

**Law No. (1) of 2002**  
**Concerning the Mortgage of Real Property**  
**Constructed in the Jebel Ali Free Zone<sup>1</sup>**

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**We, Maktoum bin Rashid Al Maktoum, Ruler of Dubai,**

After perusal of:

Law No. (1) of 1980 Establishing the Jebel Ali Free Zone;

Decree No. (1) of 1985 Establishing the Jebel Ali Free Zone Authority;

Law No. (2) of 1986 Concerning Business Activities in the Jebel Ali Free Zone and its amendments;  
and

Law No. (1) of 2001 Establishing the Ports, Customs, and Free Zone Corporation,

**Do hereby issue this Law.**

**Article (1)**

This Law will be cited as "Law No. (1) of 2002 Concerning the Mortgage of Real Property Constructed in the Jebel Ali Free Zone".

**Article (2)**

The following words will have the meaning indicated opposite each of them unless the context implies otherwise:

Government:   The Government of Dubai.

JAFZA:           The Jebel Ali Free Zone Authority.

Real               Any fixed structures that are constructed on land and that cannot be moved  
Property:       from one place to another.

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<sup>1</sup>*Every 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.*

Register: The mortgage register of the structures constructed within the Jebel Ali Free Zone.

Registrar: The employee responsible for registration of mortgages in the Jebel Ali Free Zone.

### **Article (3)**

Owners of Real Property constructed within the Jebel Ali Free Zone on a land plot owned by the Government may mortgage the Real Property but not the land plot.

### **Article (4)**

A Register will be created in the Jebel Ali Free Zone for registration of Real Property mortgages. Mortgages will not be deemed valid unless recorded in the Register.

### **Article (5)**

Mortgage contracts will be recorded in the Register chronologically. The Register will include the following:

- a. all information related to the Real Property;
- b. the approximate value of the Real Property and its contents;
- c. the value of the debt; and
- d. the identity of the debtor, his nationality, and his place of residence.

### **Article (6)**

A mortgage will be created by agreement of both contracting parties who must acknowledge and register that mortgage in the Register in accordance with the procedures prescribed in this Law.

### **Article (7)**

An application for mortgage of Real Property signed by the owner of the Real Property and the mortgagee must be submitted to the Registrar. The application must contain all the information and details that must be stated in the mortgage contract pursuant to Article (5) hereof.

### **Article (8)**

Upon receiving a mortgage application, the Registrar must:

1. verify that the contracting parties have the legal capacity required to create the mortgage;
2. verify that the debtor owns the Real Property to be mortgaged;
3. verify the value of the Real Property and its contents;
4. register the mortgage contract;
5. read out the mortgage contract to the contracting parties;
6. collect the relevant prescribed fees;
7. witness the signature by contracting parties of the mortgage contract; and
8. attest the mortgage contract by affixing his name, signature, and the official seal of JAFZA to the contract.

### **Article (9)**

Where the Registrar finds that the documents and details submitted to create the mortgage are incomplete, he must suspend the application until the deficiencies are redressed.

### **Article (10)**

The contracting parties will receive the mortgage deed signed by the Registrar and stamped with the seal of JAFZA. The particulars of the mortgage deed must conform to those recorded in the Register.

### **Article (11)**

The rights recorded in the Register will remain unchanged until they are amended or extinguished. A mortgage deed registered under this Law will be legally effective towards third parties. No amendment or extinguishment of these rights will be valid unless it is recorded in the Register.

### **Article (12)**

More than one mortgage may be created over the same Real Property. Mortgages will be entered in the Register chronologically; and preference of the rights over the same Real Property will be determined based on the order of entry in the Register.

### **Article (13)**

A mortgage deed issued pursuant to the provisions of this Law will be deemed a writ of execution.

### **Article (14)**

A mortgage of Real Property will be terminated, and the relevant entries will be removed from the Register, upon expiry of the lease of the land plot on which the Real Property is constructed. A mortgage may be terminated prior to the expiry of the lease by agreement of the contracting parties or pursuant to a definitive judgement issued by the competent court.

### **Article (15)**

The Registrar must review the application for termination of mortgage and verify that the termination is permitted under the submitted documents and information, and is not prohibited under the provisions of the mortgage deed or the applicable legislation. Where the Registrar verifies the same, the mortgage will be terminated and the termination will be recorded in the Register together with the reasons and date of the same; and will be signed by the Registrar.

### **Article (16)**

Where the mortgagor defaults on repayment of his debt, or else based on any other ground stipulated in the mortgage deed or law provisions, the mortgagee will be entitled to enforce his debt against the mortgaged Real Property by submitting the mortgage deed to the execution judge and initiating the sale procedures stipulated in Federal Law No. (11) of 1992 Issuing the Civil Procedure Law.

### **Article (17)**

Where the Real Property is sold in enforcement of a mortgage deed, the purchaser may personally use the Real Property or lease it out for the remaining duration of the lease agreement concluded between JAFZA and the lessee (mortgagor) in accordance with the conditions and provisions stipulated in the laws and regulations of JAFZA.

### **Article (18)**

The following fees will be collected from the mortgagor:

1. Mortgage Registration Fee: 0.12% of the debt amount.
2. Mortgage Amendment Fee: 0.12% of the debt amount.

3. Mortgage Termination Fee: Five hundred dirhams (AED 500.00).

### **Article (19)**

Subject to the provisions of this Law, mortgage deeds recorded in the Register will be governed by the provisions of Federal Law No. (5) of 1985 Issuing the Civil Code applicable to mortgage and *Musataha* (right to use and exploit land belonging to another person).

### **Article (20)**

This law will be published in the Official Gazette and will come into force on the day on which it is published.

**Maktoum bin Rashid Al Maktoum**

**Ruler of Dubai**

Issued in Dubai on 15 January 2002

Corresponding to 2 Thu al-Qidah 1422 A.H.