

Implementing Regulation of the Law of Real Estate Units Ownership, Subdivision, and Management

Chapter 1

Definitions

Article 1:

1- The words and phrases contained in this Regulation have the meanings assigned to them in Article 1 of the Law of Real Estate Units Ownership, Subdivision, and Management, issued by Royal Decree No. M/85 and dated 02/07/1441 AH, unless the context requires otherwise.

2- Wherever they appear in the Regulation, the following words and phrases have the meanings assigned to them below unless the context requires otherwise:

Statute: Statute of the Owners Association and/or the Statute of the Complex Association, depending on the context.

General Assembly: General Assembly of the Owners Association and/or General Assembly of the Complex Assembly, depending on the context.

Re-subdivision: A procedure whereby one or many subdivided real estate units, a jointly-owned property, a real estate complex, or any part thereof, are divided. Whether the division is by partitioning, merging, adding, or otherwise.

Off-plan sale or lease: The sale or lease of a subdivided real estate unit before its construction is complete.

Chapter 2

Property Subdivision

Article 2:

1- Jointly-owned properties are identified by their national addresses approved by the competent authority.

2- Subdivided real estate units are identified by serial numbers conforming to the models approved by the Authority.

Article 3:

Without prejudice to the right of the aggrieved party to resort to the competent court, the procedures of the re-subdivision or change of use of the jointly-owned property, the real estate complex, or part thereof, continue unless a suspension order is issued by the competent court.

Article 4:

1- Subdivision and re-subdivision require providing the following:

a- A title deed that meets legal requirements and its associated rights and obligations.

b- Information about the property, jointly-owned property, real estate complex, or part thereof, as the case may be, including address, area, facilities if any, and any other information requested by the Authority.

c- Licenses and permits issued by the competent authorities.

d- A survey report from a licensed engineering office approved by the Authority, indicating the share of each subdivided real estate unit in the land and common areas, based on the ratio of its area of each unit to the total area of all subdivided real estate units, or its value and area to the total value and area of all subdivided real estate units, as the case may be.

f- Evidence of the approval of the mortgagee, if any.



g- Evidence of the approval of the owner of the subdivided real estate unit if the re-subdivision results in a change in the area of his unit, his share in the common areas, or his common area from the land.

The Board of Directors of the Authority may issue a decision to amend some of the requirements referred to in this paragraph.

2- The entity handling the subdivision or re-subdivision shall decide on the request referred to in paragraph 1 of this article within ten days from the date of completion of the requirements referred to in the same paragraph.

3- If the request referred to in paragraph 1 of this Article is approved, the Authority, or its delegate, approves the subdivision and re-subdivision and issues a document for that containing the information determined by the Authority.

Article 5:

The chairman of the Board of Directors of the Authority coordinates with the Minister of Justice to set an approval mechanism for the information contained in the documents of subdivision, re-subdivision, and common areas in the title deed of the jointly-owned property, the real estate complex, or the subdivided real estate unit, as the case may be.

Article 6:

The Authority issues a technical guide containing the technical specifications and criteria for the subdivision and re-subdivision of property and real estate units.

Chapter 3

Article 7:

1- The disclosure statement, referred to in Article 6 of the Law, shall include information on the specifications of the subdivided real estate unit and its annexes, associated owner rights and obligations, as well as an adequate description of the jointly-owned property and real estate complex in which the unit is located, and their contents, management, and ownership organization. Such information includes the following:

a- Address of the unit.

b- Area of the unit.

c- Plan of the unit.

d- Share of the unit in the common areas.

d- Unit annexes, if any.

f- Fixed and movable contents of the unit.

g- Copies of the Statute of the Owners Association, the Statute of the Complex Association, and the decisions of the General Assembly, if any.

h- Mortgage or usufruct contracts, including lease, of the unit, jointly-owned property, or real estate complex, if any.

i- Restrictions on the use of any common areas.

J- Defects in the unit, jointly-owned property, or real estate complex, if any.

k- The expected start and end dates of the project construction, in case of off-plan sale or lease.

Potential buyers are informed of any change in that information through the means and at the address agreed upon with the owner.

2- The disclosure statement referred to in paragraph 1 of this Article is considered an integral part of the sale contract registered with the competent notary.

3- The Authority prepares templates for the disclosure statement referred to in paragraph 1 of this Article.

4- The rights of buyers to terminate sale contracts, as mentioned in Article 6-2 of the Law, are handled by the competent courts according to the stipulated period.

Article 8:

According to the provisions of the Law and Regulation, the following are considered part of the common areas:

- 1- Any structural elements passing through a subdivided real estate unit.
- 2.- Mechanical, electrical, electro-mechanical, and similar systems located within the subdivided real estate unit, or shared with other real estate units
- 3-Any part of the public services infrastructure located in the jointly-owned property or real estate complex, unless it belongs by law or under a contract to a service provider.

Chapter 4

Owners Association and Complex Association

Article 9:

- 1- Owners of jointly-owned properties located within a real estate complex may establish a Complex Association to manage all matters of the complex that fall outside the competences of the Owners Associations, as per the provisions of the Law, the Regulation, and the Statute.
- 2- A Complex Association may have a Statute to ensure the good use and management of the real estate complex without prejudice to the provisions of the Law and the Regulation. Having such a Statute is a prerequisite for the registration of the Association.

3- The dissolution of the Complex Association does not affect its liability for its debts and obligations before its dissolution date.

Article 10:

1- The owners of subdivided real estate units in a jointly-owned property, or their representatives, shall submit to the Authority or its delegate a request to register the Owners Association as per the provisions of the Law and the Regulation, within 30 days from the date of its establishment, otherwise any of them may apply for registration.

2- The owners in a real estate complex, or their representatives, shall submit to the Authority or its delegate a request to register the Complex Association upon its establishment as per the provisions of the Law and the Regulation.

3- The registration of the Owners Association or the Complex Association requires the following:

a- Information of the owners of the subdivided real estate units in the jointly-owned properties and their representatives, if any, as determined by the Authority.

b- Information of the jointly-owned property or real estate complex, as the case may be, as determined by the Authority, including the national address and title deed number.

c- Statute.

d- Names of the members of the General Assembly at the time of registration.

e- Any other requirements specified by the Authority.

Article 11:

The Authority prepares a special register for the Owners Associations and Complex Associations. Other than that, the Authority may delegate registration procedures to the private sector. These associations only acquire independent moral personality after their registration as per the provisions of the Law and the Regulation.

Article 12:

Within the limits of its terms of reference, the Authority regulates the work and affairs of Owners Associations and Complex Associations without prejudice to the provisions of the Law and Regulation. To this end, the Authority may:

- 1- Issue the necessary arrangements and decisions for the governance of Owners Associations and Complex Associations. These decisions and arrangements are binding on the Associations.
- 2- Provide support and advice to Owners Associations and Complex Associations.

Article 13:

Owners Associations and Complex Associations shall provide the Authority with any information it requests within the limits of its terms of reference.

Article 14

Subject to paragraph 4 of Article 12 of the Law, the Statute shall include, without prejudice to the provisions of the Law, the following provisions:

- 1- Terms of reference of the General Assembly and its rules of operation.
- 2- Procedures for convening the meetings of the General Assembly, and the quorum needed for valid meetings and decision-making.
- 3- Requirements that a manager shall meet, his appointment rules, his terms of reference, his work methods, and his remuneration, if any.
- 4- Rules for signing contracts and other financial obligations.
- 5- Procedures for the discharge of the manager.
- 6- Provisions related to the use and management of common areas.



- 7- Rules of public conduct in the jointly-owned property or real estate complex.
- 8- Rules for determining the amounts of the owners' contributions and their payment methods.
- 9- The beginning and end of the fiscal year of the Association, rules for spending its budget, and financial auditing methods.
- 10- A provision requiring the approval of the owner of a subdivided real estate unit for the re-subdivision decision of the General Assembly to be valid if it results in re-subdividing his unit.
- 11- Rules and procedures governing the investment of the funds of the Owners Association and the Complex Association, and the investable common areas.
- 12- Rules to follow upon the dissolution of the Association and its liquidation procedures.
- 13- Procedures for amending the Statute.

The Owners Association and the Complex Association, as the case may be, may include additional provisions in the Statute, without prejudice to the provisions of the Law and the Regulation and the decisions issued by the Authority to implement them.

1- Anyone who applies for the registration of the Owners Association or Complex Association, as the case may be, shall invite all members of the General Assembly within five days from the date of registration of the Association, as per the provisions governing the organization of meetings in the Statute, provided that the period between the invitation date and the meeting's date is no less than five days.

2- In its first meeting, the General Assembly considers and takes the necessary decisions regarding the following subjects:

a- Statute.

b- Election of the chairman of the Assembly.



c- Appointment of a manager unless it is agreed to postpone it until the second meeting.

d- The works and expenses required by the establishment of the Assembly.

Article 16:

A Complex Association represents the owners regarding acts taking place in the common areas of the real estate complex.

Article 17:

Without prejudice to Article 6 of the Law and Article 7 of the Regulation, owning a subdivided real estate unit in a jointly-owned property that is located in a real estate complex that has a Complex Association may be deemed to be acceptance of the Statute of the Complex Association by the owner, and the latter's compliance with the resolutions issued by the General Assembly of that Association.

Article 18:

The Complex Association shall not limit or restrict the rights or terms of reference of any of the owners or its member Owners Associations, to which they are entitled under the Law, the Regulation, or the Statute of the Owners Association.

Article 19:

The Complex Association may have a General Assembly consisting of one or more representatives of the Owners Association of each jointly-owned property located in the real estate complex, or of the owners if the jointly-owned property does not have an Owners Association, following a mechanism established by the Statute.

Article 20:

Within the limits of its powers, the Authority may take any decisions it deems necessary if the General Assembly is unable to convene or issue resolutions.

Article 21:

- 1- The real estate complex is managed by a manager from the owners or others, as per the provisions stipulated in the Statute.
- 2- The Complex Association abides by the manager's actions on behalf of the Association and within the limits of its purposes.
- 3- The manager may, by written decision, delegate some of his powers to others to conduct one or more specific tasks.
- 4- The manager shall be responsible for indemnifying the Complex Association for damage arising from his violation of the provisions of the Law, the Regulation, or the Statute. If there are multiple managers, they shall all be responsible for any damage arising from a unanimous decision they made. Objecting managers are not liable for majority decisions provided that they expressly indicate their objection in the minutes of the meeting at which such decisions were made. Absence from such meetings is not grounds for exemption from liability unless it is established that the absent manager was unaware of the decision or unable to object to it after learning of it.

Article 22:

An owner who built a jointly-owned property may solely appoint a manager provided that he undertakes to maintain ownership of at least 10% of the number of subdivided real estate units in the jointly-owned property, in addition to the following:

- 1- The number of subdivided real estate units in the jointly-owned property is no less than 100 units.
- 2- Any other conditions set by the Authority.

Under the provision of this article, the person who built the property is considered the owner who applied for the first time to subdivide it.

Article 23:

Without prejudice to the provisions of the Law and the Regulation, and subject to the Statute and the decisions of the General Assembly, the manager shall take the necessary measures to manage the jointly-owned property or real estate complex, as the case may be. In particular, he has the following powers:

- 1- Provide the materials, services, and works necessary for the jointly-owned property or real estate complex and for their maintenance, and supervise implementation, and the employees and contractors hired to provide such services.
- 2- Collect the contributions of the owners and other legally-approved Association resources.
- 3- Spend the approved budget and take all financial measures as per the powers granted to him.
- 4- Coordinate with the chairman of the General Assembly to convene its meetings.
- 5- Represent the Owners Association or the Complex Association, as the case may be, with government or private entities or third parties.
- 6- Any other tasks mandated by the General Assembly.

Article 24:

The Authority adopts manager's decisions and transaction contracts as referred to in Article 21 of the Law and according to the following controls and procedures:

- 1- The manager, or a relative of his up to the fourth degree, shall have no direct interest in such decisions or contracts.
- 2- Such decisions and contracts shall be within the limits of the powers vested in him by the Law, the Regulation, or the Statute.
- 3- Any other control or procedure set by the Authority.

The manager shall perform his work honestly and faithfully, take into account the interests of the jointly-owned property or real estate complex, as the case may be, and not cause any conflict of interest.

Article 26:

1- The Authority shall notify the manager if he under-performs, and request that he remedies the situation within a period it sets.

2- If the underperformance is not remedied within the period set in paragraph 1 of this Article, the Authority may, within the limits of its terms of reference, take the measures it deems necessary.

Article 27:

1- The Owners Association and the Complex Association, as the case may be, shall appoint an auditor authorized to work in the Kingdom in the following two cases:

a- If the jointly-owned property or real estate complex includes at least 100 subdivided real estate units.

b- If the size of the assets of the Owners Association or Complex Association exceeds one million SAR.

2- One person shall not combine between being an auditor, being a member of the General Assembly, holding any other position related to the jointly-owned property or real estate complex, and being a partner, employee, or relative (up to the fourth degree) of a member of the General Assembly.

3- The auditor may access the books, records, and other documents of the Association at any time, and request the data and clarifications he deems necessary for his work. The manager shall enable the auditor to do his work. If the auditor encounters any difficulties in this regard, he shall document that in a report that he submits to the General Assembly.

4- The auditor prepares an annual report following the generally-accepted auditing standards, and submits it to the General Assembly, including any violations of the provisions of the Law, the Regulation, or the Statute, if any.

5- The auditor shall not disclose to third parties, or to owners outside of the General Assembly, any Association secrets which have come to his knowledge in the course of his professional activity.

6- The auditor shall be liable for any damages caused to the General Assembly due to errors he makes while exercising his functions due to negligence or under-performance.

7- The decision of the General Assembly to approve the manager's report and financial statements without having considered the auditor's report shall be considered invalid.

Article 28

1- Without prejudice to the provisions of the relevant laws, orders, decisions, and instructions, the Owners Association and the Complex Association may accept donations, gifts, wills, and endowments in line with the following controls:

a- They do not conflict with the Law, the Regulation, or the Statute, nor are they conditional on achieving a special interest.

b- They do not include offering financial or in-kind advantages to the manager or any of his subordinates.

2- Without prejudice to the suspensive condition, donations, gifts, wills, and endowments, both in cash or in-kind, are disposed of as per the financial rules and procedures governing the work of the Association.

3- The Association creates a record of the donations, gifts, wills, or endowments it receives, including information on their providers and how they were disposed of.

Article 29:



Without prejudice to the provisions of the relevant laws, orders, decisions, and instructions, the Owners Association and the Complex Association may invest their funds in various fields.

Article 30:

Article 31:

The Association may open a bank account under its name, as per the legal procedures, in one of the banks authorized to operate in the Kingdom. All Association funds are deposited therein.

Article 32:

The General Assembly shall keep the minutes of its meetings and its detailed account books for the amounts owed by the owners and others in dedicated records. All owners, or their representatives, have the right to request access to such books.

Article 33:

All addresses, correspondence, notices, letters, statements, and reports issued by the General Assembly are in Arabic. Another language may be used in addition to Arabic. All correspondence is sent or received as agreed.

Chapter 5

Management and Maintenance

Article 34:

Owners who exclusively benefit from specific common areas split the costs of their management and maintenance, based on the share of their subdivided part in the total area of all subdivided parts that benefit from those common areas unless agreed otherwise.

Article 35:

Article 36:

Works can be carried in any subdivided real estate unit to preserve the safety of the jointly-owned property or real estate complex or improve the utilization or maintenance of common areas, if necessary, under the following provisions:

- 1- Notify the owner of the unit sufficiently in advance before the start of the works, provided that the notice indicates the type of works and the needed period for their completion.
- 2- The unit shall be restored to its original state immediately after the completion of the works and within the period indicated in the notice.
- 3- Without prejudice to the obligations of the owner of the subdivided unit established in the Law, the Regulation, and the Statute, he shall not bear any additional costs arising from the execution of such works, except to the extent that he is liable for damage to the jointly-owned property or real estate complex.
- 4- Subject to paragraph 3 of this Article, the owner of the unit is compensated, if needed, for the damage resulting from evacuating the unit during the execution of the works, under the following provisions:
 - a- Compensation is commensurate with the typical rent for that unit.



b- Compensation includes any additional costs incurred by the owner or occupant of the unit while staying in alternative accommodation.

Article 37:

If there are shared meters for any public services between subdivided real estate units or common areas, each owner undertakes to pay the value determined by the General Assembly.

Article 38:

1- Any guarantees related to the construction or operation of a jointly-owned property or real estate complex are transferred to the Owners Association or Complex Association, as the case may be, upon their establishment.

2- The party that subdivides the property shall address all its defects until all applicable guarantees related to its construction or operation are transferred. Such transfer does not affect the contractual or legal liability of the party that subdivided the property.

Final Provisions

Article 39:

The Board of Directors of the Authority issues the necessary decisions and procedures to implement the Regulation.

Article 40:

The Regulation cancels any provisions that contradict it.

Article 41:

The Regulation is published in the Official Gazette and becomes effective on the date of entry into force of the Law.

برنامج
فرز الوحدات
العقارية

