

TRANSLATION

LAW OF OWNERSHIP AND PARTITIONING OF REAL ESTATE UNITS

Issued by Ministerial Resolution No. 40 dated 9/2/1423AH

Article 1.

The words and phrases herein used shall have the following meanings:

1. Land: means the piece of land allotted for construction of a building and the related facilities and services, in accordance with the engineering drawings that have been approved pursuant to the building license.
2. Real Estate Unit: means a house, floor, flat, basement, shop or any part of the approved construction that may be partitioned and in respect of which a separate title may be claimed.
3. Owner: means any person/persons who own a Real Estate Unit.
4. Maintenance and Repair: means the works necessary for maintaining the real estate or an interest therein, whether with respect to a separate unit or the co-owned facilities, such as the lift, staircase and garden.
5. Co-owned Sections: means the land on which the building has been constructed, gardens, setbacks, framework, roof, entrances, staircase and all other sections of the building that are intended for common use whether jointly or separately, such as parking areas, corridors, fountains and lifts, unless otherwise agreed.

Article 2.

1. Each owner shall be entitled to build on his land one or more floors, as may be permitted by the relevant laws and regulations and may divide such building into

separate units according to the approved designs and drawings. He shall also be entitled to deal with all or any of these units separately.

2. The units in each building shall be numbered in a chronological order in such a way that each unit in the building shall bear a separate number.
3. The boundaries and measurements of the land and the buildings thereon shall be compatible to the approved drawings.
4. The content of the deed of ownership shall be compatible to the description of the land and the description of each unit. If the description in the deed of ownership differs from that of the land or of the units, the competent authority shall cause the entries in the deed of ownership to be corrected pursuant to the applicable regulations; a deed of ownership may be issued in respect of each unit.
5.
 - (a) If a building is jointly constructed by two or more persons, it shall be co-owned by all of them as an undivided whole pro rata to their shareholding in the capital and other expenses, unless the contract provides otherwise.
 - (b) The contract shall specify the names of all shareholders and the shares contributed in kind and those contributed in cash, the description of the land, number, date and place of issue of the deed of ownership and the rights and obligations of shareholders.

Article 3.

Shareholders shall be entitled to divide their undivided shares in the co-owned building. Any shareholder may be entitled to one or more units. Should they fail to agree to any such division, the interested party may claim through courts of law.

Article 4.

1. Unless otherwise agreed, the owners of real estate units in any building shall be co-owners of the joint sections.

2. The partitions and walls between two adjoining units in any building shall be jointly owned by the owners of these units, unless proved otherwise. Neither of them shall be entitled to use its share in any manner prejudicial to the interest of the others.
3. Unless otherwise agreed, sections of the building whose benefit is restricted to some of the owners shall be jointly owned by these owners.
4. Unless otherwise agreed, the share of each owner in any indivisible section of the building shall be an undivided interest in the land and in the building and shall form part of the real estate unit for the purposes of any disposition..
5. The share of each owner in the co-owned sections shall be equivalent to the value of the divided part of which he is the owner.

Article 5.

1. An owner of one or more real estate units shall share in the maintenance costs of the co-owned sections to which references made in Article 4, and shall also share in its management and repair costs, each according to his shareholding in the building.
2. Subject to the prior consent of the owners association, any co-owner may, at its own expense, make improvements of the co-owned sections or any part thereof, provided that any such improvement shall not affect or prejudice the interest of the other co-owners.
3. An owner of any unit shall maintain and repair its shareholding of the building, even though not in use, in order to avoid any harm to the co-owners or to the co-owned sections.
4. No owner of any real estate unit shall be entitled to relinquish its shareholding in the co-owned sections of the building with a view to avoiding payment of its share in the cost of maintenance, repair or refurbishment thereof.

5. An owner of the lower floor shall carry out the normal maintenance works so that the upper floors may not be affected or demolished. An owner of the upper floor shall not carry out any works in its building if any such work affects the lower floor and shall carry out the necessary maintenance works in order to avoid any harm to the lower floor.

6. If it is necessary to effect certain works within any unit of the building with a view to preserving the safety of the co-owned building or to improve or maintain the co-owned sections, neither the owner of any such unit nor the owners association shall be entitled to object to the carrying out of such works, provided that any such unit shall be reinstated to its previous state at the expense of the interested person directly upon completion of the necessary maintenance.

Article 6.

As herein provided for, any owner shall not be entitled to use its share of the building excessively to the detriment of the neighboring co-owner. A neighbor shall not be entitled to claim against a neighboring co-owner for the normal and unavoidable practices. However, if any such practice exceeds the reasonable limits, he may be entitled to claim the cessation of any such practice, regard being had to the discipline, custom, nature of the real estate, location of each unit vis-à-vis the other units and the intended purpose of each unit.

Article 7.

The procedure for the transfer of ownership shall be effected before the authority concerned with the notarization of leases, partitioning and the issuance of the relevant deeds pursuant to the applicable rules, subject to the provisions hereof.

Article 8.

1. If ownership of the building is to be confiscated for public interest, whether such confiscation is in whole or in part, or in respect of the co-owned sections, such as the garden or the setback, each co-owner shall be entitled to be compensated pro rata to its shareholding in the building.

2. If a divided section of the building is to be confiscated, the compensation shall be paid only to the owner of the confiscated section.

Article 9.

1. In case of co-ownership of a real estate comprising more than ten units which are owned by more than five co-owners, these owners shall form an association to protect the interest of the real estate. Such an association may be formed if the number of the units amounts to ten or less or if the co-owners are five or less.
2. The association of the owners shall enjoy a distinct juristic entity with a distinct financial liability and shall be registered at the Ministry of Labor and Social Affairs.
3. The resources of the owners association shall consist of the following:
 - (a) contributions of co-owners;
 - (b) amounts to be collected from co-owners with a view to meeting the obligations of the association;
 - (c) loans;
 - (d) donations and gifts; and
 - (e) the proceeds of investment of the relevant sections.

Article 10.

The owners association shall appoint a chairman from within its members who shall chair its meetings and pursue the implementation of its decisions. The chairman shall be appointed by majority vote as provided for in Article 12 hereof. His term of office shall be three years and may be renewed.

Article 11.

The owners association shall, with the consent of three-quarters of its members, lay down rules that may ensure the best use and management of the joint real estate.

Article 12.

Should there be no rules for the management of the real estate, or in the absence of provisions regulating certain matters, the owners association shall be responsible for the management of the co-owned sections and its decisions in that regard shall be binding, provided that all interested parties shall be invited to its meetings by registered mail. Its decisions shall be passed by majority vote pro rata the respective shareholdings of its members.

Article 13.

The owners association may, by the majority vote provided for in Article 12 hereof, authorize the carrying out of any works or installations that may add to the value of all or any part of the real estate. Such works shall be carried out at the expense of the interested party, subject to the conditions as may be laid down by the owners association including the payment of compensation or the performance of any other obligation for the interest of the co-owners.

Article 14.

1. The owners association shall be managed by a managing director to be appointed by the majority vote provided for in Article 12 hereof and who shall be responsible for the implementation of its decisions. Where necessary, the managing director shall take whatever action as may be necessary for the preservation, safe-keeping and maintenance of the co-owned sections and, except as otherwise provided for in the rules laid down by the association, he may ask any interested party to carry out any such action.
2. The managing director shall represent the owners association before courts of law and the other competent authorities and may file claims against any of the co-owners.

Article 15.

1. Remuneration of the managing director shall be determined by the resolution pursuant to which he is appointed.
2. The managing director may be dismissed pursuant to a resolution to be passed by majority vote of the co-owners, as provided for in Article 12 hereof.

Article 16.

1. In case of any damage to the building by reason of fire or otherwise, and unless otherwise agreed, the co-owners shall be responsible for its renewal pursuant to a resolution to be passed by the owners association, by majority vote of the members as provided for in Article 12 hereof.
2. If the building is demolished, the owners association shall take whatever action as it may deem necessary. In the absence of consensus, the matter shall be referred to courts of law.

Article 17.

The minister of municipal and rural affairs shall issue rules and any other decisions as may be deemed necessary for the implementation of these regulations.

Article 18.

These regulations shall supersede any contrary provisions.

Article 19.

This law shall be published in the Official Gazette and be implemented ninety days after it has been published.