

## LEY 57 / 1968

**Article One** - The legal and natural persons who promote the construction of homes, that are not of official protection, designed as a home for domicile or family residence with a permanent character or a seasonal residence, accidental or incidental and which seek to obtain deliveries of purchasers money before starting or during construction, must meet the following conditions:

**First** - To ensure the return of the payments made plus six percent annual interest, by means of Contract of Insurance granted with an Insurance Entity inscribed and authorized in the Record of the General Sub-department of Insurers or by means of a Bank Guarantee issued by an Entity inscribed in the Record of Banks and Bankers or Savings Banks, if the construction does not commence or complete for any reason by the agreed deadline.

**Second** - Receiving the sums advanced by purchasers through a Bank or Savings Bank, which must be deposited in a Special Account, with separation from any other funds belonging to the promoter, which may only contain funds deposited for the construction of dwellings. For the opening of these accounts or deposits the Banking institution or Savings bank, under its responsibility, will demand the guarantee to which the previous condition refers.

**Article Two** - Contracts for the sale of the homes, referred to in the first article of this Law, which involve the payment of deposit funds to the Promoter must be expressly state:

a) The transferor is obliged to refund to the assignee of the sums received on account plus the six percent annual interest if construction is not commenced or completed within the agreed timeframe to be determined in the contract or if the Certificate of Habitability (Licence of First Occupation) is not granted.

b) Reference to the guarantee or insurance contract specified in the first condition of the previous article, with indication of the name of the guarantor or insurer.

c) Name of the Banking Institution or Savings Bank and details of the account where the deposit funds will be held as a result of the celebrated contract.

At the time of issuing the contract the grantor will issue to the grantee the above mentioned Guarantee Document which must cover all amounts paid towards the total price.

**Article Three** - Upon expiration of the period allowed if the construction and delivery of the dwelling has not taken place, the assignee may choose between the dissolution of the contract with repayment of the amounts paid in advance, plus the six percent annual interest, or give the assignor extended time and this period must be stated in an annex to the contract awarded, specifying the new period with the date of completion of construction and delivery of housing.

In insurance contract or an endorsement attached to the authentic evidence which did not credit the initiation of construction or delivery of housing will be enforceable for the purposes provided in Title XV of Book II of the Civil Procedure Act to require the insurer or guarantor delivery quantities to the assignee's right, in accordance with the provisions of this Act

**Article Four** – Once the Certificate of Occupancy is issued by the Provincial Delegation of the Ministry of Housing and given by the promoter of the housing to the buyer the rights guaranteed by the insurer or guarantor will be cancelled.

**Article Five** – It is a prerequisite that any propaganda and publicity material issued by the promoter for the sale of housing containing information on the levying of amounts on account prior to the initiation of construction or during construction must meet the requirements of this Act, and make explicit reference to the guarantor, as well as the Bank or Savings Bank Special Account in which they will deposit the amounts advanced. The above mentioned must be specified in the text of the advertising that takes place.

**Article Six** - Failure by the promoter to comply with the provisions of this Act will result in being fined per violation, which will be imposed under the rules laid down in LEY 49, 30<sup>th</sup> July 1959, subject to the jurisdiction of the Courts of Justice.

Failure of the developer to return to the purchaser all sums advanced, will result in violation of the provisions of Article I of this Act and shall consist of misconduct or crime punishable under articles 587, number three, and 535 of the current Penal Code, respectively, and will result in the imposition of the penalties of section 528 in its maximum degree.

**Article Seven** - The rights that the present Law grants to the grantees will be of an indisputable nature.

## **FINAL PROVISIONS**

**First** - The Government is authorized to make a proposal to the Minister of Housing, and by decree, to identify the bodies of official character that are able provide sufficient guarantees and are exempt from the application of these rules.

**Second** - It authorizes the Ministers of Justice and Housing to dictate the supplementary provisions as they deem necessary for the development of this Law, which took effect the day following its publication in the Boletín Oficial del Estado.

## **ADDITIONAL PROVISION**

The Government is authorized to make by decree, and within six months against the entry into force of this Act, adapt the same principles that may be of application to the communities and housing associations.