

COMMUNITY STRUCTURING LAW IN BAHRAIN WITH BILAL MIRZA

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with

Bilal Mirza

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With Suzan Taha

In this interview, we speak with **Bilal Mirza** (pictured), an Associate in the International Infrastructure and Real Estate team at [Trowers & Hamlins](#), about the new amendment to the community structuring law in Bahrain. We delve into the impact of the new law on existing regulations, its effect on businesses, and any exemptions or exclusions under the new law. Mirza also shares his insights on how the introduction of Owner's Committees will change current practices and regulations.

Could you explain how this new law changes existing laws or regulations?

Of course, prior to the introduction of Decree (41) of 2022, ownership and management of joint property common areas were transferred to an Owners' Association (OA) under Law (27) of 2017. However, with Decree 41, the Real Estate Regulatory Authority (RERA) has brought into force an alternative community management structure. Developers can now apply for a license from RERA allowing them to undertake the management, operation, maintenance, and repair of the common areas themselves, or even appoint a third party to manage these areas, all activities which would

have been undertaken by an OA.

That's an interesting change. How does this new law impact businesses in Bahrain?

Well, from a developer's perspective, Decree 41 makes Bahrain a more attractive place to do business. There had long been an air of skepticism from some developers who preferred to retain control of the management of joint property common areas after handover, as they do in Dubai. However, Decree 41 has gone some way to provide a level of comfort with developers now having the option to pass these obligations onto the OA or to retain these obligations and uphold their brand standards more closely.

Are there any exemptions or exclusions under this new law?

Yes, the new community structuring option applies only to new developments (at the time the law was passed) or developments under construction that have not yet been marketed for sale. Existing developments that do not comply with these requirements will continue to be governed by the existing community structuring rules set out in Law 27 and subsequent resolutions.

That's good to know. Finally, how do you think this new law or amendment will impact current practices or regulations?

One of the most significant changes we will see is the introduction of Owner's Committees (OC) as opposed to OAs. Under the previous requirements, ownership and management of joint property common areas were transferred to an OA, but if a developer opts to retain the management of said joint property common areas, an OC is formed in place of an OA. An OC is similar to an OA, in that it is made up of unit owners, but has oversight of the developer or third-party managing the common areas. If the OC feels that the developer or third-party is not properly discharging its obligations, it can apply to the Court to remove them from that position.

Who is Bilal Mirza?

Bilal Mirza is an Associate in the international Infrastructure and Real Estate team in Trowers & Hamlin's Bahrain office.

Mirza specialises in all aspects of commercial real estate, with a particular emphasis on sales and acquisitions, development work and landlord and tenant matters in Bahrain, Abu Dhabi, Dubai and Oman. Mirza qualified and previously practiced in London, but since arriving in Bahrain, he has assisted clients on some of the largest development projects within Bahrain as well as cross-border transactions across the GCC and continues to advise clients on their ongoing property interests throughout the region.

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