هيئة المدن الاقتصادية

Economic Cities Authority

Rules of Real Estate Ownership Registration and Transfer in the Economic Cities

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Economic Cities Authority (ECA)

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Preamble

Pursuant to the Real Estate and Municipal Regulation (Regulation No. 3), the Real Estate and Municipal Agency of the ECA ("REMA"), is the sole authority governing the management and regulation of land use, real estate, and construction and development within the Economic Cities.

Pursuant to the procedures established in the Executive Regulation (Regulation No. 1), and the powers granted in the Real Estate and Municipal Regulation (Regulation No. 3), and in light of the increasing demand by investors to expedite their operations within the Economic Cities and the resulting benefits to the general public; the REMA hereby enacts these Rules for Real Estate Ownership Registration and Transfer in the Economic Cities.

These Rules shall apply to all Developers and Investors owning Real Estate in the Economic Cities.

Chapter 1: Definitions and General Provisions

Article 1

In the application of these rules, unless the context requires otherwise, the following terms and expressions shall have the meanings as set out opposite each of them:

Commonhold Ownership	A form of property ownership by which the owner has the freehold ownership of part of a multi- occupancy building/local area with shared ownership of and responsibility for the common areas.
Caveat	A formal notice of an unregistered in real estate. Once lodged with the Land Registry, this notice prevents the Land Registry from recording any dealing affecting the estate or the interest claimed.
Covenant	A promise made in a deed or implied by the law that real estate will be used or not used in a certain way, or imposing obligations on the landlord.
Croquis Plan	A map displaying land and property ownership boundaries, dimensions, and other useful information, such as plot ID, and coordinates.
Developer	A natural or corporate person licensed to buy and sell real properties for development purposes. The term shall include the Master Developer and Sub- Developer.
Easement	An interest in land which is owned by a person who is not the primary land owner, or an area above or below it, for a specific limited purpose.
Encumbrance	Any claim or liability that is attached to real estate, or some other interest therein, and that may lessen its value, such a lien or mortgage; any property right that is not an ownership interest.
EC/Economic City	The Saudi Economic Cities currently existing or to be established in the future.
ECA	The Economic Cities Authority or its designee(s).
Fees, Dues	Any charge made to users.
Freehold Ownership	Absolute ownership to land and buildings on land, free of any other claims, which one can sell or pass to another by will or inheritance.
Interest	Any legal claim to, share, ownership, or any other right in real estate.

Interested Party	An interested party is any party who holds an interest in land or real estate. Such interests include, but are not limited to, ownership rights, including tenancies in common, or other shared ownership structures; trusts; waqfs; life estates; tenancy for years; usufruct; defeasible estates, reminders and reversions; easements: public, private, affirmative, negative, appurtenant and in gross; covenants: affirmative, negative, appurtenant and in gross; caveats; liens; mortgages; leases; or any other encumbrances, claims, or interests in the property.
Land Registry	A system by which matters concerning ownership, possession or other rights in land can be recorded to provide evidence of title, facilitate transactions and to prevent unlawful disposal. The ECA Land Registry is maintained by REMA.
Lease Agreement	Legal document that identifies the lessor, lessee, and the leased property; states lease term and rent, and detailed terms and conditions of the agreement.
Leasehold Ownership	The right to hold and use a property for a fixed period of time at a given price, without transfer of freehold ownership, on the basis of a Lease Agreement.
Lien	A legal right or interest that a creditor has in another's property, lasting until a debt or duty that it secures is satisfied, or otherwise relieved by the action of law.
Master Developer	The Master Developer is the lead, or top-level developer licensed in any of the Economic Cities.
Off-Plan Sale	The sale of a designated part of the Real Estate Units off plan or under construction or net yet completed.
Owner	A person who owns real estate.
Ownership Certificate	A document issued by the ECA identifying the owner(s) of real estate, and often listing any encumbrances on that real estate.
Real Estate/Property	Any plot, lot, tract, building, apartment, unit, development, or other immovable property.
REMA	The Real Estate and Municipal Agency of ECA

Article 2

REMA reserves the right to change or amend these Rules, pursuant to the procedures established in the Executive Regulation (Regulation No. 1). All such amendments shall be published.

Article 3

These Rules shall not apply to the ownership of real estate by non-Saudi persons or entities. Such ownership shall be governed by the ECA Foreign Ownership Regulations.

Article 4

REMA may collect fees against the services and approvals outlined in these rules.

Article 5

All interests, transfers, encumbrances, and ownership rights of any and all real estate within the Economic Cities shall be void unless registered in the Land Registry.

Chapter 2: First Registration

Article 6

In order to attain the first registration of the Master Developer's Land, all lands of an Economic City shall be amalgamated into one land and registered in the ECA Land Registry accordingly. To complete the first registration, the following documents are needed:

1. Identification of the owner(s).
2. Notarized Title Deeds of the land.
3. Croquis Plan (Master Croquis Plan) identifying the land's boundaries, corners, and coordinates.

Article 7

A dossier shall be created for the Economic City's land containing all the information regarding the said land.

Chapter 3: Subsequent Registrations of Real Estate

Article 8

A new dossier in the Land Registry shall be created for each land subdivided from the Economic City's land.

Article 9

A land subdivision is required in the following cases:

1. Transfer of freehold ownership.
2. Creating a leasehold ownership on a piece of land.
3. Creating a mortgage or lien on a piece of land.
4. Approving a Local Area Plan/Large Scale Project for a piece of land.

Article 10

In such case as the Master Developer, a licensed Sub-Developer or other owner shall wish to register a subdivision of land owned that have been pre-approved via the master plan and local area planning procedures, the following documents are required:

1. Ownership Certificate of the original land.
2. Croquis Plan of the newly split land containing the plot ID and coordinates.
3. Local Area Plan Approval, as required by REMA.

Chapter 4: Transfer of Ownership

Article 11

No interest shall be created nor ownership transferred until the registration is complete. Constructive or actual notice of unregistered interests shall not affect the registered interest.

Article 12

The provisions specified in the Rules of Real Estate Sales in the Economic Cities shall be satisfied when the ownership of real estate is transferred as a result of a sale transaction.

Article 13

The provisions specified in the Guidelines for Off Plan Sales in the Economic Cities shall be satisfied if the ownership of real estate is transferred as a result of an off- plan sale transaction.

Article 14

If the ownership is transferred due to the death of the owner, the following documents are required to transfer the ownership from the deceased to the heirs:

1. Ownership Certificate of the real estate.
2. Identification of all concerned parties.
3. Copy of the Death Certificate.
4. Court issued Grant of Representation.

Article 15

The following documents are required to transfer the ownership by the way of gift:

1. Ownership Certificate of the real estate.
2. Identification of all concerned parties.
3. Gift Contract/Deed.

Article 16

A power of attorney, power of appointment or other power to dispose of real estate operates with the same force and effect as it does in the Kingdom of Saudi Arabia.

Article 17

In tenancy in common, the property may not be subdivided between the owners or amalgamated with another property except in accordance with the Master Planning and Local Area Planning procedures.

Article 18

When ownership of real estate is transferred, the new owner shall be subject to all registered interests and obligations that run with the land such as covenants and easements.

Article 19

A property may be leased on condition that the lessor and lessee remain obliged to comply with all ECA Regulations, Executive Orders, REMA Rules, Guidelines, Manuals, declarations and bylaws.

Chapter 5: Ownership Certificate

Article 20

The information provided in the certificate shall be an extract of the real estate's dossier in the Land Registry.

Article 21

An Ownership Certificate shall state:

1. The unique identifying reference of the dossier to which it relates.
2. The unique identifying reference allocated for that Ownership Certificate.
3. The date on which it was produced.
4. The ownership type
5. The legal description of the real estate.
6. The physical address of the real estate.
7. The owner's information.
8. The land use information.
9. Any rights, easements, covenants, caveats, liens, mortgages, future interested, registered leases, and any other interests.
10. Paid price in case of a sales transaction/declared value of the real estate.

Article 22

If the real estate is a plot of land, a graphic representation of the plot showing the dimensions, corners, and coordinates shall be part of the certificate.

Article 23

If the real estate is a unit in a building, a graphic representation of the floor plan of the unit identifying the unit boarders, corners, and coordinates shall be part of the certificate.

Article 24

An Ownership Certificate shall be only delivered to the person entitled to it or attached to a response to a competent party.

Article 25

In case of a tenancy in common, all owners' names along with their ownership share, if applicable, shall appear on the certificate. Each of the owners may receive his/her own certificate.

Article 26

An Ownership Certificate may be produced manually on paper, or as a computer print-out. REMA may at any time vary the form or manner in which Ownership Certificates are produced.

Article 27

An Ownership Certificate shall have the following statements in a readable font:

1. "**This certificate shows information current on [Date and time] and so does not take account of any application made after that time even if pending in the Land Registry when this certificate was issued**."
2. "**Any disposal of land or real rights is invalid until registered in the ECA Land Registry**"
3. "**Records in ECA Land Registry are the conclusive evidence of Ownership. Such records are registered at the Ministry of Justice.**"

Article 28

If a sale transaction is registered at the Land Registry, the Ownership Certificate shall not be issued until all payments are satisfied, or the party released the certificate.

Article 29

No Ownership Certificate shall be issued for off-plan sales until the property is complete and ready for handover.

Article 30

In case the Ownership Certificate is lost or damaged, the following is required to issue a new certificate:

1. Identification of the owner.
2. Copy of the certificate if available.
3. An affirmation from the owner confirming whether or not at the time of the loss/damage the owner had created any mortgage, charge or lien on the real estate or deposited the ownership as security for money.

Chapter 6: Registration of Leasehold

Article 31

A lease shall only be registered if its tenure is for more than one year.

Article 32

The following requirements are needed to register a lease:

1. Ownership Certificate of the real estate.
2. Identification of all parties involved.
3. Copy of Lease Agreement.

Article 33

The Lease Agreement deposited for registration shall be signed by all parties involved and identifies the following components:

1. Lessor(s).
2. Lessee(s).
3. Real estate to be leased.
4. Rent.
5. Payment terms and schedule.
6. Tenure.

Article 34

The owner's Ownership Certificate shall be modified to reflect the leasehold interest in the property.

Article 35

Leasing of common areas requires the Master Developer's and Owners' Association's approval.

Article 36

These rules shall not apply to the long term Lease Agreements with Non-Saudi persons or entities. Such leases shall be governed by the ECA Foreign Ownership Regulations.

Article 37

When renting in a Commonhold property, rent value shall include benefiting from amenities like swimming pools, playgrounds, sports halls, health club, car parking, etc. unless agreed otherwise in the Lease Agreement.

Article 38

Upon delegation from the lessor, the lessee shall be able to obtain all the required approvals and permits from the REMA required to do any work on the property.

Chapter 7: Registration of Easement

Article 39

Implied easements in developed areas and sub-developed plans for the passage of public utilities and infrastructure need not to be registered to be enforced per the ECA Real Estate and Municipal Regulation.

Article 40

An express easement may only be created by registering the easement. The following requirements are needed to register:

1. The easement must state the nature of the easement and its terms, the property to be benefited and the property to be burdened.
2. The easement must be defined by a registered Croquis plan identifying the easement areas.

Article 41

1. Benefit easements shall be recorded on the benefited property.
2. Burden easements shall be recorded on the burdened property.
3. If the benefited property is amalgamated with a property that does not have the benefit of the easement, the endorsement of the easement on the amalgamated property will state that the easement is to only part of the property.
4. If a burdened property is the subject of subdivision, then the easement will only be registered for any new properties through which that easement passes.
5. If all benefited and burdened properties are amalgamated into a single property, the easement between the amalgamated properties shall be extinguished.

Chapter 8: Registration of Covenant

Article 42

A covenant can be used to:

1. Relate to the use of the real estate.
2. Ensure that all properties that are subject to the covenant are transferred together to another person.
3. Preserve land marks and features of a property.
4. Require adherence to an architectural, construction or landscaping standard.
5. Regulate the conduct of the owner of real estate that is unrelated to, or is additional to, use of the real estate.
6. Place restrictions on other dealings.
7. Securing payments.

Article 43

A covenant cannot be used to register matters to be dealt with by easements.

Article 44

The Land Registry shall only register covenants where the covenantee is the ECA, the Master Developer, a Sub-Developer, or any form of owners' associations, board, or other multi-dwelling governance body.

Article 45

To register a covenant, the following is required:

1. Covenantor's information.
2. Real estate information.
3. Covenantee's information.
4. Description of covenant.

Article 46

1. A covenant may be wholly or partly released.
2. A partial release of covenant must clearly specify the extent to which the covenant is released.
3. A partial release of part of the area affected by a covenant must be defined on a Croquis plan.
4. The covenant release must be approved by the covenantee or the appropriate judicial body.

Article 47

Covenants may be amended. However, an amendment may not increase or decrease the area of land affected or add or remove a party.

Chapter 9: Registration of Caveats

Article 48

To register a caveat, it shall be signed by or on behalf of the caveator and the caveat shall state the following:

1. Identification and address of the caveator.
2. Identification of the real estate and its owner.
3. Identification of the lessee, if applicable.
4. The registered interest affected by the caveat.
5. Description of the affected part of real estate, if applicable.
6. The interest claimed by the caveator.
7. The grounds on which the interest is claimed.

8. In the case of an individual or corporate entity claiming an interest in the real estate, such person or entity shall affirm subject to legal penalty the good faith basis for their claim.

Article 49

A caveat may be submitted by:

1. A person claiming an interest in the real estate.
2. The ECA.
3. A registered owner of the real estate.
4. A person to whom an appropriate judicial body has ordered that an interest in the real estate be transferred.
5. A person who has the benefit of a subsisting order of a an appropriate judicial body in restraining a registered owner from dealing with the real estate.
6. A purchaser under an installment contract.

Chapter 10: Registration of Liens

Article 50

To register a lien, the application shall state:

1. Identification and address of the lienholder.
2. Identification of the real estate and its owner.
3. Identification of the lessee, if applicable.
4. The grounds on which the lien is placed.

Article 51

A lien may be placed by:

1. The ECA to secure charges and fees.
2. The Master Developer to secure charges and fees.
3. Any form of owners' associations, board, or other multi-dwelling governance body to secure management and maintenance charges.
4. Sub-Developer/contractor to secure payment for work done on the real estate.
5. The appropriate judicial body.
6. Creditor to satisfy a real estate related-debt after the owner's, or an appropriate judicial body's approval.

Article 52

The lien shall not be placed to satisfy personal debts or debts other than real estate related debts, without an order from an appropriate judicial body.