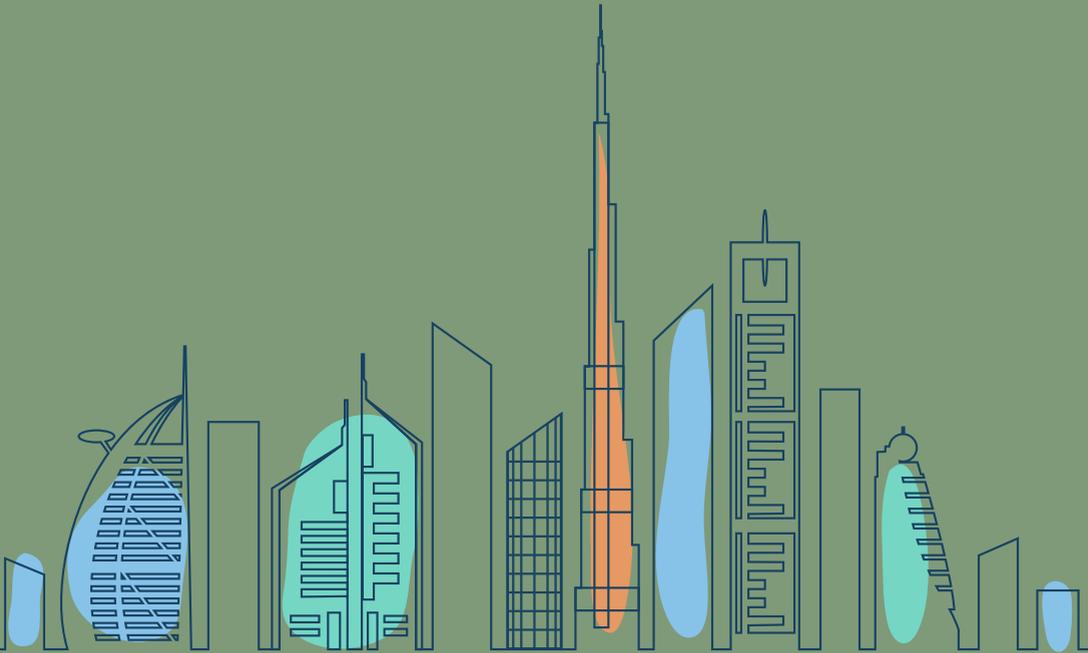




# Know Your Rights

## For Real Estate Investors in Dubai





# **Know Your Rights**

For Real Estate Investors in Dubai

## Published by Dubai Land Department & Al Tamimi & Company

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# Know Your Rights for Real Estate Investors in Dubai

Dubai Land Department is pleased to partner with Al Tamimi & Company to issue this guide - 'Know Your Rights - for Real Estate Investors in Dubai'.

Such guides are commendable and worthy of support, as they are comprehensive in their content, answer all of the questions that may be asked by investors in Dubai, and help them to make the right investment decisions in Dubai's real estate market. This guide is an important information tool and forms part of our comprehensive system of laws and legislations, which aim to regulate the real estate and investment environment.

To increase the value of the guide, DLD has covered numerous topics, including the roles played by its institutions and touching on the real estate ownership regulations that are specific to Emiratis, GCC citizens, and foreigners. Among the many sections in the guide, a special section has been devoted to the areas designated for foreign real estate ownership in Dubai, as well as how to finance acquisitions of real estate properties and real estate disputes.

This guide puts a special focus on all the key aspects that investors must be aware of when considering buying off-plan real estate properties, and also details what developers are obliged to do to preserve the rights of all parties while also sustaining a dynamic and orderly real estate environment.

It is also a comprehensive reference that sheds light on the healthy status of Dubai's real estate market, which provides an appealing environment that attracts investments based on best practices and contributes to positioning Dubai as the happiest city in the world.

**Dubai Land Department**

**Al Tamimi & Company**

# About Dubai Land Department

دائرة الأراضي والأملاك  
Land Department



Dubai Land Department (DLD) was founded in May 1960 to establish the most prominent real estate sector in the Middle East and in the world.

DLD provides outstanding services to all its customers whilst developing the necessary legislation to propel the real estate sector in Dubai, organizing and promoting real estate investment, and spreading industry knowledge. DLD seeks regional and worldwide innovation in real estate with the aid of its active organizations that include: Real Estate Regulatory Agency, the regulatory arm, Real Estate Investment Management & Promotion Center, the investment arm, Dubai Real Estate Institute, the educational arm, and Rental Dispute Center, the judicial arm.

Dubai Land Department seeks to transform Dubai into the number one real estate destination in the world in terms of innovation, trust and happiness. Pursuant to this ambitious vision, DLD is providing an innovative and sustainable real estate environment that has turned Dubai into the happiest city through its smart services, which would provide open access to investors anytime, anywhere. DLD also employs all financial, human and professional resources to reach its strategic objectives. The department has made major tangible achievements to the real estate sector thanks to the development, promulgation and implementation of clear, transparent and integrated real estate laws that help to protect the rights of real estate investors, as well as those of all related parties.

For more information please visit our website [www.dubailand.gov.ae](http://www.dubailand.gov.ae)

# About Al Tamimi & Company

التميمي و شركاه  
AL TAMIMI & CO.

Al Tamimi & Company is one of the leading law firms in the Middle East and the largest law firm in the region, with presence in all of the six GCC countries.

Established in 1989, the firm has 56 partners, 670 employees, and 17 offices in nine countries throughout the UAE , Bahrain, Qatar, Iraq, Saudi Arabia, Jordan, Kuwait, Oman and Egypt.

The firm specialises in advising major international corporations and financial institutions, Middle East banks and financial institutions, government organisations, businesses and families in their global operations and investments. It has particular expertise in arbitration & ADR, banking & finance, dispute resolution & litigation, IP & data security, shipping & aviation, project & infrastructure finance, real estate & construction, corporate & commercial, technology, media & telecommunications, insurance and private client.

For further information please visit [www.tamimi.com](http://www.tamimi.com)

# Foreword



**H.E. Sultan Butti bin Mejren**  
Director General, Dubai Land Department

## **Dubai Real Estate Laws are Firm and Flexible in Preserving Rights**

Dubai Land Department (DLD) is pleased to present real estate investors with this guide – ‘Know Your Rights – for Real Estate Investors in Dubai’. The aim of the guide is to familiarize investors with real estate legislation and their legal rights, which are guaranteed by the Emirate’s laws and regulations.

His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, has launched a series of real estate laws that protect the higher interests of the country, and instil confidence in its real estate market. The laws have also seen DLD assume a role that goes beyond its original mandate of registration and documentation of the real estate market. The department now also includes a regulatory arm, Real Estate Regulatory Authority (RERA); an investment arm, Real Estate Investment Management and Promotion Center; an educational arm, Dubai Real Estate Institute (DREI); and a legal arm, Dubai Rental Disputes Center (RDC).

One of DLD’s most important objectives is transparency – a core value of Dubai’s investment environment and the Emirate’s wise leadership, which has endeavoured over the past decade to establish security and stability across all sectors. This has played a vital and successful role in attracting investors from around the world, with the latest DLD data showing that over 200 nationalities have made investments in the real estate sector.

In the interest of all parties working together to achieve these goals, DLD cooperates with the private sector through its various institutions to promote real estate awareness among citizens, residents and visitors so that everyone is fully aware of their rights and duties. The new guide will certainly further this aim, not only by informing investors about their rights, but also by acting as a promotional tool for the healthy investment environment that Dubai offers to investors seeking world-class investment opportunities.

Through this guide, it becomes evident that Dubai’s government – represented by DLD – is eager to maintain the rights of investors by constantly keeping them updated with the sector’s latest developments and law amendments, and by developing proactive solutions to anticipating and managing issues that may present a risk to investors. The new and amended regulations released every year are a testament to safeguarding the sector’s ongoing success.

# Foreword



**Essam Al Tamimi**  
Senior Partner, Al Tamimi & Company



**Husam Hourani**  
Managing Partner, Al Tamimi & Company

Dubai is fast becoming one of the world's most attractive places to invest in real estate. There are numerous reasons for this growth and success. As a regional investment hub, Dubai has developed a real estate market with strong fundamentals and consistently strives to reinforce its position as a world-class real estate investment destination. Foreign ownership laws are less stringent, return on investment is strong, the infrastructure the city presents is very attractive and the registration system is robust with low fees. The regulatory environment also protects real estate investment and ownership.

The first edition of the guide 'Know Your Rights – for Real Estate Investors in Dubai', prepared by Al Tamimi & Company in conjunction with the Dubai Land Department, provides companies and individuals with the vital information they need when considering investing in real estate in Dubai. The guide seeks to answer some of the most important questions that investors have regarding their real estate investments and dealings with government authorities, developers and other relevant parties. The guide also provides a checklist of the key aspects that an investor needs to be aware of when buying real estate off-plan in Dubai.

The guide outlines the important legal aspects essential to help you in your real estate investments based on the latest legal policies and legislations applicable in the Emirate and will be updated on a regular basis to reflect ongoing improvements in the real estate regulatory and investment framework.

As the largest law firm in the Middle East, Al Tamimi & Company has over 25 years experience of working closely with investors, developers and the regulatory authorities and has unrivalled relationships within the region. We are very pleased, together work with our colleagues at the Land Department, to present the guide and to continue our contribution to the ongoing development of the real estate market in Dubai.

We trust the guide will provide you with a greater understanding of the legal aspects of investing in real estate in Dubai and we wish you every success. If you require more detailed information on investing in Dubai real estate, please do not hesitate to reach out to the Land Department or Al Tamimi & Company.

# Key Real Estate Laws and Regulations in the Emirate of Dubai

Real estate investment in Dubai is governed by a set of real estate laws and regulations aimed at protecting real estate investors' interests. Below is an outline and brief summary of the key real estate laws in the Emirate of Dubai. For a copy of the laws and regulations, please visit the official website of the Dubai Land Department ([www.dubailand.gov.ae](http://www.dubailand.gov.ae)).



◇ **Law No. 7 of 2006 on Real Estate Registration in the Emirate of Dubai**

This Law regulates real estate registration and ownership rights in the Emirate of Dubai. It provides for the right of UAE and other Gulf Cooperation Council nationals (and companies wholly owned by such nationals) to own real estate anywhere in Dubai and the right of foreign nationals to own freehold interests in real estate (as well as usufruct and leases up to 99 years) within areas designated for foreign ownership by the Ruler of Dubai. The Law further regulates the registration of real estate in Dubai on the Real Estate Register at the Dubai Land Department (DLD) as a guarantee to the owners of real property rights and specifies the powers of the DLD to enter and update all relevant records on the Real Estate Register.

◇ **Regulation No. 3 of 2006 on the Designation of Areas in which Non-UAE nationals may Own Real Estate in the Emirate of Dubai**

This Regulation identifies the areas where foreign nationals (non-UAE/GCC nationals) can own freehold land and property and other real property rights such as usufruct and long-term lease rights for up to a period of 99 years ("Designated Areas"). Further regulations have identified additional Designated Areas for freehold ownership by foreign nationals. For more information on the location and boundaries of the Designated Areas in Dubai, please contact the Dubai Land Department.

◇ **Law No. 8 of 2007 on Escrow Accounts for Real Estate Developments in the Emirate of Dubai**

Pursuant to this Law, developers that intend to sell units off-plan in a real estate development project must open a separate escrow account for the project with an escrow agent (bank/financial institution) accredited by the Dubai Land Department (DLD). The developer must deposit in a project escrow account all amounts paid by the purchasers of off-plan units and loan payments funded by financiers for the purpose of construction of the real estate development project. The amounts deposited in the escrow account shall be allocated exclusively for the purposes of construction of the real estate development project and settlement of the project financing payments in accordance with the Law. Project escrow accounts are audited and monitored on a regular basis by the Real Estate Escrow Account Division of the Real Estate Regulatory Agency (RERA), the regulatory arm of the DLD.

◇ **Law No. 13 of 2008 Regulating the Interim Real Estate Register, as amended by Law No. 9 of 2009**

This Law sets out a mandatory requirement to register all disposals relating to off-plan real estate units (i.e., units under construction), including sale, long-term lease, musataha, mortgage and other disposals on the Interim Real Estate Register maintained by the Dubai Land Department (DLD), otherwise such disposals would be considered null and void.

Law No. 9 of 2009 further sets out a process for a developer to terminate an off-plan sales contract when a purchaser defaults on its payment obligations and authorizes the Real Estate Regulatory Agency (RERA) to cancel delayed projects.

◊ **Executive Council Resolution No. 6 of 2010 issuing the Implementing Regulations of Law No. 13 of 2008 Regulating the Interim Real Estate Register**

This Resolution regulates the sale of real estate off-plan and requires developers to obtain approvals from the competent authorities before launching a project and before marketing and selling off-plan real estate units. Any sale or other disposal of off-plan real estate made by a developer or broker prior to all the requisite approvals being issued and the real estate development project being registered with the DLD is considered null and void. The Resolution further addresses a number of issues related to real estate development and off-plan sale including, inter alia, area measurement discrepancies, the responsibility of developers to register sale and other disposals of real estate in the Real Estate Register or the Interim Real Estate Register, as applicable and examples of termination events as a result of a developer or buyer default and the mechanism for cancellation of real estate development projects.

◊ **Law No. 27 of 2007 on the Ownership of Jointly-Owned Properties in the Emirate of Dubai**

This Law governs the rights and obligations of owners of real estate units in jointly-owned properties (such as towers and residential and commercial complexes) and sets out provisions as to common areas in such properties (e.g., corridors, elevators, parking lots, etc.). It also provides for the establishment of owners associations entrusted with the management, operation, maintenance and repair of common areas. Also, pursuant to this Law, developers are held liable to repair structural defects for 10 (ten) years and minor defects for one (1) year from the date of obtaining the certificate of building completion.

◊ **Law No. 14 of 2008 on Mortgages in the Emirate of Dubai**

This Law regulates the conditions of creating a mortgage over real estate, including real estate units under construction and establishes a mandatory requirement to register, under pain of nullity, mortgages on the Real Estate Register (in the case of completed properties) or the Interim Real Estate Registry (for off-plan real estate units under construction), as applicable. The Law also outlines the procedure for mortgage enforcement in the event of the borrower's default on the loan repayment.

◊ **Regulation No. 85 of 2006 Concerning the Real Estate Brokers Register in the Emirate of Dubai**

This Regulation governs the licensing and regulation of real estate brokers and the monitoring of their activities by the Real Estate Regulatory Agency (RERA).

It also sets out the requirements for registration of brokers and their rights and duties towards investors.

◊ **Law No. 7 of 2013 on the Dubai Land Department**

This Law defines the responsibilities, functions and objectives of the Dubai Land Department, including the implementation of best practices in real estate registration, improving registration procedures, enhancing the real estate regulatory environment, and promoting real estate investment.

As per the Law, the mandate of the Dubai Land Department is to serve the Dubai Government's strategic objectives for the real estate sector and develop land registration procedures in line with international best practices as part of a broader strategic framework to plan and develop an integrated real estate strategy that is fully compatible with the highest international standards. The strategy will also help to improve the sector's control and monitoring procedures, oversee and develop its leasing regulations, and encourage investments by establishing appropriate environments to promote the role of real estate in Dubai's comprehensive development plan.

◊ **Law No. 16 of 2007 on the Establishment of the Real Estate Regulatory Agency (RERA)**

This Law defines the role of the Real Estate Regulatory Agency (commonly known as "RERA") and its powers to regulate the real estate sector, including licensing developers, brokers and real estate management companies and other real estate professionals and monitoring and overseeing their activities. (RERA) is considered as the regulatory arm of the DLD.

◊ **Executive Council Resolution No. 30 of 2013 on the Adoption of Fees of the Dubai Land Department**

This Resolution sets out fees for the registration of real estate disposals on the Real Estate Register, including the registration of off-plan sales of real estate units and completed units, as well as fees for all types of services provided by the Dubai Land Department (DLD) and the fines that would apply if fees are not paid on time.

◊ **Law No. 26 of 2007 Regulating the Relationship between Landlords and Tenants, as amended by Law No. 33 of 2008**

This Law regulates the relationship between landlords and tenants of all types of real estate (residential, commercial, industrial or otherwise) in the Emirate of Dubai. The Law explains the rights and obligations of tenants and landlords regarding the use and maintenance of the leased property and provides for a mandatory renewal of all leases, except in certain limited circumstances defined by the Law. The Law also spells out violations for which landlords may evict tenants and establishes a rent determination mechanism and a Rental Disputes Center for the resolution of rental disputes (with the option for parties to refer their disputes to arbitration).

# Real Estate Government Departments and Agencies

The Dubai Land Department (DLD) was established in 1960 to handle all matters related to the registration of sales and purchases of land and approve, organize and document transactions concerning registered land and real estate in Dubai. With the development of the real estate sector in Dubai, the powers and functions of the DLD expanded and today the DLD is regulated by Law No. 7 of 2013.

The DLD offers more than 26 main services and 216 sub-services to customers in the real estate sector, including land and title registration, registration and licensing of real estate professionals, and developing a regulatory framework to attract and effectively manage investments in the real estate sector while disseminating awareness and knowledge on applicable legislation. Furthermore, the DLD compiles and publishes, on its website, information about real estate purchase and sale transactions on a weekly and monthly basis to allow investors to keep track of current real estate prices in Dubai.

The Dubai Land Department aims to provide an investment-friendly environment based on international best practices that safeguard the interests of all stakeholders in the real estate market.



The Dubai Land Department's affiliated organizations and departments:

◊ **Real Estate Registration Agency (RERA) – Regulatory Arm**

The Real Estate Regulatory Agency (commonly known as “RERA”) is responsible for putting legal frameworks and mechanisms in place to regulate the activities of real estate development and brokerage companies and owners associations. Moreover, It issues licenses to developers and brokers and rules and regulations for the registration of off-plan sales in Dubai. RERA monitors all development projects on a financial and technical level in order to protect the wider interests of the market and investors alike. RERA also plays an active role in monitoring the compliance of developers, brokers and other licensed real estate professionals with applicable laws and regulations and imposing penalties for violations, including cancellation of stalled projects.

◊ **Real Estate Investment Management and Promotion Center (Investment Arm)**

The Real Estate Investment Management and Promotion Center is the investment arm of the DLD responsible for supporting local and foreign real estate investment companies and the development of a regulatory environment for real estate investment while enhancing market activity through the promotion of direct and long-term investments. It also plays an active role in promoting a stable and secure environment, while contributing to the building of a green economy to achieve sustainable development. The Center’s “Tanmia programme” is a key initiative that matches stalled projects with suitable investors hoping to enter the sector.

◊ **Rental Disputes Center (RDC)**

The Rental Disputes Center is the competent judicial authority for all rental disputes between landlords and tenants in Dubai, including real estate leases in free zones (except free zones which have their own dispute settlement committees or courts). The Center employs fast and efficient methods of resolving claims and considering applications for interim or summary measures. The Center also decides appeals taken from decisions and judgments which may be appealed and its decisions are final and enforceable against the parties.

◊ **Dubai Real Estate Institute (DREI) - Educational Arm**

The Dubai Real Estate Institute seeks to promote real estate knowledge by offering internationally recognized educational programs and training courses to real estate professionals including brokers, surveyors and appraisers with the aim of creating a world-class real estate environment. The Institute is staffed by faculty with a vast range of academic and practical expertise.

## Rules on Real Estate Ownership for the United Arab Emirates and other Gulf Cooperation Council (GCC) nationals

Nationals of the United Arab Emirates and other the Gulf Cooperation Council countries (and companies wholly owned by them) and public joint stock companies are permitted to own freehold title to real estate and to acquire all types of real estate interests such as usufruct, musataha, and long-term leases up to 99 years anywhere in the Emirate of Dubai.

## Rules on Real Estate Ownership for Foreign Nationals

Foreign nationals are permitted to own freehold title to real estate in specific areas designated for foreign ownership (“Designated Areas”). Freehold ownership is absolute and unrestricted by time and extends to the land and all buildings thereon. Foreign nationals are also permitted to acquire all types of real estate interests within the Designated Areas, including musataha, usufruct, and long-term leases up to 99 years.

## Designated Areas for Foreign Ownership

The Designated Areas for foreign ownership of real estate are determined by the Ruler of the Emirate of Dubai by way decrees and regulations issued from time to time (“Designated Areas”). Below is a list of the most important Designated Areas:

- The Palm Jumeirah
- The World Islands
- Downtown Dubai
- Old Town
- Burj Khalifa
- Business Bay
- Dubai Marina
- Emirates Hills
- Jumeirah Lakes Towers (JLT)
- Jumeirah Beach Residence (JBR)
- Discovery Gardens
- Arabian Ranches
- Midriff (specified plots)
- Dubai Investment Park (DIP)
- Falcon City
- Dubai Sports City
- Dubai Motor City
- International City
- Jumeirah Islands & Jumeirah Village

For information regarding other areas where foreign ownership is possible, please contact the Dubai Land Department (DLD).

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## Key Issues Investors Need to Know when Buying Real Estate Off-Plan

Before signing an off-plan unit sale and purchase agreement, buyers should visit the Dubai Land Department (DLD) and the Real Estate Regulatory Agency (RERA) or the DLD’s website ([www.dubailand.gov.ae](http://www.dubailand.gov.ae)) to check the following:

1. Is the real estate project registered with RERA?
2. Is there an escrow account for the project? What is the escrow account number and the name of the escrow account agent?
3. What is the percentage of completion of the project and the expected date of completion?
4. Is the developer registered with RERA? Does the developer own the development land or is there a development agreement between the owner and the developer?
5. Does the developer have the required permits and approvals from DLD and RERA to sell units off-plan in the relevant project?

# Steps to Transfer Real Estate in accordance with the Dubai Land Department Procedures

When buying a property in Dubai, we recommend following the below action steps (in the order shown hereafter):

## **Legal Due Diligence:**

The buyer should ask the seller or developer to accompany him to the DLD or give him a power of attorney to enquire about the property in order to confirm that the property is owned by the seller or the developer and is free of mortgages, liens or other charges.

## **Drafting and Signing a Sale and Purchase Agreement:**

It is important to inspect the property (if the property is completed) before signing the sale and purchase contract. The contracting parties must use the standard form of sale contract (Form F) and may add or attach to it their own terms and conditions, provided they do not conflict with the standard terms and conditions. In case a broker is representing a party in the sale transaction, the DLD's standard form for the appointment of real estate brokers shall also be signed.



### **Obtaining a No Objection Certificate from the Developer**

You must obtain a No Objection Certificate (“NOC”) from the developer of the project (if no owners association exists) to ensure that the seller has paid all the service charges relating to the Property you are purchasing and there are no offences under applicable regulations concerning jointly-owned properties. The developer may charge an administrative fee of AED 500 for the NOC.

### **Attending the Registrar Office for the transfer of ownership**

The DLD carries out its property registration functions through support from a number of licensed trustee offices. The registrar at the trustee office checks all the documents required from the seller and buyer and enters them into a computer linked to the Land and Property Department. Once online approval is received from the Land Department, a new title deed will be issued in the name of the buyer. Transfers will be processed the same day if the parties submit their documents early and they are all in order.

### **General Guidance:**

1. The owner of the property must attend (in person or through a representative acting pursuant to a duly notarized power of attorney) the Registrar at Dubai Land Department (Trustee offices).
2. For companies, proof of all authorized persons in buying or selling real estate on behalf of the company must be submitted either in the form of duly attested corporate documents, a power of attorney, or a partners’ resolution.
3. Foreign language documents must be attested and submitted with certified translations into Arabic.
4. Real estate transactions must be registered within 60 days from the date of signature of the sale and purchase contract (or such other contract signed), subject to a fine, in addition to the registration fees, for late registration.
5. Any change in shareholders’ equity for the company which owns the real estate in Dubai is considered a transfer of the real estate requiring notification of the Dubai Land Department (DLD) and payment of the applicable fees.
6. The DLD does not allow foreign companies to own real estate directly, but such companies may own real estate in Dubai by establishing subsidiary companies in free zones in Dubai such as the Jebel Ali Free Zone (JAFZA) and Dubai Multi Commodities Centre (DMCC) among others.
7. It is important to visit the Dubai Land Department (DLD) and obtain their prior approval of the proposed transaction structure and the companies’ (buyer) documentation if any of the shareholders of such companies is a company incorporated and registered in a foreign jurisdiction.
8. We recommend that you do not deal with real estate brokers who are not registered with RERA.

# Jointly-Owned Property



### **What is “Jointly Owned Property”?**

Jointly Owned Property is a real estate development that has been subdivided into “Units” being the saleable area of a development and “Common Areas” being the shared areas of a development. A Unit would comprise the title area of an apartment for example. Common Areas would comprise the corridors or foyer of a building or any swimming pool and recreational facilities. Property designated as freehold is Jointly Owned Property.

Any Investor who invests in Jointly Owned Property becomes a member of an Owners Association. This means that they have certain obligations as an owner including: (a) paying service charges for the management, administration and upkeep of the Jointly Owned Property; and (b) complying with building management rules and regulations.

### **What are the applicable laws with respect to Jointly Owned Property?**

Jointly Owned Property is the subject of Law No. (27) of 2007 (“JOP Law”). In addition the “Directions” to the JOP Law were also released in 2010 to provide greater guidance to developers and Investors as to their rights and obligations in relation to Jointly Owned Property. The principal governmental body responsible for enforcing the JOP Law and the Directions issued pursuant thereto is the Real Estate Regulatory Agency or “RERA” as it is better known. In addition, the Dubai Land Department also performs a function in terms of approving Unit plans and Common Area plans.

### **RERA performs the following functions:**

1. Assisting developers with establishing a fair and equitable management structure for their developments through the use of a Jointly Owned Property Declaration.
2. With respect to developments being sold “off plan”, encouraging developers to disclose all relevant information pertaining to their developments in “Disclosure Statements”.
3. Reviewing budgets and service charge information and approving service charges.
4. Licensing firms to provide community management services to Owners Associations.
5. Generally assisting to facilitate the compliance of developers, owners and owners association managers with their obligations under the JOP Law and Directions.

### **As an investor, why are the JOP Law and Directions important?**

The JOP Law and Directions provide a framework, firstly to ensure that investors understand the nature of their investment (through the use of the Disclosure Statement) and secondly ensure that their Jointly Owned Property is managed in accordance with good industry practice.

Accordingly, if an investor is interested in purchasing an apartment or villa, the investor may like to enquire as to the following:

1. Is there a Disclosure Statement available?
2. Is there a Jointly Owned Property Declaration or other similar documents for the project?
3. What are the applicable service charges?
4. Who is the owners association manager and are they licensed with RERA?

Whilst not all of the above may be available for any particular project, the provision of the same will assist the investor to understand the nature of the project and any ongoing rights and obligations. Moreover, production of such documents would generally indicate that the developer strives for best practice and works collaboratively with RERA and the Dubai Land Department.

In addition, investors also need to keep in mind that the transfer of title to any property will require a “no objection certificate” from the manager of the owners association in question, or from the developer (if no such owners association exists), confirming that the transferring owner is in compliance with its obligations under the JOP Law and in particular that its service charge payments are up to date.

Investors should also be aware that a slightly different but similar system in relation to Jointly Owned Property exists for property in the Dubai International Financial Centre (DIFC) free zone.



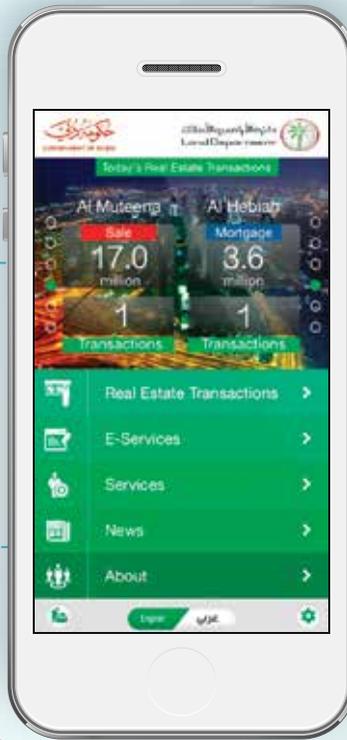
# SMART PROPERTIES FOR HAPPIER INVESTORS



الدفع الذكي  
SMART PAYMENT



الخارطة لاستثمارية الذكية  
SMART INVESTMENT MAP



إيجاري  
EJARI



مركز فتن الصراعات الاجارية  
Rental Disputes Center



وسطاء دبي  
Dubai Brokers



# Fees on Transfer of Ownership and Other Real Estate Disposals



The fees for registering real estate disposals are payable by the parties to real estate contracts in accordance with the Executive Council Resolution No. 30 of 2013 on the Adoption of Fees of the Dubai Land Department and vary depending on the contract type, value of the real estate and the duration of the contract.

The following are examples of some registration fees:

| Services                                     | Fees  |
|--|---|
| Registration of a Sale and Purchase Contract | 4% of the purchase price (to be paid in equal parts by the seller and the purchaser, unless agreed otherwise)   |
| Registration of a Gift Contract              | 0.125% of the value of the property gifted, provided that the fee will not be less than AED 2,000 (subject to the policies of the DLD applicable to the gifting of real estate) |
| Registration of a Mortgage Contract          | 0.25 % of the mortgage value (the loan)   |
| Registration of a Long-Term Lease Agreement  | 4% of the total rent for the whole lease pe-riod  |
| Registration of a Musataha Agreement         | 1% of the musataha fee  |
| Registration of a Usufruct Contract          | 2% of the property value  |

## Commonly Used Entities for Investment in Real Estate

- All types of companies registered with the Department of Economic Development (DED) in the Emirate of Dubai or any other Emirate may own real estate within the Designated Areas, if not wholly owned by UAE or other GCC nationals.
- Companies registered in a Dubai free zone, such as the Jebel Ali Free Zone (JAFZA) and Dubai Multi Commodities Centre (DMCC) and other free zones approved by DLD may own real estate within the Designated Areas.
- DLD does not allow foreign companies to directly own real estate in Dubai. A foreign company must establish a company in the Jebel Ali Free Zone (JAFZA) or Dubai Multi Commodities Centre (DMCC) or such other free zone approved by the DLD from time to time and shall register the real estate it intends to purchase in the name of the Dubai free zone company so established.
- It is important to be aware of DLD's policies and instructions regarding companies which are allowed to own real estate in Dubai before signing a sale and purchase contract.

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## Financing Real Estate Investments in Dubai

- Conventional and Islamic finance options are available for real estate projects and transactions in Dubai. An investor may obtain mortgage financing for the purchase and/or development of real estate from any bank or financial institution licensed by the Central Bank of the UAE.
- The Law regulating mortgages allows the creation of a mortgage over real estate, whether completed or under construction. A mortgage must be registered at the Dubai Land Department in order to be valid and the law outlines the enforcement mechanism for a mortgage in the event of the debtor's failure to repay the mortgage value. It is important to note that the mortgage law only allows banks and financial institutions licensed by the UAE Central Bank to provide mortgage finance in Dubai.
- Islamic banks offer a wide range of Sharia'-compliant financial products such as ijara, Istisna'a and murabaha.

# Licensing Real Estate Development Projects in Dubai

Real estate developers may obtain a license for the development of real estate development projects and the off-plan sale of real estate units by following the steps outlined below:

1. Step 1 – Registering a company with the Department of Economic Development (DED) whose commercial activities include real estate development.
2. Step 2– The developer must have ownership of the development land, or the Landlord has in place a development agreement signed with a licensed real estate developer.
3. Step 3- Appointing an engineering consultant for the project.
4. Step 4- Appointing a financial auditor.
5. Step 5- Obtaining an unconditional bank guarantee from a UAE bank for an amount of 20% of the project value, otherwise the developer shall complete construction of 20% of the project.
6. Step 6– Obtaining a No Objection Certificate from the master developer.
7. Step 7- Obtaining a membership certificate from the Dubai Chamber of Commerce and Industry.
8. Step 8- Submitting an application to the Real Estate Regulatory Agency (RERA).
9. Step 9 - Obtaining project registration and developer licence certificates.
10. Step 10 – Applying for a no objection to open an escrow account.
11. Step 11 - Opening the escrow account.
12. Step 12 - Registering the units for off-plan sale.
13. Step 13 – Selling units off-plan.
14. Step 14 – Registering land plots and units sold off-plan using the DLD’s standard reservation form and sale contract.

# Real Estate Disputes



## **Dubai Real Estate Court**

Dubai Real Estate Court (part of the Dubai Courts) is a specialised court that has jurisdiction over all disputes resulting from transactions and contracts relating to real estate in the resolution of all disputes relating to real estate (excluding rental disputes). Judgments of the Court of First Instance may be appealed before the Court of Appeal and the parties may further appeal on points of law to the Court of Cassation in Dubai.

The fees to register a case with the Dubai Real Estate Court range between AED 20,000 and AED 40,000.

Real estate cases generally take 12 - 18 months to resolve, depending on the circumstances of each case.

## **Rental Disputes Centre**

The Rental Disputes Centre specializes in the resolution of all rental disputes. Decisions issued by the Centre may be appealed before the Appeals Chamber of the Centre in accordance with Decree No. 26 of 2013.

The Centre does not have jurisdiction over financial leasing and long-term lease contracts and rental disputes arising inside free zones that have their own committees or special courts such as the Dubai International Financial Centre (DIFC).

The fees to register a case with the Centre are 3.5% of the annual rent capped at AED 15,000 for financial claims and AED 20,000 for eviction or lease renewal claims. For a hybrid claim comprising both a financial claim and an eviction claim, the fees would be capped at AED 35,000.

## **Arbitration**

Real estate disputes in the UAE may also be resolved by way of arbitration, a private form of dispute resolution in which the parties ask a private individual (the arbitrator) to resolve the dispute by way of a final and binding arbitral award.

The arbitration process takes between 6 – 18 months. Parties do not need to be legally represented, but usually are since the final award is binding: there is no appeal on the merits and the award may be enforced in countries all around the world.

Private arbitral institutions exist which, for a fee, will help administer the arbitration by finding an arbitrator, agreeing the arbitrator's fees, and helping to resolve procedural issues (which otherwise may need to be resolved by a local court at greater expense). Any institution can be used, but the two most

popular institutions based in Dubai are the Dubai International Arbitration Centre, and the DIFC-LCIA (essentially a DIFC branch office of the well-established London Court of International Arbitration).

Only those disputes which can be resolved privately may be submitted to arbitration. There are some real estate issues which cannot be resolved privately, such as issues relating to the registration of properties at DLD. Care must therefore be taken when bringing claims not to include such issues.

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