

The foreign ownership of land in Jordan

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In the year of the Arab Spring alone the value of Arab and foreign real estate purchases in Jordan skyrocketed, with the total value of investments reaching 449 million dinars (\$630 million), according to a study conducted by the Ministry of Finance (Lands and Survey Department) (“the Survey Department”). In terms of the market value of the purchased property, Iraqis ranked first with an aggregate investment value of over half the total value of property purchased by foreign nationals.

Foreign Ownership of Land

Foreign ownership of Jordanian land and assets is governed by The Leasing of Immovable Assets, and Their Sale to Non-Jordanian and Judicial Persons Law No 47 of 2006, (the “2006 Law”) which repealed all previous laws in this regard.

As per Article 3 of the 2006 Law, provided that the buyer’s country of residence maintains a reciprocal relationship, foreign nationals are afforded the right of ownership of property within urban borders in Jordan for residential purposes (but only after acquiring the required permission from the Minister of Finance or the General Director of the Survey Department). Nationals of Arab countries are exempt from this requirement.

Furthermore the 2006 Law does not apply to foreigners who inherit the ownership of immovable assets, or who intend to employ the assets for economic activity within industrial cities (provided the plots do not exceed 50 acres). How Land is Bought and Developed by Foreign Nationals.

In order to purchase land the foreign national must either himself, or by an authorized realtor or an agent, complete an application form filled out with personal information specifying the existence of a spouse and any minor children of the buyer, in addition to a copy of the buyer’s passport and a site plan issued by the concerned municipality. The site plans must have been issued within one year of the date of application.

If the buyer is seeking permission for more than two houses and a single operating office to be erected on a plot exceeding 10 acres, the buyer will need to apply for the permission of the Minister of Finance on a recommendation of the Director General of the Survey Department. Notably, if the buyer, whether a person or a company, holds a dual nationality, he is legally mandated by virtue of Article 3 to disclose such information within his application. Failing to do so will render the contract of sale null and void. Notably, nationals of Arab countries are exempt from the reciprocal relationship requirement mentioned above.

Reciprocal relationship

The existence of a reciprocal relationship is crucial in two situations. First, for foreigners seeking to file an application of ownership of land for industrial or commercial purposes (within urban borders, not exceeding 10 acres). Secondly, for Diplomats or Regional Organizations seeking to own land for either business purposes or to accommodate their affiliates and representatives.

Where temporary passport holders is seeking to own land in Jordan, the Council of Ministers retains the right to approve such ownership in accordance with regulations issued to that end, based on the review and approval of the Minister of Interior and the recommendation of the Minister of Finance.

As for Arab passport-holding citizens, if the ownership of land is sought in pursuance of an investment in agricultural, commercial or residential projects, the land may fall outside urban borders. Approval will be needed from the Minister of Finance based on the recommendation of the General Director of the Survey Department if the plot does not exceed 50 acres, or from the Council of Ministers based on the recommendation of the Minister of Finance if it does.

In addition, any company may own land within urban borders necessary for the conduct of its business upon the approval of the Minister of Finance based on the recommendation of the General Director of the Survey Department. If the plot of land exceeds 30 acres the approval of the Council of Ministers (which is based on a recommendation by the Minister of Finance) is necessary.

Conversely, should a company seek ownership of land outside urban borders, it requires the approval of the Minister of Finance who will grant it based upon a recommendation of the General Director of the Survey Department, and after seeking out the opinions of 'concerned bodies'. Where the land exceeds 50 acres approval must again be from the Minister of Finance, based upon a recommendation from the Council of Ministers.

Renting Land

Foreign nationals may rent immovable assets for business or accommodation purposes, provided that the plot of land does not exceed 10 acres and the lease is for no more than 3 years .

Duration of Ownership

The most peculiar restriction imposed by the 2006 Law relates to the period within which the ownership of immovable assets by foreigners remains valid. Foreign owners of immovable assets in Jordan are allocated a period of three years from the date of the acquisition of ownership rights, to conclude the purpose for which they have acquired such rights, whether for residential or business projects. A onetime extension reflecting the same period may be granted if sought, depending on the approval of the Minister of Finance (which shall be based on the recommendation of the General Director of the Survey Department).

Any breach of these requirements will result in a fine worth 5% of the land's real worth for a period of 10 years (article 13 of the 2006 Law). If the land remains unutilized the Minister will allow for a decision to be made to sell the land in public auction.

Disposing of Land

The 2006 Law also imposes stringent restrictions on the freedom of foreigners to dispose of the land which they have acquired. By virtue of Article 14 of the 2006 Law, any foreign person or company is legally required to complete the project for which the land was acquired within a period of three years if the land was for a residential project, or five years for any other project. A failure to do so shall render any contract or ownership deed voidable, unless the permission and approval of the Minister of Finance (upon the recommendation of the General Director of the Survey Department) is granted. The owner of the land shall be exempt from this limitation if it can be shown that the land is used for investment purposes, whether it be for housing, residential, or commercial investment. The Minister of Finance may add conditions on such ownership.

Conclusion

Hopefully the next few years will be remembered as years of positive change for the Middle East and Jordan. Whilst the rights of foreign owners of immovable assets in Jordan are relatively well provided for by virtue of the 2006 Law, Jordan would gain from easing the restrictions on the foreign ownership of land. This would help Jordan make the most of being the economic and political safe haven it has managed to become during the period of political turmoil witnessed in neighboring countries.