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# Business Process Reengineering - Parcel Based Personal Deed System

## EGYPT FINANCIAL SERVICES PROJECT TECHNICAL REPORT #81

**November 2006**
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**DATA PAGE**

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| KRA: | KRA 2.11: Redesign and Automation of Business Processes for Personal Deed System |
| Activity: | 2.11.1 Business Process Reengineering for the Enhanced Deed System |
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| | Redesign of core business processes for the enhanced personal deed system incorporating the change to a parcel based index and administrative reforms. This will involve the overhaul and reengineering of the structural elements of the registry—its intake log, business processes, data bank, map base and archive. |
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**ACRONYMS**

| | |
|---|---|
| EFS | Egyptian Financial Services Project |
| EPO | Egyptian Survey Authority Provincial Office |
| ESA | Egyptian Survey Authority |
| REPD | Real Estate Publicity Department |
| LE | Egyptian Pound |
| MSAD | State Ministry for Administrative Development |
| MOJ | Ministry of Justice |
| RO | Registry Office |
| PIM | Property Index Map |
| PIN | Property Identification Number |
| *SIGUEL El-SHAKSI* | Personal Deed Registration System – Law 114/1946 |
| *SIGUEL EL-AINEE* | Title Registration System – Law 142/1964 |
| USAID | Unites States Agency for International Development |

## Table of Contents

1 Introduction .... 1

2 Business Process Reengineering .... 1
2.1 Definition .... 1
2.2 Objectives .... 2
2.3 Approach .... 2
2.4 Key Assumptions .... 3

3 Deed Registration .... 4
3.1 BPR for RO .... 5
3.1.1 Sale Transfer .... 5
3.1.1.1 WD2: Registration Cashiering .... 5
3.1.1.2 WD3: Scanning .... 6
3.1.1.3 WD4: Indexing .... 6
3.1.1.4 WD5: Notarize application .... 6
3.1.1.5 WD6: Technical Investigation .... 6
3.1.1.6 WD7: Review Pending .... 7
3.1.1.7 WD8: Review Rejection .... 7
3.1.1.8 REPD Main office review .... 7
3.2 BPR for EPO .... 21
3.2.1 Pre-registration .... 22
3.2.2 First registration .... 22
3.2.3 Transactions .... 23

# 1 Introduction

Two laws govern registration in Egypt. The first is Law No. 114/1946 (often referred to as *Siguel El-Shaksi*) or the personal deed system. This law is currently applied and operational through a network of REPD registry offices in urban Egypt. The second is Law No. 142/1964 (commonly referred to as *Siguel El-Ainee*) or the title registration system. Title registration has been implemented since the mid 1970s and is operative solely in agricultural areas at this time.

The Egyptian Government now plans to introduce Title registration in nine urban areas districts in the Greater Cairo area under the National Urban Title registration Project managed by MSAD.

Egypt has a multi agency institutional model for the delivery of registration services to the public.  Responsibility for the cadastral survey and mapping component is assigned to the Egyptian Survey Authority (ESA) whilst responsibility for the registration of legal rights is assigned to the Real Estate Publicity Department (REPD). Moreover, it should be noted that there are not two but three separate entities - the cadastre (ESA), the justice ministry and the courts (MOJ), the registry offices (REPD) with each having some degree of self-interest. Moreover, although legal principles are an important foundation of any registration system, the operation of registry offices is essentially an administrative function. Currently, REPD has virtually no autonomy in establishing technical procedures that administer the operations of registry offices, despite the fact that the real expertise on the operational side resides with senior REPD personnel. Based on World Bank experience on registration projects such multi agency models have been characterized as the most difficult to deal with in creating modern cadastre and registration systems. They often exhibit management inefficiency and lack of cooperation. Separate bureaucratic entities tend toward competitiveness rather than cooperation. In the absence of a common management body assuring cooperation, policies may need to be reconciled through time-consuming negotiations in which no entity has sufficient incentive to compromise.

Therefore, an efficient system requires close coordination of policy and procedures between the cadastre and registry. Recognition of this led to Government assigning the role of integrating and automating the business processes to MSAD.

The BPR report will be used as an internal document by the EFS system analyst team in the further development and preparation of system requirements specifications of two applications needed to support a modern civil law registry. Two applications will be developed.

1. The registry office application that processes, tracks, records and archives transactions submitted by applicants; and

(2) The cadastral GIS based application that stores cadastral index maps and building unit data.

Once reviewed by our system analysts the business flow work charts will be presented with senior staff at both ESA and REPD. Most of the major re-engineering proposals have been previously identified and discussed with our partners and the business flow diagrams provide more detail and show linkages between the cadastral side (ESA) and the legal verification of ownership rights side (REPD).

# 2 Business Process Reengineering

## 2.1 Definition

The classic definition of Business Process Reengineering (BPR) is as follows: - "The fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed." From this definition it is clear that BBR is an ongoing, iterative process itself requiring strong commitment and vision from senior management. A significant component of the EFS Work Plan involves Business Process Reengineering as a key strategy and management tool to dramatically improve the quality, availability, effectiveness, and cost effectiveness of business processes within the registration system. Three elements are essential to this effort:

1. The redesign of core business processes;
2. The application of enabling technologies to support the new core processes; and
3. The management of organizational change.

The enhanced registry should provide certainty of ownership and incorporate a basis for collateralizing real estate finance. EFS will overhaul and reengineer the structural elements of the registry—its intake log, business processes, data bank, map base and archive. The system will replace the current practice of stamping and margin notes on handwritten Deeds of Title by providing a modern “Certificate of Title” that is recognized as the legal, self-proving document of ownership and all subordinate rights and interests in the property.

## 2.2 Objectives

BPR has three key target categories:

***Customer Friendly***: One of the main goals of introducing BPR is to improve customer service levels. The application process should be simple, customer friendly and affordable in both terms of cost and time. One stop integrated Registry Offices incorporating ESA staff and a public notary in attractive office locations accessible to the public is required.

***Effectiveness***: Registration should become commonplace and culturally accepted by Egyptian property owners. To be effective a radical overhaul of core business processes both for REPD and ESA is required. The current application process requires the applicant to visit various offices as often as 16 times for a simple sales transfer application. We have re-engineered this down to 2 visits (best international practice) for applications that already have a survey or mutation form or a maximum of 3 visits for those properties that do not yet have a survey. To become culturally acceptable and extensively used by owners, extensive, well designed and targeted public outreach campaigns with consumer education on the benefits of property registration is recommended. BPR by itself will not bring customers to Registry Offices.

***Efficiency***: To improve efficiency we have introduced customer service desks to assist applicants in completing applications. We have reduced the average time to process a standard sales transfer registration to 4 days assuming a mutation form exists. In cases where a new mutation form is required to be created the application process should be completed in 14 calendar days.

## 2.3 Approach

BPR will be accomplished through:

***Job/Work Task Integration:*** Work normally performed by a number of specialists in different functional departments using manual clerical systems will be consolidated and performed by one individual or team in an integrated one stop office. Through shared databases and decision support systems technical investigators and administrators have access to all the required information and expert systems to make a sound decision.

***Qualified Staff make decisions:*** They have a full grasp of the entire process and can take responsibility if an applicant is dissatisfied. Creativity, ability to work independently and a sense of responsibility are required attributes of this "new worker." Managers act more as mentors than "bean counters".

***Checks and Controls reduced:*** a lot of review processes can be eliminated by using rule based technical work flow processes and delegating decision making authority to trained skilled investigators. In addition, some external imposed requirements for policing other land administration measures have been removed.

***Adopt the "one-stop-shop" approach:*** this concept provides a comprehensive selection of services at a single location. This approach has been adopted successfully in other countries where several agencies are jointly responsible for the delivery of services to the public.

***A case manager provides a single point of contact:*** When an applicant comes with a request, one person is responsible and takes ownership for the resolution of that request.

## 2.4 Key Assumptions

Proposed BPR in this report for the enhanced parcel based deed system does not require any change or modification to Law No. 114/1946, the current deed law. However, REPD will be required to modify administrative procedures and its technical guidelines to Registry Office staff for at least the pilot project area - Mokattam. The required changes are as follows:

1. Establish a new RO office for Mokattam to handle all transactions under the new enhanced, automated, parcel based deed system. MOJ and REPD have agreed that a new office will be established and dedicated to Mokattam and the current RO "*Khalifa" will* be split off as a separate office administering the current deed system. .

2. Establish a new customer service unit (front desk) which will be the case manager for all applications received. This unit will be composed from an experienced technical investigator to check legal aspects of the application and a representative from ESA to check the cadastral data and issue unique property identifier for each property. Duties assigned to the front office will cover the following:

   - Receiving applications and checking IDs' of applicants.
   - Assisting applicants to fill in applications.
   - Review applications for completeness.
   - Issuance of property ID numbers
   - Accepting only complete applications with required documentary support.

3. Establish a standard form for applications for use by applicants. The application must be signed together by the seller and buyer or their agents. A special part for special terms and condition to be incorporated into the final deed. Also it is important to activate article 715 of the Civil Code Law which states that power of attorneys are not cancelable even that was not originally stated in the power of attorney. This will help in finalizing registration process in case of death of either the buyer or the seller.

4. Establish a standard form for the deed containing standard terms and conditions.

5. A public notary will be on-site in the model Registry Office to notarize all applications received from both the seller and buyer. This process is vital to the proposed BPR as

it will eliminate most of the problems encountered from disappearance of the seller at any point during the registration process.

6. Merging the two stages "acceptance for publicity" and "valid for publicity" into one stage.
7. No need to obtain updated survey data from ESA as long as there is no change in the geometry.
8. No need to obtain updated tax statements from property taxation as long as there are available data from other document sources.
9. Activating Article # 27, Law 114/1946 which requests RO voluntary (or based or applicant request) to complete data regarding description of property or chain of ownership through its archived documents

This report focuses on the workflows that are envisaged for the improved registry office, which includes work that will be undertaken in ESA's Cairo Provincial Office (EPO).

Re-engineered Workflows are described in Section 3 with detailed diagrams.

# 3 Deed Registration

This section provides descriptive explanations on the workflows present at the RO, REPD Main office and EPO. BPR made to RO and EPO only and not BPR proposed to REPD Main Office as it is governed by Law # 114/1946 and it will be impractical to make any changes to the Law in the near future.

1. In a registration office, there are four core activities and four support activities. The core activities are:

    - Check and Assess: This is the front desk, where applicants submit their applications and a decision is taken as to which transaction type is required and documents are submitted. It also includes where transactions end and searches, with outputs being provided to the applicants. Comprehensive verification of submitted documents will be applied here.
    - Technical Investigation: This is the most intensive and crucial activity, which includes the review of documents and any technical and financial assessments. Extensive use of regulations and laws will be applied here.
    - Notarize: Contract notarization.

The support activities are:

- Cashier: Fees are paid and receipts granted, thereby launching a transaction.
- Scan: Document scanning.
- Index: Linking each scanned document to a specific type of document and data entry of required fields.

2. In a survey office, the Technical Investigator and Registrar (see Registration above) are replaced with two different activities:

    - Survey: Conducting field surveys.

- Edit: Updating the cadastral database based on field surveys.

The role of REPD Main Office is to perform a financial and technical review of deeds, assigning the deed numbers, and photocopying the deeds.

## 3.1 BPR for RO

While there are many different types of transactions, this document deals with the generic workflows themselves rather than detailed business rules of any given transaction.

### 3.1.1 Sale Transfer

All workflows to be conducted at the new Registration Offices are found in this subsection.

#### 3.1.1.1 WD1: CHECK & ASSESS

This workflow handles a number of system checks that distinguish between different types of transactions, including the most important transaction, which is a transfer of ownership between a seller and a buyer. A customer service staff (help desk) receives the standard application form and documents submitted by applicant. The customer service staff verifies IDs' of applicants and conducts detailed check of documents submitted before receiving the application, which will remain pending until the applicant pays the fees which will be calculated automatically be the system.

The applicant comes to the RO with the required documents and is questioned by the Cusomer service staff to determine the transaction type (in our report we have selected sale transfer without change in geometry as an example). Once the Customer service staff has determined the transaction type, the relevant application will be started. The system will list the required documents which will then be received and checked by the Customer service staff. The customer service staff will check any power of attorney that has been provided If the applicant does not have all the required documents, the transaction is cancelled and the applicant is provided with a rejection report listing all required documents for that transaction.

The Customer service staff conducts a **comprehensive** assessment of the application and submitted documents. If they find any problems, these will be selected in the system and a rejection report will be printed and issued to the applicant. If not, the system will determine the required fees and the applicant will be informed of these fees.

Assuming the applicant wishes to proceed, the transaction is fully initiated and a fee statement is printed. The fee statement will indicate the transaction number, time and date stamp, the next required step, and a note to the effect that the transaction will be automatically deleted after a preset time deadline if payment is not made and that during such time and until the transaction completion another transaction for the same property cannot be started by any party. A transaction notice is printed for routing the documents to the registration scanning clerk.

#### 3.1.1.1 WD2: Registration Cashiering

The applicant proceeds to the registration cashier and hands in the fee statement. The cashier enters the transaction number (from the fee statement) to check that the transaction is still valid If the transaction is still valid, the applicant pays the required amount and receives a receipt printed by the system. The system then checks if the transaction expiry time has lapsed, and if the transaction is not expired the system will generate a transaction notice (for the archived material to be sent to Scanning). The system updates and stores the transaction and changes its status. If the transaction is no longer valid (e.g. if another transaction has been completed on the same object which invalidates this transaction), the system will print out a rejection report which will be provided to the applicant.

#### 3.1.1.2 WD3: Scanning

The clerk delivers the documents to the Registration Scanning Clerk. The Registration scanning clerk enters the transaction number (from the transaction notice). The system checks if the fees have been paid. If not, the scanning clerk places the folder at the end of the queue. If the fees have not been paid and the transaction is older than 48 hours, the folder is sent to the archives. If the fees have been paid, the scanning clerk scans the documents, prints a transaction notice, and sends the folder to the registration index clerk.

#### 3.1.1.3 WD4: Indexing

The clerk brings the folder to the registration indexing clerk, who enters the transaction number (from the transaction notice). The system brings up thumbnail images of all scanned pages. The registration indexing clerk relates each image to a document type listed by the system for that transaction type. This includes multiple pages for one document. When done, the system opens special data entry forms corresponding to the different document types that have been scanned and identified. Only those document types that require data entry will have a corresponding data entry form. The indexing clerk keys in the required fields into each data entry form. When done, the system generates and prints a transaction notice, and the registration indexing clerk sends the folder to the technical investigators.

#### 3.1.1.4 WD5: Notarize application

The applicants(the buyer and the seller) present in front of the notary with a receipt, and the notary enters the transaction number (from the receipt). The system opens an empty template for draft notrization memo. The notary questions the applicants and keys in the necessary information. The system generates and prints the draft notraization memo. The notary provides each applicant with a copy of the draft notraization memo. The applicants review the draft notraization memo, and if all applicants are satisfied with it, each one adds their signature digitally using an input device. The notary adds his signature digitally. The system generates and prints copies of the final notraization memo, and the notary provides each applicant with a copy of the final notraization memo. When done, the system generates and prints a transaction notice which is filed together with the notrized application in folder.

#### 3.1.1.5 WD6: Technical Investigation

The clerk brings the folder to the technical investigators, who enters the transaction number (from the transaction notice). The system brings up all entered data, with links to the scanned images. The technical investigators access the object information and checks to see if there are any errors or problems that should preclude completion of the transaction. If there are no errors or problems, the technical investigators check the ownership information in the owner database and compare it to the provided documents. If there are no problems with ownership the technical investigators, the system generates and prints, the standard blue deed form after duly comleted by the technical investigators and a transaction notice. The system stores the transaction, clears the screen, and returns to the homepage. The technical investigator sends the folder to the Main office together with the standard blue deed after being authenticated by the Lawyers' Syndicate.

If there are errors or problems with transfer of ownership, the technical investigators select the type of error, and the system generates a pending report and stores the error. The folder is sent to the archives.

#### 3.1.1.6 WD7: Review Pending

After the applicant is provided a pending report, the applicant meets with the technical investigator who obtains the folder from the archives. The case is reviewed, and if all issues are resolved, the technical investigator advises the applicant that the issue is resolved and indicates an expected date of transaction completion. The system generates and prints, the standard blue deed form after duly cpmleted by the technical investigators and a transaction notice. The system stores the transaction, clears the screen, and returns to the homepage. The technical investigator sends the folder to the Main office together with the standard blue deed after being authenticated by the Lawyers' Syndicate.

If the issue is not resolved but requires additional documents or research, the technical investigators advise the applicant of the missing items. The system stores the transaction, and the folder is sent to the archives. If the issue cannot be resolved and the applicant agrees to terminate it, the system generates a rejection report, which is handed along with all original documents back to the applicant.

#### 3.1.1.7 WD8: Review Rejection

If the applicant receives a rejection report the technical investigator has to repeat their work. Thus this workflow is identical to that under WD6 above.

#### 3.1.1.8 REPD Main office review

No reengineering will take place to the processes within the REPD Main Office's as all processes there are regulated by Law #  114/1946, and any changes to the laws requires a quite long time to be approved by the pariliment. We have presented in the ""Sale Transfer Overview" diagram.

After receiving the folder from the Main office together with the standard blue deed after being authenticated by the Lawyers' Syndicate, the technical and financial investigators superficially review the submitted documents. If the documents are adequate and valid the registartion no. is assgned and the final deed is photocoped and the applicant copy is forwarded to the RO for delivery to client. If the documents are not complete a pending report is issued and clarifications to be obtained from applicant. If applicant is able to clarify all pending issues the the final deed is photocoped and the applicant copy is forwarded to the RO for delivery to client. If the applicant is not able to clarify all pending issuesthe technical investigators issue a rejection report.

#### 3.1.1.10 Deliver Output

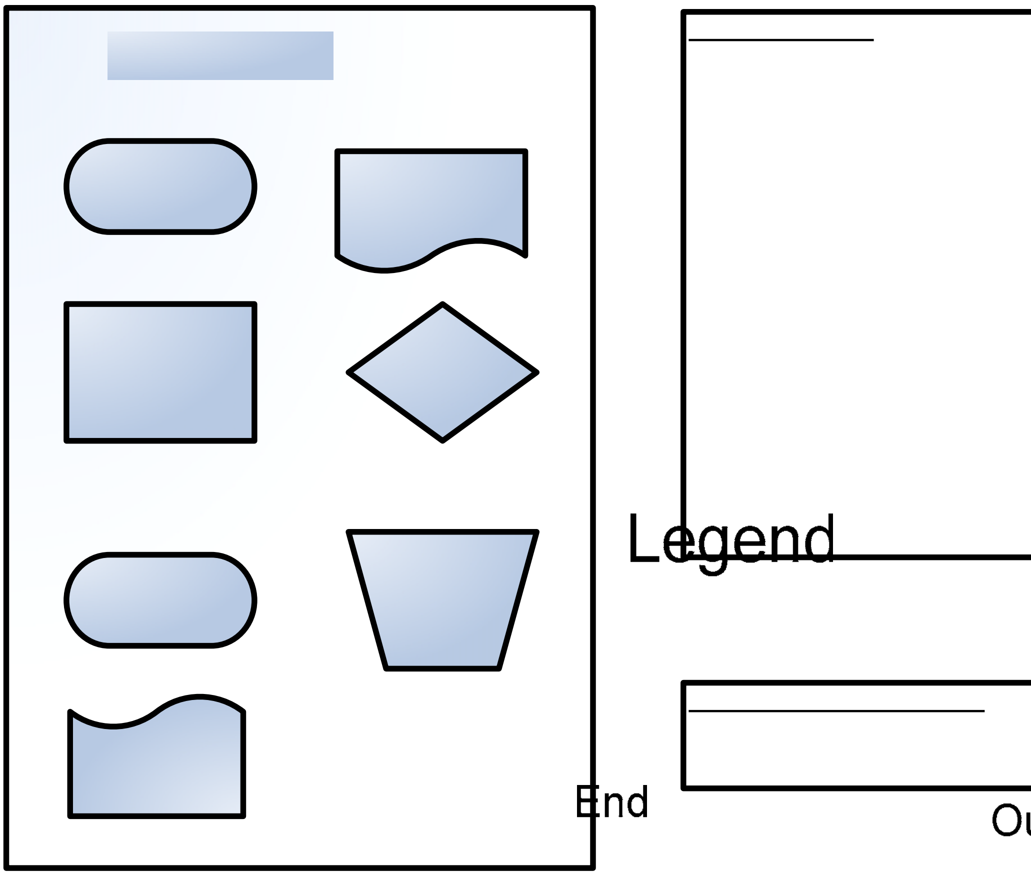
The applicant comes to the RO with the receipt and is accompanied by the seller. The customer service staff enters the transaction number (from the receipt). The system determines if the output has been issued, and if it has the customer service staff retrieves the folder. The customer service staff checks the identities of the applicant and seller. The system generates a transaction notice and the final copy of the blue deed is delivered to the applicant.

If the output has not been issued because the transaction is pending, the system generates and prints a pending report, which is provided to the applicant. If the output has not been issued because the transaction is in progress, the assessor advises the applicant and seller to return later. The customer service staff may estimate the time remaining for the transaction to complete.

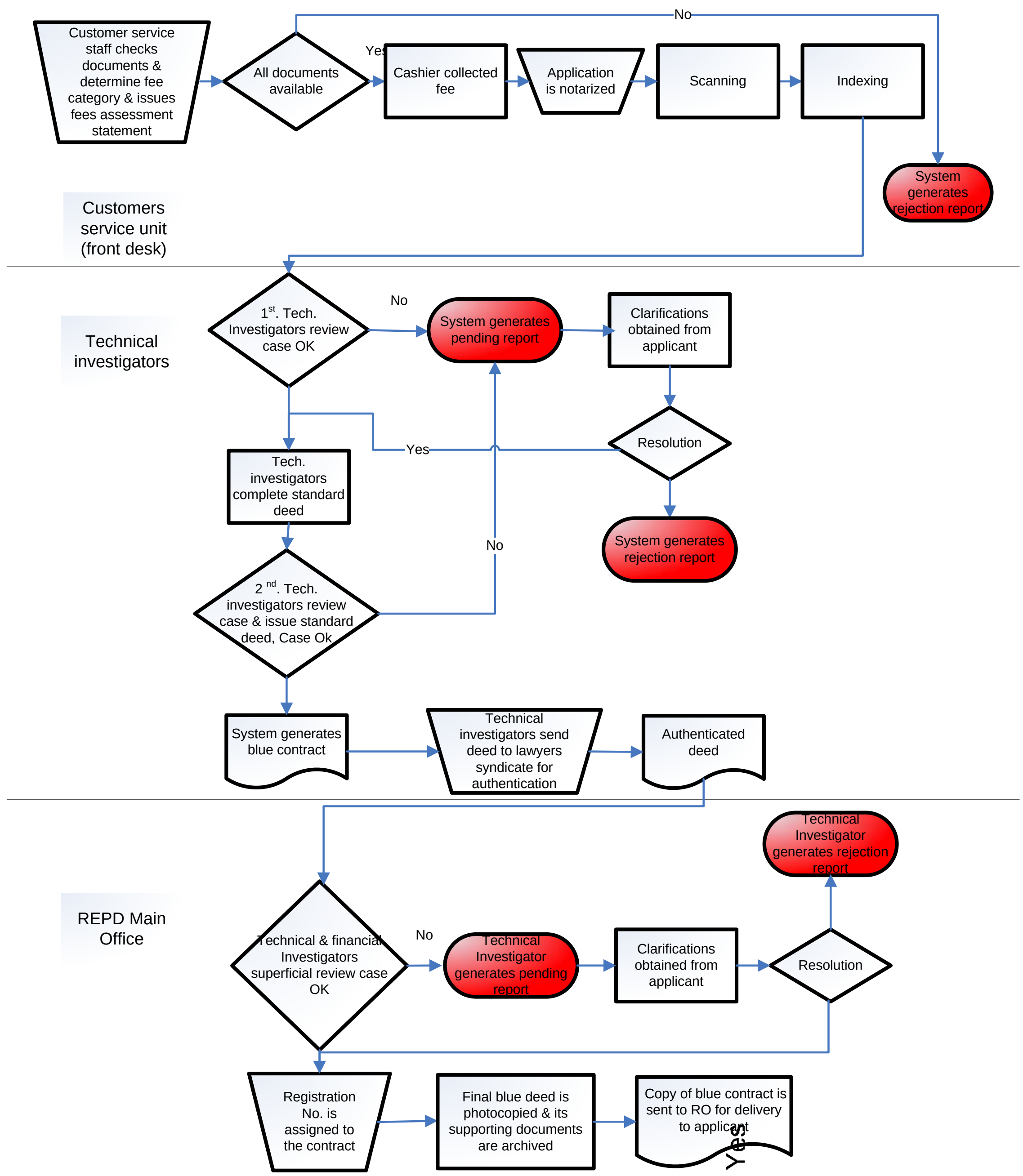
#### 3.1.1.11 D10: Search

The applicant comes to the RO with the receipt. The assessor enters the transaction number (from the receipt). The assessor conducts the search. If the system does return results, the system will then generate and print the results, which will be given to the applicant. If there are no results, the system will generate and print a rejection report, which will be given to the applicant.

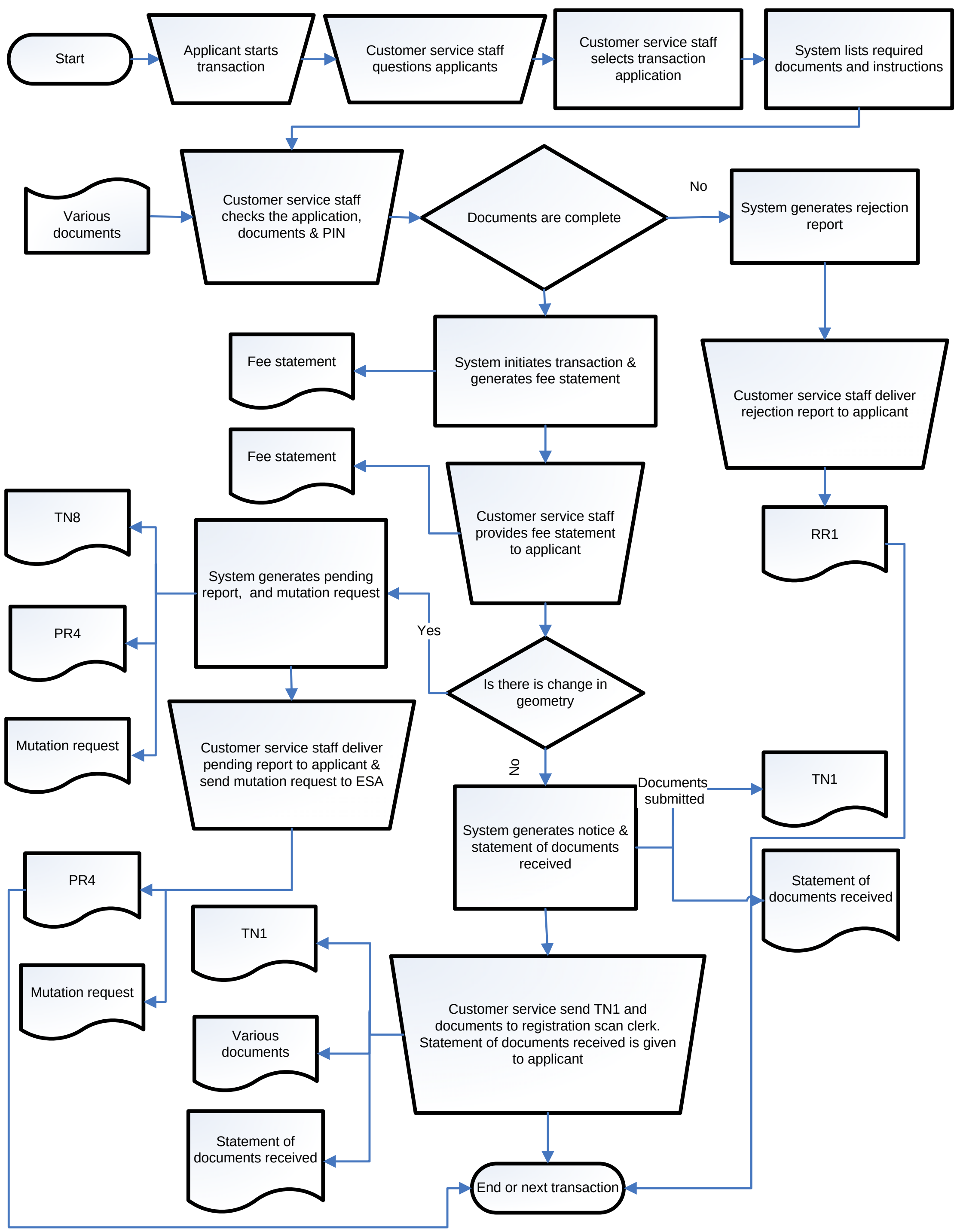
# Legend and Lists



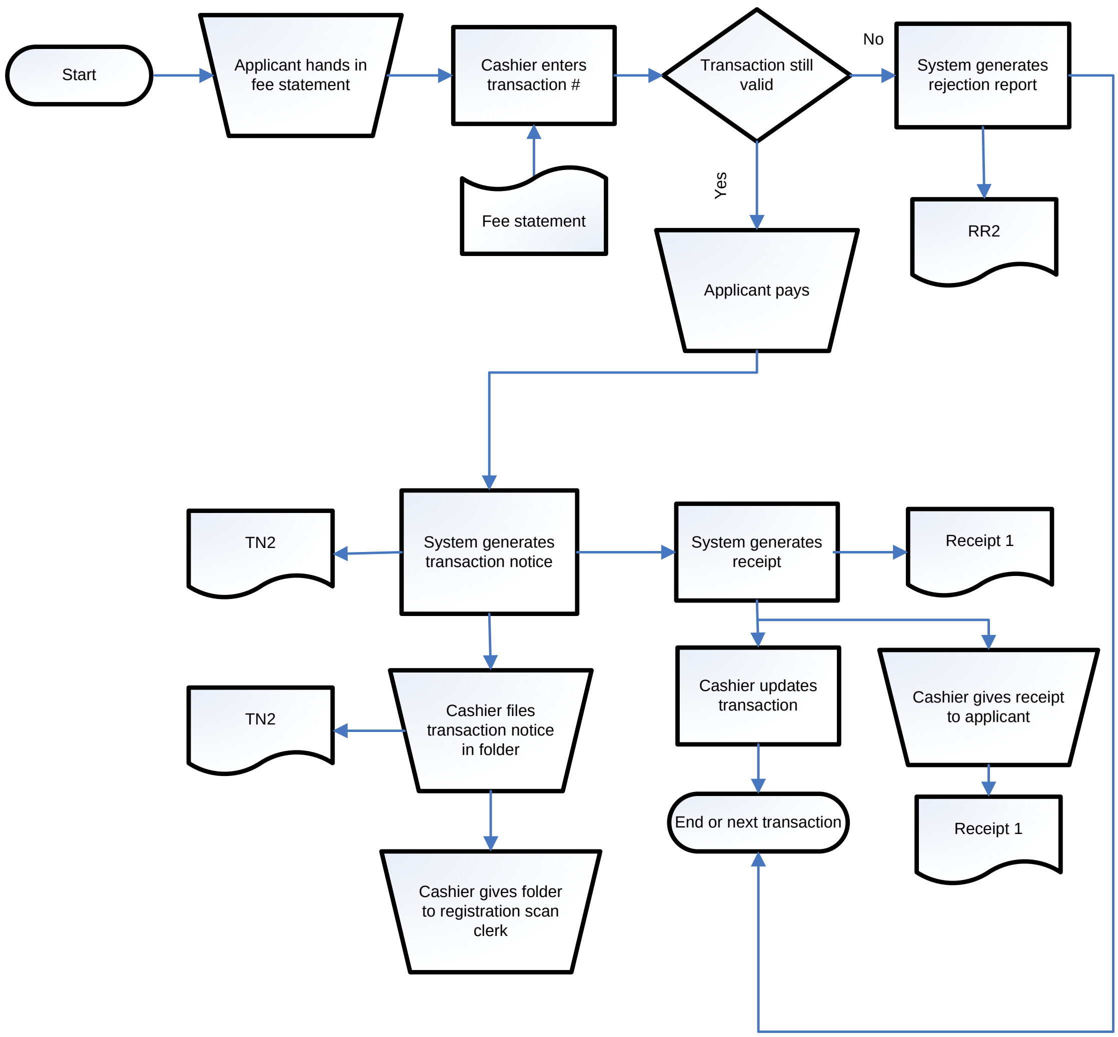
# Ownership Transfer Overview



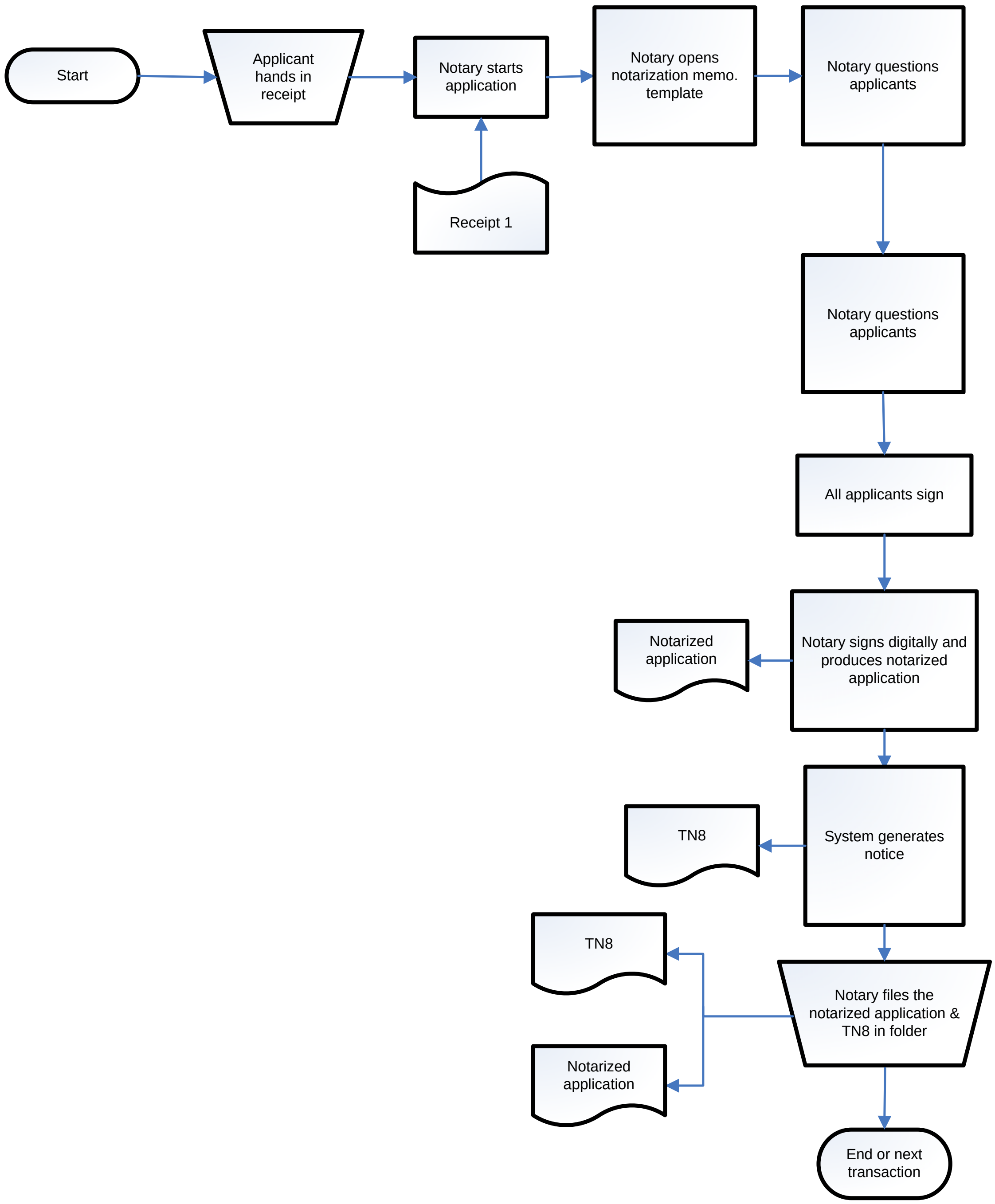
# WD1: Check & Assess



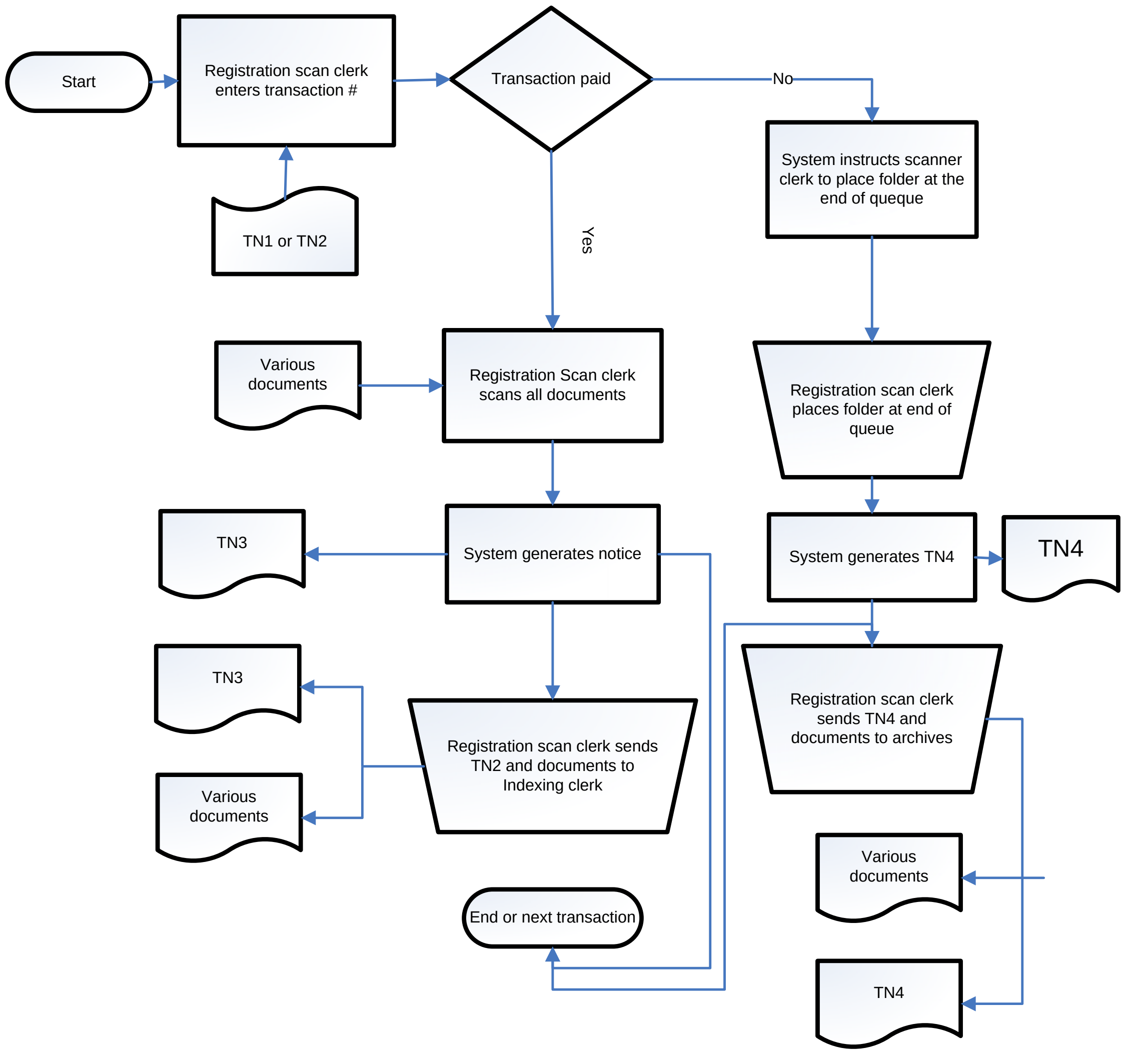
# WD2: Cashiering



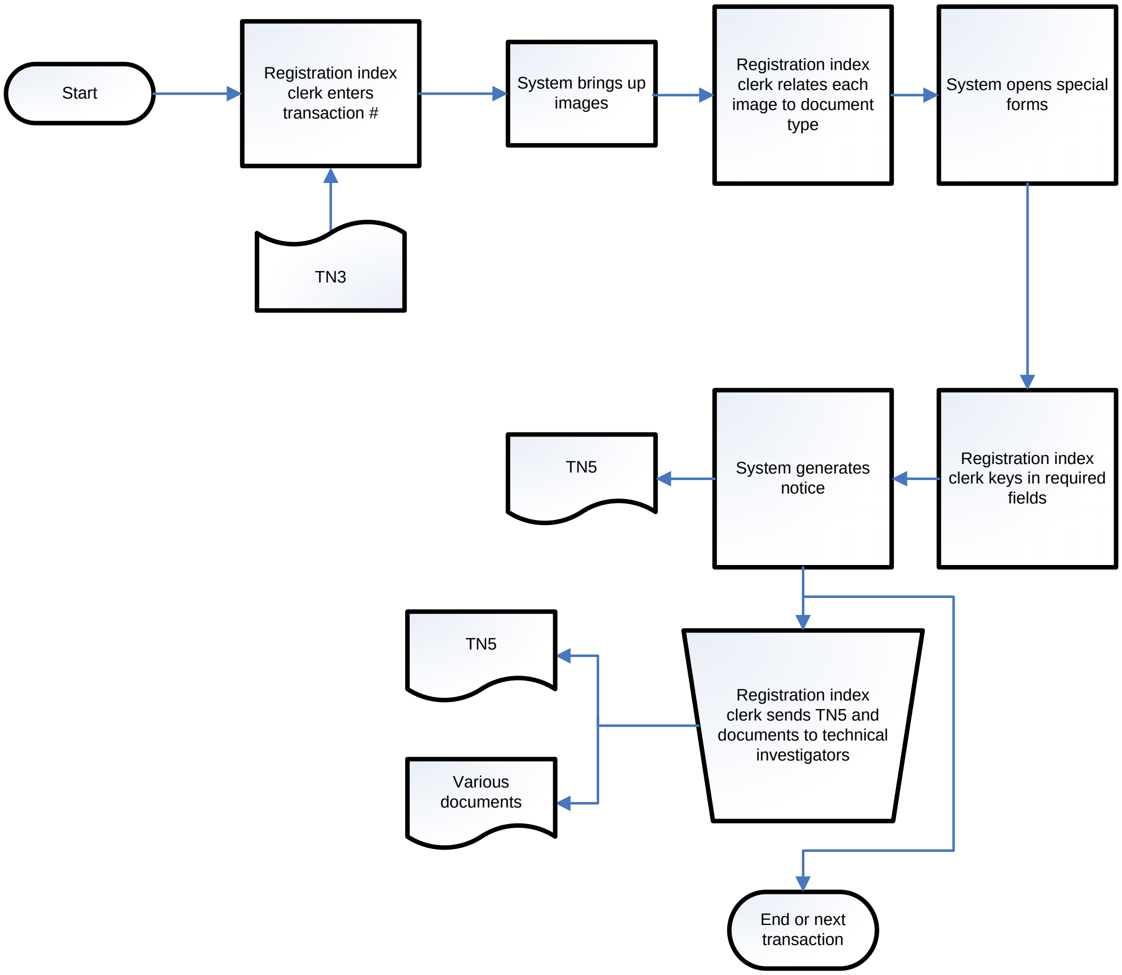
# WD3: Notarize application



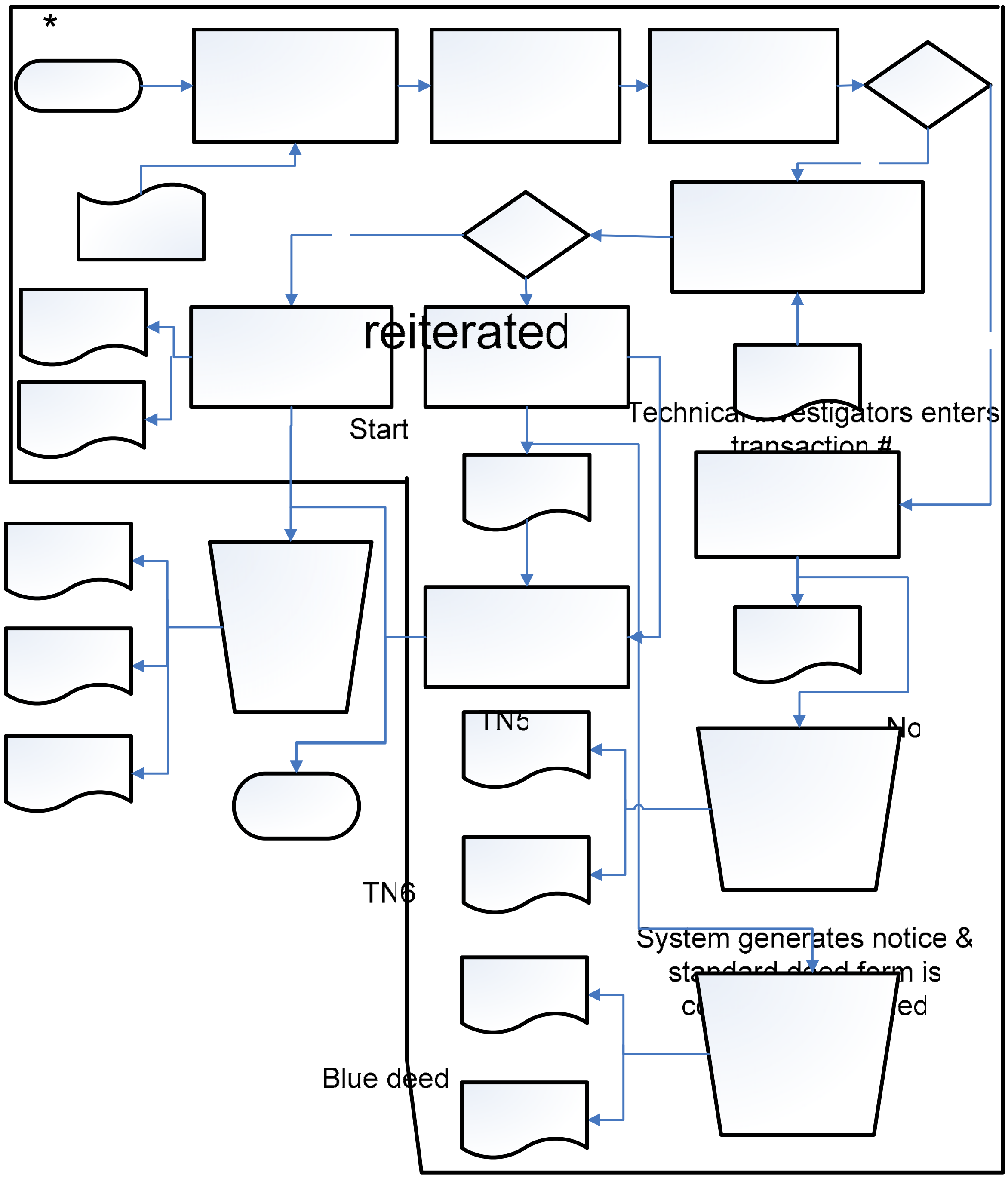
# WD4: Scanning



# WD5: Indexing



# WD6: Technical Investigation



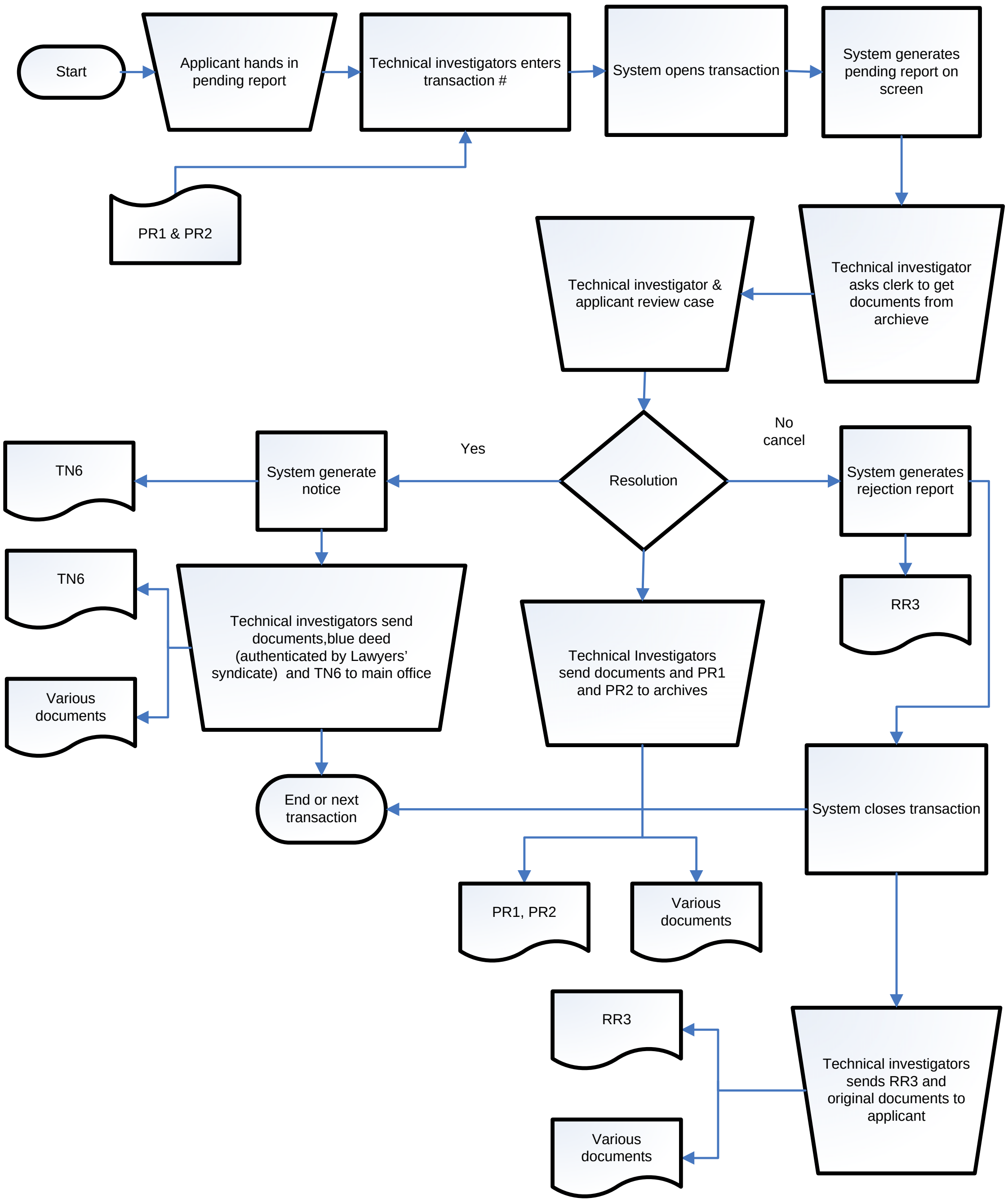

TN6

Technical
investigators
send
documents, blue
deed
(authenticated

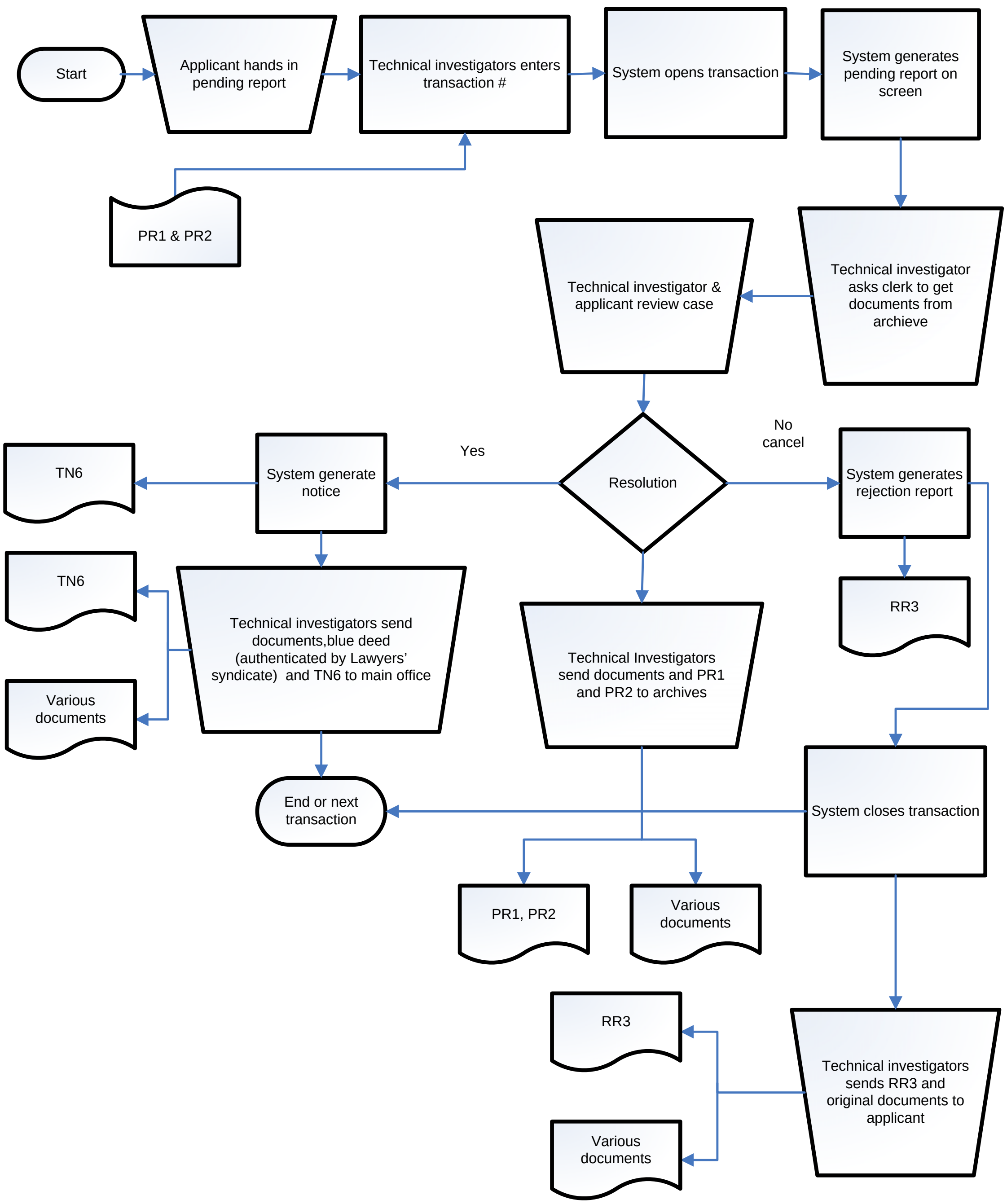
Various

Techni

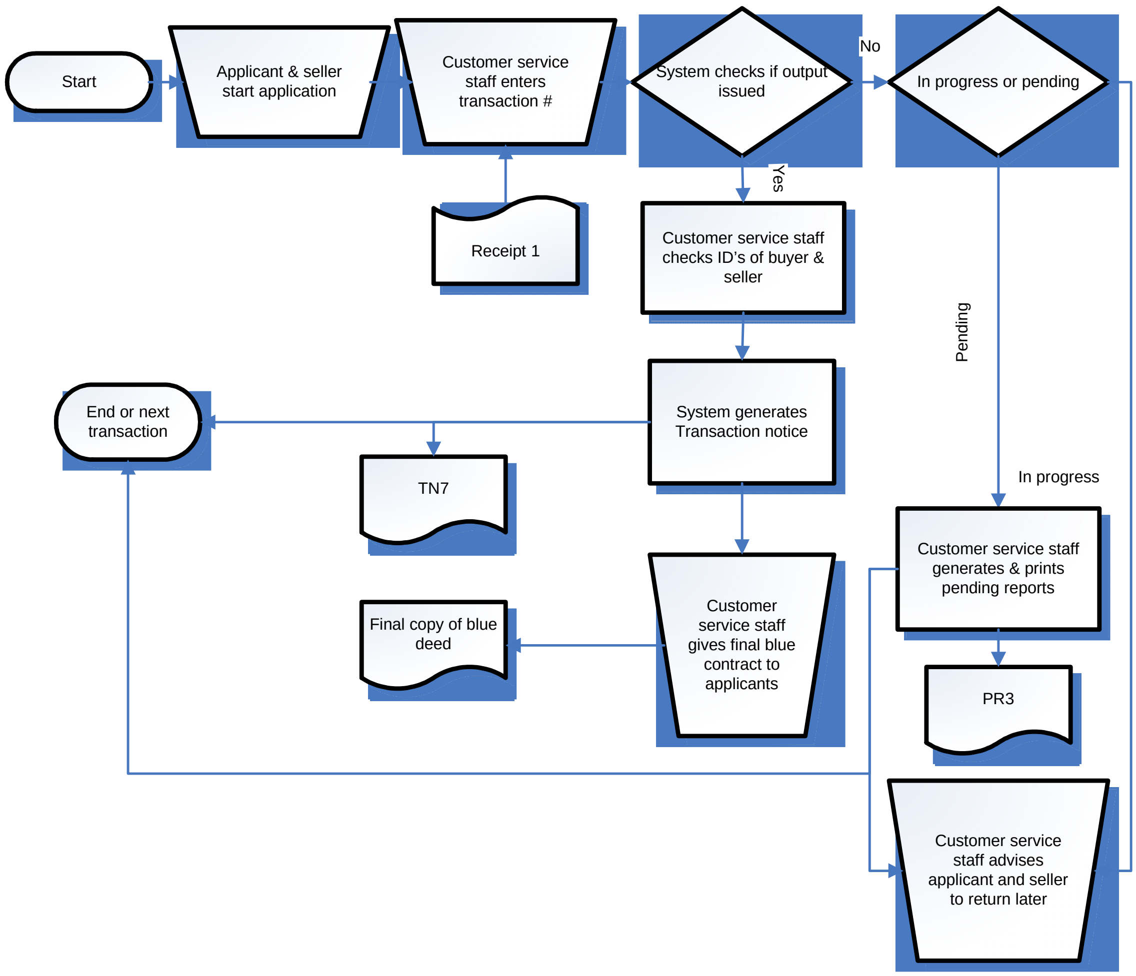
# WD7: Review pending



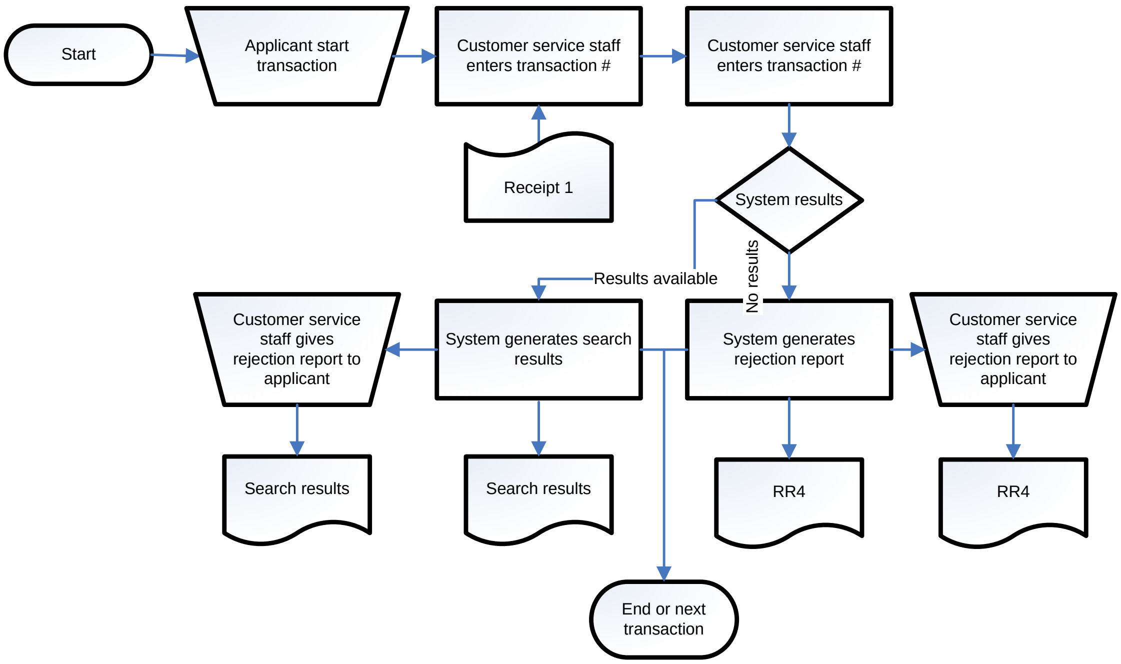
# WD7: Review pending



# WD9: Deliver output



# WD10: Search


Start
Applicant start transaction
Customer service staff enters transaction #
Customer service staff enters transaction #
Receipt 1
System results
Results available
No results
Customer service staff gives rejection report to applicant
System generates search results
System generates rejection report
Customer service staff gives rejection report to applicant
Search results
Search results
RR4
RR4
End or next transaction

## 3.2 BPR for EPO

All workflows to be conducted at the modernized Survey Office (SO) are found in this subsection.

**Introduction**

The **policy framework** for the Egyptian Financial Services (EFS) project is:

- To promote measures to support *development* of the mortgage market

The **general objective** of the EFS project is:

- To facilitate expansion in the number and volume of mortgage loans, and as a prerequisite for this, *increase* the number of properties registered (task 2 operations plan envisages a 40% increase)

The **specific objective** of the property registration component of the EFS project is:

- To *enhance* the current deeds registration system

**Assumptions** are:

- Enhance means to: increase, augment, improve, upgrade, and redesign
- That there is stakeholder recognition and acceptance of the need for change, and understanding of outcomes that enhance deed registration, and lead to: improvement, less bureaucracy, less time, and less costly registration.

Expected **outcomes** are:

- A *model* registry office, which is customer friendly, and where ‘model’ means: example; exemplar; standard; or ideal; and, customer friendly means good service and reasonable cost.

General **principles**:

- Elimination of procedures and requirements not directly related to registration
- Use of existing information and data as much as possible, both at the start and for subsequent transaction

**Strategic approach**:

- Registration will be demand driven and demand will be stimulated by a combination of: (a) information, education and communication; (b) reducing disincentives (costs, bureaucracy); and, (c) increasing the benefits of registration

**Specific approach**:

Create a framework (legal, technical and organisational) that provides a better and more affordable service to customers. Building this framework requires first constructing the foundation of:

- A spatial data infrastructure (SDI)
- Well-known and documented processes and procedures for registering transactions

**Implementation of SDI Component**

The underlying principle for creation of the SDI component of an enhanced deeds registration system is that it will be built using all available spatial data in the form of cadastral maps and plans, supplemented where necessary by orthophotography, very-high resolution satellite remotely sensed imagery, and ground survey.

Steps and activities for building the SDI, comprising mostly of property index maps and associated attribute data, are threefold: (a) pre-registration preparation; (b) first registration of properties whenever there is a transaction request (sporadic registration); and (c) transactions involving registered properties.

### 3.2.1 Pre-registration

Compilation of draft property index map (PIM) from existing maps and plans

Field verification of draft PIM, and addition of missing parcels and buildings. These parcels and buildings will be "as built" on the ground.

Inventory of building units

Allocation of property identification numbers (PID)

Collection and scanning of all maps, plans, forms, deeds and documents

Compilation of attribute data (from maps, plans, forms, deeds, documents and field inventory) indexed by PID and linked to the PIM

These activities are shown in figure 1 (attached).

### 3.2.2 First registration

First registration occurs when there is no previous transaction or registered deed. In such cases a first registration will be based on (i) a mutation, or (ii) a declaration of title based on adverse possession. In the first case a mutation form (and survey) is necessary, and the procedure will be the same as C2 below.

Where the transaction is based on adverse possession the property will probably already be shown on the index map (although a mutation form may not exist), and the application will be accepted for processing based on this and/or any plan that was produced in support of the adverse possession claim. A mutation form is not strictly required for first registration (because a parcel is not being formally subdivided). However, if the property cannot be correctly identified on the property index map from the information provided by the applicant a survey will be required before the transaction can be processed. The transaction request can either be returned to the applicant or suspended pending completion of the survey. This procedure is shown in figure 2.

### 3.2.3 Transactions

From the cadastral perspective there are two main transaction types: dealings affecting the whole parcel/unit; and, subdivisions and consolidations (mutations).

Transfer of whole: an application form must provide the PID to identify the property unit, and includes a notarised declaration that the whole unit is being transferred. There is no requirement for a mutation form, plan, re-measurement or inspection for transactions involving the whole registered property. The procedure is shown in figure 3.

Transfer of part (subdivision): The application will be for a mutation that must be supported by a mutation form (and cadastral information form). After lodging the application, a survey is undertaken by ESA's provincial office (EPO) to prepare the mutation form. EPO then update the property identification map based on the survey and mutation form. The mutation form (and CIF) and the updated part of the PIM are then returned to the RO, and two new records are created and the details from the original record are copied into the new records. The procedure is shown in figure 4.

To avoid the problems associated with 'temporary parcels', the application for mutation must be accompanied by two deeds that transfer the ownership of the whole parcel to two new separate parcels. These transfers – from a person to himself/herself – will provide the basis for any onward transfer of a part to another party.

To transfer or deal with subdivided properties requires a separate application for each part. A person may wish to create a "temporary" parcel for a possible future subdivision; however, this application must be made directly to EPO and not the RO, as this is a matter of survey and not registration. The EPO will undertake a survey and prepare the mutation form and CIF and hold them on file pending a future application to the RO for subdivision, at which point the mutation request is forwarded to ESA and the mutation form and CIF is returned to the RO without undue delay (because the survey has already been done). An application for transfer of a temporary parcel will not be accepted. The application to the RO for mutation (subdivision) must come before a separate application for transfer.

**Figure 1. Property Index Map Preparation**

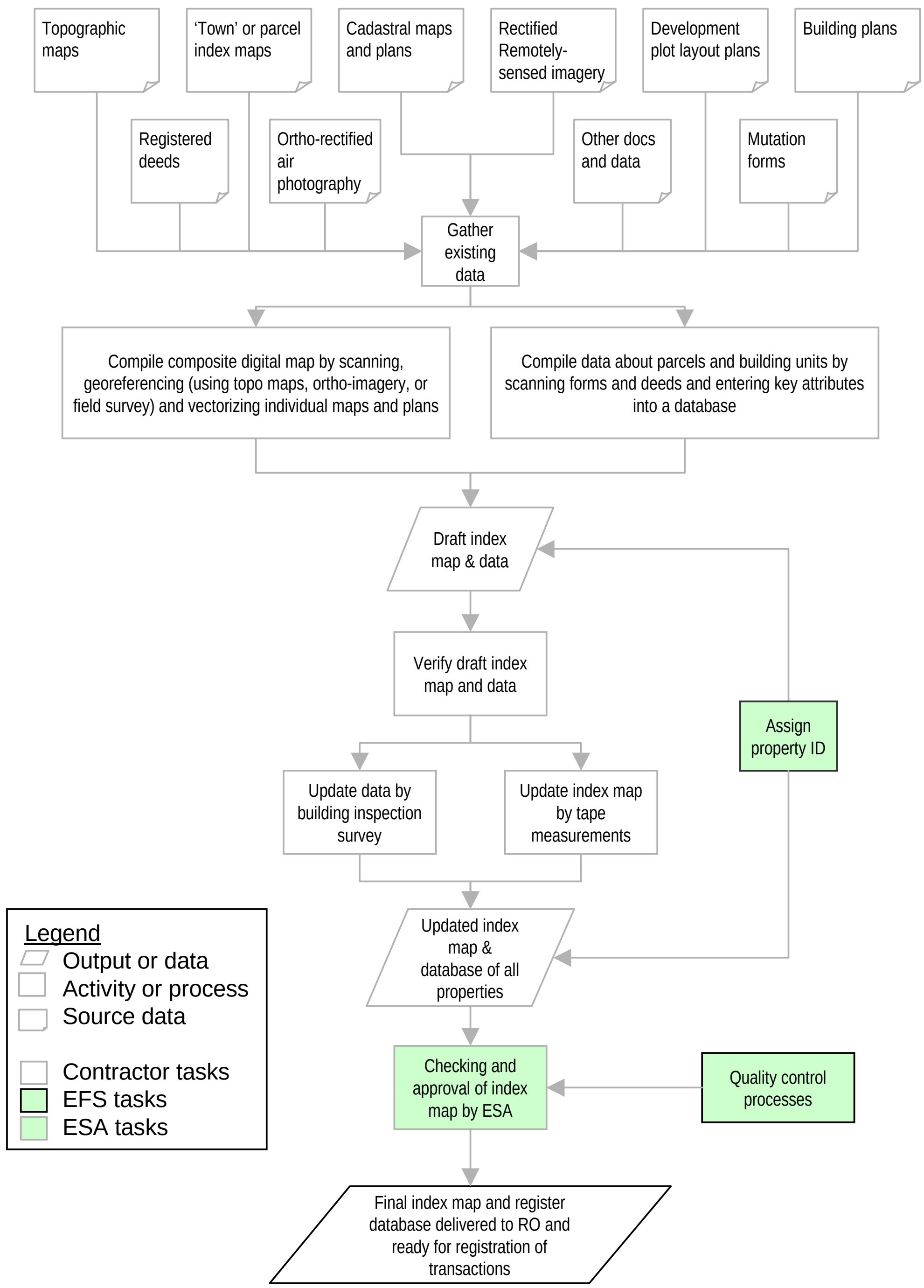


Figure 2. First Registration of Transaction

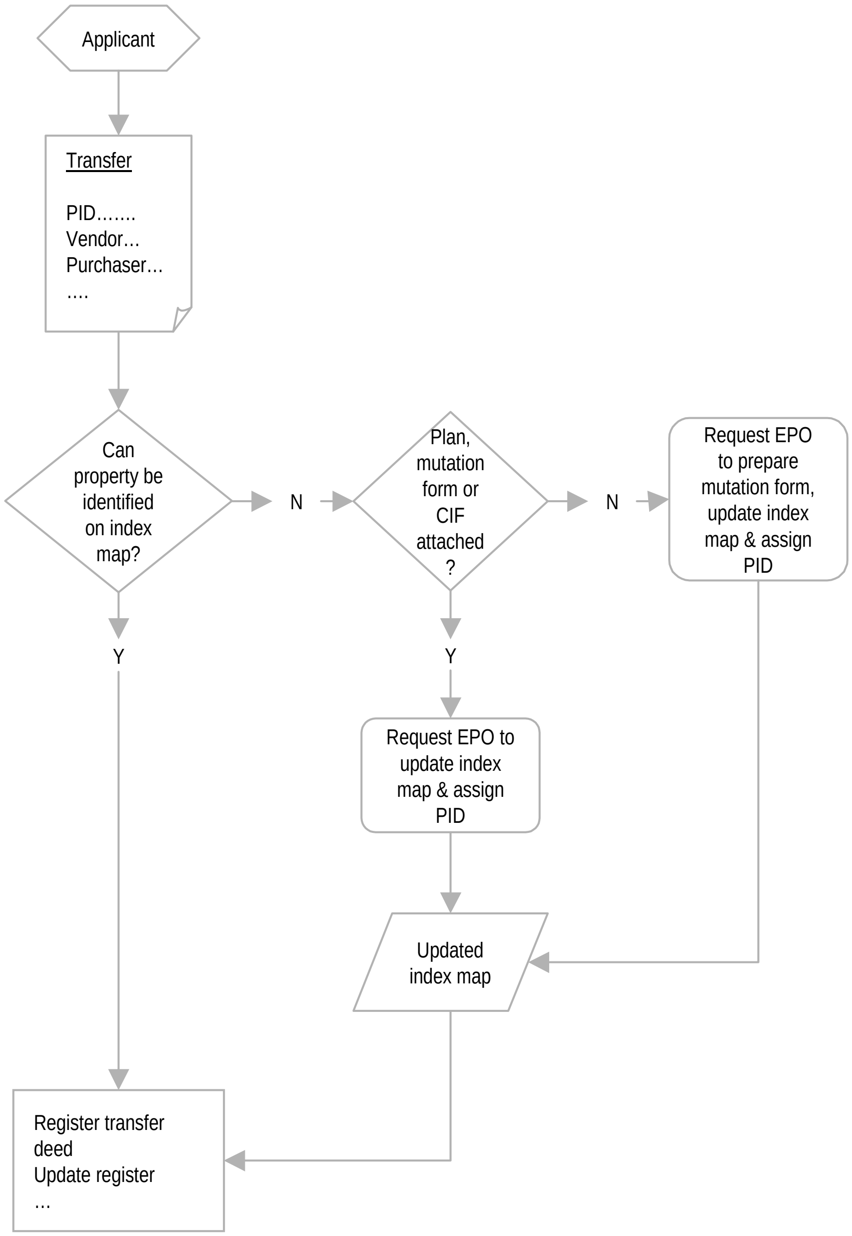


Figure 3. Transaction of Registered Property

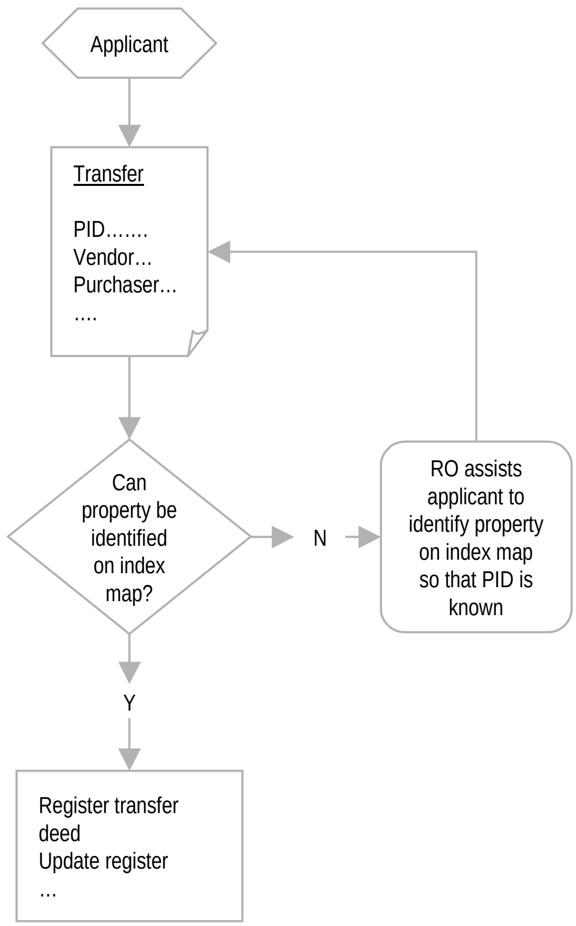
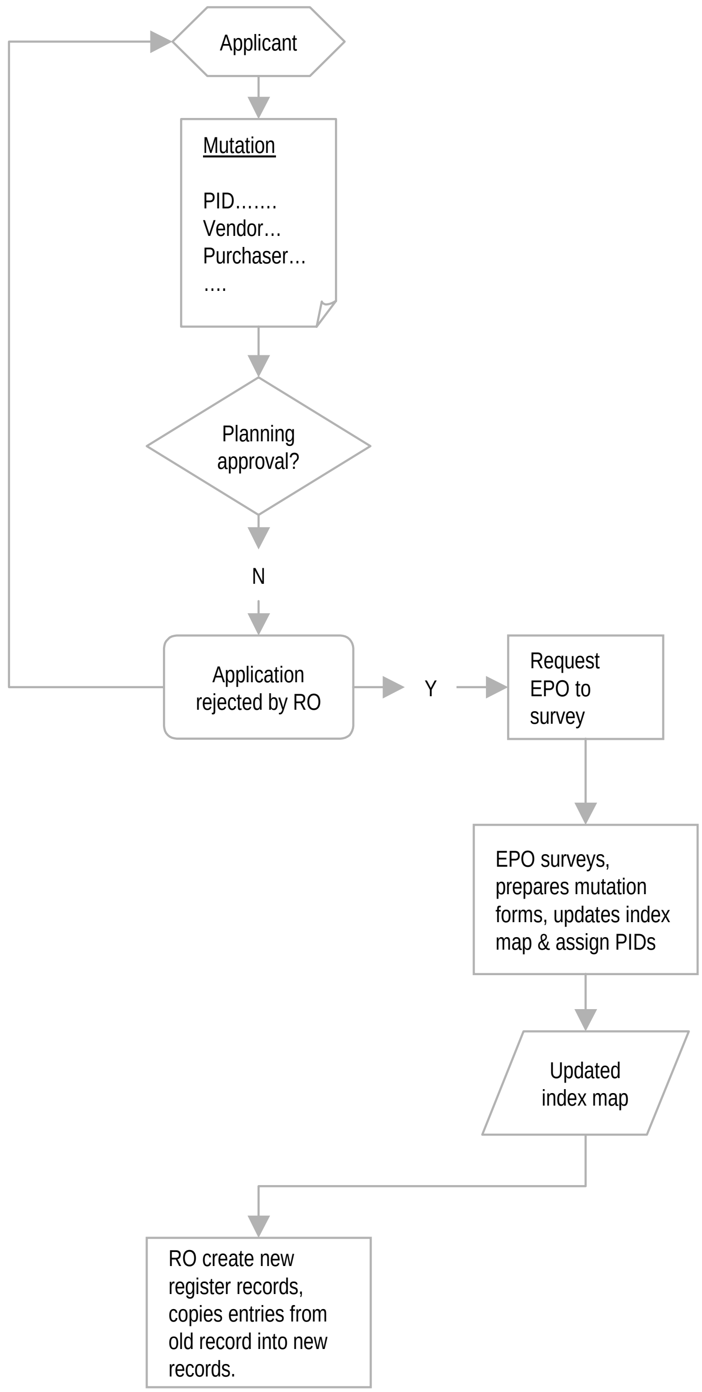


Figure 4. Mutation



# WS1: ESA Governorate Office Work Flow

**Creation of Initial Parcel Mutation Form**