

**Egyptian Wakayeh / Government Bulletin - Issue No. 282-Supplement**  
**Dated 9<sup>th</sup> December 2001**

**Cabinet Decree No. 1 of the year 2001**  
**Issuing the Executive Statutes of the**  
**Real Estate Finance Law as Promulgated**  
**By Law No. 148 of the year 2001**

The Cabinet of Ministers,  
On thoroughly reviewing the Constitution;  
The Real Estate Finance Law as promulgated by Law No. 148 of the year  
2001;  
And Decree of the President of the Republic No. 277 of the year 2001  
Concerning the Real Estate Finance Affairs Authority,

***DECREES THE FOLLOWING***

**Article : 1**

The provisions of the Executive Statutes of the Real Estate Finance  
Law promulgated by Law No. 148 for the year 2001, as attached to the  
present decree shall come into force.

**Article : 2**

In applying the provisions of the attached regulations, the term "the  
law" shall mean the Real Estate Finance Law, and the term "the Authority"  
shall mean the Real Estate Finance Affairs Authority.

**Article : 3**

The present decree shall be published in the Egyptian Wakayeh/  
Government Bulletin, and shall come into force effective the day following  
the date of its publication.

Issued at the Cabinet Premiership on 24 Ramadan 1422 (Hejira Year)  
corresponding to 9 December 2001 (Calendar Year).

**Prime Minister**  
**Dr Atef Ebeid**

# **Executive Statutes Of The Real Estate Finance Law**

## **P**art - 1

### **General Provisions**

#### **Article : 1**

Real estate finance, according to the provisions of the Law shall be for investment in the purchase, building, repair, or improvement of houses, administrative units, service installations and buildings of stores appropriated for commercial activity.

#### **Article : 2**

If the realty subject of finance is not registered in the name of the seller, the financier may accept – as finance security – the mortgage of real estate assets owed by the investor or a third party, a personal guarantee from other than the investor, securities with the full value of the due installments, or the investor's acceptance of deducting the value of finance installments from his salary or income. The financier may, in these cases, stipulate the investor's registration of the realty subject of finance in his name, and mortgaging the realty officially in favor of the financier within a period to be agreed upon by them.

If the realty subject of finance is a building or a unit in a building on a land appropriated for the investor by the State or by a public juridical person, the financier shall have the right to accept the investor's assignment of the appropriation in his favor, as a guarantee for the finance, following the land appropriating quarter's approval of carrying out such assignment.

### **Article : 3**

**Exercising the real estate finance activity shall be according to the following criteria:**

- (A) Finance procedures shall be distinct and defined in a way guaranteeing the investor's knowledge of all his rights and obligations. Also the finance agreement documents without which such agreement is incomplete shall comprise a declaration from the investor that he has received a copy of the model text of the basic real estate finance conditions as prepared by the Real Estate Affairs Authority and as reviewed by the investor before signing the finance agreement.
- (B) Financing the realty shall not be with more than ninety per cent of its value.
- (C) The value of the realty shall be determined, for finance purposes, by one of the valuing experts whose names are recorded in the tables to be prepared by the Authority, providing he shall not among the financier's or investor's workers.
- (D) The financier shall not provide finance or more, with more than ten per cent of his capital, to one investor and his wife and relatives up to the fourth degree, or to the juridical person and other juridical persons to which the financier is contributing more than ten percent of their capital.
- (E) In the cases where the finance amount is linked with the income of the investor, his income shall be proved by virtue of a certificate from Taxation Administration indicating his income that was taken as a basis for his fiscal treatment during the three years prior to the finance agreement. If the finance is guaranteed by deduction from the investor's salary, evidence of his salary shall be established by virtue of a certificate duly approved by his place of work.
- (F) The finance installment shall not exceed forty percent of the total income of the investor among other than the low income earners prescribed in article (6).

#### **Article : 4**

Quarters desiring to establish projects of building economy-level housing for sale to the low-income earners prescribed in article (6), under the real estate finance system, and with the privileges to be prescribed in this respect by the law, shall submit a application to the Fund for Guarantee and Consolidation of the Real Estate Finance Activity, accompanied with adequate studies on the project, comprising the number of its units and their superficies, the estimated value of their prices, and any other elements connected with the project.

The Fund shall conclude an agreement with the quarter desiring to establish the project and with the party accepting its finance, comprising all provisions regulating the establishment of the project, the method of selling its housing units and their finance, and determining the percentage of the support acceptable by the Fund.

#### **Article : 5**

The state lands to be appropriated for building economy-level houses for the low-income earners under the real estate finance system shall be delivered to the Fund. The Fund shall settle to the concerned administrative half of the cost of providing these lands with the utilities and facilities. The Fund shall recover the amount paid thereby as regulated by the agreement prescribed in article (4) of these statutes.

#### **Article : 6**

In applying the provisions of the law and these statutes, low-income earners shall mean each person whose total annual income does not exceed nine thousand pounds, or twelve thousand pounds if he is married or supports a family.

Priority in providing finance for obtaining an economy-level house shall be given to the lowest income investor. In case of equal income, priority shall be given to the one with a family comprising a larger number of members.

## **Part - 2**

### **Disposal of, and Leasing a Security Real Estate, And Acceleration of Settlement**

#### **Article : 7**

An investor desiring to dispose of the security realty (real guarantee), entail a real right thereon, lease it, or enable a third party to be the sole occupant thereof, shall obtain the financier's written approval thereof, on the basis of a written application to be addressed thereto within a period of not less than thirty days before the date determined for disposition, leasing, or occupancy.

#### **Article : 8**

A written declaration from the alienee or the real right holder of replacing the investor in the obligations ensuing from the finance agreement shall be attached to the application submitted for disposition or entailment of a real right. The financier may stipulate that the investor submit a declaration of fulfilling these obligations jointly with the alienee.

#### **Article : 9**

The financier, to approve the investor's lease of the realty or its occupancy by a third party, may stipulate the submission of a written declaration of transferring his due right in the rental of the realty or in the fees charged for its occupancy, to the financier, along with notifying the lessor or the occupant of the transfer, in settlement of the financier's dues with the investor according to the real estate finance agreement.

#### **Article : 10**

The financier shall not refuse the application referred to in article (7) except for serious reasons that would expose his interests and rights to danger, providing the financier shall notify the applicant of the causes for refusal by virtue of a registered letter with acknowledgement of receipt,

within thirty days from receiving the application, otherwise he shall be considered approving that application.

### **Article : 11**

If the investor wishes to accelerate the settlement of all or some of the price or finance installments, he shall notify the financier of that wish within a period of not less than three months before the date of accelerated settlement. In this case the installments payable thereby shall be reduced according to a table to be attached to the finance agreement determining the reduced amount with which the settlement shall take place, according to the date on which the settlement is made, from the years of finance installments.

## **Part - 3**

### **Recording the Real Estate Guarantee and The Transference of Right Resulting from The Finance Agreement**

#### **Article : 12**

The application for recording the real estate guarantee shall be submitted by the financier or investor, according to the provisions of the law, to the real estate registration office within the circuit of which the realty is located, comprising the following data:

- (A) Names and data of each of the financier and the investor;
- (B) Amount of the guaranteed installments and rights;
- (C) The date determined for completing the settlement of the price or finance installments.

The real estate finance agreement and the real estate title deed in the name of the investor, or the finance guarantee in the name of the financier shall be attached to the said application.

#### **Article : 13**

The concerned real estate registration office shall ascertain the validity of the limits and specifications of the realty as indicated in the application for registration of the realty and the title deed attached thereto. The office, to complete this procedure, shall charge the applicant to fulfill the necessary documents within a period of not less than three days.

Issuing a decision in the application or charging the applicant to fulfill the documents, shall be done within a week from submitting the application.

The application for registration shall not be refused except for reasons of non-fulfilling the documents necessary therefore.

In all cases, the applicant shall not notified of accepting the application, or the need to fulfill the documents, or of its substantiated refusal, by registered letter with acknowledgement of receipt, according to the provisions of the law.

#### **Article : 14**

The agreement on transference of the rights resulting from the real estate finance agreement to the quarter licensed to exercise the activity of conversion of assets into securities, the model text of which is to be issued by decree of the minister concerned with economic affairs, shall comprise the following:

- (A) The financier's acceptance of transferring the rights resulting from the real estate finance agreement to the alienee.
- (B) The charge by which the alienee is bound in return for the transfer and the conditions for fulfilling that charge.
- (C) A detailed statement of transferred rights, including installments of each finance transaction, its real estate guarantee, and the guarantee conditions and data of the one indebted therewith.
- (D) The financier's obligation to collect the transferred installments in his quality of acting on behalf of the alienee, in return for a collecting commission to be determined in the agreement.

#### **Article : 15**

Subject to the financier's guarantee for settlement of the rights ensuing from the securities, agreement may be reached on third party's guarantee of the rights resulting from the securities issued by the quarter exercising the activity of conversion of assets into securities, providing his credit classification shall not be less than the level to be determined by the Capital Market Authority, and the guarantee shall comprise all payable installments, and shall not be contingent on any condition.

## **Article : 16**

The financier shall disclose to the alienee the names of investors indebted with transferred rights, the guarantees submitted by them, the installments fulfilled thereby, the dates of settlement, and cases of refrainment from settling the installments, without need for obtaining the investor's approval of such disclosure.

## **Part - 4**

### **Forced Sale of the Security Realty**

#### **Article : 17**

The financier shall not begin the sale procedures on the security realty except after serving through bailiff a warning on the investor to proceed with settlement or submit an adequate security according to each case, providing the warning shall comprise the following:

- (A) A caveat urging the debtor to proceed with settlement or submit an adequate security;
- (B) A statement of the installments payable, or the security to be accepted by the financier;
- (C) Determination of the period during which the investor shall proceed with settlement or submission of a security providing it shall not be less than sixty days from the caveat date.
- (D) Notifying the investor that the lapse of the period determined in the caveat without responding to it shall result in immediate maturity and accrual of all remaining installments according to the real estate finance agreement.
- (E) Determining an elected domicile for the financier.

#### **Article : 18**

Forced sale shall begin with enunciating the finance agreement to the investor, alienee, real right holder, lessee, and occupant of the realty, after adding the forced sale formula to the agreement, along with demanding to the investor to proceed with settlement, providing the enunciation shall comprise the following:

- (A) Indicating the quarter and date of adding the force sale formula to the finance agreement.

- (B) The command to settle the complete remaining amounts according to the finance agreement, within a period of not less than thirty days from the date of announcing the command for settlement.
- (C) Describing the realty along with indicating its site, area, and limits.

### **Article : 19**

The financier shall announce the finance agreement - after adding the forced sale formula to it - as well as the command to the debtor for settlement, to the Real Estate Registration Office within the circuit of which lies the realty subject of forced sale, to annotate the announcement on the margin of the real estate guarantee recorded entry at the office, within a period not exceeding one week from the date of announcement. The financier shall as well announce the agreement - after adding the forced sale formula to it - to all creditors claiming rights on the realty, and also to its occupant, otherwise the command for settlement shall be non-enforceable with regard to them.

### **Article : 20**

Annotating the writ of execution at the Real Estate Registration Office shall stand for registering the expropriation caveat and result in considering the realty under attachment from the date of its annotation.

### **Article : 21**

The magistrate for execution, in his decision issued for carrying out the sale procedures of the realty, shall appoint, for undertaking the same procedures by public auction, a real estate agent (realtor) among the agents whose names are recorded in a register held by the Authority for that purpose, according to the provisions of part - 6 of these statutes, providing such agent shall have no direct or indirect interest in the sale, nor with the financier or investor.

The magistrate for execution, in his decision issued for undertaking the sale procedures, shall order the party requesting the forced sale, to deposit an amount determined by the judge in the competent court for account of forced sale expenses.

### **Article : 24**

The real estate agent, before beginning the bidding procedures, shall ascertain that the statement of sale conditions, and a determination of graduation amounts in the bids have been announced to the interested and concerned parties within the dates prescribed in article (19) of the law, and that the attendees have also been announced thereof.

### **Article : 25**

The real estate agent shall deposit the sale proceeds in the treasury of the court within three days from the date of the rule adjudging the sale.

### **Article : 26**

The fees and remunerations of the real estate agent shall be determined by a decision of the magistrate for execution, according to the effort exerted by the agent in accomplishing the sale procedures and the time taken up in these procedures, providing they shall not exceed three percent of the value with which the auction has been awarded to the successful bidder.

## Part - 5

### Real Estate Finance Companies

#### Article : 27

A company licensed to exercise the real estate finance activity shall take the form of an Egyptian joint stock company (S.A.E.), have an issued capital of not less than fifty million Egyptian pounds and the amount paid up thereof on its foundation shall not be less than the fourth. The rest of the capital shall be fulfilled within a period not exceeding one year from the date of recording the company in the Register of Commerce.

#### Article : 28

The license application shall be submitted on the 'Form' to be prepared by the Authority for the purpose, providing the following shall be attached thereto:

- (A) Heads of agreement and articles of association of the Company.
- (B) Commercial register of the company.
- (C) Statement of qualifications and experiences of the Company's directors and branch managers.
- (D) Declaration by the Company's founders and directors that no judgement in bankruptcy was passed against any of them during the previous five years, or a certificate of his discharge in bankruptcy.
- (E) Declaration by the Company's founders, managers, and board members that no sentence was passed against any of them during the five previous years imposing a felony or misdemeanor penalty in an offense involving moral turpitude or trust, or a certificate of his rehabilitation.
- (F) Certificate from two auditors whose names are registered with the Authority declaring their acceptance of auditing the company's accounts.

(G) The receipt in evidence of having settled the license application fees.

### **Article : 29**

The license fees shall be five thousand pounds for the companies with a capital not exceeding fifty million pounds, and ten thousand pounds for companies with a capital exceeding that limit.

### **Article : 30**

#### **Granting the license shall be conditional upon the following:**

- (A) Fulfilling the documents referred to in article (28).
- (B) The executive director of the company shall fulfill, in any of the banking or finance work fields, an experience of not less than ten years after obtaining a high qualification in that field.
- (C) The finance, legal, and engineering directors and the branch managers shall fulfill, in any of the banking, finance, or legal work fields, a practical experience of not less than ten years after obtaining a high educational qualification.

### **Article : 31**

The Authority shall give the license applicant a certificate of having received the application and the documents attached to it, and charge him – by virtue of a statement of particulars to be handed thereto within ten days from the date of submitting the application – to fulfill the documents that might be necessary within three months following that commissioned required, otherwise his application shall lapse.

The Authority shall issue its final decision in the license application and notify the applicant of its decision therein by virtue of a registered letter with acknowledgement of receipt, within thirty days from the date of fulfilling the documents.

### **Article : 32**

The license shall be issued by a decision of the Authority's board of directors. The license shall not be refused except by virtue of a substantiated decision and in the cases prescribed in article (31) of the law.

### **Article : 33**

The companies to be licensed for exercise of the real estate finance activity shall be recorded in a register provided for the purpose by the Authority for recording the public juridical persons and companies. The entry recorded therein shall comprise the data of each company, its capital, the addresses of its branches, and the names of its board members, directors, and auditors.

### **Article : 34**

The licensed company shall submit to the Authority its financial statements during approved by the auditors, within one month from the end of the six months prescribed in clause-2 of article (33) of the law.

### **Article : 35**

**The licensed company shall comply with the following requirements:**

- (A) The company's assets shall be valued according to the Egyptian Accountancy standards, subject to the Egyptian Auditing standards as determined by the ministerial decrees to be issued in this respect.
- (B) The percentage of capital adequacy of the company shall not be less than ten percent of the total assets.
- (C) The percentage of the company's circulating assets shall not exceed its circulating liabilities by more than (25%).
- (D) The total loans obtained by the company shall not exceed ten times its capital.

- (E) Setting the rules necessary for ensuring the good and proper process of work, according to article (32) - clause (4) – of the Real Estate Finance Law.

### **Article : 36**

A company willing to stop its activity, liquidate its assets or a part thereof exceeding (50%), or merge with another company operating in the same activity or in another line of activity, shall submit a application therefor to the Authority on the 'Form" prepared by it for the purpose, attaching the following:

#### **First: Discontinuing the Activity :**

- (A) Statement of the reasons for discontinuation of activity.
- (B) Decision of the Board of Directors, and the Extraordinary General Assembly's resolution for discontinuation of activity, and the auditors' report in respect thereof.
- (C) Measures proposed to be taken for liquidating the company's assets and liabilities, in a way ensuring the protection of interests of the stockholders and workers of the company and its creditors.
- (D) Measures proposed for transfer of the company's rights and obligations in the real estate finance activity to other quarters licensed to exercise that activity.

#### **Second: Liquidation of Assets :**

- (A) Statement of the reasons for liquidation of all the assets or a part thereof exceeding (50%) of their market value.
- (B) The board of directors' decision and the extraordinary general assembly's resolution for liquidation, and the auditors' report in respect thereof.
- (C) Measures proposed for transfer of the company's liquidated rights and obligations in the real estate finance activity according to the finance agreements, to other quarters licensed to exercise that activity.

### **Third: Merger of the company :**

- (A) Statement of the reasons for and conditions of merger.
- (B) Merger draft decision.
- (C) Decision of the Board of Directors, and the Extraordinary General Assembly's resolution for merger, and the auditors' report in respect thereof.
- (D) Preliminary estimation of the value of the merged companies' assets and liabilities, and the bases on which the estimation has been grounded.
- (E) Method of determining the stockholders' equity and obligations in the merged companies.
- (F) Measures proposed for transfer of the finance agreements to the company resulting from merger and which is licensed to exercise the real estate finance activity according to the provisions of the law.

### **Article : 37**

The Authority shall notify the applicant requesting discontinuation of the activity or liquidation of the assets or the merger, according to each case, of its approval of the application or its refusal with substantiated decision, within thirty days from submitting the application. The refusal shall be based on serious reasons connected with considerations of stability of the finance activity or interests of the investors or stockholders, within thirty days from submitting the application.

## **Part - 6**

### **Valuing Experts, Real Estate Agents And Brokers**

#### **Chapter – 1** **General Provisions**

##### **Article : 38**

The provisions of this chapter shall apply to the valuing experts, the real estate agents, and real estate finance brokers.

##### **Article : 39**

Whoever wishes to be recorded with the Authority in the valuing experts, real estate agents, or real estate finance brokers tables, shall submit a application to it on the 'Form' prepared by the Authority for that purpose.

##### **Article : 40**

A person applying for record in the tables referred to in the previous clause shall fulfill the following conditions:

- (A) Have at least an experience of five years in the field wherein he desires to be recorded.
- (B) Hold at least an intermediate qualification, with respect to valuing experts and real estate finance brokers, and a high qualification with regard to the real estate agents.
- (C) No sentence shall have been passed imposing on him a felony or misdemeanor penalty in an offense involving moral turpitude or trust, nor a judgment in bankruptcy or insolvency passed against him, unless he has been rehabilitated.

### **Article : 41**

The Authority shall issue its decision accepting or refusing the application, within fifteen days from its submission or the fulfillment of the data and documents relevant thereto. The decision shall be substantiated in case of refusal. The Authority shall notify its decision to the applicant by registered letter with acknowledgement of receipt within three days from issuing it.

### **Article : 42**

The applicant may complain against the decision refusing his application, within sixty days from the date he is notified of or learns of the refusal decision. A final decision in the complaint shall be issued by a committee to be formed by decree of the minister concerned with economic affairs.

### **Article : 43**

The Authority shall issue a certificate to the applicant whose application has been accepted, comprising the date and number of recording him in the table. The recorded entry shall be renewed every three years.

## **Chapter – 2** **Valuing Experts**

### **Article : 44**

The valuing experts may application from the parties to the real estate finance agreement whatever data and particulars or documents they deem necessary for the valuing process.

### **Article : 45**

The valuing experts shall notify to the finance agreement parties by registered letter with acknowledgement of receipt, in a written report undersigned thereby, the value of the realty, and the number and date of

recording it in the relevant table within thirty days following the day of requesting the valuation.

The experts, in performing the valuing process of the realty, shall observe the criteria prescribed in article (22).

#### **Article : 46**

The valuing experts shall be prohibited to determine the value of the realties if owned by them, by any of their relatives up to the forth degree, or by one of their subordinates, partners, or those representing them, or if they have a relationship linking them with one of the real estate finance parties. They shall also be prohibited to buy a realty thereby.

#### **Article : 47**

If one or more of the real estate finance agreement parties do not accept the valuation carried out by the experts in application of article (4) of the law, the Authority, upon the application of the objecting party, shall charge other two experts to effect a revaluation of the realty, providing the party applicationing the revaluation shall sustain their remunerations.

#### **Article : 48**

The board of the Authority shall set the rules and procedures of estimating the remunerations of the valuing experts.

### **Chapter – 3** **Real Estate Finance Brokers**

#### **Article : 49**

The real estate finance broker shall deliver to the finance applicant a copy of the 'Form' prepared by the Authority with the basic conditions of real estate finance, and display the finance conditions and its risks on the finance applicant. He shall attach to the finance agreement the investor's declaration that he has received that copy and reviewed it before signing the finance agreement.

**Article : 50**

The remuneration of the real estate finance broker shall be determined by agreement with the financier, providing it shall not exceed the limit defined by a decision of the Authority's board of directors.

**Article : 51**

The real estate finance broker shall be prohibited to receive a wage or commission, or obtain any benefit connected with his work except from the financier delegating him to seek concluding the contract.

**Article : 52**

The real estate broker shall record in his books or real estate finance operations in which he mediates, and maintain the documents connected therewith. He shall give true copies of all these to whoever applications them from the contracting parties or to the Authority.

## **Part - 7**

### **Real Estate Finance Guarantees**

#### **Article : 53**

Whoever from the low-income earners wishes to obtain support for purchase of an economy-level house shall submit a application therefor to one of the offices of the Fund for Guarantee and Consolidation of the Real Estate Finance Activity, on the 'Form' to be prepared for that purpose by the Fund, to which the following shall be attached:

- (A) Description and site of the realty.
- (B) A letter from the realty seller accepting to conclude the sale.
- (C) Certificate from the realties valuing experts upholding the offered price.
- (D) Certificate attesting the annual income of the applicant.
- (E) Any other documents to be required by the Fund.

#### **Article : 54**

The Fund shall study the finance support application and notify to the applicant the decision issued in respect thereof within thirty days from the date of its submission. The decision, in case of approval, shall comprise a determination of the finance support percentage the Fund will extend, and the date and procedures of the contract, in a way ensuring the provision of the support within a period not exceeding fifteen days from the application acceptance date.

#### **Article : 55**

The Fund shall guarantee settling the real estate finance installments of which the fulfillment is established to be stumbling for accidental reasons, up to and not exceeding three installments. The statutes of the Fund shall indicate the rules and procedures of establishing and estimating these reasons, and the Fund's recovery of the installments paid by it.

The Fund shall not repeat such settlement, regarding the same investor, before the lapse of five years.

### **Article : 58**

An office shall be established with the Authority to be concerned with receiving and examining the complaints submitted by the concerned parties among those dealing in real estate finance. The office shall be formed of an adequate number of workers from the Authority.

### **Article : 59**

The complaint shall be submitted to the Office in writing from the concerned party or his representative, and shall be recorded in a register to be prepared for that purpose. The person submitting the complaint shall receive from the office a receipt indicating the date of receiving and recording it in the register.

### **Article : 60**

The office shall notify the person submitting the complaint with the result of its examination and the procedures taken in respect thereof, within a period not exceeding fifteen days from the date of its submission.

The office shall draw up a semi-annual report to be submitted to the Authority's board of directors, comprising the subjects of complaints, the procedures taken therefor, and the remarks and propositions suggested by the office.

### **Article : 61**

Any concerned party may have access to review at the Authority the registers, reports, documents and other papers connected with the real estate finance activity, and obtain official extracts thereof, according to the provisions of article (43) of the law, against paying fees amounting to fifty pounds for review, and ten pounds for each of the official extracts, with a ceiling of one hundred pounds.