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Collective borrowing of a condominium

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A syndicate of co-owners can make a bank loan to finance works within the co-ownership. This loan can be made for all co-owners or only for co-owners who decide to participate. The decision to borrow must be taken by a vote at a general meeting.

What can the loan be for?

A loan may be made in the name of syndicate of co-owners (<https://www.service-public.fr/particuliers/vosdroits/F2606?lang=en>) to finance the following:

- Voted work on common areas
- Collective work on private parties (for example, setting up of individual meters (<https://www.service-public.fr/particuliers/vosdroits/F14745?lang=en>) to appreciate the amount of heating consumed in each apartment)
- Acquisition of property
- Prefinancing of public subsidies (e.g. work subsidized by the National Housing Agency (<https://www.service-public.fr/particuliers/vosdroits/F1328?lang=en>) if they concern the common or private areas and are of collective interest)

Coowners concerned

The collective loan is made in the name of the syndicate of co-owners on behalf of all the co-owners. It may also be made on behalf of the syndicate of co-owners for the sole co-owners who decide to participate.

Procedure

The recourse to collective borrowing is subject to certain rules of form.

Agenda

The question of the subscription of a collective loan intended to finance the work on the common parts or the private parts of collective interest must be entered in agenda (<https://www.service-public.fr/particuliers/vosdroits/F2615?lang=en>) the same general assembly.

The general and specific terms of the draft loan contract must be attached to this agenda, during which the use of collective borrowing must be voted.

Voting rules

Where the loan is used to pre-finance subsidies granted to the trade union or to certain co-owners, the loan must be voted by the same majority as that necessary for the vote of the works concerned.

Apart from this, the decision to take out a collective loan must be voted on at unanimity (<https://www.service-public.fr/particuliers/vosdroits/F2137?lang=en>) co-owners.

Participation Notification

Co-owners who participate in the loan must notify their decision trustee (<https://www.service-public.fr/particuliers/vosdroits/F2608?lang=en>), by any means, specifying the amount they wish to claim within their share expenditure.

Such notification shall be made within 2 months of notification of the minutes of the general meeting, without its annexes.

Subscription

The loan agreement must be in accordance with the general and specific conditions attached to the agenda of the general meeting.

The loan must be signed by the trustee acting on behalf of the co-owners union.

It shall take place after the 2-month period from the date of notification of the decision of a general meeting concerning the use of collective borrowing.

Please note : the syndicate of co-owners must be guaranteed by a joint guarantee, that is to say by a third party (another bank organization), to prevent the unpaid reimbursement of the loan of the co-owners.

Refund

Only the co-owners benefiting from the loan are required to repay its amount, interest and fees up to the limit of their share expenditure.

In the event of an unpaid loan, the trustee must send a notice to the failing co-owner.

In the event of failure of this notice, and at the expiration of a period of 30 days, the trustee may call the surety to repay the unpaid debts of the co-owner.

The surety can then turn against the defaulting co-owner to obtain a refund of the payment.

Statute and miscellaneous references

- Act No. 65-557 of 10 July 1965 fixing the status of condominiums in built-up buildings [↗](http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=LEGITEXT000006068256) (http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=LEGITEXT000006068256)
Articles 25-3 and 26-4 to 26-8
- Decree No. 67-223 of 17 March 1967 fixing the status of the condominium of the built-up buildings [↗](http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=LEGITEXT000006061423) (http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=LEGITEXT000006061423)
Articles 5, 6, 11 and 38

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