MANAL DHAHI LEGAL GROUP

EXECUTIVE LEGAL BRIEF

Homeowners Association in Bahrain

A legal and practical guide to joint property governance

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A practical route through joint-property governance.

The guide moves from the legal structure, through day-to-day operations and risk, to enforcement and annual control.

Joint property succeeds when governance, finance and maintenance operate as one system.

This guide translates Bahrain's owners-association framework into practical decisions for owners, boards, managers and occupiers.

PURPOSE

Make the framework usable

Understand who decides, who pays, who manages and how disputes should be contained.

AUDIENCE

Built for decision makers

Owners, board members, developers, property managers, investors and executive advisers.

METHOD

Law into operations

Each legal principle is paired with a governance control, document or management action.

Four questions guide every section

- WHAT IS REQUIRED?
- WHO IS ACCOUNTABLE?
- WHAT EVIDENCE MATTERS?
- WHAT SHOULD HAPPEN NEXT?

One property requires one aligned chain of accountability.

Each actor receives authority or information from the preceding actor and passes a clear output to the next.

CONTEXT / See the property as one connected system.

	ACTOR	ROLE	PRACTICAL OUTPUT
01	OWNERS	COLLECTIVE AUTHORITY	Approve the basis for shared governance.
02	GENERAL ASSEMBLY	FORMAL DECISIONS	Approve budgets, appointments and resolutions.
03	BOARD	OVERSIGHT	Set priorities and hold delivery to account.
04	LICENSED MANAGER	EXECUTION	Manage contracts, records, maintenance and reporting.
05	OCCUPIERS AND VENDORS	OPERATIONAL FEEDBACK	Use or deliver services and report performance.

The operating system needs four linked layers of authority.

Each layer answers a different question: what the law requires, how the property is defined, who may decide, and how compliance is evidenced.

AUTHORITY / Establish the source of authority.

01	**STATUTORY FRAMEWORK**	Law No. 27 of 2017 and its implementing resolutions establish the joint-property regime.
02	**PROPERTY DOCUMENTS**	The declaration, plans and association articles apply that framework to the specific scheme.
03	**GOVERNANCE DECISIONS**	The General Assembly and board use that authority to approve budgets, roles and priorities.
04	**OPERATING CONTROLS**	Contracts, accounts, registers and maintenance records show that decisions were implemented.

Registration converts a shared asset into a governed legal body.

Formation is not a filing exercise alone; it creates the platform for decisions, contracts, accounts and enforcement.

AUTHORITY / Turn authority into a registered body.

1. **Define the joint property**
   Confirm units, common areas and entitlement shares.
2. **Prepare governing documents**
   Establish the declaration, articles and required records.
3. **Register the association**
   Complete the applicable RERA registration process.
4. **Activate governance**
   Convene the General Assembly and appoint accountable roles.
5. **Operationalise controls**
   Open accounts, approve budgets and establish reporting.

Before handover is treated as complete

Governance, banking, records and decision rights should all be operational.

The General Assembly turns ownership into collective decisions.

Its work follows one continuous cycle: prepare reliable information, convene correctly, decide within authority, record the result, and follow through.

AUTHORITY / Turn ownership into collective decisions.

01	**PREPARE**	Verify the owner register, frame the agenda and circulate decision-ready papers.
02	**CONVENE**	Issue valid notice, confirm attendance and establish the meeting correctly.
03	**DECIDE**	Consider the budget, appointments, priorities and proposed resolutions.
04	**RECORD**	Capture votes, reasoning, actions, owners and deadlines in clear minutes.
05	**FOLLOW THROUGH**	Report progress and return unresolved questions to the next governance cycle.

Governance sets direction; management executes it.

The boundary must be explicit so that oversight is not confused with daily administration.

AUTHORITY / Turn decisions into accountable delivery.

DECISION AREA	BOARD	LICENSED MANAGER
Annual plan and priorities	APPROVES	RECOMMENDS / DELIVERS
Budget and service charges	OVERSEES	PREPARES / ADMINISTERS
Contracts and vendors	GOVERNS	PROCURES / MONITORS
Records and reporting	REVIEWS	MAINTAINS / REPORTS
Emergencies and incidents	ESCALATION OWNER	FIRST RESPONSE
Owner communications	SETS POSITION	ISSUES / TRACKS

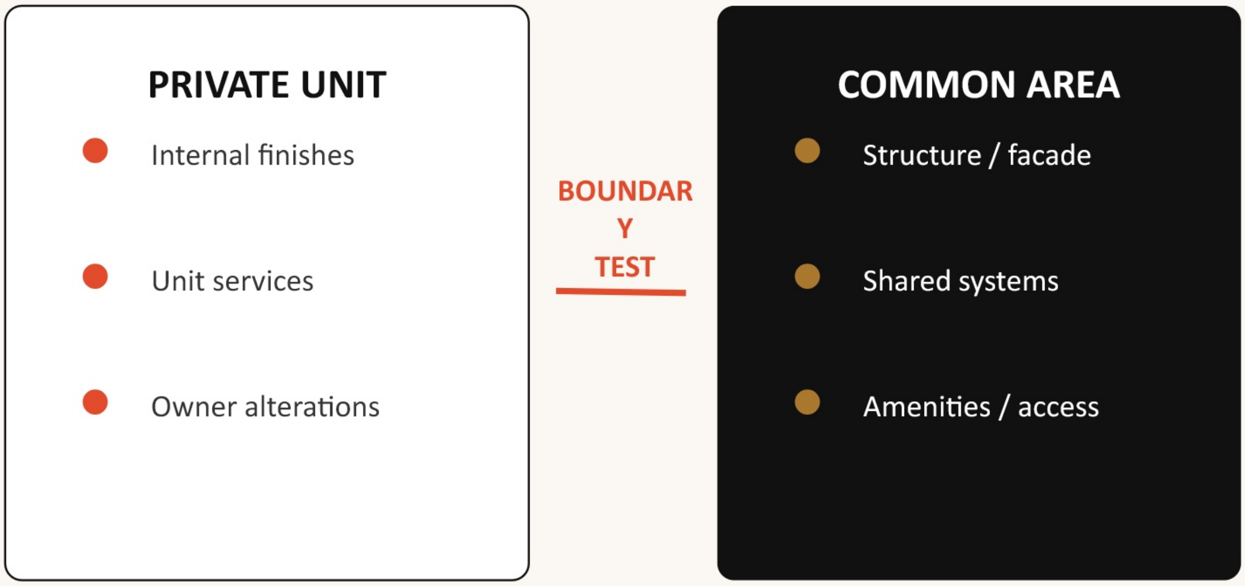
RACI principle

Every recurring process needs one accountable owner - even when several parties contribute.

Most disputes begin at the private-shared boundary.

Map the physical asset, governing documents and cost responsibility before a defect, leak or access issue occurs.

OPERATIONS / Define the private-shared boundary.



Document hierarchy

Joint Property Declaration / plans / articles / approved rules / maintenance evidence

The registered entitlement share links ownership to decisions and cost.

The same registered figure may influence three outcomes, but each outcome must still be checked against the declaration and governing rules.

OPERATIONS / Connect the boundary to influence and cost.

REGISTERED ENTITLEMENT SHARE

01 OWNERSHIP INTEREST

Defines the owner's proportionate interest in the jointly owned property.

02 VOTING INFLUENCE

May determine how much weight an owner carries in specified decisions.

03 COST ALLOCATION

May determine the owner's share of approved common expenditure.

Registered basis

Entitlement should be taken from the registered declaration, not inferred from floor area or market value alone.

A credible service charge begins with a credible property plan.

The budget should show one continuous chain from asset needs to approved services, owner contributions and reported performance.

OPERATIONS / Translate cost into an annual service plan.

01	**PROPERTY NEEDS**	Asset condition, service levels and identified risks
	THEN	
02	**ANNUAL BUDGET**	Contracts, utilities, staffing and planned maintenance
	THEN	
03	**OWNER APPROVAL**	Assumptions, priorities and authorised expenditure
	THEN	
04	**SERVICE CHARGES**	Documented allocation, invoicing and collection
	THEN	
05	**PERFORMANCE REPORT**	Actual spend, variance and service outcomes

Two accounts protect two different time horizons.

Routine operations require liquidity; future capital works require disciplined accumulation and controlled use.

OPERATIONS / Fund present operations and future renewal separately.

OPERATING ACCOUNT

NOW

Recurring services
Utilities
Routine maintenance
Administration

RESERVE ACCOUNT

LATER

Major replacement
Capital repair
Long-life assets
Planned renewal

Governance controls

Separate banking	Approved purpose
Documented authority	Periodic reporting

Service standards are useful only when the evidence is defined.

The management contract should identify what is measured, how it is calculated and which record proves performance.

OPERATIONS / Measure whether the plan delivers value.

SERVICE MEASURE	MEASUREMENT BASIS	EVIDENCE SOURCE
Preventive maintenance	Planned tasks completed within the agreed maintenance cycle	Maintenance schedule and completion records
Urgent work orders	Response and closure against the priority periods in the contract	Time-stamped work-order register
Common-area quality	Condition recorded against an agreed inspection checklist	Signed inspection reports
Lift availability	Operating time and recorded periods of service interruption	Contractor logs and incident records
Resident complaints	Acknowledgement, action and closure recorded for each complaint	Complaint and correspondence register

The association can then compare reported performance with the service obligations actually approved in the contract.

Insurance follows the property risk map.

A coherent programme starts with the asset, then addresses third-party exposure, governance risk and continuity after an incident.

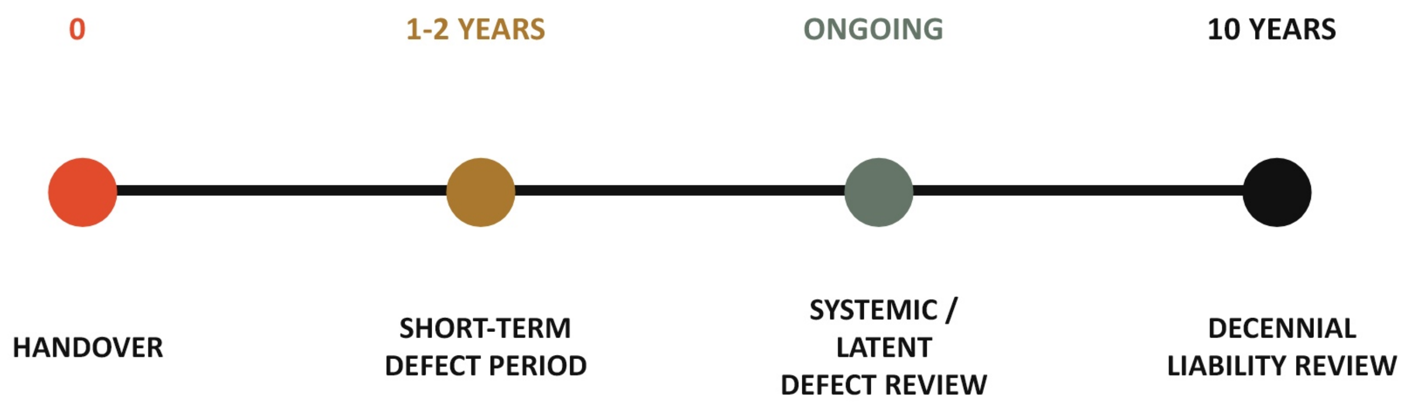
RISK / Transfer or control the remaining asset risks.

01	PHYSICAL ASSET	**Building and common-property damage**	Scope / exclusions / current valuations
02	THIRD-PARTY EXPOSURE	**Common-area injury or property damage**	Limits / deductibles / notification
03	GOVERNANCE EXPOSURE	**Decisions and professional management**	Authority / records / relevant cover
04	CONTINUITY	**Response, restoration and claims handling**	Contacts / evidence / claims protocol

Different defects may operate on different legal and contractual clocks.

Preserve evidence early, identify the responsible party and apply the relevant warranty and liability framework.

RISK / Manage defects against legal and contractual time.



ACTION SEQUENCE

Record / notify / inspect / preserve / attribute / quantify / select remedy

A reliable resolution requires five procedural checks.

Each check protects the next: valid notice supports attendance, attendance supports quorum, quorum supports voting, and voting supports a defensible record.

RISK / Protect decisions through reliable procedure.

01	**NOTICE**	Right recipients, period and papers
02	**ATTENDANCE**	Eligibility, proxies and conflicts
03	**QUORUM**	Required participation confirmed
04	**VOTE**	Threshold and entitlements calculated
05	**MINUTES**	Decision, dissent and actions recorded

THE EVIDENCE PACK

Notice / meeting papers / attendance / proxies / voting calculation / minutes / action register

Occupancy changes who performs an obligation - not necessarily who remains accountable.

Rules, notices and escalation routes should reach the person using the property while preserving the owner's legal responsibilities.

RISK / Carry obligations through every occupancy relationship.

RESPONSIBILITY	OWNER	TENANT	OCCUPIER
Pay service charges	PRIMARY	SUPPORT	SUPPORT
Comply with property rules	PRIMARY	PRIMARY	PRIMARY
Report incidents and defects	PRIMARY	PRIMARY	PRIMARY
Control alterations	PRIMARY	SUPPORT	SUPPORT
Provide access when authorised	PRIMARY	PRIMARY	PRIMARY
Update contact / occupancy records	PRIMARY	PRIMARY	SUPPORT

PRIMARY = direct responsibility SUPPORT = supporting or situational role

Collection works best as one documented escalation path.

The association should separate billing errors and genuine disputes from non-payment, then escalate consistently while preserving its evidence and authority.

RESPONSE / Escalate non-payment consistently and proportionately.

01	**ISSUE**	Accurate invoice and clear due date
02	**REMIND**	Statement, contact and payment route
03	**NOTIFY**	Formal amount, basis and deadline
04	**RESOLVE**	Correct error, agree plan or record dispute
05	**ENFORCE**	Use the approved legal pathway where necessary

A consistent procedure protects both association cash flow and procedural fairness.

Escalate only when the previous level cannot deliver a reliable resolution.

The route depends on the issue, the parties, the governing documents, the urgency and the remedy sought.

RESPONSE / Resolve remaining disputes at the right level.

STAGE		PURPOSE
01	**CLARIFY**	Establish the facts, documents and decision authority.
02	**NEGOTIATE**	Test practical options and the terms of a commercial settlement.
03	**NEUTRAL PROCESS**	Use mediation or expert review where the matter is suitable.
04	**FORMAL PROCEEDINGS**	Select the competent forum and the remedy to be pursued.

Before escalation, confirm jurisdiction, limitation periods and any need for interim protection.

The framework becomes sustainable when responsibilities recur on a visible timetable.

Use this editable cycle to connect accounts, meetings, procurement, reserves and compliance across one governance year.

CONTROL / Make the whole system repeat every year.

Q1	**CLOSE AND PREPARE**	Close accounts / draft the annual report / prepare the General Assembly
Q2	**APPROVE AND PROCURE**	Approve priorities / tender key services / update registers
Q3	**REVIEW AND INSPECT**	Review reserves / inspect capital assets / test insurance
Q4	**PLAN AND RENEW**	Build the next budget / review contracts / set the meeting cycle

KEY LEGAL SOURCES

RERA Owners Associations and Joint Properties Resolution 7 of 2018
RERA Articles of Association - Joint Property

Six questions for every owners association.

If one answer is unclear, the governance system has a control gap worth addressing.

CONTROL / Test the system against six executive questions.

01 AUTHORITY

Can every material decision be traced to valid authority?

02 ASSET MAP

Are unit and common-area responsibilities documented?

03 MONEY

Are budget, operating funds and reserves transparently controlled?

04 DELIVERY

Are manager and vendor outcomes measured against clear standards?

05 EVIDENCE

Are registers, notices, minutes, contracts and incidents retained?

06 ESCALATION

Is there a proportionate route for arrears, defects and disputes?

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