**Disclaimer: The official version of the law and any amendments thereto is published in Arabic in the Official Gazette. This version of the law, including amendments thereto, is provided for guidance and easy reference purposes. The Legislation & Legal Opinion Commission does not accept any liability for any discrepancy between this version and the official version as published in the Official Gazette and / or any inaccuracy or errors in the translation.**

**For any corrections, remarks, or suggestions, kindly contact us on translate@lloc.gov.bh**

**Published on the website on May 2024**

**Ministry of Housing and Urban Planning**

**Decision No. (868) of 2022 regarding Financing Services**

Minister of Housing and Urban Planning:

Having reviewed the Bahraini Citizenship Law of 1963 as amended;

Legislative Decree No. (10) of 1976 regarding Housing, as amended;

Legislative Decree No. (4) of 1979 establishing the Housing Bank, as amended by Law No. (75) of 2006;

And Decision No. (909) of 2015 regarding the Housing System, as amended;

And upon the submission of the Under secretary of the Ministry of Housing;

**Hereby Decides:**

**Chapter One**

**General Provisions**

**Article (1)**

**Definitions**

In applying the provisions of this Decision, following words and expressions shall have the meanings assigned to them in the Decision No. (909) of 2015 regarding the Housing System, unless the context requires otherwise:

Housing Financing: Financing provided by the bank for the purpose of acquiring a house, according to the types and purposes of housing financing.

Housing Financing Programs: Financing programs offered by banks with the aim of providing a house, according to the types and purposes of housing financing.

Restoration Financing: Financing provided by the bank for renovation, maintenance, repair of structural or emergency defects, or for necessary additions or modifications to the house.

Financial Support: Financial obligations borne by the government for the beneficiaries of housing financing programs.

Eligibility Certificate: A certificate issued by the Ministry to the applicant to benefit from the housing financing or housing financing programs, indicating their qualification to benefit from them.

Financial Support Certificate: A certificate granted by the Ministry to the applicant to benefit from the housing financing programs, including final approval to obtain financing from the financing bank financed by the financial support, as per the Minister's decision.

Commercial Financing: The financing or loan obtained by the applicant from a licensed financial institution by the Central Bank of Bahrain, in accordance with its regulations and standards.

Financing Bank: The commercial bank authorized by the Ministry and the bank to provide financing to applicants wishing to benefit from housing financing programs.

Primary Property: The property owned by the spouse or a relative of the applicant who applies to purchase land or a house on part thereof, build their house thereon, or make additions thereto, in accordance with the housing financing system.

Islamic Financing Forms: Forms of Finance subject to the provisions of Islamic Sharia’a and are applicable to Islamic financial institutions under the supervision of the Central Bank of Bahrain.

Financing System: The system of financing and collection approved in the Bank.

**Article (2)**

Types and Purposes of Housing Financing and Housing Financing Programs

The types and purposes of housing financing and housing financing programs for beneficiaries shall determined as follows:

First: Types of Financing:

1- Purchase Financing.

2- Construction Financing.

3- Restoration Financing.

4- Financing Programs through financing banks.

5- Other types of financing as determined by the Ministry.

Second: Purposes of Financing:

1- Purchase of a house.

2- Purchase of land.

3- Purchase and construction of land.

4- Purchase of a building and adding to it.

5- Construction of a house.

6- Addition to an existing building or any of the aforementioned purposes on the primary property.

7- Any of the aforementioned purposes through participation among a group of beneficiaries.

8- Other purposes as determined by the financing system.

Third: Restoration financing shall be allocated as a supplementary housing service.

**Chapter Two**

**Housing Financing**

**Article (3)**

**Conditions for Accepting a Housing Financing Application**

The following conditions shall be met for the acceptance of a housing financing application for any purpose of financing, until the service is allocated:

1- The applicant shall be a Bahraini citizen.

2- The applicant shall be the head of the family.

3- The applicant's age at the time of application shall not be less than (21) years and shall not exceed (50) years, and shall be fully eligible.

4- The applicant's income at the time of application and at allocation shall not be less than (320) Bahraini Dinars and shall not exceed (1200) Bahraini Dinars. The Ministry may exempt the minimum income requirement for special circumstances of the applicant.

5- The applicant or any members of his family shall not have previously obtained any housing service for the purpose of property ownership provided by the government or any other entity.

6- In the case of financing for house construction, the applicant shall prove that he or one of his family members owns a land suitable for use as a residential space that is free from any legal dispute, except for financing for construction within a primary property.

7- Without prejudice to Paragraph (6) of this Article, the applicant shall not have owned a property, or any members of their family, for the (3) years preceding the application and until allocation. It is considered equivalent to ownership if the applicant has benefited from a house through one of the Islamic financing forms or through commercial financing.

8- His family shall have a permanent residence in the Kingdom of Bahrain.

**Article (4)**

**Determining the Value of Housing Financing and Restoration Financing**

a- The value of housing financing shall be determined based on the applicant's income.

b-The Ministry may raise the minimum value of housing financing for the applicant based on his income, not exceeding forty thousand Bahraini Dinars.

c-The Ministry may increase the maximum value of financing to exceed sixty thousand Bahraini Dinars, with a maximum limit of seventy thousand Bahraini Dinars.

d-The value of renovation financing shall be determined based on the applicant's income or in accordance with the minimum technical requirements for the house depending on the family’s need, whichever is lower, and in accordance with the financing system. The financing amount shall not exceed twenty thousand Bahraini Dinars, after the technical committee's approval of the required restoration and addition works, if necessary. The required restorations shall be essential for addressing the condition of the house.

**Article (5)**

**Joint Benefiting from Housing Financing and Restoration Financing for Spouses**

a- It shall be permissible for both the husband and wife to benefit from joint housing financing if they meet the eligibility conditions, according to the housing financing system and the following provisions:

1- The application shall be submitted by both spouses initially, or one of them can join the application at any time before financing is allocated, or within (6) months from the date of allocation.

2- The combined income of both spouses, at the time of application and at the time of allocation, shall not be less than (320) Bahraini Dinars and shall not exceed (1200) Bahraini Dinars in case of building and purchasing financing. The Ministry may exempt the minimum income requirement in special circumstances of the applicant.

3- In the case of building financing, the ownership of the land to be built upon shall be registered in the name of either the husband or the wife or jointly in both names. In the case of purchasing financing, the ownership of the property to be purchased shall be registered in the name of both spouses, each according to their share, unless they agree otherwise.

4- Monthly instalments shall be paid by both spouses according to the instalment determined for each of them, based on the financing amount, unless they agree otherwise.

b-Subject to the conditions for accepting restoration financing as stipulated in Article (7) of this Decision, it shall be permissible for spouses to jointly benefit from restoration financing, provided that the combined income of both spouses at the time of application and at the time of allocation does not fall below (120) Bahraini Dinars and does not exceed (1200) Bahraini Dinars. Monthly instalments shall be paid by both spouses according to the instalment determined for each of them, based on the financing amount, unless they agree otherwise.

**Article (6)**

**Provision of a House in the Basic Property or Jointly among Beneficiaries**

a- The applicant shall be allowed to benefit from financing to provide a suitable house within the basic property, using one of the financing purposes, according to the provisions stated in the financing system.

b-A group of applicants shall be permitted to jointly benefit from housing financing for one of the financing purposes by participating together, in accordance with the financing system and the following provisions:

1- The value of the property shall cover the total value of the financing allocated to the group of beneficiaries. Additionally, the value of financing for each beneficiary shall correspond to their share in the property's value. Ownership of the property shall be transferred to the names of all jointly participating beneficiaries through individual ownership documents or shared shares.

2- The beneficiary participating within the group shall not be allowed to change their decision to benefit from financing after allocation. This shall include refraining from accepting the financing amount, returning it after disbursement, requesting the cancellation of financing, or changing it to another type, except with written consent from all group members. The bank shall verify that such changes will not impact the agreed-upon building or purchasing process.

3- The benefit of financing shall be cancelled for beneficiaries violating the provisions of Clause (2) of Paragraph (b) of this Article. Such beneficiaries shall not be allowed to reapply for a period of one year from the date of their benefit cancellation.

4- In the case of cancelling a financing request or allocation, group members can request adding a new member to the group, covering the price difference of the property, the cost of construction, or replacing the intended property with another property that aligns with the value of the financing allocated to the group. Such a request shall be subject to the ministry's appreciation.

**Article (7)**

**Conditions for Accepting a Restoration Financing Application**

The following conditions shall be met for the acceptance of a restoration financing application until the service is allocated:

1- The applicant shall be a Bahraini citizen.

2- The applicant shall be the head of the family.

3- The applicant's age at the time of application shall not be less than (21) years and shall not exceed (60) years, and shall be fully eligible.

4- The applicant's income at the time of application and at allocation shall not be less than (320) Bahraini Dinars and shall not exceed (1200) Bahraini Dinars.

5- The applicant or any members of his family shall own a share in the house to be restored, as it is the only house owned by the family.

6- A period of (10 ) years shall have passed from the time he or any of his family members have obtained any Housing Service for the purpose of owning a real estate property provided by the government or any other authority.

7- In case the applicant has benefited before from a Housing Service by the Ministry, he shall be regular in paying his instalments, and shall have no debt payable to the Bank of more than three months.

The applicant shall not have previously obtained house restoration financing. Neither shall any of his family members have obtained house restoration financing for the house in question in his application.

7- Without prejudice to Paragraph (5) of this Article, the applicant shall not have owned a property, or any members of their family, for the three (3) years preceding the application and until allocation. It is considered equivalent to ownership if the applicant has benefited from a house through one of the Islamic financing forms or through commercial financing.

10- His family shall have a permanent residence in the Kingdom of Bahrain.

**Article (8)**

**Monthly Instalment Amount and Repayment Mechanism**

a- The bank shall open an account for the designated housing financing and the beneficiary shall, through this account, pay the monthly instalments due on the housing financing to the bank, in accordance with the financing system.

b-The monthly instalment amount for housing financing shall be calculated proportionally to the repayment period, provided that it does not exceed (25%) of the monthly income of the family head, unless otherwise agreed with the bank.

c-The beneficiary of housing financing shall, in case of early retirement or leaving work based on personal preference or negative impact on income for any reason, repay (25%) of the last monthly income before retirement, leaving work, or income impact as a monthly instalment for the financing service, unless otherwise agreed with the bank. The bank may reduce the monthly instalment for beneficiaries of housing financing for special circumstances of the applicant, provided that this reduction does not affect the full amount due from the beneficiary.

**Chapter Three**

**Housing Financing Programs**

**Article (9)**

**Types of Housing Financing Programs**

Applicants are eligible to benefit from the following housing financing programs through financing banks, in accordance with the provisions of the financing system and this Decision, for the purpose of utilizing them for one of the financing purposes:

1- Mazaya program.

2- Financing programs for any of the housing financing purposes through financing banks.

**Article (10)**

**Mazaya Program**

Beneficiaries under the Mazaya Program shall obtain bank financing from the financing bank, the amount of which shall be determined according to the financing system, for the purpose of purchasing a house, purchasing land, building a house, or purchasing a land and building thereon. Repayment shall carried out in monthly instalments based on the specified percentage of income in the financing system, while the financial support shall cover the difference between the instalment due to the financing bank and the specified percentage of the beneficiary's income.

**Article (11)**

**Financing programs for Housing Financing Purposes through Financing Banks**

The beneficiary shall be eligible to obtain bank financing through financing banks for any of the housing financing purposes, which shall be repaid in monthly instalments from his income as determined by the financing system. The ministry shall provide the predetermined financial support that the beneficiary qualifies for according to the financing system. The amount of financing shall be determined based on the beneficiary's income, provided that it does not exceed the maximum limit specified in the financing system.

**Article (12)**

**Conditions for Benefiting from Housing Financing Programs**

To be eligible for benefiting from the housing financing programs, the following conditions must be met by the applicant:

1- The applicant shall be a Bahraini citizen.

2- The applicant shall be the head of the family.

The applicant's age at the time of submitting the application and receiving financing from the financing bank shall not be less than (21) years and shall not exceed (35) years for the "Mazaya" program. The maximum eligible age may be extended to (40) years according to criteria defined by the financing system. The financing bank shall determine the maximum eligible age for benefiting from other housing financing programs in coordination with the bank, ensuring that such age does not exceed (50) years.

4- The applicant shall be fully eligible.

5- The applicant's income at the time of submitting the application and until receiving financing from the financing bank shall not be less than (600) Bahraini Dinars and shall not exceed (1200) Bahraini Dinars for the "Mazaya" program. Furthermore, the applicant's income at the time of submitting the application and receiving financing from the financing bank shall not be less than (320) Bahraini Dinars and shall not exceed (1200) Bahraini Dinars for other housing financing programs.

6- The applicant or any of his family members shall not have previously obtained any Housing Service for the purpose of owning Housing provided by the government or any other party.

7- In the case of financing for house construction, the applicant shall prove that he or one of his family members owns a land suitable for use as a residential space that is free from any legal dispute, except for financing for construction within a primary property.

8- Without prejudice to Paragraph (7) of this Article, the applicant shall not have owned a property, or any members of their family, upon submission of the application and for (3) years preceding the application and until allocation. It is considered equivalent to ownership if the applicant has benefited from a house through one of the Islamic financing forms or through commercial financing.

9- His family shall have a permanent residence in the Kingdom of Bahrain.

**Article (13)**

**Provisions for Benefiting from Housing Financing Programs**

The applicant, based on the eligibility certificate, shall approach one of the financing banks to obtain financing through one of the housing financing programs, in accordance with the financing system and the following regulations:

1- The value of financing for each financing program shall be determined according to the financing system.

2- The beneficiary of a housing financing program shall commit to paying the specified percentage in the financing system from their income to repay the due instalment to the financing bank.

3- The beneficiary's income is calculated according to the approved system by the Ministry.

4- The beneficiary of a housing financing program shall fulfil all obligations resulting from his agreement with the financing bank to obtain financing, without any responsibility on the Ministry and the bank. The financing shall be subject to the terms and conditions of the financing bank.

5- The beneficiary of the "Mazaya" program shall commit to making an upfront payment of not less than (10%) of the financing amount.

6- The financial support for the "Mazaya" program shall decrease proportionally with any increase in income if the income increases periodically every two years.

7- The beneficiary of the "Mazaya" program shall provide the Ministry, bank, or financing bank with all official documents related to income updates within the specified deadlines throughout the repayment period of financial obligations resulting from the financing.

8- The beneficiary of the "Mazaya" program shall, in case of early retirement, leaving work based on personal choice, or negative impact on income for any reason, pay the percentage specified in the financing system from their last income before retirement, leaving work, or experiencing an income decline, as a monthly instalment for financing.

9- The salaries, wages, and other sources of income of the beneficiaries of the "Mazaya" program shall be subject to periodic evaluation and updates every two years or upon the request of the Ministry, bank, or financing bank for the purpose of reducing the amount of financial support based on an increase in the beneficiary's income.

10- The beneficiary shall commit to choosing a land or a house that meets the criteria specified in the financing system.

The allocation decision shall be issued to the applicant by the Ministry, who shall be granted a certificate of financial support after fulfilling the procedures and controls stipulated in the financing system. With this certificate, the applicant shall proceed directly to the contracting procedures with the financing bank.

**Chapter Four**

**Common Provisions**

**Article (14)**

Certificate of Eligibility for Financing Service

a- The Certificate of Eligibility qualifies the applicant for benefiting from the financing service, provided that they fulfil the necessary requirements with the Ministry, bank, or financing bank, as a prerequisite for issuing the housing service allocation decision.

b-The Certificate of Eligibility does not constitute an obligation on the bank or the financing bank to grant financing.

**Article (15)**

**Suspension and Cessation of Financial Support**

a- The Ministry or the bank may suspend the disbursement of financial support in accordance with the financing system in any of the following cases:

1- The beneficiary stands trial before the Public Prosecution or the courts for being accused of committing a terrorist crime or a crime threatening national security, with the financial support being retroactively disbursed in the event of the beneficiary's acquittal.

2- The beneficiary ceases to make the monthly instalment due to the financing bank for any reason.

3- The beneficiary fails to periodically update their required information.

4- The beneficiary violates their obligations established in this Decision, the financing system, or the contracts concluded between them and the Ministry or the bank regarding benefiting from any of the housing financing programs.

5- If the beneficiary does not commence construction within the period specified according to the financing system.

6- If the beneficiary leases, transfers ownership of, or relinquishes full or partial usage of the house in any manner, sells it, arranges any property right on it in ways not permitted by the financing system, or uses the house for any purpose other than residence.

7- Hindering or adversely affecting the family's right to the house. The disbursement of financial support shall resume upon the cessation of the reasons for its suspension.

b- The Ministry or the bank may stop the disbursement of financial support in accordance with the financing system in any of the following cases:

1- The beneficiary is convicted by a final judicial judgement of a terrorist crime or a crime threatening national security.

2- If the beneficiary loses, gets revoked, or renounces his Bahraini citizenship.

3- The beneficiary conceals any information related to his income or any other source of income that they did not disclose initially during the program application or after benefiting from the program.

4- Proven misuse of the financing for a purpose other than its designated use, or if the house is used for activities that violate public order and morals and this is established by a final judicial judgement, and the beneficiary fails to rectify the violation within ninety days from being notified by the Ministry or the bank.

5- If it is found that the information he declared as accurate in the application or the documents submitted by the beneficiary are all or partially false, or if the beneficiary concealed information or documents that should have been submitted at the time of application and these details or documents were a basis for granting them the financing.

The Ministry may recover any disbursed financial support based on a reasoned decision issued by the Minister upon the occurrence of any of the cases mentioned in this Article, without prejudice to the right of the Ministry to seek compensation if required.

**Article (16)**

**Stopping the Disbursement of Housing Financing or Reducing its Value**

a- The bank may stop the disbursement of housing financing or reduce its value, or suspend the disbursement of some of its instalments, in the following cases:

1- The beneficiary fails to meet one of the eligibility requirements for housing financing before completing its acquisition.

2- If it becomes evident that the documents submitted for the purpose of obtaining housing financing or determining its value are incorrect, forged, or if it is revealed that any information that shall have been provided or disclosed was concealed, and such actions would result in obtaining the financing.

3- If the beneficiary is convicted by a final judicial judgement of a terrorist crime or a crime threatening national security.

4- Failure to complete the contractual procedures related to the receipt of financing or one of its instalments in accordance with the housing financing system.

5- Misuse of one of the financing instalments or their use for purposes other than the intended purpose, or failure to adhere to construction in accordance with the official building permits.

6- Using the purchased land for any purpose other than building a house for the family on it.

7- Leasing, transferring, selling, or creating any real rights on the property or its usage, wholly or partially, in a manner not prescribed by the housing financing regulations by the beneficiary.

8- Entering into concealed contracts with the purpose of diverting the financing for purposes other than the intended purpose, or influencing the financing guarantees through deception, fraud or violation of the provisions of this system.

9- Performing or allowing any action that threatens the safety of the housing unit.

10- Using the house for any purpose other than housing.

11- Hindering or adversely affecting the family's right to the house.

12- Violation by the beneficiary of any obligations or requirements stipulated in this system, the housing financing regulations or the financing contracts and their documents, or the general housing provisions and regulations.

13- Cases as determined by the housing financing system.

b- The bank may reduce the value of financing in case the beneficiary's income decreases.

c-The bank may request the beneficiary to immediately repay the entire debt or the remaining portion thereof upon the occurrence of any of the cases stated in Paragraph (a) of this Article, depending on the circumstances.

**Chapter Five**

**Final Provisions**

**Article (17)**

**Transfer of Existing Applications**

The Directorate concerned with Housing Services at the Ministry of Housing and Urban Planning may, upon the request of the existing housing application holder prior to the implementation of the provisions of this Decision, convert the type of the existing housing application to any type of housing financing specified in this Decision, with the exception of the age requirement for the existing housing applications and the monthly income requirement for existing housing applications that do not have a specified monthly income ceiling.

**Article (18)**

**Scope of Application**

The provisions of the Decision No. (909) of 2015 regarding the Housing System shall apply in matters not specifically addressed in this Decision.

**Article (19)**

**Repealment**

Any provision that contradicts the provisions of this Decision shall be repealed.

**Article (20)**

**Entry Into Force**

The Undersecretary of the Ministry of Housing shall implement this decision, and it shall come into force from the day of its publication in the Official Gazette.

**Minister of Housing and Urban Planning**

**Amna Bint Ahmed Al Rumaihi**

Issued on: 3 Muharram 1444 A.H.

Corresponding to: 1 August 2022