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[[1]](#footnote-1)\*

**Legislative Decree No. (66) of 2014**

**With Respect to the Settlement of**

**Stalled Property Development Projects**

We, **Hamad Bin Isa Al Khalifa, the King of the Kingdom of Bahrain,**

Having reviewed the Constitution,

And the Civil and Commercial Procedures Act, promulgated by Legislative Decree No. (12) of 1971, as amended,

And the Penal Code, promulgated by Legislative Decree No. (15) of 1976, as amended,

And the Commercial Companies Law, promulgated by Legislative Decree No. (21) of 2001, amended by Law No. (50) of 2014,

And the Judiciary Authority Law, promulgated by Legislative Decree No. (42) of 2001, as amended,

And the Central Bank of Bahrain and Financial Institutions Law, promulgated by Law No. (64) of 2006,

And Law No. (28) of 2014 with respect to property development,

And upon the submission of the Chairman of the Council of Ministers,

And with the approval of the Council of Ministers,

Hereby Decree as follows:

**Article 1**

In the course of implementing this Law, the following words and expressions shall have the meanings assigned opposite each, unless the context requires otherwise:

**Stalled Property Development Project or Project:** Every property development project the property units of which are sold on the plan in the Kingdom and for which installments have been paid in consideration therefor, and that it has stalled or ceased execution in prejudice to the national economy in the Kingdom in accordance with the provisions of this Law.

**Authority:** The authority designated by the Council of Ministers in accordance with Article 3 of this Law, which is assigned to study the project.

**Committee:** Stalled Property Development Projects Settlement Committee, established by virtue of Article 5 of this Law.

**Article 2**

Stalled property development projects shall be settled when this Law comes into effect and in pursuance of its provisions. The Authority shall lay down the regulations and requirements whereby the project is considered as stalled.

**Article 3**

The Authority designated by the Council of Ministers shall examine the stalled property development projects referred to it by the Council of Ministers from all aspects, and shall list the debts, obligation and rights of every project on a case by case basis, by examining all the particulars, information, documents and papers relevant to the project.

**Article 4**

The Authority shall pass a resolution referring the project to the Committee to decide on it, coupled with all the reports, particulars, information, documents and papers relevant to the project.

**Article 5**

A committee, with a jurisdictional comeptence, shall be formed, under the name: “Stalled Property Development Projects Settlement Committee,” by virtue of a Decree, as follows:

1. Three of the Judges of the High Civil Court of Appeal, to be delegated by the Supreme Judiciary Council, and the most senior one shall chair the Committee.
2. Two representatives from those who have experience and expertise, to be nominated by the Council of Ministers.

The two members who are non-judges shall tender the following oath before the Chairman of the Committee: “I swear by Almighty Allah to discharge my duties faithfully and honestly, and to abide by the laws of the Kingdom and its regulations.”

**Article 6**

The Committee shall, in general, examine and decide on the settlement of the projects referred to it by the Authority and shall examine them on an urgent basis. It may take the measures necessary to remove the reasons of stalling or settle them. In particular, it may carry out the following tasks:

1. Conduct financial, administrative and technical investigation in connection with the project and it may appoint whoever it deems suitable to carry out this task.]
2. Refer the issue to the Public Prosecution in case there is a criminal suspicion. However, this may not halt the procedures and measures taken by the Committee to settle the project.
3. Take the interim and conservative conservatory measures deemed necessary.
4. Hear the statements of witnesses and delegate experienced experts and auditors.
5. Seek all the necessary particulars, information, documents and papers related to the project to decide on the issue.

The Committee shall decide on the administrative expenses necessary to settle the issue.

**Article 7**

In the course of settling the project using amicable methods, the Committee may undertake the following actions:

1. Grant the developer a respite of not more than one month to submit a proposal to settle his project. The Committee may accept the proposal or ask for its amendment in view of its observations, or turn it down because the proposal submitted by the developer is difficult to implement, or for any other reason.
2. In case the Committee accepts the proposal submitted by the developer in accordance with Paragraph (1) of this Article, it shall grant him a period not exceeding three months to enable him to reach an agreement whereby the project is settled with the majority of the parties which are stakeholders in the project. The Committee may extend this period for a maximum of not more than three months. If an agreement is reached, it shall be evidenced in a minutes that become binding upon all the stakeholders after the Committee approves it.
3. If it is established to the Committee that there are certain measures to be taken by any of the government authorities which are shareholders participating in the settlement of the stalled property project, it shall submit its recommendations to this effect to the Authority to take the necessry action.
4. The Committee shall, in all cases, supervise the implementation of the agreement itself, or through whoever is appointed therefor.

**Article 8**

If settlement is not made using amicable means during the period referred to under Article 7 of this Law, the Committee must decide on settling the project through a final decision within a period not exceeding 18 months from the date the project is referred to it. In the course of this, it may take any of the following measures and procedures it deems necessary:

1. If it is established to the Committee that there is no co-operation by the developer, or that he is not properly qualified to manage the project, or that he has not reached an agreement with the stakeholders in the project, leading to financial losses being incurred by every stakeholder in the project, particularly the buyers, it may appoint a new Board of Directors in respect of the project itself to manage and settle it, instead of the incumbent Board of Directors.
2. Request the Survey and Land Registration Bureau not to record any act of alienation involving the land of the project, or charge with any mortgages, until the project is finally settled.
3. Offer the stalled property project to a new investor to complete it, provided that the interest of the project and the interests of all investors, particularly the buyers, should be taken into account, and oblige it to provide adequate guarantees to complete it with the minimum losses possible. Priority shall be given to the funding investors in the project.
4. Merge certain projects in case there is no new investor, and take any action which it deems necessary in this respect.
5. The Committee may sell the project by public action and deposit the sale proceeds with the treasury of the Ministry of Justice, Islamic Affairs and Awqaf. Notwithstanding the general rules, all debts shall be equal in rank, and the sale proceeds shall be distributed for each one who has right in them, proportionally, each according to his share. The one who is awarded the sale shall be handed over the sale decision to submit it to the Survey and Land Registration Bureau. No property registration transaction may be effected in the name of the one who has been awarded the sale unless the Committee’s decision becomes final. Such decision shall be a supporting evidence of the title to the party which has been awarded the sale.

In all cases, the Committee may take any other measures to preserve the interests of the project.

**Article 9**

The Committee may seek the assistance of whoever it deems necessary, from among experts and specialists in the real estate sector, an auditor and other government authorities to prepare the necessary reports or to attend the Committee’s meetings to seek the guidance of their opinions, without any of them having the right to vote in the Committee.

**Article 10**

The developer and the concerned authorities shall submit all particulars, information, documents and papers relevant to the project when they are required by the Authority or the Committee. He shall also submit detailed statements about the condition of the project and its debts and oblgiatiosn. The Authority or the Committee shall fix dates for receiving them.

**Article 11**

The Committee’s decisions shall be issued with justifications, and with the majority of opinions. In case of a tie, the Chairman shall have a casting vote.

Notwithstanding the general rules, the Committee’s decisions shall be final and tantamount to a court order, after putting the executive form on it by the Clerks Section of the High Civil Court of Appeal. However, they may be appealed against within ten (10) days from the date of their publication in the Official Gazette before the Court of Cassation, which shall resolve the subject-matter thereof.

**Article 12**

An order of the Minister of Justice, Islamic Affairs and Awqaf shall be issued determining the procedures and rules related to hearing the dispute before the Committee and the venues of its meetings, in a manner consistent with the nature of the Committee’s terms of reference.

**Article 13**

After this Law comes into effect, actions before Courts in the Kingdom of Bahrain shall be barred if their subject matter is related to hearing any plea that is within the competence of the Committee. At the same time, actions being heard before Courts shall be suspended for the period referred to under the first paragraph of Article 8 of this Law.

**Article 14**

Notwithstanding the general rules, no attachment may be placed on a project, nor may it be sold by public auction, except through the Committee. Further, actions for claims related thereto shall be barred after a final decision is issued by the Committee. However, this may not prevent recourse from being taken against the developer for any damages.

**Article 15**

Adequate financial allocations shall be assigned to the Committee to assist it in carrying out its functions.

**Article 16**

Without prejudice to any sterner punishment provided for in the Penal Code, or in any other law, a prison term of not less than one year, and not exceeding five years, and a fine of not less than Bahrain Dinars ten thousand (BD 10,000) and not more than Bahrain Dinars thirty thousand (BD 30,000), or either, shall be imposed on every one who has deliberately concealed particulars, information or documents from the Authority or the Committee. At the same time, the same punishment shall be imposed on whoever deliberately provides any false particulars, information or documents to the Committee or performs an act or omits an action that may obstruct the Committee from performing its functions in a proper way.

**Article 17**

The Chairman of the Council of Ministers and Ministers shall, each in his respective capacity, implement this Law, which shall come into effect on the day following its publication in the Official Gazette.

**Hamad Bin Isa Al Khalifa**

**King of the Kingdom of Bahrain**

**Salman Bin Hamad Al Khalifa**

**First Deputy Prime Minister**

Issued at Riffa Palace

Date: 4 Safar 1436 Hejra

Corresponding to: 26 November 2014

1. \* This copy is translated by Bahrain Economic Development Board (EDB) as per the provisions in force up to January 2019. [↑](#footnote-ref-1)