



## Direction for Association Constitution



## **Direction for Association Constitution**

**Issued in accordance with Law No. (27) of 2007 Concerning  
Ownership of Jointly Owned Properties in the Emirate of Dubai**

### **Part 1 Definitions and General Provisions**

1. In this Constitution –

- (a) the terms and expressions defined in Article (2) of the Law shall have the same meanings in this Constitution as those assigned to them in that Article; and
- (b) unless the context otherwise dictates, the following words and expressions shall have the following meanings in this Constitution –

**Annual Service Charge** means a charge imposed on an Owner in accordance with Clause 62 of this Constitution;

**Assets** means movable or immovable property, other than real property which is owned by the Owners Association;

**Association Manager** means the person appointed as Association Manager in accordance with Clause 40 of this Constitution;

**Association Managers' Code of Conduct** means the code of conduct for Association Managers stated in Schedule 2 of this Constitution;

**Board** means the board constituted in accordance with Clause 7 of this Constitution;

**Code of Conduct** means the code of conduct for Board members stated in Schedule 1 of this Constitution;

**Building**, for insurance purposes, includes any building that:

- (a) entirely comprises Common Areas; or
- (b) comprises a Unit and Common Areas,

but does not include, in the case of (b):

- (c) temporary wall, floor and ceiling;
- (d) fixtures removable by a lessee at the end of a lease;
- (e) mobile or fixed air conditioning units servicing a particular Unit;
- (f) curtains, blinds or other external window coverings; or
- (g) mobile dishwashers, cloths dryers or other electrical or gas appliances not wired or plumbed in;

**Community Rules** means the rules set out in the Jointly Owned Property Declaration;

**Day** means a day ascertained with reference to the Gregorian calendar;

**Entitlement** means, in relation to a Unit or an Owner, the number allocated to the Unit in the Jointly Owned Property Declaration that represents the shares of ownership in the Jointly Owned Property of that Unit or Owner;

**General Assembly** means an assembly of the Owners of Units convened and held in accordance with this Constitution and the Regulations;

**Interested Person** means –

- (a) an Owner or Occupier of a Unit;
- (b) a person holding a registered mortgage over a Unit;
- (c) a person who is in an advanced stage of negotiations for purchase of a Unit;
- (d) a person who has entered into an agreement to purchase a Unit and that agreement is still current;
- (e) if the Unit is in a development that was part of a master development, the master developer of that master development;

**Law** means Law No. (27) of 2007 Concerning Ownership of Jointly Owned Properties in the Emirate of Dubai;

**Owner** means –

- (a) in the case of Jointly Owned Property that is freehold – the person shown as the owner of the Unit on the Register;
- (b) in the case of Jointly Owned Property that is leasehold – the person shown as the head lessee of the Unit on the Register;
- (c) in the case of Jointly Owned Property that is the subject of usufruct rights – the person shown on the Register as the holder of the usufruct right over the Unit,

and includes the Master Developer and any Sub-Developer of the Jointly Owned Property in respect of unsold Units owned by them;

**Register** means the register kept by the Department in which ownership, real estate rights and other information relating to Units and Jointly Owned Property is recorded;

**Regulations** mean regulations, by-laws, decisions or directions issued in accordance with the Law;

**RERA:** The Real Estate Regulatory Agency

**Service Charge** means an Annual Service Charge or a Special Service Charge;

**Simple Resolution** means a resolution of a General Assembly passed in accordance with clause 35 of this Constitution;

**Special Resolution** means a resolution of a General Assembly proposed as such and passed in accordance with clause 36 of this Constitution;

**Special Service Charge** means a charge imposed on an Owner in accordance with Clause 69;

**Supply Agreement** means an agreement for a term of at least one year for the supply of goods or services, including Utility Services, to the Owners Association either directly or through a Building Management Statement.

**Utility Charge** means a fee or charge for the supply of a Utility Service;

**Utility Service** means any of the following services:

- (a) water reticulation or supply, including potable, treated, heated and chilled water;
- (b) gas reticulation or supply;
- (c) electricity supply;
- (d) air conditioning;
- (e) telephone;
- (f) computer, data or television;
- (g) a sewer system;
- (h) drainage;
- (i) a system for the removal or disposal of waste;
- (j) a system for the delivery of mail, parcels or goods; and
- (k) any other system or service designed to enhance the utilities of Units or Common Areas.

2. The Owners Association shall be known as “Owners Association – *[name of building or community]* No *[number allocated by the Department]*.

3. This Constitution:

- (a) applies to all Owners Associations in the Emirate;
- (b) shall not be capable of amendment by an Owners Association; and
- (c) shall bind the Owners Association and Owners, as well as Occupiers and persons having an interest in rem in a Unit (to the extent that this Constitution applies to such Occupiers and persons), as if all those persons had entered into mutual covenants to perform its terms.

## **Part 2**

### **Functions and Powers of the Owners Association**

4. The functions of the Owners Association are –

- (a) to supervise, manage and control the Common Areas and Assets for the collective benefit of Owners and in ways that promote positive environmental outcomes;
- (b) to ensure that the building or community, including the Common Areas, are maintained in good conditions;
- (c) to integrate waste management, energy and water efficiency policies into the Association's strategy regarding the Common Areas and Assets;

- (d) to properly repair, maintain, renew and replace the Common Areas and Assets;
  - (e) to evenly and fairly enforce the Jointly Owned Property Declaration, including Community Rules, and any Building Management Statement in respect of the Jointly Owned Property;
  - (f) to promote harmony and a sense of belonging among Owners and Occupiers of Units;
  - (g) to obtain and maintain any license it requires by law;
  - (h) to maintain records and produce statements and other documents as required by this Constitution or the Department;
  - (i) to otherwise comply with all laws, decrees, regulations, by-laws, policies and directions by which it is bound.
5. The powers of the Owners Association include the power to:
- (a) enter into the utility supply and service agreement;
  - (b) remedy defective building work in relation to Common Areas;
  - (c) carry out work required by law or this Constitution where the Owner has failed, after reasonable written notice, to carry out that work in accordance with his obligations;
  - (d) to recover from the Owner of a Unit the costs of carrying out work under sub-clause 5(c);
  - (e) to enter a Unit upon reasonable written notice to the Owner or Occupier, or without notice in an emergency, to inspect or effect repairs to Common Areas or carry out work under sub-clause 5(c);
  - (f) own movable assets;
  - (g) sue and take action to enforce monetary claims in its own name;
  - (h) effect insurances required by this Constitution;
  - (i) to invest surplus funds in any manner approved by the RERA;
  - (j) do anything else for the purpose of carrying out its duties and functions under the law or this constitution.
6. Without prejudice to the provision of Article 9 of the Law, the interest in the Common Areas is owned by the Owners of the Units in common in proportion to their respective Entitlements and is not held by the Owners Association.

### **Part 3**

#### **Owners Association Board**

7. The Owners Association shall have a board comprised of not less than 5 nor more than 7 members and 3 reserve members which is responsible for the conduct of the affairs of the Owners Association, subject only to the limits imposed by this Constitution or a resolution of the General Assembly.
8. The Board shall be made up of Owners, or their duly authorized representatives, elected at each annual General Assembly of the Owners Association. No Owner,

including a Master Developer and a Sub-Developer shall be represented on the Board by more than one member.

9. Board members shall not be paid for their services.
10. Association Board members shall be registered with and approved by RERA through the electronic system approved by the Department.
11. RERA may refuse to register or approve any Board member.
12. The Board shall be responsible for:
  - (a) ensuring that the Owners Association carries out its functions under the law and this Constitution;
  - (b) setting, in conjunction with the Association Manager, the strategic direction of the Owners Association; and
  - (c) monitoring and directing the performance of the Association Manager.
13. The Board shall meet regularly or as frequently as is necessary and half of its members, rounded up to the nearest whole number, shall comprise a quorum for meetings.
14. The Board shall decide all matters by majority vote.
15. At least 14 days notice in writing of a proposed Board meeting must be given by the Association Manager, or in his absence, by the Chairman, to members of the Board.  
The notice must include a detailed agenda for the meeting. The notice may be shortened or dispensed with if all members of the Board agree in writing.
16. The Board shall at its first meeting after its election appoint a Chairman. The Chairman and the members shall communicate and liaise with the Association Manager.
17. The Board shall determine its own rules and procedures provided those rules and procedures are:
  - (a) not inconsistent with this Constitution, the law or any Directions issued by RERA;
  - (b) set out in writing in Arabic with official translation into English or other languages as required, and notified to Owners; and
  - (c) not to be cancelled by a Simple Resolution.
18. The Board may meet wholly or partly by electronic means.
19. Board members must observe the Code of Conduct. If a Board member observes the Code of Conduct, then he shall not be liable as a consequence of his actions or failures as a Board member.

## **Part 4**

### **General Assembly**

20. The General Assembly shall consist of all Owners and shall hold its meetings annually during the period commencing 3 months after the date of the end of the financial year of the Owners Association and does not exceed 6 months after that date.

21. At least 21 days notice in writing of a proposed Annual General Assembly must be given by the Association Manager to all Owners and the notice must:

- (a) contain a detailed agenda, including:
  - (i) an item for confirmation of the minutes of the previous General Assembly;
  - (ii) an item for adoption of the annual report of the Board;
  - (iii) an item for adoption of the annual report of the Association Manager;
  - (iv) an item for acceptance of the annual financial statements;
  - (v) an item for the appointment of an auditor for the next financial year;
  - (vi) an item for adoption of the budget for the next financial year and approval of the Annual Service Charge proposed in that budget;
  - (vii) an item for the election of the Board;
  - (viii) items required by the Board;
  - (ix) an item requested by an Owner (in writing) to be included on the agenda; and
  - (x) an item of any motions proposed to be passed by the assembly as special resolutions; and
- (b) the notice to be accompanied by the following:
  - (i) a copy of the minutes to be confirmed;
  - (ii) a copy of the annual report of the Board;
  - (iii) a copy of the annual report of the Association Manager;
  - (iv) a copy of the annual financial statements;
  - (v) a copy of the proposed budget, including proposed Service Charges, with a copy of a document explaining the service;
  - (vi) a copy of any other documents reasonably required for the assembly to consider the various agenda items; and
  - (vii) a proxy form.

22. The following rules apply to the convening and holding of the first Annual General Assembly (“Assembly”) of the Owners Association:

- (a) the Assembly must be held within 3 months after the constitution of the Owners Association;
- (b) if at the time the Assembly is held –
  - (i) 50% or more of the Units are owned by persons other than the Developer of the building or community, the Developer shall have his normal voting rights; or
  - (ii) less than 50% of the Units are owned by persons other than the Developer, the Developer’s voting rights shall be reduced to what they would be if the Developer only owned 50% of the Units;
- (c) the Developer of the building or community shall be responsible for convening the Assembly and ensuring that it is held;

- (d) if the Developer of the building or community refuses or fails to convene the Assembly, then it may be convened by any 3 Owners acting collectively and the costs of convening and holding it shall be paid by the Owners Association and are recoverable from the Developer who refused or failed to act.
23. (a) Extraordinary General Assemblies may be convened by the Association Manager at the direction of the Board
- (b) An Extraordinary General Assembly must be convened by the Association Manager upon receipt of a petition from Owners of not less than 25% of the Units.
24. At least 21 days notice in writing of a proposed Extraordinary General Assembly must be given by the Association Manager to all Owners and the notice must:
- (a) include a detailed agenda, including:
    - (i) an item for confirmation of the minutes of the previous General Assembly;
    - (ii) any item requested in the petition (if any) for the meeting;
    - (iii) items required by the Board;
    - (iv) an item requested by an Owner (in writing) to be included on the agenda; and
    - (v) the wording of any motions proposed to be passed by the General Assembly as special resolutions; and
  - (b) be accompanied by the following:
    - (i) a copy of the minutes to be confirmed;
    - (ii) a copy of any other documents reasonably required for the General Assembly to consider the various agenda items; and
    - (iii) a proxy form.
25. A notice of a General Assembly may be accompanied by a voting paper in the form approved by RERA on which an Owner may cast a written vote on the motions appearing on that paper. If a voting paper accompanies a notice of a general assembly, then that voting paper must contain all the motions to be considered at the General Assembly.
26. A notice of a General Assembly that is accompanied by a voting paper may also be accompanied by a link to a web site that accesses an electronic voting system approved by RERA and an Owner may cast a vote on the motions on that voting paper using the electronic voting system.

## **Part 5**

### **Voting at a General Assembly**

27. Each Owner shall have one vote in respect of each Unit they own.
28. Where a Unit is owned by more than one person:
  - (a) if a voting paper accompanied the notice of General Assembly, they may vote using the voting paper signed by all of them;
  - (b) if both a voting paper and a link to a web based electronic voting system accompanied the notice of General Assembly, they may register to vote and then vote using the electronic voting system; or
  - (c) they shall decide amongst themselves who shall exercise their vote and such vote must be exercised by proxy.
29. Where a Unit is owned by a company:
  - (a) if a voting paper accompanied the notice of General Assembly, the company may vote by completing and signing the voting paper under its seal or stamp;
  - (b) if both a voting paper and a link to a web based electronic voting system accompanied the notice of General Assembly, the company may register to vote, provided voting is made by the duly authorized person using the electronic voting system; or
  - (c) the vote must be exercised by a proxy appointed by the company.
30. Where an Owner is deceased the vote may be exercised in the normal way by their legal representative, provided such legal representative has the required legal documents to prove his capacity as such.
31. A proxy must be in the form approved by the RERA, properly completed and received by the Owners Association 24 hours before the scheduled time of commencement of the General Assembly.
32. A proxy expires 1 years after the date on which it was given.
33. No one person may exercise multiple proxy votes where the number of Units represented by the proxies is greater in number than 10% of the total number of Units in the Jointly Owned Property.
34. If Service Charges are owing and overdue with respect to a Unit, no vote may be cast in respect of that Unit at a General Assembly.
35. Voting on motions at a General Assembly, other than motions for a special resolution, shall be decided by simple majority of those present and entitled to vote and voting on a show of hands. However, any Owner (including a proxy) may, before or after a vote is taken, request a poll, in which event the motion shall be decided by simple majority of the value of all the votes cast on the motion. The value of a vote is equivalent to the Entitlement of the Unit.
36. For a motion for a special resolution at a General Assembly to be approved it must be passed by Owners holding together two-thirds of all Entitlements in the Jointly Owned Property.

37. If an Owner has voted on a motion using:

- (a) a voting paper in the approved form, completed and submitted in accordance with the instructions on that form; or
- (b) an electronic voting system in accordance with the instructions for use of that system,

then that vote shall be counted, on both a show of hands or a poll, as if it had been cast in person at the meeting.

38. Except for the request to pass a special resolution, a quorum for deciding a motion at a General Assembly shall be made up by Owners present personally, by voting paper, by electronic vote or by proxy whose Entitlements together comprise 15% of the total number of Entitlements in the Jointly Owned Property Declaration. If a quorum for a motion is not present within half an hour of the scheduled commencement time of the General Assembly, then the relevant motion or the General Assembly, as the case may be, shall stand adjourned until the same time and place 7 days later. Those persons present personally by voting paper, by electronic vote or by proxy at the adjourned General Assembly shall constitute a quorum for that motion or General Assembly and no further notice of the adjournment need be given.

39. RERA may approve other ways in which a General Assembly may meet.

## **Part 6**

### **Association Manager**

40. The General Assembly shall appoint an Association Manager, who:

- (a) may be –
  - (i) an Owner who is a natural person engaged in a voluntary capacity; or;
  - (ii) a company licensed and registered by RERA and engaged professionally on a contract; and
- (b) must, in either case, meet such licensing or registration conditions as set out by RERA.

41. The Association Manager shall be responsible for:

- (a) working with the Board to develop strategies for management of the Common Areas, including the creation of a sense of community within the building or community;
- (b) implementing strategies, programmes and plans set by the Board;
- (c) negotiating, supervising and recommending the entry into contracts, including Supply Agreements such as but not limited to (security, cleaning, maintenance of Common Areas, and landscaping) on behalf of the Owners Association, and presenting recommendations to the Owners Association;
- (d) supervising the performance of contractors and suppliers to the Owners Association;
- (e) supervising defect repairs and warranty claims in relation to the Common Areas;
- (f) preparing annual budgets (based on information provided by contractors and suppliers to the Owners Association);

- (g) issuing service charge notices and collecting service charge payments for the Owners Association in the account specified for that purpose;
  - (h) for every and all technical and management matter and financial report related to common area services. To submit reports on a regular basis to the board and General Assembly related to the previously mentioned issues.
  - (i) communicating and considering the complaints and requests of Owners in relation to Common Areas and dealing with the same;
  - (j) coordinating insurances and dealing with insurance claims in relation to Common Areas;
  - (k) coordinating and attending Board meetings, Board committee meetings and meetings of the General Assembly of Owners;
  - (l) preparing minutes of meetings of the Board, Board committees and the General Assembly;
  - (m) responsibility for Owner Association correspondence and electronic communications;
  - (n) keeping the books and records required to be kept by law;
  - (o) Attending to day to day operational matters on behalf of the Owners Association.
  - (p) Follow up on behalf of the Owner's Association for all the legal matters related to any dealings, transactions and contracting.
  - (q) Implementing the decisions of the General Assembly.
  - (r) Representing the Owner's Association in meetings with the governmental and semi governmental entities.
42. The Association Manager shall be responsible before the Association in the event of any errors or negligence by him, and the Owners Association may claim indemnity for the damages resulting therefrom.
43. The Association Manager shall be appointed pursuant to a Simple Resolution and delegated by written instrument or contract.
44. The appointment and delegation of an Association Manager may only be terminated or varied by a Simple Resolution by the General Assembly.
45. The Association Manager must not be appointed for more than a 3 year term, but may be reappointed at the end of that term or any renewed term.
46. The Association Manager must observe the Association Manager's Code of Conduct as set out by the General Assembly and approved by RERA.

## **Part 7**

### **Supply Agreements**

47. The Owners Association must enter into a Supply Agreement with supply companies and entities which are licensed in the Emirate of Dubai.
48. The Association Manager may not delegate his powers and responsibilities to another party.
49. A Supply Agreement must be in writing and authorized by a Simple Resolution of the General Assembly.
50. A Supply Agreement must not have a term exceeding 3 years.
51. Agreements must be made in the name of the Owners Association, and they shall be executed directly with the Chairman and one Board member through the Association Manager.

## **Part 8**

### **Finances**

52. As soon as practical after its constitution the Owners Association must establish two funds –
  - (a) a general fund; and
  - (b) a reserve fund.
53. Income into the general fund shall comprise –
  - (a) Service Charges imposed on Owners for that fund;
  - (b) Utility Charges imposed on Owners for a Utility Service consumed outside their Units;
  - (c) penalties for non-payment of those Service Charges or Utility Charges;
  - (d) investment income related to that fund, including without limitation (proceeds from utilization of Common Areas for commercial advertising or leasing);
  - (e) donations to that fund;
  - (f) proceeds of insurance claims; and
  - (g) any other income that is not properly payable into the reserve fund.
54. Income into the reserve fund shall comprise –
  - (a) Service Charges levied on owners for that fund;
  - (b) penalties for non payment of those Service Charges;
  - (c) investment income related to that fund, which should be compliant with Islamic Shariaa; and
  - (d) donations to that fund.

55. Expenditure from the general fund shall comprise –
- (a) costs of maintaining the Common Areas and Assets;
  - (b) Utility Charges (including Utility Charges that are to be re-charged to Unit Owners);
  - (c) charges payable under a Building Management Statement;
  - (d) charges payable to a Master Developer or Sub-Developer;
  - (e) insurance premiums;
  - (f) costs (including capital costs) of reinstating the Building or Common Areas following receipt of the proceeds of an insurance claim;
  - (g) costs (including capital costs) of repairing or replacing an Asset following receipt of the proceeds of an insurance claim; and
  - (h) other expenditure of a recurrent nature.
56. Expenditure from the reserve fund shall comprise expenditure of a capital or non-recurrent nature and other expenditure that should reasonably be met from capital.
57. Moneys in the reserve fund must not be used to pay for expenses that are intended to be met from the general fund and moneys in the general fund must not be used to pay for expenses that are intended to be met from the reserve fund.
58. Moneys in the general fund and reserve fund must be kept in a bank account in the name of the Owners Association with a bank or other financial institution approved by RERA, which shall decide the conditions and requirements for the operation of the account.
59. The general fund and the reserve fund must be accounted for and reported on separately, although the moneys to the credit of each fund may be kept in the same bank account.
60. The financial year of the Owners Association shall be the year commencing on the date of its establishment and ends in 31<sup>st</sup> December of the same year, provided the new financial year for the Association on the first of January and expires on 31 December of each year. RERA may approve another date on which the financial year for the Owners Association commences.
61. Each Owner shall pay his contribution to the Service Charge. Such contribution shall be determined pro rata to the Owner's share of the Common Areas.
62. The Association Manager must prepare and the Board must approve a budget for each financial year and submit that budget, including full details of the proposed Annual Service Charge, for the approval of the annual General Assembly. The budget for the general fund must be for a one year period, while the budget for the reserve fund must be based on a study of the costs of renewing and replacing the Common Areas and Assets over a minimum 10 year period. Such study must be carried out in accordance with any directions issued by the Department.
63. The Annual Service Charge is payable every three months, unless the Owner of the Unit decides to pay the Service Charge annually. .
64. Once the budgets and Annual Service Charge have been approved by the annual General Assembly (with or without amendment) the Association Manager must raise the Annual Service Charge by serving written notice in the name of the Association on each Owner showing:
- (a) the name of the Owner;

- (b) the Unit to which the charge relates;
- (c) details of the total Annual Service Charge approved by the Owners Association to each of the general fund and reserve fund;
- (d) the proportion of the total Annual Service Charge payable by the Owner in respect of each of the general fund and reserve fund;
- (e) if the Annual Service Charge is payable by installments, particulars of each installment;
- (f) the amount of any arrears, including penalties applied in respect of those arrears;
- (g) the date by which the Annual Service Charge, or installments, are payable; and
- (h) the amount of any discount that will be allowed if the Annual Service Charge, or installments, are paid by the due date.

65. Utility Charges, including without limitation (water, air conditioning, gas, electricity, telecommunications and sewerage) shall be determined as follows:

- (a) if the Utility Charge relates solely to Common Areas, it must be budgeted for payment from the General Fund and paid from that fund;
- (b) if the Utility Charge relates solely to Units, it must be re-charged against the Owners of the Units to which it relates in the proportions calculated in accordance with the Department's Directions.
- (c) RERA may enforce the Owners Association to install separate meters for all Units and Common Areas for all Utility Service providers.
- (d) RERA may enforce the Utility Service suppliers to separate the utility fees of the Common Areas from the fee for the Unit Owners. The Utility Service providers shall be required to submit separate invoices directly to the Unit Owners and to the Owners Association for the Common Property; or
- (e) if the Utility Charge relates partly to Common Areas and partly to Units –
  - (i) the Owners Association must, acting reasonably, determine the amount that should be apportioned against usage occasioned by the Common Areas (“**Common Area Proportion**”);
  - (ii) the Common Area Proportion must be budgeted for payment from the General Fund and paid from that fund; and
  - (iii) the balance of the Utility Charge, after deduction of the Common Area Proportion, must be charged to the Owners of the Units to which it relates in the proportions calculated in accordance with the Department's Directions.

66. If an invoice for a Utility Charge payable by a Unit Owner is included on the written notice raising the Annual Service Charge, or an installment of an Annual Service Charge, then the amount of the Utility Charge must be shown separately on the notice.

67. If an Owners fails to pay a Service Charge or a Utility Charge when it becomes due and payable, then the Owners Association may give such Owner a notice of no more than one month to pay, and may impose a penalty for non-payment calculated on a daily basis at the rate of 12% per annum.

68. The Owners Association may also claim from an Owner any costs incurred by it to recover outstanding Service Charges or Utility Charges.
69. The Board may, if circumstances require between two annual General Assembly meetings, impose a Special Service Charge on Owners to cover any expenditure not included in the budget and not reasonably anticipated at the time the budget was approved. Such Special Service Charge must not exceed 15% of the Annual Service Charge last collected to the relevant fund. The Special Service Charge shall be collected in the same way an Annual Service Charge is collected.
70. If any moneys are owing to the Owners Association in relation to Service Charges at the time the Owner disposes of his Unit, whether by sale or other disposals transferring or restricting ownership, such Owner shall be liable for those moneys up to the date of such disposal, and the new Owner shall be liable for those Service Charges as of the date on which such disposal is registered in his name with the Department, unless the parties agree otherwise.
71. An Owner cannot avoid liability for payment of a validly made Service Charge, or any item covered by a validly made Service Charge, for any reason, including without limitation:
  - (a) the non-use of the Common Areas;
  - (b) the non-use of their Unit; or
  - (c) any failure or delay on the part of the Owners Association to repair or maintain the Common Areas.

## Part 9

### Insurances

72. The Owners Association must insure in its own name –
  - (a) the Building, under a comprehensive insurance policy against damage or destruction by explosion, fire, lightning, storm, tempest and water for:
    - (i) its full replacement value (as ascertained at least once every 3 years by a professional valuer); and
    - (ii) the costs incidental to its replacement or reinstatement, including the cost of removal of debris and professional fees on re-building, so that the Building is reinstated to the condition it was in when new;
  - (b) its Assets that are capable of being insured;
  - (c) against liability for damage to property or bodily injury to any person however arising in relation to the Common Areas;
  - (d) against any risk specified in a direction of the Department; and
  - (e) against any other risk that it considers should be covered by insurance.
73. The cost of insurances shall be apportioned among the Owners of the Units by means of the Annual Service Charge.
74. If the way in which a Unit is being used by an Owner or Occupier has the effect of increasing the premium payable by the Owners Association, then the Owners

Association may recover as a debt the amount of increased premium from the Owner concerned.

75. An Owner shall be entitled to the benefit of any insurance cover on the Building in respect of any part of his Unit included in that cover, less any excess payable under the policy, and the Owners Association must do everything necessary to deliver that benefit.
76. The proceeds of any insurance claim, whether made for the benefit of the Owners Association or an individual owner, must be applied towards the reinstatement of the damage that resulted in the claim.
77. An Owner or Occupier shall be responsible for insuring their own property or interests to the extent that they are not covered by any insurance affected by the Owners Association.

## **Part 10**

### **Records**

78. The Owners Association must keep the following records:

- (a) a minute book for meetings of the Board;
- (b) a minute book for the General Assembly;
- (c) a file for official Government communications;
- (d) a file containing current copies of –
  - (i) this Constitution;
  - (ii) the Jointly Owned Property Declaration;
  - (iii) the Community Rules;
  - (iv) insurance policies;
  - (v) the last annual report of the Board;
  - (vi) the last annual report of the Association Manager; and
  - (vii) the last annual financial statements;
- (e) a file for copies of documents relating to Board meetings and General Assemblies, other than documents required to be kept elsewhere;
- (f) a file for other communications;
- (g) a register of Owners and Occupiers;
- (h) a register of contracts and agreements;
- (i) a register of the annual budget;
- (j) a register of Assets;

- (k) books of financial account; and
  - (l) other records specified by the Department.
79. The Owners Association's records may be kept in paper or electronic form in any way specified by the Department.
80. The Owners Association's records, whether in paper or electronic form, are the property of the Owners Association and must be surrendered to it by the Association Manager or other officer upon request.
81. Minutes, registers and copies of registered documents must be kept indefinitely. All other records must be kept for at least 7 years.
82. Upon sale of a Unit the Owner selling must give written note of change of ownership, countersigned by the purchaser or the purchaser's agent, to the Owners Association stating:
- (a) Unit number and address;
  - (b) name of the Owner selling;
  - (c) new contact address for the Owner selling;
  - (d) name of the purchaser;
  - (e) registered address of the purchaser;
  - (f) a mobile telephone contact number for the purchaser; and
  - (g) registered facsimile number or registered e-mail address of the purchaser.
83. Upon lease, sub-lease, or grant of further usufruct rights, in relation to a Unit, the Owner of the Unit must give written notice of the dealing to the Owners Association, countersigned by the other party to the dealing or their agent, stating:
- (a) the Unit number and address;
  - (b) name of the Owner;
  - (c) nature of the dealing;
  - (d) new registered address of the Owner (if it changes);
  - (e) name of the other party to the dealing;
  - (f) registered address of the other party to the dealing;
  - (g) a mobile telephone contact number of the other party to the dealing;
  - (h) registered facsimile number or registered e-mail address of the other party to the dealing; and
  - (i) details (including registered facsimile number or registered e-mail address) of any registered broker who will be managing the Unit for the Owner.
84. A Unit Owner may, upon payment of the specified fee, apply to the Association to inspect its records. Non-Owners may also inspect the records of the Association after obtaining a prior consent from RERA.

## **Part 11**

### **Community Rules**

85. The Community Rules applying to the Owners Association are those in the Jointly Owned Property Declaration as amended in accordance with this Constitution and the law.
86. The Community Rules may be amended by Simple Resolution of the General Assembly, provided such amendment is registered in the Register. An amendment to the Community Rules must not be in conflict with the Law, any other law, this Constitution or any direction of RERA.
87. The Community Rules must be observed by all Owners and Occupiers, who must also ensure that their guests and visitors observe them.

## **Part 12**

### **Disputes**

88. If a dispute arises the parties must endeavour to resolve the dispute by referring it to mediation or conciliation. This may be conducted by the Owners Association, if it is not a party to the dispute, or any other person agreed by the parties to the dispute. Each party to the dispute shall bear their own costs of the mediation or conciliation but the costs of the mediator or conciliator shall be borne by the parties equally.
89. If a dispute is not resolved by mediation or conciliation the parties to the dispute may agree to refer the dispute to private arbitration. The terms of such referral must be agreed by the parties or, in the absence of agreement, any terms specified by RERA will apply.
90. If the parties cannot agree on referring the dispute to private arbitration, then either party to the dispute may make application for resolution of the dispute under the dispute resolution process established to resolve disputes relating to Jointly Owned Property.

## **Part 13**

### **General Rules**

91. The Owners Association shall have a stamp which it must use to validate all formal written documents. The stamp must be kept securely by the Association Manager and can only be applied with the approval of the Board. The affixing of the stamp must be witnessed by the Association Manager and a member of the Board or by two members of the Board.
92. The Department may specify the means by which the Owners Association may validate electronic documents and communications.
93. Any notice required by this Constitution to be given by the Owners Association or any other person may be given in paper or electronic form to a registered address or registered facsimile number or registered e-mail address. If given in paper from it must be posted by pre-paid mail or delivered to a registered address. If given by facsimile it is deemed to have been given upon production of a successful transmission report. If given by e-mail it is deemed to have been given 24 hours after

the time recorded as the sent time, unless notification of non-delivery was received within those 24 hours.

94. Records must be kept by the Owners Association of when notices were given, as well as facsimile transmission reports and e-mail non-delivery notifications.
95. A notice can be served on the Owners Association in paper or electronic form. If given in paper from it must be posted by pre-paid mail or delivered to its official address as recorded in the Register. If given by facsimile it must be sent to its official facsimile number as recorded in the Register and is deemed to have been given upon production of a successful transmission report. If given by e-mail it must be sent to its official e-mail address as recorded in the Register and is deemed to have been given 24 hours after the time recorded as the sent time, unless notification of non-delivery was received within those 24 hours.
96. The onus is on the person giving the notice to the Owners Association to prove that it was received.
97. If the Owners Association is a member of another Owners Association in relation to Jointly Owned Property (“**Higher Association**”), then the Board may appoint a person to represent the Owners Association in relation to the Higher Association and that person shall have the right to vote at a General Assembly of the Higher Association personally, by proxy, by voting paper or electronically. The Owners Association may replace that person from time to time but it must notify the Higher Association of any change.
98. An Owner must not lodge, or allow another person to lodge, with the Department a transfer of their Unit without first obtaining from the Owners Association a certificate confirming that there are no service charges or other moneys owing to the Owners Association in respect of the Unit the subject of the transfer.
99. RERA may approve forms for use by the Owners Association and give directions regarding the interpretation or application of any provision of this Constitution.

**This Direction is effective from on 13<sup>th</sup> of April 2010 in the emirate of Dubai**

## Schedule 1

(Code of Conduct for Board Members)

1. A Board member must be committed to understanding the role of the Owners Association and the rules by which it operates.
2. A Board member must act honestly and fairly in performing their duties and must not unfairly or unreasonably disclose information held by the Owners Association, including information about the Owner or Occupier of a Unit, unless authorized or required by law to do so.
3. A Board member must act in the best interests of all Owners. All Board members should not approve contracts with any entity providing goods and services to the property which the Board member owns, partly owns or is employed by.
4. A Board member must not –
  - (a) cause a nuisance on the Common Areas; or
  - (b) otherwise behave in any way that unreasonably affects a person's lawful use and enjoyment of a Unit or the Common Areas.
5. If a conflict of interest or potential conflict of interest arises at any time, then a Board member must before any debate or vote is taken on the matter to which the conflict relates:
  - (a) disclose that conflict to the Board; and
  - (b) abide by the decision of the Board as to whether they are to be permitted to participate in any debate or vote in respect of the matter.

## Schedule 2

(Code of Conduct for Association Managers)

1. An Association Manager must have a sound working knowledge of and must comply with the Law, this Constitution and the Regulations, Directions and instructions under the Law.
2. An Association Manager must –
  - (a) act honestly, fairly and professionally; and
  - (b) exercise reasonable skill, care and diligence, in performing their functions.
3. An Association Manager must not unfairly or unreasonably disclose information held by the Owners Association, including information about the Owner or Occupier of a Unit, unless authorized or required by law to do so.
4. Unless it is unlawful to do so, an Association Manager must at all times act in the best interests of the Owners Association and, without limitation, must not favour the interests of a developer or contractor over the interests of the Owners Association.
5. An Association Manager must not engage in:
  - (a) fraudulent or misleading conduct; or
  - (b) unconscionable conduct,In performing their functions.
6. An Association Manager must not do anything that would have the effect of placing their interests in conflict with the interests of the Owners Association.
7. An Association Manager must disclose all relationships in writing to the Owners Association regarding any actual, potential or perceived conflict of interest between the Association Manager and any other supplier of goods or services to the Owners Association. The Association Manager shall take all necessary steps to avoid any favoritism or impropriety during the selection process and negotiation of any contracts with suppliers.
8. An Association Manager must not disclose any confidential information (such as Owners' details, Property's details, matters regarding the Owners' Association) to a third party, without the consent and written approval from the Owners' Association, with exception of any requirement by Law.
9. An Association Manager must take reasonable steps to ensure that goods and services procured by an Owners Association are procured at the most competitive prices reasonably obtainable.
10. An Association Manager must take reasonable steps to ensure that his employees observe this Code of Conduct.



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## **Direction for General Regulation Concerning Jointly Owned Properties**

### **Chapter One Definitions and General Provisions**

#### **Article (1) Terms used in the Law**

In these Regulations, the terms and expressions defined in Article (2) of the Law No. (27) of 2007 concerning Jointly Owned Properties in the Emirate of Dubai shall have the same meanings assigned to them in the said Article, and any reference to the word "Law" in these regulations shall mean the mentioned Law.

#### **Article (2) Definitions**

The following words and expressions, unless the context otherwise dictates, shall have the following meanings:

Aggregate Entitlements:	The total of all the Entitlements in a Jointly Owned Property Declaration.
Association Manager:	The person appointed as Association Manager in accordance with the Owners Association's Constitution.
Association Manager Agreement:	An agreement under which an Owners Association appoints and delegates to an Association Manager.
Common Elements:	In relation to a building comprising Components, those parts of the building (including services, equipment and facilities) which will be used by one or more of the Components.
Community Rules:	The rules set out in the Jointly Owned Property Declaration.

Component:	Where a building has been subdivided by Volumetric Subdivision into two or more component parts each of which is intended for separate ownership and use, either as Jointly Owned Property or otherwise, one of those component parts.
Component Owner:	The owner of a Component.
Consumer:	An individual or corporate entity who is purchasing, or proposes to purchase, a Proposed Unit and who is not a Developer.
Developer	A Master Developer or a Sub-Developer.
Directions:	The cadastral survey directions issued by the Department in accordance with Regulation No. ( ) of 2010 Concerning Preparation of Survey Plans in the Emirate of Dubai.
Disclosure Statement:	A written statement under article (4).
Proposed Unit	<p>A Unit:</p> <ul style="list-style-type: none"> <li>(a) in a project under construction or proposed to be constructed which will upon completion of construction become subject to a Jointly Owned Property Declaration; or</li> <li>(b) in a completed project where the title to the Unit has not been issued by the Department and the seller of the Unit is a Developer.</li> </ul>
RERA:	The Real Estate Regulatory Agency.
Supply Agreement	An agreement for a term of not less than one year for the supply of goods or services, including Utility Services, to an Owners Association either directly or through a Building Management Statement.
Volumetric Subdivision	A subdivision of a building and the plot of land on which it is situated into two or more volumetric plots, each volumetric plot being defined in the manner prescribed by the Department and comprising part of the building.

### **Article (3)** **Giving effect to the Regulation**

- (1) This Regulation takes effect on the day it is signed by the Chairman.
- (2) The Director General of the Department shall issue decisions, instructions and forms to give effect to and enforce this Regulation.
- (3) The Director General may by instrument in writing delegate any power, authority, duty or function conferred on him or the Department by this or any other Regulation under the Law, to RERA.

## **Chapter Two** **Disclosure Statements and Consumer Protection**

### **Article (4)**

- (1) Before a Consumer signs a contract to buy a Proposed Unit from a Developer, the Developer must give to the Consumer a written statement signed by a representative of the Developer setting out the following information:
  - (a) a description of the building or project of which the Proposed Unit will be part, including –
    - (i) the intended land uses within the building or project (e.g. residential, furnished or hotel apartments, retail, offices, multi-uses ... etc);
    - (ii) any features of, or equipment or services included in, the building or project that contribute to ecological sustainable development;
    - (iii) any ecological sustainable development rating that applies to the building or project, including details of the specifications authority;
    - (iv) any special use that applies to the Proposed Unit (e.g. furnished or hotel apartment);
    - (v) facilities on the proposed Common Areas that will be available for use by Owners and Occupiers as of right;
    - (vi) facilities within the building or project that will be available for use by Owners and Occupiers on a commercial basis; and
    - (vii) items of furniture and furnishings (if any) for the proposed Common Areas and the Proposed Unit that

the Developer commits to make available without additional charge;

- (b) a copy of the proposed Jointly Owned Property Declarations;
  - (c) a copy of any proposed Building Management Statement;
  - (d) a draft land plan for the Proposed Unit clearly showing the areas of the Unit required by the Directions to be shown on the plan for registration purposes, but showing no other areas;
  - (e) a schedule of materials and finishes for both the proposed Common Areas and the Proposed Unit;
  - (f) a copy of any Supply Agreement to be entered into by the proposed Owners Association;
  - (g) a budget prepared on a reasonable basis having regard to the Association Constitution for both the general fund and reserve fund for the first two financial years of operation of the proposed Owners Association;
  - (h) an estimate, based on that budget, of the service charges payable in respect of the Proposed Unit to each of those funds during those two financial years;
  - (i) proposed arrangements for the supply of Utility Services to the Jointly Owned Property and the Unit;
  - (j) where any Utility Service will be provided by a non-Dubai Government entity, other than the Owners Association –
    - (i) the name of the entity that will provide the Utility Service;
    - (ii) whether the entity is related to the Developer; and
    - (ii) a reasonable estimate of the annual cost of the Utility Service to the Proposed Unit;
  - (k) whether the Owners Association will on-sell any Utility Service to Unit Owners and, if so, details of the supply arrangements;
  - (l) whether construction has commenced and if not, the estimated date for completion of construction;
  - (m) the estimated date on which the property will be handed over to the purchaser; and
  - (n) a statement directing the purchaser's attention to their obligation to register the contract in the interim or permanent real estate register, as applicable, in accordance with the related laws.
- (2) Before a Consumer enters into a contract to sell a Proposed Unit that they are purchasing from a Developer or another Consumer they must give the purchaser from them a complete copy of the statement they received upon buying the Proposed Unit.

**Article (5)**  
**Missing, Inaccurate or Incomplete**  
**Disclosure Statements**

- (1) If a Developer fails to give a statement under sub-clause (1) of article (4), then the contract in respect of which the statement should have been given is void and of no effect.
- (2) If a Consumer fails to provide a copy of a statement in accordance with sub-clause (2) of article (4), then the contract in respect of which the copy statement should have been provided is void and of no effect.
- (3) The Developer is deemed to have warranted the information in a statement given under sub-clause (1) of article (4) and if within two years of the date on which the Unit is transferred from the Developer any of that information is found to be inaccurate or incomplete in a material way the Developer will be liable to the Consumer to whom the Unit is transferred for damages, whether the Consumer purchased from the Developer or another Consumer.

**Article (6)**  
**Completion Certificate Information**

Upon handing over to the purchaser of a Proposed Unit that is a building or part of a building, the Developer must advise the purchaser in writing of the date of the completion certificate for the building. The purchaser may rely upon this advice for the purpose of the warranties in article 26 of the Law.

**Article (7)**  
**Financial Matters**

- (1) Subject to any contractual provision existing at the date of commencement of these Regulations, a Developer is responsible for all costs and expenses associated with a plot prior to that plot becoming Jointly Owned Property.
- (2) Once a plot becomes Jointly Owned Property, the Owners Association for that Jointly Owned Property becomes responsible for all costs and expenses associated with that Jointly Owned Property that are rightly attributed to it by the Law, and the regulations, resolutions and directions made under the Law.

- (3) A Developer must bear all costs associated with the rectification of defects in Jointly Owned Property and must ensure that no such costs are passed to an Owners Association. Where this Article is breached the Owners Association may recover the costs from the Developer.
- (4) After the date of commencement of these Regulations, the Developer or any Sub-Developer must not seek to shift responsibility for the costs and expenses referred to in sub-clause (1) of this article to any Owners Association or Consumer and any provision purporting to do so shall be void and of no effect.
- (5) A Developer must pay the payable fees to the Department upon registration of the Owners Association.
- (6) Sub-clause (4) of this article does not apply to any insurance premiums or other deposits.
- (7) Amounts paid in advance by the Developer and relating to coverage, goods or services to be provided or delivered after constitution of the Owners Association shall be reimbursed, provided:
  - (a) if the amount is payable by or to be borne by the Owners Association, the amount does not exceed the amount that would have been payable by the Owners Association had it paid for the insurance premium or other deposit itself; or
  - (b) if the amount is payable by or to be borne by a Consumer, the amount does not exceed the proportion of the insurance premium or other deposit that would have been payable by the Consumer had the premium or expense been paid by the Owners Association from funds raised from service charges.
- (8) A Developer must bear the fees for connecting utilities to the project and may not claim the amounts paid in this respect from the Purchasers of the units or Owners or the Association.
- (9) A Developer must not collect service charges or Utility Charges obtaining a written approval from RERA.
- (10) Where a Developer has collected service or other charges from purchasers of Units or Proposed Units the Developer must within 3 months of the date on which the Owners Association was formed:
  - (a) have a registered auditor undertake an audit of all moneys received and expended who must certify:

- (i) that the moneys have been properly expended in accordance with the purpose of the Service Charges or Utility Charges; and
  - (ii) the reconciled balance of unexpended funds held by the Developer;
- (b) within 21 days of the Owners Association being constituted for the units or land concerned, pay to the Owners Association any funds held by the Developer on behalf of the Owners Association and when the audit report is received, the reconciled balance of unexpended funds so certified; and
  - (c) within 21 days of being so directed by the Department, pay to the Owners Association the whole or part of the amount of any moneys that were not properly expended in accordance with the purpose of the service or other charge, as certified by the auditor.
- (11) Before making a direction under paragraph (c) of sub-clause (10) of this article, RERA must serve a written notice on the Developer setting out particulars of the improper expenditure and the reasons why RERA believes that the money should be paid to the Owners Association.
- (12) Where a Developer has used service or other charges raised from purchasers of Units or Proposed Units to acquire goods or equipment and such goods or equipment are still in existence as at the date of constitution of the Owners Association constituted by those purchasers, then the Developer must transfer ownership and possession of such goods and equipment to the Owners Association. RERA may adjudicate on any issues arising out of this requirement.
- (13) A provision in a Sale and Purchase Agreement, whether relating to a Proposed Unit or an existing Unit, must not conflict with the Law, this regulation or any other regulation made under the Law and is invalid to the extent of any such conflict.

## **Article (8)** **Requirements for Filing**

- (1) A Building Management Statement shall be filed in the circumstances set out in article 27(2) of the Law, and shall comply with the provisions of this regulation as well as resolutions and directions issued by RERA.

- (2) All buildings subject to a Volumetric Subdivision must have a Building Management Statement.
- (3) If a Developer wishes to make a Volumetric Subdivision, it must bear all relevant costs including without limitation (Volumetric Subdivision, preparation of the Building Management Statement, consulting, preparation of Joint own property Declaration).
- (4) The purpose of a Building Management Statement is to –
  - (a) identify the Components;
  - (b) identify the Common Elements;
  - (c) specify which Component Owners own the various Common Elements;
  - (d) specify rights of access, including for Utility Services, to a Component where those rights are over or through another Component;
  - (e) specify rights of support or shelter of the Components;
  - (f) specify how the Common Elements are to be maintained and who is to be responsible for their maintenance;
  - (g) specify how the costs of maintenance, including renewal and replacement costs, are to be shared by the Component Owners; and
  - (h) set out the arrangements for building related insurances, including the basis on which the costs of insurance will be shared by the Component Owners.
- (5) A Building Management Statement may authorize:
  - (a) the opening of a bank account in the name of the Owners Association to which it relates;
  - (b) specify the way in which signatories to operate that bank account are determined; and
  - (c) specify any constraints on the operation of that bank account;

and a bank is authorized to open such an account and allow it to be operated in accordance with the escrow account of Owners Associations and terms of the Building Management Statement.

## **Article (9) Optional Contents**

A Building Management Statement must contain arrangements about the matters in sub-clause (4) of article (7) and may also contain provisions about any or all of the following:

- (a) establishment and operation of a management group;
- (b) calculation, imposition and recovery of maintenance (including renewal and replacement) charges;
- (c) calculation, imposition and recovery of charges to fund the promotion of commercial or retail facilities within the building;
- (d) architectural standards for the building the subject of the Building Management Statement;
- (e) waste management, energy and water efficiency and other environmental management requirements;
- (f) rules for use of Common Elements;
- (g) administrative arrangements and record keeping;
- (h) dispute resolution; and
- (i) such other matters as are reasonably required to protect the interests of the owners and occupiers of Components.

### **Article (10) Binding Effect of Building Management Statement**

A Building Management Statement shall bind the Component Owners, including Owners Associations, Unit Owners, Occupiers and persons having an interest in rem in a Unit.

### **Article (11) Effect of Easements, Covenants and Restrictions**

Any easements, covenants or restrictions in a Building Management Statement shall have effect according to their terms.

### **Article (12) Effect of Conflicting Provisions**

A provision in a Building Management Statement must not conflict with the Law, or regulations, resolutions and directions made under the Law and is invalid to the extent of any such conflict.

## **Article (13) Form and Content**

The Department General Director may specify the form and detail of the content of a Building Management Statement.

## **Chapter Three Supply Agreements**

### **Article (14) Control Period**

The Control Period commences upon registration of the Owners Association and ends when the combined Entitlements of Owners, other than the Developer, equal or exceed two thirds of the Aggregate Entitlements.

### **Article (15) Term Limitation**

- (1) Supply Agreements with a term exceeding 3 years, including any option to renew, are prohibited.
- (2) The Association Manager may not enter into agreements with a term exceeding 3 years.

### **Article (16) Termination Right**

- (1) An Association Manager Agreement and Supply Agreements entered into by an Owners Association during the Control Period may be terminated by a resolution of a majority of Owners (other than the Developer and related parties or interest groups) at its first Annual General Assembly.
- (2) To terminate the Association Manager Agreement or any other Supply Agreement the Board will give notice of the resolution passed pursuant to Article 16(1) to the manager or supplier whereupon the agreement shall be terminated.

### **Article (17) Content of Certain Agreements**

- (1) A Supply Agreement or Association Manager Agreement to which this Article applies must include clauses dealing in every respect with the following:

- (a) in the case of a supply of goods, the agreement must include a complete description of those goods and the price to be paid for them, which must be a price competitive with prices obtainable on the open market for similar goods; or
  - (b) in the case of services –
    - (i) a detailed description of the services to be provided;
    - (ii) the fee to be charged for those services, which must be a fee competitive with fees obtainable on the open market for similar services;
    - (iii) a means of monitoring and assessing the performance of the service provider;
    - (iv) provision for termination of the agreement for non-performance or other default;
    - (v) provision allowing the Owners Association, on reasonable terms, to vary the services or service levels to be provided, subject to a corresponding adjustment of the fee; and
    - (vi) a prohibition on the service provider seeking or accepting secret commissions or incentives or bribes in relation to goods or services to be procured from third party providers.
  - (c) in the case of supplying goods or providing services –
    - (i) the supplier or service provider should have a trade license authorizing it to supply the goods and requirements or provide the required services;
    - (ii) no supplier or service provider may subcontract a third party to supply or provide that service; and
    - (iii) Operational and overheads cost, salaries, appointment of employees for the company shall not be charged to the Owner Association or the owners.
  - (d) in the case of appointing a company to provide management services for the Common Areas
    - a. the Owners Association must contract with registered companies and licensed by RERA to provide the management services to the Common Areas pursuant to Law No. 27 of 2007 and its implementation regulations.
    - b. The management contract must be registered with RERA.
- (6) If a Supply Agreement or Association Manager Agreement does not comply with any of the above clauses, then any Owner may apply to the appropriate Court to invalidate the agreement or amend its terms.

## **Chapter Four**

### **Community Rules Enforcement Notices**

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

##### **Service of Notice**

If the Board of an Owners Association reasonably forms the opinion that an Owner or occupier is in breach of a Community Rule the Board may authorize the Association Manager to serve a Community Rules Enforcement Notice on the offending Owner or Occupier. The notice must be in the form provided by the Department and completed in accordance with instructions on that form.

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

##### **Failure to Comply**

- (1) If an Owner or Occupier on whom a valid Community Rules Enforcement Notice is served, fails to comply with that notice the Board may, by further notice, impose a monetary penalty on the Owner or Occupier not exceeding AED 2,000. That further notice must be in the form provided by RERA and completed in accordance with instructions on that form.
- (2) A monetary penalty imposed under this Chapter may be recovered by the Owners Association as a debt.

## **Chapter Five**

### **Appointment of Temporary Administrator**

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

If any of the following circumstances exist -

- (a) the Owners Association refuses or fails to comply with a dispute resolution decision made by a private adjudicator or RERA;
- (b) the Owners Association fails to discharge a duty imposed on it by the Law, or the regulations, resolutions or directions made under the Law; or
- (c) the affairs of the Owners Association are in serious disarray,

then RERA may appoint an administrator to take control of the Owners Association for a specified period of time.

## **Article (21)** **Effect of Appointment**

Upon appointment of a temporary administrator:

- (a) all positions on the Owners Association's Board are vacated;
- (b) the powers and functions of the Owners Association Board are conferred on the administrator for the period specified by RERA; and
- (c) the administrator must comply with RERA's written directions, whether given in the instrument making the appointment or subsequently.

## **Article (22)** **Election of New Board**

In a timely manner before the term of appointment of the administrator expires, the administrator must convene a meeting of the General Assembly to elect a new Board which will assume responsibility for the governance of the Owners Association from the time of expiry of that term.

# **Chapter Six** **Registration of Owners Associations**

## **Article (23)** **Requirements for Registration**

- (1) To establish an Owners Association, the following documents must be lodged:
  - (a) Application for Registration;
  - (b) the Common Areas Site Plan;
  - (c) the Jointly Owned Property Declaration;
  - (d) the title document for the plot the subject of the Site Plan or a letter from the Department stating that the title document is under process;
  - (e) the audit report prepared under sub-article (10) of article (7) or an undertaking to lodge it within the specified period;
  - (f) the transfer of the first Unit;
  - (g) if the application is made by Unit Owners, evidence of service of and non-compliance with the notice under article (11), sub-

- article (3) of the Jointly Owned Property Declaration Regulations (No # of 2010);
- (h) the Department's fees; and
- (i) such other documents as the Department may require.
- (2) The Director General of the Department may require submission of any or all of the documents in sub-clause (1) of this article, including any part of any such document, to be lodged electronically.

### **Article (24)** **Management and Accounting System**

- (1) An Owners Association, once registered, must use an electronic management and accounting system to keep its accounting and other statutory records and to produce the forms and other documents required to be produced by or under its Constitution and the Regulations.
- (2) The electronic management and accounting system referred to in sub-clause (1) of this article must be approved by the RERA.
- (3) An Owners Association, once registered, must provide the RERA with such data relevant to its affairs in the form and manner and at the times required by RERA.
- (4) RERA may extend the time, either generally or in a particular case, for compliance with a provision of this article.

### **Article (25)** **Establishing the Owners Association**

- (1) The Developer registering an Owners Association in respect of a project must:
- (a) keep the books and records of the Owners Association as required under its Constitution;
- (b) effect in the name of the Owners Association the insurances that it is required to effect;
- (c) prepare all the documents required to be dealt with at the First Annual General Assembly of the Owners Association;
- (d) hold that First Annual General Assembly; and
- (e) administer the Owners Association and the Common Areas (including their repair and maintenance) until the First Annual General Assembly.
- (2) The Owners Association is responsible for the reasonable costs of the things required to be done under sub-article (1) of this article.

- (3) The Director General may issue directions in respect of a particular building or community, or buildings and communities in Dubai generally, controlling the level of service charges imposed pending the establishment of an Owners Association and the holding of its first Annual General Assembly.

**Article (26)**  
**Failure to Maintain Common Areas**

- (1) If an Owners Association has failed to maintain its Common Areas in accordance with its Constitution or Jointly Owned Property Declaration, RERA, or a party authorized by it, may carry out an inspection of the Jointly Owned Property.
- (2) If having carried out such an inspection RERA, or the party authorized by it, finds out that the Owners Association has failed to maintain its Common Areas, then RERA must issue a written notice to the Owners Association specifying the breach, the work to be carried out by the Owners Association and a reasonable time in which the work must be completed.
- (3) If the Owners Association fails to comply with the rectification notice, RERA may do all or any of the following:
- (a) appoint a temporary administrator under Chapter 5 of this Regulation;
  - (b) impose a penalty not exceeding AED100,000.

**Chapter Seven**  
**Transitional Provisions**

**Article (27)**  
**Definitions**

- Existing Project: Any existing project on the Effective Date, in respect of which:
- (a) one or more Proposed Units have been sold by the Developer to a Consumer; or
  - (b) the Developer has existing arrangements in place, which are reasonably achievable, to release the project to market within the First Period and such release occurs within that period.

First Period	The period commencing on the Effective Date and ending 3 calendar months after its commencement.
Second Period	The period commencing upon expiry of the First Period and ending 6 calendar months after its commencement.
Interim Disclosure Statement:	A statement in compliance with article (31).

### **Article (28) Exclusion of Articles (4) and (5)**

This Chapter applies to the Existing Project, while Articles (4) and (5) do not apply to an Existing Project until the expiry of the Second Period.

### **Article (29) First Period Requirements**

- (1) During the First Period, before a Consumer signs a contract to buy a Proposed Unit in an Existing Project, the Developer must attach to that contract a Notice to Purchaser in the form approved by RERA.
- (2) During the First Period, before a Consumer enters into a contract to sell a Proposed Unit in an Existing Project that they are purchasing from a Developer or another Consumer they must attach to that contract a Notice to Purchaser in the form approved by RERA.
- (3) If a Developer fails to comply with sub-clause (1) of this article, the contract to which the Notice to Purchaser should have been attached is void and of no effect.
- (4) If a Consumer fails to comply with sub-clause (2) of this article, the contract to which the Notice to Purchaser should have been attached is void and of no effect.

### **Article (30) Second Period Requirements**

- (1) During the Second Period, before a Consumer signs a contract to buy a Proposed Unit in an Existing Project the Developer must:
  - (a) attach to that contract a Notice to Purchaser in the form approved by RERA; and

- (b) give to the Consumer an Interim Disclosure Statement.
- (2) During the Second Period, before a Consumer enters into a contract to sell a Proposed Unit that they are purchasing from a Developer or another Consumer, they must:
  - (a) attach to that contract a Notice to Purchaser in the form approved by RERA; and
  - (b) give the purchaser from them a complete copy of any Interim Disclosure Statement that they received when they purchased the Proposed Unit.
- (3) If a Developer fails to comply with sub-clause (1) of this article, the contract to which the Developer's obligation applied is void and of no effect.
- (4) If a Consumer fails to comply with sub-clause (2) of this article, the contract to which the Consumer's obligation applied is void and of no effect.

### **Article (31)** **Interim Disclosure Statement Requirements**

An Interim Disclosure Statement must be signed by the Developer and set out the following information:

- (a) a description of the building or project of which the Proposed Unit will be part, including –
  - (i) the intended land uses within the building or project (e.g. residential, furnished or hotel apartments and retail);
  - (ii) any features of, or equipment or services included in, the building or project that contribute to ecological sustainable development;
  - (iii) any special use that applies to the Proposed Unit (e.g. serviced apartment);
  - (iv) facilities on the proposed Common Areas that will be available for use by Owners and Occupiers as of right;
  - (v) facilities within the building or project that will be available for use by Owners and Occupiers on a commercial basis; and
  - (vi) items of furniture and furnishings (if any) for the proposed Common Areas and the Proposed Unit that the Developer commits to make available without additional charge;
  - (vii) a draft plan for the Proposed Unit clearly showing the areas of the Unit required by the Directions to be shown on the plan for registration purposes, but showing no other areas;

- (viii) a schedule of materials and finishes for both the proposed Common Areas and the Proposed Unit;
- (ix) whether any Supply Agreements are to be entered into by the proposed Owners Association and, if so, which agreements;
- (x) proposed arrangements for the supply of Utility Services to the Jointly Owned Property and the Unit;
- (xi) where any Utility Service will be provided by a non-Dubai Government entity, other than the Owners Association, a statement identifying the Utility Service and indicating how charges will be made for that Utility Service;
- (xii) whether the Owners Association will on-sell any Utility Service to Unit Owners and, if so, providing details of the supply arrangements;
- (xiii) whether construction has commenced and if not, specifying the estimated date for commencement of construction;
- (xiv) a reasonably estimated date on which the property will be handed over to the purchaser; and
- (xv) a statement directing the purchaser's attention to their obligation to register the contract in the interim real estate register in accordance with the related laws including a statement explaining the consequences of non-registration.

### **Article (32) Developer warranty**

The Developer is deemed to have warranted the information in an Interim Disclosure Statement and if within two years of the date on which the Unit is transferred from the Developer any of that information is found to be inaccurate or incomplete in a material way the Developer will be liable to the Consumer to whom the Unit is transferred for damages, whether the Consumer purchased from the Developer or another Consumer.

### **Article (33) Building Management Statements**

- (1) The Building Management Statement must contain provisions that are reasonably necessary to regulate the rights and obligations of the owners to be bound by it, including the basis on which maintenance and other costs are to be fairly shared among all parties.
- (2) Without prejudice to the provisions of sub-article (1) of this article, a provision of a Statement must not conflict with the Law, or the regulations, resolutions or directions made under the Law and is invalid to the extent of any such conflict.

- (3) RERA may refuse to register a Statement if in its opinion its provisions are not in accordance with sub-articles (1) and (2) of this article.

### **Article (34) Supply Agreements**

- (1) This article applies to an Owners Association where at the time of its registration in accordance with this Regulation, title certificates for its individual Units had been issued by the Department.
- (2) The Developer who registers an Owners Association to which this article applies may not, as a duly authorized delegate of the Owners Association, enter into a Supply Agreement on its behalf.

### **Article (35) Collection of Service Charges and Utility Charges**

- (1) A Developer may not impose any Service Charges or Utility Charges on the purchasers and owners of units in Jointly Owned Properties Areas or Common Areas without obtaining the written consent of RERA.
- (2) In the event of a Developer is in breach of clause (1) of this Article, RERA may take legal action against such Developer.

**This Direction is effective from on 13<sup>th</sup> of April 2010 in the emirate of Dubai**



# Direction for Jointly Owned Property Declarations



## **Direction for Jointly Owned Property Declarations**

### **Chapter One General Provisions**

#### **Article (1) Terms used in the Law**

In these Regulations, the terms and expressions defined in Article (2) of Law No. (27) of 2007 concerning Jointly Owned Properties in the Emirate of Dubai shall have the same meanings assigned to them in the said Article, and any reference to the word "Law" in these regulations shall mean the mentioned Law.

#### **Article (2) Definitions**

The following words and expressions, unless the context otherwise dictates, shall have the following meanings:

**Developer** means a Master Developer or a Sub-Developer.

**Entitlement** means, in relation to a Unit, the number of shares of ownership in the Jointly Owned Property, as indicated in the Jointly Owned Property Declaration.

**Existing Project** means:

- (a) a project or part of a project that has been constructed and occupied as at the date this Regulation is signed by the Chairman; or
- (b) such other project or part of a project that the Department assesses as being an existing project.

**RERA:** The Real Estate Regulatory Agency

**Special Resolution** means a Special Resolution as defined in the Owners Association's Constitution.

**Volumetric Subdivision** means a subdivision of a building and the plot of land on which it is situated into two or more volumetric plots, each volumetric plot being defined in the manner prescribed by the Department and comprising part of the building.

### **Article (3) Giving effect to the Regulation**

- (1) This Regulation takes effect on the day it is signed by the Chairman.
- (2) The Department shall issue decisions, instructions and forms to give effect to and enforce this Regulation.

## **Chapter Two Jointly Owned Property Declarations**

### **Article (4) When Required**

- (1) An application to the Department for registration of the first sale of a Unit in a Jointly Owned Property must be accompanied by a Jointly Owned Property Declaration and application for registration of an Owners Association in the forms approved by RERA.
- (2) A Jointly Owned Property Declaration must comply with these Regulations, as well as the decisions, instructions and forms made under them by RERA.

### **Article (5) Qualifying land**

- (1) A separate Jointly Owned Property Declaration is required for each plot of land (including a volumetric plot comprising a building or part of a building) that is, or is to be, the subject of Jointly Owned Property.
- (2) A Jointly Owned Property Declaration may be lodged for registration for a plot of land (including a volumetric plot comprising a building or part of a building) that is already a Unit the subject of Jointly Owned Property. Such a Jointly

Owned Property Declaration shall be known as a Secondary Jointly Owned Property Declaration.

- (3) A Jointly Owned Property Declaration may not be lodged for registration for a plot of land (including a volumetric plot comprising a building or part of a building) that is already a Unit the subject of Jointly Owned Property if the effect of its registration would be to constitute more than three layers of Owners Associations.
- (4) A Jointly Owned Property Declaration may relate to the freehold or long term leasehold interest for no more than 99 years in a plot or volumetric plot, but not to a mixture of both such interests.
- (5) A plot the subject of a Jointly Owned Property Declaration must be a plot registered by the Department but may be a volumetric plot defined:
  - (a) using a horizontal plane; or
  - (b) for the purposes of and in a way required for a Volumetric Subdivision.

## **Article (6)** **Contents of Jointly Owned Property Declarations**

- (1) A Jointly Owned Property Declaration that relates to a building or part of a building must contain the following:
  - (a) a statement indicating if the Jointly Owned Property Declaration is over the freehold or a long term leasehold interest for no more than 99 years in the building or part of the building to which it relates;
  - (b) the number of the plot or building to which it relates;
  - (c) the Common Areas Site Plan;
  - (d) the name of the Owners Association;
  - (e) details of how Units are numbered;
  - (f) a schedule setting out a number for each Unit representing the Entitlement of the Unit, including the aggregate of those numbers;
  - (g) the criteria used for allocating the Entitlements among the Units and if the criteria used was the extent to which the respective units draw

- upon the financial resources of the Owners Association, an explanation of how the allocations were determined;
- (h) details about any proposed staging of the project, including further Common Areas to be provided and any proposed variations to the Site Plan or Common Area Site Plan;
  - (i) arrangements for delivery and use of Utility Services;
  - (j) any easements or covenants that burden or benefit the Common Areas, including the terms of those easements or covenants;
  - (k) details of waste management, water and energy efficiency measures or other environmental management conditions that the Owners Association, Owners or Occupiers must comply with;
  - (l) the Community Rules; and
  - (m) if the Jointly Owned Property is part of a layered group of Jointly Owned Property, an explanation of the structure and how it will operate and be managed.
- (2) A Jointly Owned Property Declaration that relates to land, other than a building or part of a building, must contain the following:
- (a) a statement indicating if the Jointly Owned Property Declaration is over the freehold or a long term leasehold interest for no more than 99 years in the land to which it relates;
  - (b) the number of the plot to which it relates;
  - (c) the Common Areas Site Plan;
  - (d) the name of the Owners Association;
  - (e) if the project is to be staged –
    - (aa) a plan of the land comprising the Jointly Owned Property showing the –
      - (i) existing Units and Common Areas; and
      - (ii) proposed future development areas (if any); and
    - (bb) details about the staging of the project, including further Common Areas to be provided and any proposed variations to the Site Plan or Common Areas Site Plan. The approval of the

Lands Department of the Master Development should be obtained prior to development;

- (f) details of how Units are numbered;
  - (g) a schedule setting out a number for each Unit representing the Entitlement of the Unit, including the aggregate of those numbers;
  - (h) the criteria used for allocating the Entitlements among the Units and if the criteria used was the extent to which the respective units draw upon the financial resources of the Owners Association, an explanation of how the allocations were determined;
  - (i) arrangements for delivery and use of Utility Services;
  - (j) any easements or covenants that burden or benefit the Common Areas, including the terms of those easements or covenants;
  - (k) details of water, energy, waste efficiency or other environmental management conditions that the Owners Association, Owners or Occupiers must comply with;
  - (l) the Community Rules; and
  - (m) if the Jointly Owned Property is part of a layered group of Jointly Owned Property, an explanation of the structure and how it will operate and be managed.
- (3) A Jointly Owned Property Declaration that is in respect of a long term leasehold interest for no more than 99 years in the land, or building or part of a building, must also contain the form of lease that is deemed to apply over each of the:
- (a) Common Areas;
  - (b) Units.
- (4) A Jointly Owned Property Declaration may contain any or all of the following:
- (a) restrictions on how particular Units can be used;
  - (b) restrictions on use of specified parts of the Common Areas;
  - (c) allocation to specified Units of rights of exclusive use over specified parts of Common Areas or assets, including any conditions attaching to those rights;

- (d) special management arrangements to which the Owners Association will be party;
  - (e) duties and obligations of Owners and Occupiers;
  - (f) duties and obligations of the Developer; and
  - (g) such other things as RERA may allow.
- (5) Any area designated on the Site Plan as a mosque, or reserved for a mosque, shall not be regarded as part of the Jointly Owned Property and shall not be taken into account for the purpose of:
- (a) calculating the total area of the Jointly Owned Property;
  - (b) service charges; and
  - (c) membership of the Owners Association.
- (6) Any area designated on the Site Plan as a proposed future development area shall not be regarded as part of the Jointly Owned Property and shall not be taken into account for the purpose of:
- (a) calculating the total area of the Jointly Owned Property;
  - (b) service charges (apart from those imposed by a Developer); and
  - (c) membership of the Owners Association.
- (7) The Jointly Owned Property Declaration shall bind and benefit the Owners Association and Unit owners, as well as Occupiers and persons having an interest in rem in a Unit (to the extent that the Jointly Owned Property Declaration applies to such occupiers and persons), as if all those persons had entered into mutual covenants to perform its terms.
- (8) Any easements, covenants or restrictions in the Jointly Owned Property Declaration shall have effect according to their terms.
- (9) A provision in a Jointly Owned Property Declaration must not conflict with the Law, or any other regulations, decisions or directions made under the Law and is invalid to the extent of any such conflict.

## **Chapter Three**

### **Long Term Leasehold for no more than 99 years in Jointly Owned Property**

#### **Article (7)**

##### **Content of leases**

- (1) The form of Common Area lease and Unit lease included in a Jointly Owned Property Declaration must:
  - (a) have common expiry dates;
  - (b) indicate whether rent is payable and if so, the amount and terms of payment; and
  - (c) set out the covenants and agreements on the part of the lessor and lessee, which must not be in conflict with the Jointly Owned Property Declaration, the Law, regulations and the decisions, instructions and forms made under the Law.
- (2) When a Jointly Owned Property Declaration in respect of a leasehold interest in land, including a building or part of a building, is lodged for registration there must be no registered leases over that land. This sub-article does not apply to an Existing Project.

#### **Article (8)**

##### **How leasehold operates**

- (1) Upon registration of a Jointly Owned Property Declaration in respect of a leasehold interest in land, including a building or part of a building, notwithstanding that the Developer is both the lessor and lessee at the time:
  - (a) the Common Area lease is deemed to apply to the Common Areas; and
  - (b) the Unit lease is deemed to apply over each of the Units in the Jointly Owned Property.
- (2) Upon transfer of a Unit in Jointly Owned Property that is leasehold, the Unit lease is deemed to have been assigned to the new Unit Owner upon registration of the transfer with the Department without the need for any further assignment.

- (3) A Common Area lease and a Unit lease is not capable of being terminated or surrendered and must subsist until it expires.
- (4) A Unit the subject of a Unit lease may itself be leased using a sub-lease.
- (5) A Unit the subject of a Unit lease may be mortgaged in the same way a freehold Unit may be mortgaged.

**Article (9)**  
**Amendment of Jointly Owned Property Declarations**  
**Where no Staged Development**

- (1) Where no staged development is involved, a Jointly Owned Property Declaration may be amended with the approval of a Special Resolution of the Owners Association. An amendment must not affect an existing right of exclusive use and enjoyment over part of the Common Area without the consent in writing of the Owner entitled to the right.
- (2) A new Jointly Owned Property Declaration, incorporating the amendments, must be registered in the Department before the amendments have any effect. That Jointly Owned Property Declaration must comply with these regulations. The Department may require the new Jointly Owned Property Declaration to be submitted electronically.
- (3) If the amendment of the Jointly Owned Property Declaration is sponsored by the Developer of the Jointly Owned Property who voted on the motion for Special Resolution approving the amendment, then any owner who voted against the motion who is materially prejudiced by the amendment may claim compensation from the Developer.

**Article (10)**  
**Amendment of Jointly Owned Property Declarations**  
**Where Staged Development**

- (1) Where a staged development is involved, the Developer may upon completion of a stage of the development, without the need for approval of the Owners Association, register an amended Jointly Owned Property Declaration.
- (2) A new Jointly Owned Property Declaration, incorporating the amendments, must be registered in the Department before the amendments have any effect.

That Jointly Owned Property Declaration must comply with these regulations. The Department may require the new Jointly Owned Property Declaration to be submitted electronically.

- (3) The amendments to the Jointly Owned Property Declaration must be restricted to matters necessary to bring the Jointly Owned Property Declaration into line with the additional stage of the development being added to the Jointly Owned Property.
- (4) Upon registration of the amended Jointly Owned Property Declaration the membership of the Owners Association and the operation of the Jointly Owned Property shall be automatically adjusted in accordance with that Jointly Owned Property Declaration.

## **Chapter 4** **Application of the Law**

### **Article (11)** **Powers in relation to registration**

- (1) A Master Developer must submit a Jointly Owned Property Declaration in respect of the total area of land being master developed.
- (2) Without limiting the provisions of sub-article (1) of this article:
  - (a) a Jointly Owned Property Declaration must be lodged by a Developer in respect of an Existing Project, whether wholly or partially completed, within 6 months of the date of commencement of this Regulation; and
  - (b) where there is no Jointly Owned Property Declaration in respect of an affection plan or plot, the Department may refuse to register that plan or to register a transfer of the plot if in its opinion the land involved is required by the Law to be the subject of Jointly Owned Property.
- (3) During or after the 6 month period referred to in sub-article (2)(a) of this article, any three or more Owners of Units in an Existing Project (“**Representative Owners**”) may jointly serve a notice on a Developer requiring the Developer to submit a Jointly Owned Property Declaration in accordance with that sub-article. In that event:
  - (a) if the Developer refuses or fails to take substantive steps to submit a Jointly Owned Property Declaration within 30 days of the date of service of the notice, then the Representative Owners may submit a

Jointly Owned Property Declaration in respect of the Existing Property;

- (b) the Representative Owners may recover the costs and expenses incurred by them in preparing and submitting the Jointly Owned Property Declaration from the Owners Association; and
  - (c) the Owners Association may recover those costs and expenses from the Developer.
- (6) The Department may refuse to register a Jointly Owned Property Declaration if (in its opinion) the Developer has with-held areas, services or facilities from the Site Plan or common areas site plan, or has included them within a Unit on the Site Plan, to the extent that the Common Areas are inadequate to cater for the reasonable needs of the Owners and Occupiers of the Units or it is otherwise unreasonable to have done so.
- (7) The Director General may take action that he considers appropriate to enforce the obligation imposed by sub-article (2)(a) of this article.

**This Direction is effective from on 13<sup>th</sup> of April 2010 in the emirate of Dubai**



**Vision: To position Dubai as the world's first real estate destination as to innovation, trust and happiness**

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Date: 25/11/2021

DLD/OUT/2021/0010456

Jointly Owned Properties Management Companies,  
Respected

## Circular No. (3) 2021

### Mechanism of collecting service fees and procedures preceding resorting to Rental Dispute Resolution Center

**In accordance with Law No. (6) of 2019 regarding jointly owned properties in Dubai, the Real Estate Regulatory Agency issues this Mechanism of collecting service fees and procedures preceding resorting to Rental Dispute Resolution Center as follows:**

1. The developer is obligated to deliver the documents related to the delivery and handover of units to the buyers. These documents are considered records of the property, and service fees are calculated based upon them.
2. The management company is obligated to send invoices service fees or usage fees to the units for jointly owned properties on the specified dates without delay.
3. In the event that real estate unit owners fail to pay their due amounts the specified times, the management company has the right to issue notices of payment, whereby the owners have 30 days from the date of the notification to settle the due amount.
4. The management company shall be responsible for the correctness of all data and information contained in the notification (the owner's address, email, financial data, etc.).
5. In the event that the management company is late in submitting the budget and having it approved by the Real Estate Regulatory Agency, it must provide installment payment plans for service fees to the owners and not ask them to pay these dues via one payment.
6. In the event that the owners fail to pay the due service fees and usage fees, the management company has the right to register a claim with the Rental Dispute Resolution Center.
7. Before registering the case with the Rental Dispute Settlement Center, the management company must fulfill all the necessary steps and requirements to verify the correctness of the amounts owed by the owners and their breach of payment by checking the amounts of fees dues by one of the auditing offices approved by the Real Estate Regulatory Agency in accordance with the scope of the audit and the fees approved by the Real Estate Regulatory Agency (attached to this Circular), where the auditor accurately states the result of the audit and the amounts owed by the owners. The audit office shall issue a clear and stamped report that will be attached to the case file.

#### **Attachments**

- Scope of audit to check the balance of units

Yours sincerely...

Eng. Marwan bin Ghalita  
CEO-RERA

Date: 25/11/2021

Circular No. (2021/03)

## **Circular with regards to Legal Notice - Verification of Owner Balance**

In accordance with Law no. (6) of 2019 concerning Ownership of Jointly Owned Real Property in Dubai and in reference to Article 32 (b) concerning Collection of Service Charges and Usage Charges.

RERA requires Auditors to verify owners' balances, against which Legal Cases are issued by the Management Entity at the Rental Dispute Settlement Centre (RDSC), the scope of work of which is as follows:

1. Obtain payment notice issued by Management Company through Mollak. Ensure any subsequent transactions are updated and the balance as per the payment notice matches and is reconciled with the balance as per SOA and Mollak.
2. Obtain the title deed from the land department records.
3. Obtain the latest audited financial statements with receivables annexures, and check whether the year-end closing balance matches with the SOA.
4. Verify all outstanding invoices in the SOA, including the below:
  - a. Ensure budget is approved by RERA;
  - b. Verify any partial payments made and enquire for any unidentified payments;
  - c. Disclose the classification/breakdown of the outstanding balances (service charges due, chiller charges, penalties, etc.);
  - d. Disclose if any amount due from the previous owner/developer.
5. Verify the Handover Notice date for the initial sale of the unit & Transfer of Ownership date for any subsequent sales.
6. Obtain and check any correspondence with the unit owner and any adjustments made to the SOA in Mollak.
7. Report any discrepancies observed during the process.
8. The fees index for this service is as follows:

Period (scope)	Fees amount (AED)
5 years and above	25 per unit
Less than 5 years	20 unit
The period after the issuance of Law No. 6 of 2019	15 per unit

Circular No. (4) of 2021 Enabling real estate unit owners to utilize their own property Based upon Law No. (6) of 2019 regarding the ownership of joint properties in Dubai, the Real Estate Regulatory Agency has issued the following circular:

1. It is prohibited for the developer or management company to take any action against owners or occupants that denies their right to benefit from a real estate unit, namely: A) Handover of a real estate unit. B) Handover of keys for a real estate unit. C) Handover of facilities access cards. D) Registration of real estate transactions. E) Issuance of the title deed of the real estate unit in the event of a complete settlement of a real estate unit's value. F) Benefiting of common parts or common facilities in the common property.
2. Owners or occupants, before taking over real estate units, have the right to appoint a specialized company to inspect a real estate unit, provided that it is licensed and registered with the Real Estate Regulatory Agency. The real estate developer is obligated to fix the defects mentioned in the inspection report before handing it over.
3. It is prohibited for real estate developers or management companies to impose or collect any financial allowances of any kind from owners or buyers in return for managing, operating, maintaining, and repair of common areas or common facilities, or for any other reason, except after obtaining RERA's prior approval.
4. The developer or management company must follow the procedures and measures stipulated in the regulations and legislation in the event of outstanding amounts owed by owners or occupants of a real estate unit. Eng. Marwan bin Ghalita CEO-RERA

Date : 27/5/2020

التاريخ : 2020/5/27

<b>PROTOCOLS OF RE-OPENING HEALTH CLUB AND GYM IN THE JOINTLY OWN PROPERTY</b>	<b>بروتوكول إعادة فتح صالات اللياقة البدنية وكمال الأجسام (صالات الجم) في العقارات المشتركة</b>
1. Increase the frequency of cleaning and disinfection during re-opening phase by focusing on the followings:	1. زيادة دورية التنظيف والتطهير طوال فترة إعادة التشغيل والتركيز على المرافق التالية :-  a. مقابض الأبواب والسلالم والمصاعد  b. جميع الأدوات والأجهزة والمواد المستخدمة  c. أجهزة التحكم بالتلفاز والتكييف
2. All clients to be served upon first come / first served basis	2. استقبال الزوار بمبدأ من يأتي أولاً / يخدم أولاً
3. Users should wear mask and not allowing clients to enter unless they wear it.	3. يتوجب على جميع المستخدمين ارتداء الكمامات، وعدم السماح بدخول أي زائر دون ارتدائها.
4. Clients must wear a face mask at all time while inside the gym.	4. يتوجب على الزوار لبس الكمامات طوال الوقت وأثناء ممارسة التمارين.
5. Children below 12 years and elderly above 60 years not allowed enter the facility.	5. لا يسمح بالدخول لمن هو أصغر من 12 عاماً والأكبر من 60 عاماً.
6. Physical distance must be considered, 2m distance between people and 50% occupancy should be maintained for both staff and clients.  (Maximum 1 person per 4 sqm)	6. يجب الالتزام بمبادئ التباعد الجسدي بترك مسافة 2 متراً بين الأشخاص وعدم تجاوز 50% من الطاقة الاستيعابية للموظفين والزوار. (بعد أقصى شخص واحد لكل 4 متر مربع)



7. 2m distance should be maintained between each machine either by removing some machines or covering it or putting sign not use.	7. يجب ترك مسافة 2 متر بين كل جهاز وذلك بإزالة بعض الأجهزة أو وضع علامة عدم الاستخدام عليها.
8. Set necessary visible markers for implementing and maintaining physical distancing (2m).	8. وضع الملصقات الالزمة لتطبيق وتنظيم المسافات (2 متر) وتحديد إجراءات (الامنة بالتباعد الجسدي للاستخدام الفردي فقط)
9. Extra loose equipment's from training floor should be removed to minimize cleaning surfaces that includes (mats, foam rollers, yoga blocks etc. from gym/studio floor).	9. يجب إزالة أو تخزين المعدات سهلة الإزالة التي توضع في الأرضيات خلال التدريب وذلك للتقليل من تنظيف الأسطح، والتي تشمل: (الارضيات الماصة للصدمات والارضيات المخصصة لليوغا والخ)
10. Bathing area, changing room, Sauna, steam, Jacuzzi and swimming pools and bathrooms to be closed.	10. إغلاق مناطق الاستحمام، تغيير الملابس، الخزائن، منطقة الساونا، البخار، جاكوزي ،المسابح والحمامات.
11. Not allowed providing massage service in fitness center permanently	11. لا يسمح بتقديم خدمة التدليك والاسترخاء في مركز اللياقة البدنية
12. Ensure availability of hand sanitizer in all areas in fitness center and should be used by staff & client.	12. توفير معقمات الأيدي في كافة مراافق مركز اللياقة واستخدامها من قبل الموظفين والزوار
13. Mandatory Clients to wipe/disinfect equipment before and after use of equipment.	13. يجب على الزوار تعقيم الأجهزة قبل وبعد كل استخدام
14. Clients should bring their own equipment and tools (yoga mat, towels, cloth etc).	14. يتوجب على الزوار إحضار أدواتهم ومعداتهم الخاصة بهم مثل (فراش اليوغا، الفوط والخ).
15. Individual Personal Trainer not allowed	15. لا يسمح لمدرب شخصي
16. Document all cleaning and disinfection operations including list of used disinfectants	16. توثيق عمليات التنظيف والتطهير في سجلات التنظيف مع ذكر المادة المستخدمة في التطهير.
17. Only residents are allowed to use the gym. No visitors are allowed	17. يسمح فقط للقاطنين باستخدام الجيم. يمنع منعاً باتاً أي زائر من استخدام الجيم.



18. The use of the Gym is at the responsibility of user	18. استخدام صالة الألعاب الرياضية هو على مسؤولية المستخدم
19. Instructions issued by the Supreme Committee of Crisis and Disaster Management in Dubai, and relevant Authorities, shall be observed,	19. يجب مراعاة التعليمات الصادرة عن اللجنة العليا لإدارة الأزمات والكوارث في دبي، والجهات ذات الصلة.
20. Penalty for non compliance	20. غرامة مالية في حالة عدم الالتزام



محمد خليفة بن حماد

مدير إدارة أول إدارة تنظيم العلاقات العقارية



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<b><u>PRECAUTIONARY INSTRUCTIONS OF RE-OPEN SWIMMING POOLS IN RESIDENTIAL COMMUNITY AND JOINTLY OWN PROPERTIES IN FREEHOLD AREA IN THE EMIRATES OF DUBAI</u></b>		<b><u>تعليمات إرشادية واحترازية لإعادة فتح المسابح في المجمعات السكنية والعقارات المشتركة في مناطق التملك الحر في إمارة دبي.</u></b>
1. Prior to reopening, all swimming pools should go under deep cleaning, Water Quality test should be done before reopening (TBC & legionnaires).	1.	اتخاذ الإجراءات المتعلقة بتنظيف وتعقيم أحواض السباحة قبل إعادة الافتتاح، ومن ضمنها سحب عينات مياه للتأكد من خلو المياه من التلوث البكتيري وبكتيريا الليوجينيلا.
2. Cleaning and disinfecting frequently touched surfaces and common areas at least once every hour and shared objects each time they are used (handrails, lounge chairs, tabletops, pool noodles, kickboards, poolside showers, etc.).	2.	تنظيف وتعقيم مكافف لكافحة موقع التلامس والمرافق المشتركة وتتضمن (المقابض، الكراسي، الطاولات، المرحاض وأماكن الاستحمام وجميع الأماكن ذات الصلة)
3. Pool users should maintain safe and desirable etiquette before and during swimming (i.e. no spitting in the pool, cover their sneeze and coughs, and showering (the side pool showers only) before and after using the swimming pool)	3.	يجب على جميع المستخدمين الالتزام بقواعد السلوك الصحي ومن ضمنها (عدم البصق في حوض السباحة، تغطية الانف والفم عند السعال أو العطاس، الاستحمام قبل وبعد دخول حوض السباحة).
4. Shower facilities are permitted	4.	يسمح بفتح منصات الاستحمام
5. Pool users must bring their own towels.	5.	على مرتادي المسابح إحضار المناشف الخاصة بهم
6. Sunbeds cushion to be removed	6.	يجب إزالة تغطية أسرة التشمس.
7. Provide all staff with training on safety, hygiene and social distancing protocols.	7.	تدريب جميع الموظفين وتوعيتهم بالإجراءات المتعلقة بالسلامة والتعقيم والتبعيد الاجتماعي.



8. All Staff and users must go through temperature screening before entering the pool, anyone with temperature more than 37.5 °C will not be allowed to enter the pool.	8. قياس درجات الحرارة المستخدمين والمرتادين قبل دخول منطقة المسبح وعدم السماح لمن تظهر عليهم أعراض حرارة أعلى من 37.5 من دخول الموقع.
9. Users with underlying medical conditions, respiratory illness, or chronic diseases must not enter swimming pool area.	9. عدم السماح لمن يعانون من أمراض مزمنة أو أمراض الجهاز التنفسى من دخول المسبح
10. Pool users should maintain 2m social distancing at all times inside and outside the pool. Members of a single group (up to 5 members) can be seated together while maintain 4m social distancing between two groups, pool operator must take the necessary action including sun beds reallocate.	10. على جميع الأشخاص الالتزام بمسافة 2 متر بينهم داخل وخارج المسبح وتلتزم مجموعات الأشخاص (أكثر من 5 أشخاص) بمسافة 4 متر بين كل مجموعة داخل وخارج المسبح واتخاذ جميع الإجراءات اللازمة لذلك بما فيها إعادة توزيع كراسي التشمس.
11. Maintain capacity in the pool to 1 person per 4 square meters (density requirement), and the capacity signage should be placed at the entrance.	11. الحفاظ على السعة الاستيعابية في المسبح بمعدل شخص واحد لكل 4 متر مربع، ويجب وضع لافتات الطاقة الاستيعابية للمسبح عند المدخل حسب حجم المسبح.
12. Children must be supervised by an adult at all times to ensure social distancing in their designated pool.	12. يجب أن يتم الإشراف على الأطفال من قبل ذويهم في جميع الأوقات لضمان التباعد الاجتماعي في البركة المخصصة لهم.
13. Pool users are encouraged not to spend more than 2 hours in the pool area.	13. يجب على جميع مرتدى المسبح عدم قضاء ما لا يزيد عن ساعتين في المسبح.
14. Pool staff and users must wear face shield or mask at all times, but shall remove it during swimming.	14. يجب على جميع المستخدمين والعاملين ارتداء الكمام في جميع الأوقات، ولكن يجب إزالته أثناء السباحة
15. Public announcements and placement of rules in highly visible areas including entrances and other common areas, to promote protective measures.	15. يجب وضع جميع القواعد الإرشادية للجمهور في مكان واضح في المدخل والمخرج وفي جميع المواقع في منطقة المسبح
16. All massage services, spa, sauna, and Jacuzzi are not allowed.	16. لا يُسمح بجميع خدمات المساج والسبا والساونا والجاكيزي.
17. Gatherings of any sort, group events, and parties are not allowed.	17. لا يُسمح بال集会 أو الفعاليات أو الحفلات من أي نوع.



18. Users who endanger others' safety and wellbeing by refusing to comply with guidelines should not be allowed in the premises after repeated warning to stay in the pool or swimming pool area.	18. يجب عدم السماح للمستخدمين الذين يعرضون سلامة الآخرين للخطر من خلال رفض الامتثال للإرشادات في المبني بعد التحذير المتكرر بالبقاء في المسبح أو منطقة حوض السباحة.
19. All clients to be served upon first come / first served basis	19. استقبال الزبائن بمبدأ من يأتي أولًا يخدم أولًا
20. Users should wear mask and not allow to enter unless they wear it.	20. يتوجب على جميع المستخدمين ارتداء الكمامات، وعدم السماح بدخول أي زبائن دون ارتدائها.
21. Ensure availability of hand sanitizer in all areas and should be used by staff & client.	21. توفير معقمات الأيدي في كافة المرافق واستخدامها من قبل الموظفين والزبائن
22. Individual Personal Teacher not allowed	22. لا يسمح لمعلم شخصي
23. Only residents are allowed to use the swimming pool. No visitors are allowed	23. يسمح فقط للقاطنين باستخدام حمام السباحة. يمنع منعاً باتاً أي زائر من استخدام حمام السباحة.
24. The use of the Swimming Pool is at the responsibility of user	24. استخدام حمام السباحة هو على مسؤولية المستخدم
25. Instructions issued by the Supreme Committee of Crisis and Disaster Management in Dubai, and relevant Authorities, shall be observed,	25. يجب مراعاة التعليمات الصادرة عن اللجنة العليا لإدارة الأزمات والكوارث في دبي، والجهات ذات الصلة.
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