the preceding paragraph.

Article (26)

The duration of the reservation contract shall be determined by agreement of the parties, provided that the period shall not be less than seven days, during which the party making reservation may withdraw from the contract.

Article (27)

At the time of signing the reservation contract, the party making reservation must pay 1% of the advertised selling price as deposit, and the amount of deposit shall include the amount of the interest letter.

Article (28)

If the party making reservation withdraws from the reservation contract or in the case of the expiry of the period of the contract, the deposit amount shall be refunded, less administrative expenses of up to two hundred BD in favour of the developer.

Chapter Four Provisions and Data of the Project's Sale Contract

Section I

Provisions of Sale Contract

Article (29)

It is prohibited to conclude the sale contract until the lapse of seven days after the party making reservation receives the disclosure statement. The contract shall be subject to the provisions stipulated in the sale contract.

Article (30)

The Developer's obligations contained in the disclosure statement are an integral part of the contract.

Article (31)

The buyer shall pay 10% of the agreed amount upon signing the contract. Such percentage shall include the amount of the reservation contract

Section II

Data of the Sale Contract

Article (32)

The sale contract shall contain the following data:

- 1- Name and address of the buyer; the developer and his license number.
- 2- Name and location of the project and its licensing number.
- 3- The date of completion by the developer of the unit and handing it over to the buyer.
- 4- Number of units, their description and specifications, including dimensions of the unit and connected rights, as well as special positions and rights in the common parts.
- 5- All details of the common property.

Any contract which does not contain any of such data shall be null.

Article (33)

The Authority shall have the right to issue a form of the sale contract for the project, the guidelines for registration of the completion certificate of the project or the real estate unit, and the commencement documents of the General Assembly of the Owners' Union.

Article (34)

The developer must register the sales contract, pay the set fee to the Authority. The Authority shall arrange the registration of the contract in the Sales Register with the Survey and Land Registration Bureau. The developer may demand the buyer to pay the registration fees unless otherwise is agreed upon.

Section III
Disclosure Statement

Article (35)

The reservation contracts concluded after the issuance of the license shall be accompanied by the following data and documents:

- 1- Draft project contract for the real estate unit.
- 2- The Main Regulation including the percentage of the buyer's common share in the common parts.
- 3- Articles of Association of the Owners' Union.
- 4- A statement specifying the indicative budget for maintenance expenses for the two years following the completion the real estate unit and possible management of the common parts in accordance with the Articles of Association of the Owners' Union.
- 5- Copies of the documents prepared by the developer regarding the restriction of the buyer's right of use and exploitation of the real estate unit.
- 6- Any data required by any other Governmental entity.
- 7- Any other details required by the Authority.

Section IV
Delivery

Article (36)

The developer shall notify the buyer by a registered letter of the date of delivering the real estate unit and it shall be bound to deliver on this date.

The buyer shall sign a declaration stating the receipt of the real estate unit in accordance with the specifications and the sale contract.

Article (37)

The buyer has the right to examine the real estate unit before receiving it.

Section V
Payment Plan

Article (38)

The contract of sale shall determine the total price of the real estate unit, the interim payments related to the progress of the work and the percentage of completion of the project, provided that the payments made do not exceed the payment schedule below:

Payment Percentage	Percentage of Completion	Stages of work progress
10% Initial Payment	The construction level is zero at the time of concluding the binding contract	1
20%	20% Completed	2
40%	40% Completed	3
60%	60% Completed	4
80%	80% Completed	5
100%	Delivery	6

Article (39)

Before demanding an interim payment, the developer must provide the buyer and the Authority with a progress report prepared by a consultant engineer stating the percentage of completion of the project.

Upon approval by the Authority of the interim payments, the buyer must make the required payment within ten working days as of the date of being notified of the approval.

Section VI Violation of Contract

Article (40)

If the buyer violate his obligations, the developer shall notify him in writing by a registered letter of performing them within ninety days as of the date of notification; otherwise it may terminate the contract and retain 10% of the amount paid without prejudice to its right to claim compensation for damages.

Article (41)

The buyer may terminate the sale contract if the developer violates its obligation to deliver the unit within the six months following the delivery date, after informing the developer and the escrow account agent by a registered letter of the request for delivery of the unit and the lapse of ninety days, without prejudice to the buyer right to claim compensation for damages. The buyer may recover all amounts paid to the developer under the contract.

Section VII Disposal of the Real Estate Unit by the Buyer Prior to Delivery

Article (42)

The buyer shall, if he wishes to dispose of his real estate unit prior to receiving it, pay the developer administrative expenses at the rate of 1% of the unit's value and not exceeding five hundred BD.

Such disposal shall be subject to the provisions stipulated regarding the sale contract in this Decision.

Section VIII

Article (43)

The sale contract provisions stipulated in the Civil Code shall apply to any matter which is not covered by a provision in this Decision.

Chapter Five Measures that May be Taken When a Violation is Proved

Article (44)

The licensee may not perform any work or activity contrary to the purpose for which the license was granted to him. In case of violation of this, the Authority may take the measures stipulated in the Law.

Chapter Six Transitional Provisions

Section I Rectification of Status

Article (45)

Any natural or legal person obtaining a previous license shall rectify their status in accordance with the provisions of this Decision within a period not exceeding six months as of the date on which the Law come into force.

Replacement License for an Existing Project

Article (46)

A developer who started the implementation of an existing project and has a valid previous license must apply for a replacement license - exempt from fees - for the remainder period of the previous license, in accordance with the prescribed form, accompanied by the following documents:

- 1- The construction plan demonstrating the current level of construction and the schedule of completion and delivery of the real estate units.
- 2- A financing plan demonstrating the method of financing the construction budget.
- 3- A certificate from the escrow account agent stating the opening of the escrow account and containing the account data and the level of financing the escrow account.
- 4- Summary of the sales schedule listing all real estate units, the current status of unit sales, buyer names, and the amount of payments paid per unit.
- 5- The previous license.
- 6- A declaration that includes delegating Authority to obtain all documents submitted to obtain the previous license.
- 7- Any other data required by the Authority.

Article (47)

The developer shall accompany the application by all sale contracts of the units sold, to arrange for the registration of sale contracts in the prescribed register by the Survey and Land Registration Bureau. The developer may recover these fees from the buyer, unless otherwise is agreed upon.

Article (48)

When the Authority approves the application for obtaining a replacement license, it shall:

- 1- Register all documents attached to the application for the previous license in the Development Project Register.
- 2- Cancel the previous license.
- 3- Issue a replacement license to the developer for the remainder period of the previous unexpired license.

Article (49)

The Authority shall examine the application after completing all required documents, and issue its decision of approval or rejection within forty days as of the date of submitting the application, accompanied by all documents.

In case of rejection of the application, the decision of rejection must be reasoned. The expiry of such period without response shall be considered as an implicit rejection of the request.

The applicant may complain against the decision to reject his application in accordance with the regulations stipulated in the Law.

Article (50)

The developer who obtains the replacement license must comply with the arrangements and principles of the escrow account.

Section III

Transitional Development License for an Existing Project

Article (51)

A developer undertaking an existing project and does not have a license must apply for a transitional development license for an existing project, or apply for a development license in accordance with the controls stipulated in this Decision. The application shall be accompanied by the following documents:

- 1- The title deed of the land or anything in lieu thereof, free of any in-kind rights, or with the consent of the owners of the in-kind right in the project.
- 2- An approval of the execution of the main plan of the project and building licenses.

- 3- A pledge by the main or sub-developer, as per the type of project, to complete the constructions within the period of the license.
- 4- A letter from a consultant engineer specifying the estimated value of the project.
- 5- A pledge by the developer to maintain the ownership of the building and the areas demonstrated in the engineering plans, which are jointly owned.
- 6- A copy of the sale contract form to be used to sell the units.
- 7- Approved structural and architectural engineering designs.
- 8- Key data related to project financing methods in accordance with the form prepared by the Authority.
- 9- A certificate from the escrow account agent stating the opening of the escrow account and containing the account data.
- 10- Documents proving the developer's experience, his financial and behavioural ability to undertake over the project.
- 11- The construction plan which demonstrates the current level of construction and the schedule of completion and delivery.
- 12- Summary of the sales schedule listing all real estate units, the current status of real estate unit sales, buyers' details, and the amount of payments paid for the real estate units.

Article (52)

The developer must accompany the application by all the sale contracts and a proof of the payment of the fees to the Authority.

Article (53)

The developer who obtains the transitional development license must comply with the interim guarantee arrangements and principles of the Authority.

Article (54)

The Authority shall examine the application after completing all required documents, and issue its decision of approval or rejection within forty days as of the date of submitting the application, accompanied by all documents.

In case of rejection of the application, the decision of rejection must be reasoned. The expiry of such period without response shall be considered as an implicit rejection of the request.

The applicant may complain against the rejection decision in accordance with the regulations stipulated in the Law.

Section III Transition Period Advertising License

Article (55)

A developer undertaking an existing project and does not have a license must apply for a transition period advertising license. The application shall be accompanied by the following documents.

- 1- Developer License.
- 2- A certificate from the escrow account agent stating the opening of the escrow account and containing the account data.
- 3- Building license for the proposed development project.

Article (56)

During the period of the transition period advertising license, the developer may:

- 1- Advertise the project provided that the license number of the transition period advertising license and the Authority's logo shall be displayed on all advertising materials.

- 2- Conclude reservation contracts with interested buyers, for a period not exceeding the validity period of the transitional advertising.
- 3- Receive reservation fees from interested buyers and deposit them in the escrow account.

Article (57)

The Authority shall examine the application after completing all required documents, and issue its decision of approval or rejection within 5 working days as of the date of submitting the application, accompanied by all documents.

In case of rejection of the application, the decision of rejection must be reasoned. The expiry of such period without response shall be considered as an implicit rejection of the request.

The applicant may complain against the rejection decision in accordance with the regulations stipulated in the Law.

Article (58)

All advertising licenses shall automatically expire on 1 September 2018.

Article (59)

The provisions of the reservation contract under the advertising license shall apply to the reservation contracts concluded under a transitional advertising license.

Section V Stalled Projects

Article (60)

The Authority may reject the application for license if it discovers that the project is no longer under execution for the delay in construction for a period of 12 months behind the construction schedule, or that it has been the subject of a dispute between the developer and buyers.

Section VI Final Provisions

Article (61)

Any provision contradicting with the provisions of this Decision shall be repealed.

Article (62)

The Chief Executive shall enforce this Decision; and it shall come into force on the day following the date of its publication in the Official Gazette.

**Chairman of the Real Estate Regulatory Authority
Salman Bin Abdullah Bin Hamad Al-Khalifa**

Promulgated on: 13 Jumada Al-Akhera 1439 H

Corresponding to: 1 March 2018