

**Law No. (14) of 2008**  
**Concerning**  
**Mortgage in the Emirate of Dubai<sup>1</sup>**

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

After perusal of:

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

Federal Law No. (8) of 2004 Concerning Financial Free Zones;

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

Regulation No. (3) of 2006 Determining Areas for Ownership by Non-UAE Nationals of Real Property in the Emirate of Dubai;

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

Law No. (27) of 2007 Concerning Ownership of Jointly Owned Real Property in the Emirate of Dubai; and

Law No. (13) of 2008 Regulating the Interim Real Property Register of the Emirate of Dubai,

**Do hereby issue this Law.**

**Section One**  
**Definitions and General Provisions**

**Article (1)**

This Law will be cited as “Law No. (14) of 2008 Concerning Mortgage in the Emirate of Dubai”.

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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.*

## **Definitions**

### **Article (2)**

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

Emirate:	The Emirate of Dubai.
DLD:	The Land Department.
Chairman:	The chairman of the DLD.
Real Property:	Land and any fixed structure constructed on it which cannot be moved without damage or alteration to its form.
Real Property Unit:	Any designated part of the Real Property, including any designated part marked on the plan.
Real Property Register:	The set of documents which are created or maintained by the DLD in paper or electronic format and which record all Real Property rights and any variation thereto.
Interim Property Register:	The set of documents which are created or maintained by the DLD in paper or electronic format and which record sale contracts of Real Property and other legal dispositions of off-plan Real Property prior to inclusion in the Property Register.
Mortgage:	A contract by which a creditor acquires a Real Right in Real Property or in a Real Property Unit, by which he obtains preference over ordinary creditors and creditors of lower rank, for the repayment of his claim out of the price of the Real Property, no matter in whose possession the Real Property may be.
Mortgagor:	An Owner of Real Property or holder of a Real Right or personal right under a sale contract signed by the Owner of the Real Property which is sold off plan and registered in the Property Register or Interim Property Register.
Mortgagee:	A creditor who lends money to a Mortgagor against the security of Real Property which exists physically or legally.

### **Article (3)**

This Law will apply to the Mortgage of Real Property or Real Property Units as a security for debt, whether the debt is secured by the whole Real Property, by a common interest therein, or by a Real Right or personal right in the Real Property which is sold off plan.

### **Article (4)**

A creditor-Mortgagee must be a bank, or a financing company or institution, that is duly licensed and registered with the UAE Central Bank to provide Real Property financing in the UAE.

### **Article (5)**

1. A Mortgagor must be the Owner of the mortgaged Real Property or Real Property Unit and must have the capacity to dispose of the same.
2. A Mortgagor may be a debtor, or a real surety who concludes a Mortgage in favour of a debtor.
3. Subject to Articles (22), (23), and (24) of this Law, the mortgaged Real Property or Real Property Unit must physically exist or legally exist off-plan at the time of concluding the Mortgage.
4. A Mortgage may be created only on Real Property or Real Property Units that may be subject to valid transactions.

### **Article (6)**

A Mortgage will cover all appurtenances to the mortgaged Real Property or Real Property Unit, including buildings, plants, Real Property by destination, and any facilities constructed after the Mortgage contract is concluded.

### **Article (7)**

1. A Mortgage will come into effect only when it is registered with the DLD, and any agreement to the contrary will be null and void.
2. A Mortgagor will be liable for the Mortgage contract registration fees unless otherwise agreed by the parties.

## **Article (8)**

1. Mortgage applications will be submitted to the DLD signed by the Mortgagor and the Mortgagee, or real surety if applicable, and will include the following:
  - a. all information related to the Real Property;
  - b. the value of the Real Property;
  - c. the value of the debt;
  - d. the mortgage term; and
  - e. particulars of the Mortgagor, Mortgagee and real surety, including their domiciles and places of residence.
2. A Mortgage contract will be executed in the form prescribed by the DLD, and the Mortgage will be registered in the Real Property Register or Interim Real Property Register, as the case may be. The rank of Mortgage will be determined in accordance with the date of its registration.
3. The DLD will deliver to the contracting parties a Mortgage deed signed by the competent officer, and stamped with the seal of the DLD.
4. A Mortgage deed may be in electronic form, in which case it will have the same evidential value of a written Mortgage deed.

## **Article (9)**

A Mortgage must secure a specified debt which is incurred or promised at the time of Mortgage.

## **Section Two Legal Effects of Mortgages**

## **Article (10)**

A Mortgagor may sell, donate, or dispose, in any other manner, of the mortgaged Real Property Unit or Real Property, or create any Real Right or personal right on the same only with the approval of the Mortgagee and provided that the person to whom the Real Property is disposed of agrees that all obligations of the Mortgagor under the Mortgage contract will be transferred to him. A Mortgagee may stipulate in the Mortgage contract that the

Mortgagor and person to whom the Real Property is disposed of will be jointly liable for such obligations.

#### **Article (11)**

Where a Mortgage contract includes a provision which stipulates that the ownership of mortgaged property be transferred to the Mortgagee if the Mortgagor fails to settle the debt by a fixed date, or stipulates that the mortgaged property be sold without following proper legal procedure, the Mortgage will be valid but, in both cases, such provision will be null and void. The provision will also be null and void even if it is included in a subsequent agreement.

#### **Article (12)**

A Mortgagor is entitled to manage his mortgaged Real Property and receive its proceeds unless the mortgaged Real Property is foreclosed and sold by public auction for failure to repay the debt.

#### **Article (13)**

Where a mortgaged Real Property is totally destroyed or becomes defective, the Mortgage will be on the substitute property and the Mortgagee may enforce his rights against such property in accordance with the rank of Mortgage.

#### **Article (14)**

Before enforcement of a debt against the mortgaged Real Property, a debt may not be enforced against any other property, and the real surety may not seek recourse against the debtor's property.

#### **Article (15)**

1. A Mortgagee may assign his rights to another person subject to the consent of the debtor. The deed of assignment will be registered with the DLD.
2. A creditor-Mortgagee may, within the value of his debt, assign the rank of his Mortgage against the mortgaged Real Property to another creditor.

#### **Article (16)**

A Mortgage will secure only the amount specified in the Mortgage contract unless otherwise provided for by law or agreement.

#### **Article (17)**

The rank of a Mortgage will be determined by the serial number of registration with the DLD. Where more than one person applies for registration of Mortgages against the debtor's interest in the same Real Property, such Mortgages will be registered under the same number and creditors will rank equally for the purpose of distribution of the proceeds of sale by auction.

#### **Article (18)**

A creditor-Mortgagee will have the right to enforce his debt, on the maturity date of such debt and in accordance with the rank of Mortgage, against the mortgaged Real Property while in the possession of any person. A person will be deemed to have possession of the Real Property if the ownership of the Real Property or any Real Right or personal right therein is transferred to him after the Mortgage is concluded.

#### **Article (19)**

A Mortgagor will guarantee the safety and integrity of the mortgaged Real Property until the date of repayment of the debt. A Mortgagee may object to any impairment to the value of the mortgaged Real Property, take any legal action to preserve his rights, and recover relevant costs from the Mortgagor.

#### **Article (20)**

A Mortgage will be terminated upon full repayment of the secured debt.

### **Section Three Special Mortgages**

#### **Article (21)**

A holder of the right of *Musataha* (right to use and exploit land belonging to another person) may mortgage buildings or plants for the term of *Musataha* but will not be entitled to mortgage the land subject to the right of *Musataha* unless otherwise agreed.

#### **Article (22)**

A holder of a usufruct right or long-term lease of no less than ten (10) and no more than ninety-nine (99) years may mortgage his interest in the Real Property or Real Property Unit for the term of the usufruct or long-term lease.

#### **Article (23)**

A Mortgage of the right of *Musataha*, usufruct or long-term lease will be terminated, and the relevant entries in the register will be struck off, upon either repayment of the debt secured by the Mortgage or termination of the term of *Musataha*, usufruct, or long-term lease.

#### **Article (24)**

A purchaser of a Real Property Unit or Real Property which is sold off-plan or while under construction may mortgage the same to secure a debt, provided that such Real Property Unit or Real Property is registered on the Interim Real Property Register maintained by the DLD.

### **Section Four Enforcement against Mortgaged Real Property**

#### **Article (25)**

In the event of default in the payment of a debt or upon satisfaction of a condition under which early repayment of the debt is required, the creditor-Mortgagee or his universal or particular successors may commence foreclosure and forced sale procedures against mortgaged Real Property, on condition that the debtor or the person who has possession of the mortgaged Real Property or Real Property Unit will be served at least thirty (30) days' notice through the Notary Public.

#### **Article (26)**

If the debtor-Mortgagor, his universal or particular successors, or the real surety fails to pay the debt within the period stipulated in the preceding Article, the execution judge will, upon request of the creditor-Mortgagee, issue an attachment order against the mortgaged Real Property in order to sell it by public auction in accordance with the applicable procedures of the DLD.

### **Article (27)**

Subject to the preceding Article, the execution judge may, upon request of the debtor or real surety, postpone the sale by public auction one time only for a period not exceeding sixty (60) days if it is established to the satisfaction of the execution judge that:

1. the debtor-Mortgagor can repay the debt within this grace period; or
2. the debtor may sustain gross damage as a result of sale of the mortgaged Real Property or Real Property Unit.

### **Article (28)**

Subject to Articles (25), (26), and (27) of this Law, in case of failure to repay the debt within the specified period, the mortgaged Real Property will be sold by public auction in accordance with the applicable procedures of the DLD no later than thirty (30) days from the date of expiry of the period stipulated in the relevant Article.

### **Article (29)**

The debtor or his real surety may repay a debt secured by Mortgage and all amounts ancillary to such debt prior to its maturity date.

### **Article (30)**

The debts owed to creditor-Mortgagees will be paid out of the price of mortgaged Real Property Unit or Real Property or out of the substitute property in accordance with the ranks of Mortgages even if all Mortgages are registered on the same day. Where the proceeds of sale are not sufficient to settle a debt, the creditor will be entitled to claim the balance of such debt from the debtor.

## **Section Five Final Provisions**

### **Article (31)**

Federal Law No. (5) of 1985 Issuing the Civil Code and its amendments and Federal Law No. (11) of 1992 Issuing the Civil Procedures Code will apply to any matter not provided for in this Law.

### **Article (32)**

The Real Property granted by the Government to UAE nationals or persons of similar status for commercial and residential purposes will be exempt from the provisions of this Law. Orders and instructions issued by the Ruler, and their implementing resolutions, will apply to such Real Property.

### **Article (33)**

Mortgage deeds duly registered pursuant to this Law will be binding upon third parties.

### **Article (34)**

The Chairman will issue the resolutions required for the implementation of the provisions of this Law.

### **Article (35)**

This Law will be published in the Official Gazette and will come into force sixty (60) days after the date on which it is published.

**Mohammed bin Rashid Al Maktoum**

**Ruler of Dubai**

Issued in Dubai on 14 August 2008  
Corresponding to 13 Shaaban 1429 A.H.