Sale of Property Under Construction, Law No. 107-12

Reference: Law No. 107-12 amending and supplementing Law No. 44-00 on the sale of property under construction

Practice areas: Real estate and land law

> Law No. 107-12 strengthened the protection of buyers of off-plan homes. It regulates the reservation contract, the preliminary contract, staged payment of the price in line with construction progress and the penalties for developer delays. This is an unofficial explanatory note; only the Arabic text published in the Official Bulletin is authoritative.

Who this law applies to

The law applies to any sale of a building (residential, professional, commercial or craft use) before construction is completed, where the buyer pays all or part of the price as work progresses. Its rules are incorporated into the DOC.

The key rules

- A reservation contract may be signed before the preliminary contract, with a deposit capped by law.
- The preliminary contract can only be signed once the foundations are complete, and must be drawn up by authentic deed or by a qualified lawyer.
- The price is paid in instalments linked to construction progress.
- The contract must specify the description of the property, the price, payment terms, delivery date and guarantees.
- In the event of late delivery, the developer faces penalties and the buyer may seek termination of the contract under the conditions provided.

Key deadlines and figures

- The deposit paid on reservation is capped by law and must be refunded in the cases provided.
- The preliminary contract is only signed after completion of the foundations at ground-floor level.
- Each payment instalment corresponds to a recorded stage of the works.

- The final contract is signed on completion, once the occupancy permit or certificate of conformity has been obtained.

What it means in practice

Buyers should not pay more than the progress of the works justifies. It is wise to check the land title of the plot, the building permit and the guarantees before paying any deposit.

In case of delay or non-conformity, written correspondence and records of construction progress will be the decisive evidence.

Reforms and recent developments

Law No. 44-00 introduced the sale of property under construction in 2002. Adopted in 2016, Law No. 107-12 supplemented it, notably by creating the reservation contract and strengthening buyer guarantees.

When to consult a lawyer

Before signing a reservation or preliminary contract, in case of late delivery, changes to the property or refusal to refund the deposit.

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General information document and unofficial English translation. Only the version published in the Official Bulletin of the Kingdom of Morocco is authoritative; the articles cited may have been amended since this sheet was written. Last updated : 3 November 2026.