

INDEX

Law 148/2001 : Promulgating The Real Estate Finance Law...

Part- I: General Provisions

Part- II: Finance Agreement -

Part- III : Registration Of The Real Estate Security And Transference Of Rights
Resulting From The Finance Agreement

Part - IV : Execution On The Realty

Part- V Real Estate Finance Companies

Part- VI: Real Estate Finance Guarantees

Part- VIII: Control

Part - VIII Penalties

Official Journal Issue No. 25-bis Dated 24th June 2001
Law No. 148 Of The Year 2001
Promulgating The

Real Estate Finance Law

In the Name of the People,

The President of the Republic,

The People's Assembly passed the following Bill and we promulgate it into law:

Article: 1

Subject to the provisions of Decree-Law No.. 15 of the year 1963 prohibiting alien's possession of agricultural land and other virtually similar holdings, and law No. 230 of the year 1996 reorganizing the possession of built realties and vacant lands by non-Egyptians, the provisions of the attached law on Real Estate Finance shall apply and all provisions contradicting its provisions shall be superseded.

Article : 2

In applying the provisions of the attached law and the decrees enacted for its implementation, the expression "Concerned Minister" shall mean the "Minister of Economy and Foreign Trade", and the term "Administrative Authority" shall denote the "Authority Concerned with Real Estate Finance Affairs" and "shall be attached to the Minister of Economy and Foreign Trade."

Article: 3

The Cabinet of Ministers shall issue the executive statutes of the attached law on the date the law comes into force.

Article: 4

The Present Law shall be published in the official Journal and shall come into force effective the day following the expiry of three months from the date of its publication.

The present law shall be stamped with the seal of the State and shall be enforced as one of its laws.

Issued at the Presidency of the Republic on 3 Rabie-El Akher, 1422 (Hejira Year), corresponding to 24 June 2001 (calendar year).

HOSNI MUBARAK

Real Estate Finance Law

PART –I

General Provisions

Article 1:

The provisions of the present law shall apply to finance activities for investment in the fields of purchasing, building, repairing, or improving the houses, administrative units, service installations, and buildings of stores appropriated for trade activities, guaranteed by the lien right on the realty, officially mortgaging it, or by other securities to be accepted by the financier according to the rules and procedures as shall be determined by the executive statutes of the present law.

This finance shall be termed “Real Estate Finance”, and that security “Real Estate Security”, while the realty burdened with the lien right, official mortgage or other security, shall be termed “Security Realty”, and the buyer or the party obtaining the finance in other than purchase cases shall be termed “the investor”. Such security, its renewal, and its abolition shall be exempted from all duties and expenses.

Article 2:

An authority concerned with Real Estate Finance Affairs shall be established and attached to the Minister of Economy and Foreign Trade. A decree of the President of the Republic shall be issued concerning its formation and determining its powers.

Article 3:

The following quarters shall exclusively have the right to exercise the real estate activity as prescribed in the present law, conditional upon being recorded in a register to be provided by the administrative quarter for the purpose:

- (1) Public Juridical Persons whose purposes include the real estate finance activity;
- (2) (2) Real Estate Finance Companies as prescribed in PART-5 of the present law.

Banks as registered with the Central Bank of Egypt may, after getting its approval and according to the rules to be determined thereby, exercise the real estate finance activity, without being recorded *with* the Administrative Quarter. The provisions of clause-2 in article (4) and of Part -7 of the present law shall not apply to these banks.

Article 4

Exercising the real estate finance activity shall be according to the criteria to be determined by the executive statutes, and in a way commensurable with the financial potential of the realty buyer, or the party obtaining the finance in other than case of purchase, in light of the general condition of the real estate property market.

The executive statutes shall determine the finance rules and procedures, its credit limits, and the ratio of finance to the value of the realty as estimated by means of expert appraisers whose names are recorded in the lists prepared by the administrative quarter for that purpose provided that they shall not be among the financier's workers.

Article 5:

Subject to the provisions of article (35) of the present law, the government, toward procuring real estate finance, shall provide economy- level dwellings for low income categories, as follows:

First:

Allocating certain state-owned lands, free of charge, for the erection of economy-level dwellings;

Second:

The value of public utility services as provided to these dwellings shall be charged at half their actual cost.

PART-II

Finance Agreement

Article 6:

Real Estate Finance in the field of purchasing real estate property shall be according to the provisions of the present law, pursuant to a finance agreement between the financier and the purchaser considered as the investor and the seller of the realty. The agreement shall comprise the following:

- (A) The conditions accepted by the seller and the buyer concerning the sale of the realty by installments, including a statement of the realty condition and its price;
- (B) Amount of the advance payment of the sale price as made by the buyer to the seller;
- (C) The number and amounts of the installments of the balance of the price, and the conditions for their settlement, providing they shall be determined until they are fully collected.
- (D) The seller's acceptance of assigning to the financier his rights to the price installments, according to the conditions to be agreed upon between them.
- (E) The seller's commitment to register the realty in the name of the buyer, clear of any real right (in rem) on third parties.
- (F) The buyer's commitment to record the lien on the price the installments of which are transferred to the financier, as security for their collection,
- (G) Commitment of the parties to the agreement to give it a fixed date. If finance is for the purpose of investment in building a realty on a land owned by the investor, repairing or improving a realty owned

thereby, or for other fields, the finance shall be according to an agreement between the investor, the financier and any other party concerned with the agreement.

If finance is for the purpose of investment in building a realty on a land owned by the investor, repairing or improving a realty owned thereby, or for other fields, the finance shall be according to an agreement between the investor, the financier and any other party concerned with the agreement.

The Minister shall issue a decree concerning the 'Forms' to be used in the agreements referred to in the two previous clauses.

Article 7:

The investor may *dispose* of the 'Security Realty' by sale, as a gift, or by other dispositions, or by entailing any 'real right' thereon. This shall all be following approval by the financier and conditional upon the alienee's acceptance to replace the investor in the obligations resulting from the finance agreement.

The investor may lease out the 'security realty' or enable a third party to occupy it exclusively, after obtaining the financier's approval. The financier shall have the right to stipulate transference of the right to the rental of the realty or to the proceeds collected against its occupancy in settlement of his claims.

The financier shall not refuse to accept disposing of, leasing out or enabling a third party to exclusively occupy the 'security realty, except for serious reasons that would expose his interests and rights to danger. He shall notify these reasons to the investor, in writing, within thirty days from the date the investor notifies him of his wish to dispose of, lease out, or enable a third party to exclusively occupy the realty, otherwise he shall be considered approving these acts.

The investor shall have the right to stipulate the investor's joint commitment with the alienee in fulfilling the obligations resulting from the finance agreement.

The executive statutes shall determine the rules and procedures to be followed in the foregoing.

Article 8:

If the investor disposes of, leases out, or enables a third party to occupy the 'security realty' in violation of the provisions of the previous article, the financier shall then have the right to claim from him settling the rest of the price installments, or the balance of the finance agreement amount, according to each case, by serving a warning on him through a bailiff to proceed with payment within a period of not less than thirty days.

If the investor fails to fulfill such settlement, the financier shall then have the right to take against him the procedures prescribed in Part - 4 of the present law.

Article 9:

The investor may accelerate settling the price installments or the whole or part of the finance.

In this case, the installment due thereon may be reduced commensurately with the settlement acceleration, according to the rules to be determined in the executive statutes of the present law.

PART-III

**Registration Of The Real Estate Security And Transference
Of Rights Resulting From the Finance Agreement**

Article 10:

The request to register the real estate security shall be submitted by the financier or investor to the Real Estate Registration Office within the circuit of which the realty is located, comprising the data to be determined in the executive statutes, and attaching the finance agreement as well as the realty title deed.

A final decision in the request for registration shall be issued within a week, after ascertaining the accurate limits of the realty as mentioned in the request and the title deed, or charging the applicant to fulfill the necessary within a week from the date of submitting the request.

The assignee quarter shall settle the rights resulting from the securities issued thereby on their maturity dates out of the proceeds of the assigned rights.

The applicant shall be notified within the aforementioned date of the decision issued in respect thereof, by virtue of a registered letter with acknowledgement of receipt. The decision refusing the request shall be substantiated.

Article 11:

(Substituted as per law No: 143/2004 By The Following Text)

The financier may transfer his financial rights and term claims with the guarantees determined therefore, which result from the finance agreement, in accordance with the provisions of “Chapter 3” of “Part 3” of the Capital Market Law promulgated by Law No. 95 of the year 1992 and the decrees issued for its enforcement.

The assignee quarter shall settle the rights resulting from the securities issued thereby on their maturity dates out of the proceeds of the assigned rights.

The financier shall guarantee settling the rights resulting from the aforementioned securities. Agreement may also be reached on a third party’s guarantee for settling these rights according to the rules to be determined in the executive statutes of the present law.

The financier shall continue to collect the assigned rights and exercise the rights ensuing from the finance agreement, in favor of the holders of securities issued by the assignee, and in his capacity of being his proxy, according to and within the limits comprised in the transference agreement.

The financier shall explain to the assignee the data and particulars as determined in the executive statutes concerning the finance agreement which resulted in transference of the rights ensuing there from, without need for the investor's approval.

PART-IV

Execution On The Realty

Article 12:

In ease of the investor's failure to settle the amounts due on him, and the lapse of thirty days from their maturity date, or in case a decrease is established to disturb the financier's security for the value of the realty, by act or neglect of the investor or occupant of the realty, shall have the right by virtue of a self-executing court ruling to warn the investor to proceed with settlement or to submit an adequate security, according to each case, within at least sixty days from the date of the warning.

Article 13:

Subject to the provisions of articles (35) and (37) of the present law, if the period determined in the warning lapses without settlement or submission of security by the investor, the latter shall be under the obligation to settle the whole remaining amounts according to the 'real estate finance agreement'.

The financier, in this case, may request the 'justice of execution' within whose area of jurisdiction the realty is located to set the executive formula for the finance agreement and pronounce a ruling for attachment on the 'security realty' preliminary to selling it, after serving a notice legally on the investor, for hearing his statements.

Article 14:

The financier, after setting the executive formula on the finance agreement, shall announce it to the investor, along with charging him to proceed with settlement within a period of not less than thirty days. He shall also announce the agreement to the Real Estate Registration Office to add its

annotation on it, duty-free, within a period not exceeding one week, on the sidelines of the real estate security registration, along with announcing it to all creditors whose rights are registered on the realty, and to the holder of the realty, otherwise the charge for settlement shall be inoperative in their respect.

Article 15:

The annotation in the writ of execution at the Real Estate Registration Office shall stand for registering the expropriation notice.

Article 16:

If the investor fails to settle within the period determined in the writ of execution notice, the justice of execution — upon the request of the financier — shall issue an order appointing a real estate agent among the agents whose names are recorded in a register provided by the administrative quarter for that purpose, to exercise the procedures of selling the realty by public auction as prescribed in the following articles under direct supervision by the justice of execution.

The executive statutes shall determine the conditions to be fulfilled by the real estate proxies, the rules for determining their remuneration, and the procedures of recording in the register.

Article 17:

Any interested party may ask for replacement of the real estate proxy by submitting a request to the justice of execution, indicating the justifications for the request. The mere submission of the request shall not result in staying the procedures of execution on the realty unless otherwise determined by the judge. The judge may order such replacement if the justifications for the request transpire to be serious thereto.

Article 18:

Two of the appraisal experts referred to in clause-2 of article (4) shall determine the basic price of the realty.

The real estate agent shall determine the conditions of selling the realty by

public auction, providing they shall comprise the date, hour, and venue of carrying out the sale, the basic price of the realty and the bond deposited for participation in the auction. The executive statutes shall determine the rules for computing the deposited bond.

Article 19:

The real estate agent shall notify the sale conditions to each of the investor, the holder of the realty and the creditors whose rights are registered, within a period of not less than thirty days and not exceeding Forty Five days before the day determined for carrying out the bidding process. He shall also paste the notification on the realty and on the board provided for notifications at the competent court within the jurisdiction of which the realty is located, along with publishing the notification in two mass circulation dailies, at the expense of the investor. The financier of the investor may request announcing or publishing the sale conditions more than once at his expense.

Article 20:

The real estate agent shall hold the bidding session on the day determined for sale. The bidding shall begin with calling out the basic price and terminate by awarding the sale to the bidder offering the biggest price.

If the offer is less than the basic price or the number of bidders has not exceeding three persons, the real estate agent shall postpone the sale to another day within the following thirty days, to be announced by the same procedures as prescribed in article 19 of the present law. The financier shall not take part in the bidding. However, if the biggest offer does not reach the basic price, and is less than the dues of the financier, he may ask for awarding the sale to him against clearing the investor of all his obligations.

In all cases, the offer against which no higher offer is made within five minutes shall be considered as ending the bidding.

Article 21:

If the investor settles all maturing installments thereupon at any time before the sale is adjudicated, the real estate agent shall discontinue the procedures,

and the investor shall settle to the financier the expenses to be estimated by a writ of the execution justice.

Article 22:

The judge shall pass a ruling for adjudication of the sale, based on the procedures taken and the settlement of the full price, comprising the statement of its conditions and the procedures followed on the day of sale. The court ruling shall comprise a writ of delivering the realty empty of its occupants to the person in whose favor the sale adjudication ruling is passed, unless the financier had previously approved of their occupation of the realty, in implementation of the provisions of article (7) of the present law, or they had rented the realty by virtue of leases with certified dates before the finance agreement.

The original copy of the court ruling shall be included in the file of execution on the day following the issue of the court judgment.

Article 23:

The party in whose favor a ruling adjudication is passed shall register the ruling. Such registration shall purify the realty of all collateral in kind rights of which the owners were notified of the writ of execution and the sale procedures according to article (19) of the present law.

Article 24:

A court ruling adjudicating the sale may not be appealed except for a fault in the outbidding procedures, or for nullity of the ruling. However, an occupant of the realty may appeal the ruling if it comprises a writ for emptying the realty. The appeal shall be brought before the competent court, with the normal terms, within fifteen days from the date of pronouncing the ruling, with the exception of the occupant of the realty for whom the duration shall begin from the date the ruling is notified thereto.

Article 25:

Filing an action for entitlement by a third party shall not result in suspending the procedures of execution/forced sale on the realty unless otherwise ruled by the court.

Article 26:

The real estate agent shall deposit the sale proceeds in the treasury/safe of the court. The judge for execution — unless an appeal is lodged against the sale adjudication ruling by one of the parties in the outbidding procedures — shall distribute these proceeds among the creditors according to their ranking on the day following the expiry date of the appeal or the issue of a ruling refusing that appeal, after settling all execution expenses. A report thereon shall be drawn up and included in the execution file.

Article 27:

The provisions of the Civil and Commercial Procedure Law shall apply where no special provision is prescribed in the present PART of the law.

PART-V

Real Estate Finance Companies

Article 28:

The real estate finance company shall adopt the form of an Egyptian joint stock company (SAE), and the issued and paid up capital thereof shall not be less than the limit as mentioned and indicated in the executive statutes.

Licensing the exercise of the real &state finance activity shall be according to the provisions of the following articles.

Article 29:

The license request shall be submitted to the administrative quarter, on the 'Form' to be provided by it for the purpose. The executive statutes shall determine the rules and procedures for the license and its fees to be within and not exceeding ten thousand pounds.

Article 30:

The administrative quarter shall, give the license applicant a certificate of receiving the documents submitted thereby, or a statement of the other

documents he shall submit. He shall fulfill these documents within the following three months otherwise his request shall be dropped.

Article 31:

The administrative quarter shall issue a final decision in request and notify the applicant, in writing, of its decision thereof, within thirty days from the date of fulfilling the documents.

The administrative quarter shall not refuse granting the license except in the following cases:

- (1) Failure to fulfill the conditions prescribed in the present law or in the decrees to be issued on its enforcement.
- (2) Unavailability of the criteria to be determined in the executive statutes concerning the experience and professional efficiency required to be fulfilled in the company's managers.
- (3) Issue of a judgment in bankruptcy of one of the Company's founders or directors during the five years prior to submitting the request unless he was discharged in bankruptcy.
- (4) Issue of a court judgment against one of the Company's founders or directors, or one of its board members, during the live years prior to submitting the license request, imposing criminal or misdemeanor penalty in a moral turpitude or breach of trust felony, unless he has been rehabilitated.

Article 32:

The executive statutes shall define the financial criteria to which the company shall be committed, providing they shall comprise the following:

- (1) The method to be followed in appraising the company's assets.
- (2) Determining the ratio of the stockholders minimum equity to each of the company's assets and liabilities, and the volume of the finance portfolio.
- (3) Determining the minimum ratio of the current assets to the current liabilities.

- (4) The rules necessary for guaranteeing the good progress of the Company's works, and the rights and claims of its creditors and clients.

Article 33:

Two of the auditors recorded in a register held by the administrative quarter shall assume auditing the company's accounts.

The company shall submit its financial statements to the administrative quarter every six months at the date to be determined in the executive statutes.

Article 34:

The Company may merge with another company working in the same activity or another activity, or it may discontinue the activity, or liquidate its assets or the major part thereof, after obtaining a written approval from the administrative quarter. This shall all be according to the rules and procedures to be determined in the executive statutes.

The administrative quarter may not refuse giving the approval except for serious reasons connected with considerations of stability of the real estate finance activity or the interests of investors or stockholders.

PART-VI

Real Estate Finance Guarantees

Article 35:

A Fund shall be established to guarantee and subsidize the real estate finance activity. It shall have the public corporeal personality and shall be attached to the minister concerned. The fund shall subsidize the real estate finance activity in the field of selling the dwellings to low-income brackets through the Fund's assumption of part of the installment amount in a way lowering the finance burden to limits commensurable with their incomes, providing it does not exceed one fourth of the income.

The statutes of the Fund shall be issued by decree of the President of the Republic determining the other powers and jurisdiction thereof.

Article 36:

The Fund's resources shall be formed of the following:

- (1) The subscription which the investor and the financier shall equally pay to the Fund as shall be determined in its articles of association, providing it shall not exceed (2%) of the finance installment. An investor, with limited income, shall be exempted from paying that subscription.
- (2) Gifts and donations from within the country and abroad as extended to the Fund and approved by the minister concerned.
- (3) Amounts as allocated to the Fund by the State.
- (4) Proceeds of investing the Fund's property and capital.
- (5) Proceeds of fines ruled by the court or those paid according to the provisions of the present law and its executive statutes.

Article 37:

The financier shall have the right to stipulate that the investor insures, in favor of the financier, the amount of his rights and claims, with an Egyptian insurance company, against risks of non-payment due to the investor's decease or incapacity.

The executive statutes shall determine the rules and conditions of such insurance.

Article 38:

Non but the intermediaries whose names are recorded in a table provided by the administrative quarter for the purpose, may exercise mediation works between the financier and the investor in the finance agreement.

The executive statutes shall determine the rules, conditions and procedures of recording in such table.

Article 39:

The administrative quarter shall prepare a 'Form' Comprising the basic conditions for real estate finance, and the financier or intermediary shall deliver to the finance applicant a copy of that 'Form'. A declaration from the investor shall be attached to the finance agreement that he received that copy and reviewed it before signing the finance agreement.

Article 40:

The financier shall notify the investor monthly of all the data and particulars connected with the finance agreement, as shall be determined in the executive statutes.

Article 41:

An office shall be established with the administrative quarter to receive and examine the complaints submitted against violating the provisions of the present law and its enforcing decrees. The executive statutes shall determine the system and procedures of work at that office.

PART-VII

Control

Article 42:

Where a violation takes place of the provisions of the present law or the decrees issued for its enforcement, or in case a danger emerges to threaten the stability of the real estate finance activity or the interests of investors or stockholders in the real estate finance companies, the administrative quarter may take whatever it deems appropriate of the following measures:

- (1) Serving a warning notice to remove the violation within a determined period.
- (2) Suspending the exercise of the activity for a period not exceeding ninety days. Preventing the exercise of the activity along with determining the procedures and measures necessary to confront the consequences ensuing from such prevention.

The administrative quarter may take the following measures with respect to the violating real estate finance companies

- (1) Obligating the company to take procedures of its merger with another real estate finance company, or with one of the other quarters exercising this activity, within a period not exceeding three months, which may be extended by decree of the concerned minister.
- (2) Obliging the company to increase its paid up capital or the volume of cash liquidity, or both together, according to a determined time schedule.

Article 43:

Subject to the provisions of the laws reorganizing the confidentiality of information, all interested party may request from the administrative quarter access to the registers, reports, documents and other papers connected with the real estate finance activity or obtaining official extracts thereof against fees the rates of which shall be determined in the executive statutes up to

and not exceeding one hundred pounds, and according to the rules and procedures to be prescribed in these statutes.

The administrative quarter may refuse the request if responding to it is likely to impair the real estate finance activity, or encroach on public interest.

Article 44:

Officials of the administrative quarter whose names or positions are determined by decree of the minister of justice, in agreement with the minister concerned, shall have the powers of law officers in establishing the crimes committed in violation of the provisions of the present law and the decrees to be issued concerning its enforcement. In so doing they shall have the right to access the registers, books, documents, information, and data at the quarters where they exist.

Officers in charge at the foregoing quarters shall submit to the said officials the particulars, data, extracts, documents, and copies they require for that purpose, subject to the provisions of the laws reorganizing the confidentiality of information.

PART-VII

Penalties

Article 45:

Subject to any stricter penalty prescribed in any other law, the deeds indicated in the following articles shall be liable to the penalties prescribed therefore in them.

Article 46:

Whoever exercises the real estate finance activity prescribed in the present law, without being licensed therefore, shall be liable to confinement in prison and to a fine of not less than fifty thousand Egyptian pounds and not exceeding two hundred thousand pounds, or either penalty.

Article 47:

Whoever, in exercising the real estate finance activity, violates the criteria and rules referred to in articles (4) and (32) of the present law and determined in the Executive Statutes, shall be liable to confinement in prison for a period not exceeding three months, and to a fine of not less than ten thousand Egyptian pounds and not exceeding fifty thousand pounds, or either penalty.

Article 48:

Whoever Violates any of the provisions of clause-i of article (34) shall be liable to a penalty of a fine of not less than two hundred thousand pounds and not exceeding five hundred thousand pounds.

Article 49:

In addition to the penalties determined for the crimes prescribed in the previous articles, a court ruling may be passed depriving a person on whom any of these penalties is imposed, from exercising the profession, or prohibiting the exercise of the activity on the occasion of which the crime occurred, for a period not exceeding three years. This ruling shall be imperative in ease of recidivism.

Article 50:

The criminal action may not be set in motion by taking any procedure in it, or by lodging it, concerning the crimes committed in violation of the provisions of the present law or its executive statutes, or by taking any investigation procedure in it, except upon the request of the concerned minister.

The concerned minister, before a final judgment is passed in the ease, may accept a composition with the violator, in return for paying the maximum limit of the fine prescribed in the previous articles. The composition shall then result in abatement of the criminal action.

Article 51:

The officer in charge of actual management in the company shall be liable to the penalties prescribed for the deeds committed in violation of the

provisions of the present law or its executive statutes, if his premeditated breach of the duties imposed on him by this management has led to the occurrence of the crime, or by his enormous fault he caused its occurrence.

Article 52:

The company shall be responsible jointly for settlement of the ruled financial penalties if the violation has been committed by one of the company's workers, in its name and interest.