

Executive Council Resolution No. (6) of 2010
Approving the Implementing Bylaw of
Law No. (13) of 2008
Regulating the Interim Real Property Register in the Emirate of Dubai¹

**We, Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai,
Chairman of the Executive Council,**

After perusal of:

Law No. (3) of 2003 Establishing the Executive Council of the Emirate of Dubai;

Law No. (7) of 1997 Concerning Land Registration Fees in the Emirate of Dubai and its amendments;

Law No. (7) of 2006 Concerning Real Property Registration in the Emirate of Dubai;

Law No. (8) of 2007 Concerning Escrow Accounts for Real Property Development in the Emirate of Dubai;

Law No. (13) of 2008 Regulating the Interim Real Property Register in the Emirate of Dubai and its amendments (the "**Law**"); and

Bylaw No. (85) of 2006 Regulating the Real Property Brokers Register in the Emirate of Dubai,

Do hereby issue this Resolution.

Article (1)

The words and expressions mentioned in this Resolution will have the same meaning assigned to them in the Law.

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¹Every effort has been made to produce an accurate and complete English version of this legislation. However, for the purpose of its interpretation and application, reference must be made to the original Arabic text. In case of conflict, the Arabic text will prevail.

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Article (2)

A Master Developer or Sub-developer who applies for the registration of a legal disposition in respect of a Real Property Unit with the DLD within the time limit stipulated by paragraph (2) of Article (3) of the Law will be deemed to have complied with the stipulated time limit even if the DLD does not complete the registration procedures within that time limit.

Article (3)

Where a Master Developer or Sub-developer submits an application for registration of a legal disposition of a Real Property Unit after expiry of the time limit stipulated by paragraph (2) of Article (3) of the Law, the DLD must:

1. register the legal disposition in the Interim Real Property Register; and
2. impose a fine of ten thousand Dirhams (AED 10,000.00) on the Developer.

Article (4)

A Master Developer or Sub-developer may not commence the implementation of a project or sell its units off-plan unless:

1. he takes possession of the land and receives the demarcation certificate;
2. he has actual control of the land on which the project is to be constructed; and
3. he obtains from the Competent Entities the approvals required to commence the implementation of the project.

Article (5)

1. The DLD must, whether on its own initiative or upon request by the concerned parties, create an entry on the Real Property registry folio of any land on which a Real Property project is to be constructed to denote that the project is a development project governed by the provisions of the Law.
2. The DLD will remove the entry referred to in the preceding paragraph upon completion of the Real Property project and registration of its units in the names of

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purchasers on the Real Property Register, or upon cancellation of the project for any of the reasons set forth in Article (23) of this Resolution.

Article (6)

An application for registration of a Real Property Unit in the Interim Real Property Register will be submitted in the electronic or paper form approved by the DLD, together with the relevant supporting documents determined by the DLD.

Article (7)

1. Upon completion of a Real Property project and obtaining its completion certificate from the Competent Entities, the Master Developer or Sub-developer may not refuse to hand over any Real Property Unit or register it in the name of its purchaser on the Real Property Register, provided that the purchaser fulfils all his contractual obligations. This applies even if the purchaser owes the Developer any financial dues other than in connection with the sale agreement of the Real Property Unit.
2. The Master Developer or Sub-developer must register the Real Property Unit and all facilities allocated to it, such as car parks, in the name of the purchaser.
3. If the Master Developer or Sub-developer refuses, for any reason whatsoever, to register the Real Property Unit in the name of the purchaser despite the fact that the purchaser has fulfilled all his contractual obligations, the DLD may, upon the request of the purchaser or on its own initiative, register the Real Property Unit in the name of the purchaser on the Real Property Register.

Article (8)

A Master Developer or Sub-developer may not, for any reason whatsoever, charge purchasers any amounts, other than those approved by the DLD, in return for any legal disposition of their Real Property Units.

Article (9)

Unless otherwise agreed, the Master Developer or Sub-developer and the purchaser of a Real Property Unit must pay the prescribed fees for registration of any legal

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dispositions of that Real Property Unit as per their respective share of fees prescribed by the applicable legislation.

Article (10)

If the Master Developer or Sub-developer wishes to market his project through a Broker, the Master Developer or Sub Developer must comply with the following:

1. The project to be marketed through the Broker must be registered with the DLD.
2. An agreement must be concluded with the Broker, who must be approved and licensed in accordance with Bylaw No. (85) of 2006 Regulating the Real Property Brokers Register in the Emirate of Dubai.
3. The project marketing agreement with the Real Property Broker must be registered with the DLD.

Article (11)

Any legal disposition made by a Master Developer, Sub-developer, or Broker which involves the Off-plan Sale of any Real Property or Real Property Unit prior to approval of the commencement of the project by the Competent Entities and its registration with the DLD will be deemed null and void.

Article (12)

Where a Master Developer or Sub-developer engages a Real Property Broker to market his project in full or in part, the Broker must deposit the sale price of the relevant Real Property Unit(s) into the project Escrow Account. The Real Property Broker may not deposit the price into his own account or deduct his commission from that price before depositing it into the Escrow Account. Any agreement to the contrary of the provisions of this Article will be null and void.

Article (13)

1. As of the effective date of this Resolution, the net area of a Real Property Unit will be adopted for the purposes of registration on the Real Property Register. This area will be calculated as determined by the DLD in this regard.
2. Unless otherwise agreed, any area in excess of the net area of the sold Real Property Unit will not be taken into account, and the Developer may not claim any payment for that excess area.
3. The Developer must compensate the purchaser if the actual area of the Real Property Unit is less than its net area by more than five percent (5%).
4. Where the shortage in the net area of the Real Property Unit exceeds the percentage set forth in paragraph (3) of this Article, the compensation payable to the purchaser will be calculated based on the price of the Real Property Unit agreed upon in the agreement between the Developer and the purchaser.
5. For the purposes of applying this Article, the net area of a Real Property Unit, as set forth in its sale agreement and plan, will be adopted as the basis for calculation of any excess or shortage in the area of the Real Property Unit.

Article (14)

Where any dispute arises between a Developer and a purchaser, the DLD may undertake conciliatory efforts to preserve their contractual relationship and may propose any solutions it deems appropriate to achieve this objective. Where the Developer and the purchaser reach an amicable settlement, that settlement will be documented in a written agreement executed by the Developer and the purchaser or their respective representatives. Upon approval of that agreement by the DLD, it will become binding on both parties.

Article (15)

Where a purchaser fails to fulfil any of his obligations under a Real Property Unit sale agreement concluded between him and the Developer:

- a. The Developer must serve a notice on the purchaser requesting him to fulfil his contractual obligations. The notice may be served in person by appearing before the DLD; or in writing through registered mail or email, in which case the Developer must provide the DLD with a copy of the notice.
- b. The DLD must give the purchaser a grace period of thirty (30) days to fulfil his contractual obligations. This period will commence from the date of serving the notice on the purchaser by the Developer.
- c. If the purchaser fails to fulfil his contractual obligations within the notice period set forth in paragraph (b) of this Article, the Developer may take any of the following actions:
 1. Where the Developer has completed at least eighty percent (80%) of the project, he may retain all the amounts paid by the purchaser. In addition, the Developer may either request selling the Real Property Unit by public auction to settle the remaining amounts payable to him, or terminate the sale agreement and retain a maximum of forty percent (40%) of the price of the Real Property Unit.
 2. Where the Developer has completed at least sixty percent (60%) of the project, he may terminate the sale agreement and retain a maximum of forty percent (40%) of the Real Property Unit price set forth in the agreement.
 3. Where the Developer has completed less than sixty percent (60%) of the project, he may terminate the sale agreement and retain a maximum of twenty-five percent (25%) of the Real Property Unit price set forth in the agreement.
 4. Where the Developer has not commenced implementation of the project for reasons beyond his control, he may terminate the sale agreement and retain a maximum of thirty percent (30%) of the amounts paid to him by the purchaser.
- d. The Developer may resort to the competent court to seek a judgement awarding him the respective percentage prescribed in sub-paragraph (c)(1), (c)(2), (c)(3), or (c)(4) of this Article where the amounts retained by him are less than this percentage.

Article (16)

A Developer who has not commenced the implementation of a project may not terminate an agreement with a purchaser and retain thirty percent (30%) of the

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payments made by the purchaser unless that Developer proves that he has fulfilled all his contractual obligations towards the purchaser and that the failure to commence the implementation of the project is not due to negligence or omission on the part of the Developer, or is due to reasons beyond his control.

Article (17)

For the purposes of applying Article (15) of this Resolution:

1. The completion percentage of a project will be confirmed by a technical report issued by a consultant approved by RERA, which includes a statement of the completed works based on an on-site inspection of the project.
2. Completion of the levelling works and the infrastructure of the project will be deemed as commencement of the implementation of the project.

Article (18)

A Developer must refund to the purchaser the amounts retained by him pursuant to Article (15) of this Resolution no later than one (1) year from the date of termination of the agreement or within sixty (60) days from the date of sale of the Real Property Unit, whichever occurs earlier.

Article (19)

1. Where a Real Property Unit is sold by public auction in accordance with the provisions of Article (15) of this Resolution, the DLD may at its sole discretion deposit the price of the Real Property Unit in a trust account and pay to the purchaser or his representative the amounts remaining after deduction of the Developer's dues.
2. The Developer may use the Real Property Unit or lease the same to third parties if it is not sold by public auction, in which case the Developer must refund the remaining amounts to the purchaser within the period stipulated in Article (18) of this Resolution.

Article (20)

A purchaser may resort to the competent court to seek termination of his contractual relationship with a Developer:

1. if the Developer refuses without a valid reason acceptable to the DLD to deliver the final sale agreement of the Real Property Unit to the purchaser;
2. if the Developer declines to link payments to the construction milestones proposed by RERA;
3. if the Developer materially deviates from the specifications agreed upon in the agreement;
4. if it is proven after the handover of the Real Property Unit that it is unfit for use due to material construction defects; or
5. in any other circumstances that require the termination of the agreement in accordance with the general legal rules.

Article (21)

The following will be deemed as reasons beyond the control of the Developer:

1. the land on which the project is to be constructed is expropriated for the public interest;
2. a government entity suspends the project for re-planning purposes;
3. structures, excavations, or utility lines are found in the project site;
4. the Master Developer makes any variation to the project site that results in changing the boundaries and area of the project in a manner that affects the performance by the Sub-developer of his obligations; or
5. any other reasons determined by RERA.

Article (22)

A Developer will be deemed to have committed negligence or omission in performing his obligations based on the following:

1. delay, without valid reason, in taking possession of the land or obtaining the required approvals from the Competent Entities to commence the implementation of the project;
2. Off-plan Sale by the Sub-developer without the written approval of the Master Developer;
3. delay in obtaining the Master Developer's written approval of the plans and designs;
4. delay in preparing the project for construction works;
5. failure to provide RERA with the data and information required for approval of the project;
6. failure to register the project with RERA;
7. failure to disclose the financial statements of the project to RERA; or
8. any other grounds determined by RERA.

Article (23)

RERA may, based on a reasoned technical report, decide to cancel a Real Property project:

1. if the Developer fails, without valid justification, to commence construction works despite having already obtained all required approvals from the Concerned Authorities;
2. if the Developer commits any of the offenses set forth in Article (16) of Law No. (8) of 2007 Concerning Escrow Accounts for Real Property Developments in the Emirate of Dubai;
3. if it is proven to the satisfaction of RERA that the Developer has no genuine intention to implement the project;

4. if the land on which the project is to be constructed is withdrawn due to failure by the Sub-developer to fulfil any of his contractual obligations towards the Master Developer;
5. if the land is completely affected by the planning or re-planning projects implemented by the Competent Entities in the Emirate;
6. if the Developer fails to implement the project due to gross negligence;
7. if the Developer expresses his intention not to implement the project for reasons acceptable to RERA;
8. if the Developer is declared bankrupt; or
9. for any other reasons determined by RERA.

Article (24)

1. A Developer may submit a grievance in respect of any decision issued by RERA cancelling his project, no later than seven (7) working days from the date on which he is notified of that decision.
2. The grievance must be in writing and must include the grounds for objection to the decision.
3. RERA must consider the grievance and render its decision on the same within seven (7) working days from the date of submission of the grievance to it.
4. If RERA admits the grievance, it must prescribe the conditions and requirements that the Developer must satisfy in order to revoke the project cancellation decision.
5. The Developer must undertake in writing to satisfy RERA's conditions and requirements.
6. If RERA rejects the grievance, its decision in this regard will be final and it must proceed with the project cancellation procedures.

Article (25)

Where RERA cancels a project, it must:

1. prepare a technical report stating the reasons for cancellation;
2. notify the Developer in writing, through registered mail or email, of the cancellation decision;
3. appoint a certified auditor at the expense of the Developer to audit the financial position of the project and verify the amounts paid to the Developer or deposited in the project's Escrow Account, as well as the amounts that have been expended; and
4. request the project's Escrow Agent, or the Developer where any payments are not made through the Escrow Account, to refund the amounts deposited in the Escrow Account or paid to the Developer to the parties entitled to these amounts no later than fourteen (14) days from the date of cancellation of the project.

Article (26)

If the funds in the Escrow Account of the project are insufficient to refund the purchasers the amounts owed to them, the Developer must refund these amounts to them no later than sixty (60) days from the date of the project cancellation decision, unless RERA decides to extend this period based on valid reasons.

Article (27)

If the Developer fails to refund the amounts owed to the purchasers within the period set forth in Article (26) of this Resolution, RERA must take all necessary actions to preserve the rights of purchasers, including referring the matter to the competent judicial authorities.

Article (28)

This Resolution comes into force on the day on which it is issued, and will be published in the Official Gazette.

Hamdan bin Mohammed bin Rashid Al Maktoum

Crown Prince of Dubai

Chairman of the Executive Council

Issued in Dubai on 14 February 2010

Corresponding to 30 Safar 1431 A.H.