

Law No. (2) of 2003
Concerning the Profession of Renting and Leasing out
Real Property in the Emirate of Dubai¹

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

After perusal of:

Federal Law No. (5) of 1985 Issuing the Civil Code of the United Arab Emirates and its amendments;

Law No. (1) of 1992 Establishing the Department of Economic Development in the Emirate of Dubai and its amendments; and

Decree No. (2) of 1993 Establishing a Special Tribunal to Determine Disputes between Landlords and Tenants,

Do hereby issue this Law.

Article (1)

The following words and expressions, wherever mentioned in this Law, will have the meaning indicated opposite each of them unless the context implies otherwise:

Emirate: The Emirate of Dubai.

DED: The Department of Economic Development in the Emirate.

Person: A natural or legal person.

Tribunal: The Special Tribunal to Determine Disputes between Landlords and Tenants.

Profession: Managing the real property of others or taking lease of such real property for the purpose of subletting it.

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¹*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.*

Article (2)

No Person may practise the Profession in the Emirate without a licence from the DED.

Article (3)

Subject to any other requirements prescribed for licensing individuals and companies in the Emirate, an applicant for a licence to establish an office to practise the Profession must submit a bank guarantee in favour of the DED in the amount of five million dirhams (AED 5,000,000.00). The bank guarantee must be valid for a period of one (1) year and automatically renewable throughout the validity period of the licence and for one (1) year after expiry of that period. The bank guarantee must be unconditional, irrevocable, and encashable in part by the DED. Where a licence for practising the Profession is revoked, the bank guarantee may only be released after the lapse of six (6) months from the revocation date.

Article (4)

The bank guarantee referred to in the preceding Article will be used only to settle any amounts adjudged against the provider of the guarantee by the Tribunal. It may not be used to settle any other claim even if a court judgement is rendered in respect thereof.

Article (5)

- a. The Tribunal will, at any stage of a rent action, be entitled to deduct from the bank guarantee referred to in Article (3) of this Law an amount equal to the claimed amount, fees, and costs.
- b. In the above case, the Tribunal must notify the DED of its decision, and the DED must deduct from the bank guarantee issued in its favour the amount determined by the Tribunal.

Article (6)

The DED will settle any amounts awarded by a Tribunal judgement, to which the executory formula is affixed, out of the bank guarantee provided by the judgement debtor. In this case, the provider of the bank guarantee will be required to reinstate the bank guarantee to the amount prescribed by this Law within fifteen (15) days from the date of being notified of the same by the DED, failing which the DED must cease processing all his applications and notify the Dubai Municipality, the Ministry of Labour and Social Affairs, and the General Directorate of Naturalisation and Residency of the same. The DED may grant the provider of the bank guarantee an additional grace period of fifteen (15) days to reinstate the bank guarantee, failing which the establishment through which he practises will be closed down.

Article (7)

For the purposes of the preceding Article, the Tribunal will affix the executory formula to its judgements, and will enforce these judgements, in accordance with this Law. In return for these services, the Tribunal will collect the fees prescribed under Law No. (1) of 1994 Concerning Court Fees and its amendments. These fees will be paid to the Tribunal.

Article (8)

The following companies are exempt from providing the letter of bank guarantee stipulated in this Law:

1. public joint stock companies engaged in real property business in the Emirate; and
2. private joint stock companies that are engaged in real property business in the Emirate and whose capital is not less than five million dirhams (AED 5,000,000.00).

Article (9)

A natural person may be licensed to establish an office to lease out and manage the real property owned by him, or by his relatives up to the second degree, without providing any bank guarantee, provided that the value of this real property is not less than eight million dirhams (AED 8,000,000.00). For this purpose, the value of his or his family's private residences will not be calculated towards the value of such real property.

Article (10)

Persons practising the Profession by the effective date of this Law, and those who lease out and manage the real property owned by them, or by their relatives up to the second degree, are hereby granted a grace period of two (2) months from the effective date of this Law to comply with the provisions hereof.

Article (11)

Without prejudice to any stricter penalty prescribed in any other law, any Person who violates the provisions of this Law will be punished by imprisonment, by a fine not exceeding five hundred thousand dirhams (AED 500,000.00), or by both penalties.

Article (12)

The Director General of the DED will issue the resolutions required for the implementation of this Law.

Article (13)

This Law will be published in the Official Gazette and will come into force on 1 March 2003.

Maktoum bin Rashid Al Maktoum

Ruler of Dubai

Issued in Dubai on 24 February 2003

Corresponding to 23 Thu al-Hijjah 1423 A.H.