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The regulation of shared construction in Uzbekistan

On May 27, 2020, there has been adopted a Resolution of the President “On measures to regulate the process of shared construction of apartment buildings” No.4732 (the “Resolution No.4732”), which will regulate the usage of proceeds accumulated from equity holders and the construction of buildings on the basis of shared construction.

The Resolution No.4732 also establishes a list of criteria for constructors that have the right to engage in shared construction. To engage in the shared construction of apartment buildings, the developer must be included in the Electronic List of developers raising funds for shared construction and also have the status of a legal entity.

Moreover, to be listed in the Electronic List, the developer must meet the following criteria:

- ▶ availability of allotted land plot for the construction of apartment buildings and primary permits for construction works;
- ▶ availability of own financial resources in the amount of at least 20% of the cost of apartment buildings and other construction facilities in the construction complex or the guarantee letter of the bank on the allocation of a loan for this amount or its lacking amount;
- ▶ availability of design and estimate documentation for the construction complex and a positive conclusion of expertise (with the exception of projects implemented by the “fast-track” method);
- ▶ availability of concluded contracts for technical and construction design supervision, as well as state control;
- ▶ availability of an open separate settlement account with a commercial bank to accumulate funds contributed by equity holders.

Moreover, the Resolution No.4732 addresses the topic of receiving funds and application of proceeds received by the developer from the equity holder. The funds for shared construction will be raised only through agreements between the developer and the equity holder, whereby the funds accumulated by the developer from equity holders will be kept in a separate bank account and will be directed exclusively to fulfill obligations under agreements between the developer and equity holders.

The Resolution No.4732 also provides for the obligation of developers to inform about the spending of equity holders’ funds and provide the ability to monitor construction facilities online through their official websites or social media pages.

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