

In the name of ALLAH, the Most Gracious, the Most Merciful

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UNITED ARAB EMIRATES

RULER'S COURT

AJMAN

Law No. 2/2020 Organizing

The Real Estate Development in Ajman

We, HUMAID BIN RASHID AL NUAIMI – RULER OF AJMAN

Having perused the Federal Law No. 5/1985 for issuance of the Civil Transactions Law in the United Arab Emirates and the amendments thereof;

Federal Law No. 18/1993 concerning issuance of the Commercial Transactions Law;

Emiri Decree No. 14/2006 reorganizing the Municipality & Planning Department in Ajman and the amendments thereof;

Emiri Decree No. 7/2008 concerning acquisition of the Lands' Ownership and Registration in the Emirate of Ajman;

Emiri Decree No. 8/2008 organizing the Joint Ownership in the Real Estate Projects, Investment Buildings and the amendments thereof;

Emiri Decree No. 11/2011 for issuance of the Financial Law for the Government of Ajman;

Emiri Decree No. 4/2014 reorganizing the Executive Council in the Emirate of Ajman and the amendments thereof;

Emiri Decree No. 7/2017 concerning the Department of Land & Real Estate Regulation in Ajman;

Emiri Decree No. 12/2017 concerning the Real Estate Offices in the Emirate of Ajman;

Emiri Decree No. 17/2017 concerning the applied fees for the Services, Fines and Violation at the Department of Land & Real Estate Regulation in Ajman;

Emiri Decree No. 2/2018 concerning the Legislations Committee in the Emirate of Ajman;

Based upon the approvals of the Legislations Committee;

We issued the following Law:

Chapter One

General Provisions

Article (1)

Definitions

The following words and expressions in this law shall have the meaning assigned thereto unless the context implies otherwise;

State	: United Arab Emirate
Emirate	: Emirate of Ajman
Ruler	: Ruler of the Emirate
Crown Prince	: Crown Prince of the Emirate

Department	: Department of Land & Real Estate Regulation in Ajman
Chairman	: Chairman of the Department
Director General	: Director General of the Department
Competent Authority	: Competent Body of the Federal or Local Government
Developer	: Main Developer and Secondary Developer
Main Developer	: Legal Person licensed to practice the real estate development business, and he develops the land on which the real estate development project is built, and the infrastructure works for the main real estate project.
Secondary Developer	: Legal Person licensed to practice the real estate development business, and who contracts with the main developer for developing an existing part of the main real estate development project, or an independent standing along project.
Real Estate Development Project	: Main Real Estate Development Project, or Secondary Real Estate Development Project.
Main Real Estate Development Project	: It develops the empty lands and builds the infrastructure and the common services facilities therein, and divides the same into many lands for the purpose of selling it, and constructs multi-storey buildings or complexes on it for residential, commercial, industrial or various purposes. It shall be categorized as main real estate development project, pursuant to the criteria and controls approved by the Chairman.
Common Facilities	: Areas and Spaces specified in the main real estate development project plan, and allocated for the joint use and service of the main real estate development project. It shall be categorized as common facility, pursuant to the criteria and controls approved by the Chairman, and shall include the gardens, landscapes, fountains,

	streets, lakes, swimming pools, playgrounds, public areas, public car parks, pedestrian crossing, beaches and others.
Secondary Real Estate Development Project	: Construction of the multi-storey buildings, or construction of the complexes for residential, commercial, industrial or various purposes, and selling the real estate units therein to third parties on the map. The same includes the common parts, whether they were within the scope of the main real estate development project, or an independent standing alone project, and it shall be categorized as secondary real estate development project, pursuant to the criteria and controls approved by the Chairman.
Common Parts	: The Parts allocated for the common use of the owners and occupants of the real estate units, and which built on the secondary real estate development project plan, and they shall be categorized as common parts, pursuant to the criteria and controls approved by the Chairman.
Real Estate Development Projects Record	: The Record established at the Department for registering the main and the secondary real estate development projects.
Real Estate Unit	: The sorted part of the real estate development project, or any part sorted on the map, and it includes any apartment, shop, office, warehouse, storey, land or part of land, or house connected with another house or an independent house located within the real estate development project, and prepared for residential, commercial, industrial use or any of the other uses.
Main Complex Management System	: The terms and conditions, which the development and operation of the main real estate development project are subject to, and the common properties and the common facilities therein, including the

	planning and the constructional standards of the complex.
Building Management System	: The terms and conditions, which the development and operation of the secondary real estate development project are subject to, and which make clear the procedures of maintaining the common parts, and the percentage of the owners' contribution in the costs relating to it, including the equipment and services in any part of another building.
Sale on the Map	: Sale of the sorted real estate units on the map based on the approved real estate development project plan, and which under construction until it is completed.
Booking Document	: A document issued by the developer and indicating that he booked the real estate unit under the name of a natural or a legal person, against paying a certain amount.
The Unified Sale Contract	: It is the real estate unit sale contract made between the developer and the purchaser according to the form which prepared by the Department.
The Interim Real Estate Register	: It is the register established at the Department for registering the real estate units which sold on the map or any disposition made on it before transferring the same to the final real estate register.
The Final Real Estate Register	: It is the register established at the Department for registering the sold real estate units which price is fully paid or any disposition made in it.
Owner of the Real Estate Unit	: Any natural or legal person registered in the real estate register as legal owner, and anyone who has the usufructuary right in the real estate unit by virtue of any legal disposition.
Escrow Account	: The main or the secondary bank account concerning the real estate development project, and which opened by the developer with the

	escrow account trustee for the purpose of depositing all the amounts paid by the purchasers of the real estate units which sold on the map, and all the amounts presented by the financiers of the real estate development project for spending it exclusively for the purposes of construction of the relevant project.
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Escrow Account Trustee	: The bank or the financial institution registered in the register of the escrow account trustees and established at the Department for management of the escrow account, pursuant to the provisions of this law, and the agreements made with the Department and the Developer.
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Article (2)

The Scope of Application

This law shall apply to the Real Estate Development Projects in the Emirate where the real estate units are sold on the map, whether they were licensed before the effectiveness of this law, or those which licensed after effectiveness of such law, including the real estate development projects located at the Free Zones in the Emirate.

Article (3)

Objectives behind the Law

This law aims to the following:

- 1- It organizes the real estate development projects in the Emirate, and provides a safe investment environment in the field of the real estate development.

- 2- Achievement of fair stability between the interests of the developer and the purchaser.
- 3- Provide the transparency and boost the Emirate's competitiveness in the real estate sector.

Chapter Two

The Real Estate Developers

Article (4)

The Real Estate Developers' Permission

- a- A licence for practicing the real estate development activity shall be issued by the competent authority based upon permission from the Department.
- b- The permission issued by the Department does not exempt the necessity of the developer's obtainment of any other licence, permissions or approvals required from the competent authority in order to enable him to practice his business.

Article (5)

The Real Estate Developers' Register

- a- A register shall be established at the Department for registering the real estate developers in the Emirate, and it shall be called "The Real Estate Developers Register", and the Director General shall issue a decision determines in it the form of the register and the procedures of registration in it, and the registration period and renewal.

- b- A legal person shall not be permitted to practice the real estate development in the Emirate unless he is registered in the Register, which stipulated in Paragraph (a) of this Article.
- c- The developer must inform the Department of any change taking place in the data and the information relating to it, and that the same entails amendment in the Real Estate Developers Register, and this should be within (30) days from the happening of the change.

Article (6)

Conditions for registering the Real Estate Developers

It is conditional for registering the Real Estate Developers in the Real Estate Developers Register to present the following:

- 1- Copy of valid trade licence issued by the competent authorities.
- 2- The Company's Memorandum of Association and the Amendment Addendums, if any.
- 3- Proof of the financial solvency, pursuant to the criteria and controls approved by the Chairman.
- 4- Written undertaking for registering the Real Estate Development Projects in the Real Estate Development Projects Register within the first year from the registration.
- 5- Any other conditions determined by resolution to be issued by the Director General.

Article (7)

The Developer's Obligations

The developer shall comply with the following:

- 1- Execute the Real Estate Development Project in accordance with the approved engineering designs and the time program specified for accomplishing it.
- 2- Execute the infrastructure works and the services necessary for the real estate development project.
- 3- Inform the purchasers about the entire data and information relating to the real estate development project and the real estate units, which sold to them, including the rights and the restrictions resulting from the same, and inform them of any changes taking place on such data and information.
- 4- Register the real estate unit under the purchaser's name at the Department in the Real Estate Register, which specified for the same, and deliver to him the entire certificates, documents and deeds relating to it, as well as the operation instructions and guarantees of the devices and the fixtures for such real estate unit.
- 5- Deliver the real estate unit to the purchaser inclusive of all the services which enable him to utilize the same.
- 6- Keeping the commercial books and the accounting records, pursuant to the accounting standards approved in the State.

Article (8)

Deletion of the Registration from the Real Estate Developers Register

(a) The developer's registration shall be deleted from the Real Estate Developers Register by resolution from the Director General, in the following cases:

- 1- Presentation of request from the developer.

- 2- Cancellation of the trade licence by the competent authority.
- 3- Issuance of final judgment for bankruptcy.
- 4- Non-registration of the Real Estate Development Project in the Register of the Real Estate Development Project within the first year of the registration.

(b) Deletion of the developer's registration from Real Estate Developers Register shall not result in exempting him from the liability, regardless of its type, towards the Department or third parties.

Article (9)

Conflict of interest

- A. When doing their job, the developer, the consultant and the contractor shall reveal in writing to ARRA if they have a direct or indirect personal interest that conflict with their job responsibilities, or any other information requested by ARRA.
- B. The consultant, the contractor or the subcontractor may not be the developer, nor may any of them have a direct or indirect interest with him.
- C. The Chief shall pass a resolution to regulate all issues related to conflict of interest; and data and information have to be revealed to ARRA.

Chapter III

The real estate development projects

Article (10)

Areas and plots of the real estate development projects

- A. Areas and plots where real estate development is allowed shall be determined by an Amiri Decree issued by the governor.
- B. Permit of the real estate development project may not be issued by the competent authority but in areas and plots where real estate development in the emirate is allowed by the Decree provided in item A. in this article.

Article (11)

Register of the real estate development projects

- A. ARRA shall have a register to record the real estate development projects named “**Register of the real estate development projects**”. The General Manager shall

pass a resolution determine the nature of the register, recording procedures, record term and renewal.

- B. The developer may not start executing the infrastructure or structural works of the real estate development project, nor offer selling units thereof before recording the real estate development project in the register provided in item A. in this article.
- C. Sales on real estate units in the real estate development project that are not recorded in the register of the real estate development projects shall be deemed null and void.

Article (12)

Terms to record the main real estate development project

For registration of the main real estate development project in the register of the real estate development projects, the following should be provided:

- 1- Title deed of the allotted plot in the name of the main developer, and set for the main real estate development project free of any corporative right.
- 2- All engineering drawings approved by the competent authority.
- 3- Technical specifications approved by the consultant for the real estate development project.
- 4- System of the master community management for the real estate development project.
- 5- A copy of the agreements related to the real estate development project concluded between the main developer and sub-developers, if any.
- 6- Economic feasibility study for the main real estate development project.
- 7- Funding plan for the main real estate development project.

8- Any other conditions necessary for registration, determined by a decision issued by the General manager.

Article (13)

Conditions for registration of the sub-real estate development project

For registration of the sub-real estate development project in the register of real estate development projects, the following should be provided:

- 1- Title deed of the plot in the name of the Secondary developer allotted and allocated to the sub-real estate development project without any corporative rights.
- 2- Engineering drawings approved by the competent authorities for the sub-real estate development project.
- 3- Technical specifications approved by the consultant for the sub-real estate development project.
- 4- A copy of the building management system for the sub-real estate development project.
- 5- Building permit from the competent authority for the sub-real estate development project.
- 6- The real estate survey of the sub-real estate development project by a survey office approved by the department.
- 7- A copy of the agreements concluded between the main developer and the sub-developer, documents and information related to linking the sub-real estate development project to the completion of the master plan, infrastructure and utilities for the main real

estate development project, if the sub-real estate development project is located within a major real estate development project.

8- A detailed program of construction, architectural and service work related to the sub-real estate development project, the stages of its implementation and any arrangements or division for this project.

9- Economic feasibility study for the sub-real estate development project.

10- A letter from a licensed consulting engineer to determine the estimated value of the sub-real estate development project.

11- The financial flow of the stages of completion of the sub-real estate development project according to the approved time schedule of the consultant.

12- Sub-real estate development financing plan.

13- Any other conditions necessary for registration, determined by a decision issued by the Director General.

Article (14)

Schemes of the real estate development project

A- The developer, upon request of the real estate development project, shall submit the following:

1- A certified original copy of the master real estate development project plan or sub-real estate development project plan, provided that the sub-plan of the project includes its location in the main real estate development project, if it is within a major real estate development project.

2- Engineering drawings which show the area data, the common parts for each real estate unit and the common utilities in the real estate development project according to the conditions determined by the department.

b - In case of any discrepancy between the data of the master real estate development project plan and the data of the sub-real estate development project plan, the data of the master real estate development project plan prevail unless it is modified.

c- The developer, contractor, or consultant may not make any amendments to the real estate development project plans, engineering drawings or technical specifications related to the real estate development project unless the approval of the department and the competent authority is obtained.

Article (15)

Preventing disposal of real estate project land

a- The disposal of the land designated for the establishment of a real estate development project on it is prevented unless the approval of the department is obtained, and a signal of disposal preventing shall be placed in the land registry at the department immediately after registering the real estate development project in the registry of real estate development projects.

B - The signal of disposal preventing mentioned in item (A) of this Article shall be removed in the following cases:

1- The developer obtaining of the department's approval to sell real estate units in accordance with the conditions stipulated in this law. In this case, upon sale of a first real estate unit, the title of the land will be transferred from the developer's name to the owners of the sorted real estate units.

2- Canceling the real estate development project.

3- Mortgaging the real estate units in the real estate development project according to the conditions and controls stipulated in Article (20) of this law.

Article (16)

Utilities allocated for the developer

A- The developer may, in the plan of the real estate development project, allocate to himself utilities for private, commercial or investment use, in a manner that does not contradict the master community management system and the rights of owners, after issuance of approval on it by the department and the competent authority.

B- The conditions for allocating utilities to the developer shall be determined by a decision issued by the General Manager.

Article (17)

Real estate survey

a- The developer must commit, upon sale, to determining the sold net area and specifying the common area borne by each real estate unit, according to the areas approved by the department.

b- The criteria and controls related to the real estate survey for real estate development projects through which the net and joint areas of the real estate unit are determined shall be determined by a decision from the Chief, in accordance with the best international standards in this regard.

Article (18)

Real estate development project financing plan

- a. The developer shall submit a financial plan to the Department, indicating the sources of financing the Real estate development project, taking the following into consideration:
 1. The contribution of the developer in funding shall not be less than (15%) of the cost of constructing the real estate development project.
 2. The financing from the proceeds of the sale of the real estate units shall not exceed (35%) of the cost of constructing the real estate development project.
 3. Loan financing shall not exceed (50%) of the cost of constructing the real estate development project.

- b. The developer shall not rely entirely on financing the real estate development project on the funds obtained from buyers as a result of selling real estate units.
- c. It is prohibited to pay the value of the land allocated for the establishment of the real estate development project from the escrow account , or from the price of selling the real estate units.

Article (19)

Implementation start and completion ratios

- a. The developer shall:
 - 1. Implementation of works of infrastructure or construction of the real estate development project starts within a maximum of six months from the date of registering the project in the real estate development record, unless it is extended for a similar period at the request of the developer and the consent of the Director General.
 - 2. Provide the department with monthly reports prepared by the contractor and approved by the consultant, including the progress of work and the stage of completion of the real estate development project with updating the timetable and the financial flow of the real estate development project, guaranteeing the delivery of the project according to the date of delivery adopted at the department.
- b. The department may, under its supervision, seek the assistance of any engineering or accounting office licensed in the country, to assign it to prepare an engineering

or accounting report according to what it deems appropriate, and its fees shall be at the expense of the developer.

Article (20)

Mortgaging the real estate project

- a. Subject to article (18) of this Law, the developer may mortgage the units of the real estate development project, for the purpose of obtaining the financing to complete the construction of the real estate development project in accordance with the following terms and conditions:
 1. The completion of the real estate development project shall exceed (50%).
 2. Mortgage is restricted to the units of real estate development project that are registered in the name of the developer.
 3. The entire amount of the financing shall be deposited into the escrow account, and it is not allowed to pay it directly to the developer.
 4. To expressly & clearly stipulate in a prominent place in the contract for the sale of the real estate unit sold after the mortgage, that the unit is mortgaged, and indicate the creditor's name.
 5. Registering the mortgaged unit of the real estate development project in the name of the buyer, in the initial real estate record, loaded with mortgage for the benefit of the real estate finance people.
- b. A portion of the price of the sold real estate unit that is deposited in the escrow account shall be deducted to pay the loan, according to the real estate unit's percentage of the financing.

- c. Mortgage of the mortgaged real estate unit expires in case of paying its full price by the buyer and depositing it in the escrow account.

Article (21)

Main compound management system

- a. The main developer prepares a Main compound management system in the main real estate development project, provided that it shall be adopted by the department, before concluding any legal action on the units of the main real estate units development project.
- b. It is not permissible to make any amendment to the Main compound management system after its approval, that includes any impact on the rights of buyers, except after obtaining the consent of the department.

Article (22)

Building management system

- a. The Secondary developer prepares a building management system in the real estate development subprojects, provided that it shall be adopted by the department, before concluding any legal action on the the real estate units.

- b. If a part of the real estate development subproject is developed in stages, a building management system shall be prepared for that part that has been developed.
- c. It is not permissible to make any amendment to the building management system after its approval that includes any impact on the rights of owners of real estate units, except after obtaining the consent of the department.

Article (23)

Canceling the real estate development project

- a. The real estate development project shall be cancelled and written off from the real estate development projects record in the following conditions:
 - 1. The start of implementation of the real estate development project is late from the period specified in item (1) of paragraph (a) of Article (19) of this law.
 - 2. The developer submits a request to cancel the real estate development project for substantial reasons accepted by the department . And after the settlement of the rights of third parties that are related to the same project.
 - 3. Write-off of the developer from the real estate developers record, unless the real estate development project is transferred to another developer.
 - 4. Issuance of a final judgment from the competent court to cancel or liquidate the real estate development project.
- b. The real estate development project isn't cancelled, except after payment of all amounts paid from the buyers and settlement of the rights of the contractor, consultant, and the escrow account trustee.

- c. Cancelling the real estate development project doesn't entail exempting the developer from liability, of any kind, toward the department or third parties.

Chapter IV

Off-plan sale of real estate units

Article (24)

Permitting off-plan sale of real estate units

The developer may carry out off-plan sale of the units in the real estate development project after the issuance of sale permit from the department.

Article (25)

Conditions for the real estate units off-plan sale permit

The developer is granted an off-plan sale permit after fulfilling the following conditions:

1. Registering the real estate development project in the record of real estate development projects in the department.
2. Opening an escrow account for the real estate development project.

3. The completion of not less than (15%) of the works of the real estate development project, or cash deposit of (15%) of the cost of constructing the real estate development project in the escrow account, or to provide a realizable and automatically renewable bank guarantee in the name of the department of not less than (15%) of the cost of constructing the real estate development project.
4. Submit a written commitment that the developer enter into a sales contract with the buyer in accordance with the standard contract for sale.
5. Any other conditions determined by a decision issued by the Director General.

Article (26)

Announcing the off-plan sale of the real estate units

- a. The developer shall not advertise in the local or foreign media or participate in local or foreign exhibitions to promote the off-plan sale of the real estate units in the real estate development project only after obtaining the necessary permits from the department and the competent authority.
- b. In the case of advertisement for the sale of units in the real estate development project, the developer shall declare the following information, and be liable for its authenticity:
 1. Location of the real estate development project, and the number of the land on which it is constructed.
 2. The date of delivery of the real estate development project approved by the department.
 3. The approved perspective of the real estate development project.

4. The developer number in the register of real estate developers at the department.
 5. Real estate development project number in the real estate development projects registry.
 6. Escrow account number.
 7. Any other information that the department deems necessary.
- c. Subject to article (25) of this Law, the terms of issuing an advertisement and promotion permit for the off-plan sale of the real estate units in the real estate development project are specified by the department, by a decision issued by the Director General.

Article (27)

Real estate unit reservation deed

- a. Real estate unit reservation deed is issued from the developer or from his representative, given that it shall include the data set out in Article (28) of this Law.
- b. The developer and the buyer shall inform the department of any change in the data contained in the Real estate unit reservation bond, especially data related to addresses and correspondence, and considers these data are an argument against them.

Article (28)

Real estate unit reservation deed data

Real estate unit reservation deed must include the following data:

1. The name of the developer, his address, Phone number, e - mail address, trade license number, and his registration number in the real estate developers register.
2. The name of the buyer, his address, Phone number, e - mail address, ID or Passport, and trade license number if he is a legal person.
3. An accurate description of the reserved real estate unit, its area, number and location in the real estate development project.
4. The value of the reserved real estate unit.
5. Reservation amount.
6. Stipulating the buyer's right to purchase the real estate unit during the period set out in Article (29) of this Law .
7. The name of the escrow account trustee and the sub- escrow account number of the reserved real estate unit.
8. Determine the party financing the real estate development project , its address, and the value of the financing limit.
9. Data on the infrastructure, and the percentage of completion of the real estate development project.

Article (29)

Impact of real estate unit reservation

- a. Subject to paragraph (d) of this Article and Article (51) of this law, reservation amount is considered a part of the price of the sold real estate unit, and the developer shall deposit it i full, in all circumstances, in the escrow account.

- b. Correspondences to the addresses contained in the reservation deed are approved and acknowledged, and the developer or the buyer aren't entitled to allege being unaware of any correspondence to these addresses.
- c. The developer is committed to the reservation deed before the buyer, and he shall conclude the contract for sale of the real estate unit within (15) days from the day following the signing of the reservation bond, and he shall not sell, nor offer the sale of the real estate unit, the subject of the reservation deed throughout this period.
- d. If the developer does not deliver the contract of sale to the buyer within the period stipulated in paragraph (C) of this article, the person may ask the department to compel the developer to complete the sale of the real estate unit and hand him the sales contract , or cancel the reservation deed and recover the full reservation amount.
- e. If the buyer refused to sign the contract of sale or delayed from returning it to the developer within (15) days from the date of its receipt, reservation deed is cancelled and the buyer is not entitled to recover the reservation amount.
- f. The buyer shall not, under the reservation bond, sell , trade, or offer the real estate unit for sale or arrange any in- kind right over it, and none of these actions shall be applied to the right of the developer.

Article (30)

Standard contract of sale

Standard contract of sale shall include the following information:

1. The name of the developer, his address, Phone number, e-mail address, trade license number, and his registration number in the real estate developers register.
2. The name of the buyer, his address, Phone number, e - mail address, ID or Passport, and trade license number if he is a legal person.
3. An accurate description of the real estate development project.
4. An accurate description of the sold real estate unit, Specifically, the following:
 - a. The number of the real estate unit, and its location in the real estate development project.
 - b. Net area sold, and common area borne by the real estate unit.
 - c. Facilities, common parts, and parking allocated for the real estate unit.
 - d. External and internal technical specifications.
 - e. Devices and equipment located in the real estate unit.
5. The value of the sold real estate unit.
6. The name of the escrow account trustee , and the main and subsidiary escrow account number of the sold real estate unit.
7. Indicate the original or collateral in kind right of the real estate unit, if any, and the developer pledge to transfer title of the real estate unit to the buyer in the final real estate registry, free of any rights.
8. The period during which the real estate unit will be registered and delivered to the buyer, and the expected delay period.
9. Estimated value for utility services and common parts for the first year.
10. Any other information specified by a decision issued by the Director General.

Article (31)

Annexes to the contract for sale of the real estate unit

The developer shall accompany the standard contract of sale with the following documents:

1. A copy of the developer's trade license.
2. A copy of the approved engineering plans and technical specifications of the sold real estate unit, approved by the consultant.
3. Payment table linked to the rates of completion, approved by the department, indicating the number escrow sub-account of the sold real estate unit, unless the contractors agree otherwise.
4. Any other documents specified by a decision issued by the Director General.

Article (32)

Prohibitions of reservation deed and standard sale contract

- a. Reservation deed and standard sale contract shall not include any of the following conditions:
 1. The developer's right to delay the completion of the real estate development project for a period exceeding one year.
 2. The right to transfer the buyer to other projects in the event that the real estate development project is not completed.
 3. Any condition that violates the provisions of this law.
- b. If any condition of the conditions mentioned in item (a) of this article is found, the condition is invalidated and the contract is valid.

Article (33)

Language of reservation deed and standard sale contract

Reservation deed and standard sale contract must be in Arabic and English and in three copies, a copy of each of them is kept with the department, and in the event of difference between the Arabic text and the English text, the Arabic text prevails.

Article (34)

Registration of the sale of the real estate unit in the initial real estate registry

- a. Upon registering a real estate development project in the record of the real estate development projects, all real estate units are marked as “Vacant”.
- b. All actions carried out on the off-plan sold units are recorded in the initial real estate registry, and all legal actions that transfer or restrict ownership or any subsidiary rights of ownership of the real estate units are null and void if they haven't been recorded in the initial real estate registry.
- c. The real estate developer may, before completion of the real estate development project, register any vacant real estate unit in his name in the initial real estate registry, provided that he is committed to depositing the price of the real estate unit in the escrow account , and paying the fees prescribed for the registration.
- d. The developer must, within (5) working days of the buyer signing the standard contract of sale, register the sold real estate unit in the buyer's name in the initial real estate registry.

- e. In the event the developer fails to register the sold real estate unit, the buyer may request the department to register the real estate unit in his name after paying the fees prescribed for the registration.
- f. Each developer acted in any action that transfer or restrict ownership of any real estate before the provisions of this law come into force, shall apply to the department to record it in the final real estate registry, or in the initial real estate registry, as the case may be, within a period not exceeding (60) days from the date this law comes into force.

Article (35)

Registration of the real estate unit in the final real estate registry

Upon the issuance of certificate of completion of the real estate development project and the adoption of the final cadastral survey the developer shall carry out the following:

1. Transferring the ownership of the sold real estate units to buyers, in case of paying the full price within a period not exceeding (30) days and extracting the title deed of the real estate unit.
2. Transferring the ownership of vacant real estate units in the name of the developer and paying the prescribed fees for the registration.

Article (36)

Administrative expenses

- a. The administrative expenses that the developer may collect from the buyers regarding any action on the real estate units in the real estate development project, shall be determined by a decision issued by the Director General.
- b. Immediately after the developer collects any fees from the buyers related to services provided by the department, he shall submit an application to obtain the service and pay the prescribed fees.
- c. The developer is prohibited from charging any of the fees, expenses, or wages, other than approved by the department.

Article (37)

Certificate of completion of the project

The developer shall obtain the consent of the department before proceeding with procedures of obtaining the certificate of completion of the real estate development project.

Article (38)

Reservation of the maintenance percentage

- a. Escrow account trustee shall reserve (5%) of the total cost of constructing the real estate development project for a period of one year from the date of issuance of the

certificate of completion of the real estate development project, for the purpose of covering the cost of maintenance of defects that may appear after the completion of the real estate development project in question.

- b. The department may deduct the percentage set out in paragraph (a) of this Article from the deposits in the escrow account, provided that the developer shall fill the shortfall in this percentage before the issuance of the certificate of completion of the real estate development project.
- c. Escrow account trustee shall not disburse the reserved amount or any part thereof, except after the expiration of a period of the year set out in paragraph (a) of this article, and the developer to submit a technical report from an engineering office certified by the department at his expense, indicating the performance of all required maintenance works or not needing the maintenance.
- d. The department may approve the developer's request not to deduct the percentage of maintenance, or withdraw the amount reserved before the expiry of the period of the year provided in paragraph (a) of this article, in exchange for the developer's submission of a realizable bank guarantee equal to the value of the amount required not to be deducted or withdrawn, in the name of the department

Chapter V

Escrow account

Article (39)

Escrow account trustees register

- a. A record called “Escrow account trustees register” is created with the department to record the escrow account trustees, and the Director General issues a decision determining the form of the record and procedures of registration, period of registration, its renewal and write-off.
- b. Escrow account trustee is committed to provide the department with monthly account statements - or whenever requested by the department - containing all financial statements of the main and sub-accounts of the real estate units, including the names of the buyers of the real estate units, updates of these accounts, and the remaining balance.

Article (40)

Conditions for registering escrow account trustees

Conditions for registering escrow account trustees:

1. The applicant shall be a bank, or financial establishment licensed in the state.
2. The applicant shall have a main center or a branch in the emirate.
3. The applicant shall have an electronic system for management of escrow accounts.
4. The applicant shall have a subordinate engineering section, or a contract with an engineering office certified in the state.
5. Any other conditions determined by a decision issued by the Director General.

Article (41)

Opening the escrow account

- a. The developer who wants to carry out off-plan sale of real estate units, is committed to open the escrow account in the name of the real estate development project with one of the escrow account trustees registered with the department.
- b. In the event of numerous real estate development projects carried out by the developer, he shall open an escrow account for each project separately.
- c. The escrow account consists of a main account for the real estate development project and a separate sub- account for each real estate unit in the same real estate development project, and the escrow account agreement sets out the procedures and controls for the main escrow account and escrow sub.accounts-
- d. Under no circumstances may the escrow accounts be merged for more than a real estate development project with each other, or the main escrow account be merged with escrow sub. accounts-
- e. The controls and procedures related to opening an escrow account are determined by a decision issued by the Director General.

Article (42)

Guarantee Account Agreement

- a-** A Guarantee Account shall be opened in the name of the Real Estate Developer by virtue of an agreement to be made and entered into by and between the Developer and the Guarantee Account Trustee entitled “**Guarantee Account Agreement**” according to the Department-approved form.
- b-** The Guarantee Account Agreement shall only be accepted after being approved by the Department. The Guarantee Account shall only be activated following the

issuance of the final approval to the registration of the Real Estate Development Project in the Register of Real Estate Development Projects.

Article (43)

Deposit of Price in Guarantee Account

- a-** The Purchaser shall pay the price of the Real Estate Unit and shall deposit the same in the Secondary Guarantee Account of such Unit, according to the payment plan stipulated in the Unified Sale Contract of the Real Estate Unit concluded by and between the Developer and the Purchaser. The Purchaser may not abstain from making any of the payments except in the cases and according to the conditions stipulated in Article (53) hereof.
- b-** The Developer may not receive any amounts from the price of the Real Estate Unit outside the Guarantee Account and may not deduce the Real Estate Broker commission from the value of the sold Real Estate Unit in the Real Estate Development Project.
- c-** The Guarantee Account Trustee may not hand over to the Developer the checks deposited in the Guarantee Account which have been dishonored without any reason, except following the issuance of a consent from the Department.

Article (44)

Cashing from Guarantee Account

- a-** No amounts shall be cashed or paid from the Guarantee Account to pay for the government or non-government fees, the fees of engineering designs, the marketing or advertising fees or the insurance fees.
- b-** Cashing shall start from the amounts deposited in the Guarantee Account except when the following two conditions are met:

- 1-** A license is obtained for the Off-plan Sale of Real Estate Units.
 - 2-** The completion of 5% of the construction works in the Real Estate Development Project.
- c-** Some amounts may be cashed from the Guarantee Account exclusively for the purpose of the construction of the Real Estate Project following the consent of the Department to the Payment Note.
 - d-** Payments shall be made to the Contractor or the Consultant according to the Department-approved percentages of completion.
 - e-** Without prejudice to the provisions of para. (a) of this Article, the criteria and specifications for the payment from the Guarantee Account and the mechanisms of the same shall be specified according to the General Director's resolution.

Article (45)
Minimum Payments

The Department shall specify the percentages of payment from the Guarantee Account for each payment or settlement at a specified financial amount, and shall specify the minimum payments to the Contractor, Consultant or Developer.

Article (46)
Payment of Profits from Guarantee Account

The Developer may, with the Department consent, withdraw from the Guarantee Account within the limit of no more than 5% of the potential profits of the Real Estate Development Project, provided that the same shall be divided on three times over the period of completion, according to the following conditions:

- 1- In the event that the deposits in the Guarantee Account reach an amount that is more than the cost of the outstanding construction works.
- 2- In the event that the percentage of completion exceeds 60% of the construction works of the Real Estate Development Project.

Article (47)
Suspending Payments from Guarantee Account

The Department may, by way of protecting the rights of Purchasers, suspend the payment of any amounts from the Guarantee Account in case of any emergency cases that might lead to the non-completion of the Real Estate Project Development.

Article (48)
Coverage of Guarantee Account

- a- In the event of the lack of sufficient funds in the Guarantee Account to cover the construction works, the Department may issue an order to the Developer to deposit financial amounts in the Guarantee Account within a specific time frame to cover up for the construction works of the Real Estate Development Project or to settle the rights of each of the Financer, Contractor and Consultant.
- b- In case of the non-compliance of the Developer or its failure to abide by the time table of the payments as stipulated in para. (a) hereof, the Department may consider the Real Estate Development Project suspended, as the case may be, and act according to the provisions of Article (63) hereof.

Article (49)
Closing Guarantee Account

The Guarantee Account shall be closed with the consent of the General Director in any of the following two cases:

- 1- The termination of the maintenance period stipulated in Article (38) hereof.
- 2- The settlement of the rights of the Financer, Contractor, Consultant or Guarantee Account Trustee.

Chapter VI
Rights of the Off-plan Purchasers of Real Estate Units

Article (50)
Purchaser's Right of Access

The Purchaser shall have access to:

- a- The terms and conditions of the Sale Contract and the data of the Real Estate Unit, and the Purchaser shall be given fifteen (15) days at least to review the Sale Contract before signing it.
- b- The Marketing Agreement concluded by and between the Developer and the Real Estate Broker as well as the Broker's ID and registration number, if the Real Estate Unit was offered for sale through a real estate broker.
- c- The information related to the Services of Facilities and the Common Areas and the authorities that manage them.
- d- The deposits in the Secondary Guarantee Account of the Purchaser's Real Estate Unit.
- e- The data on the construction of the Real Estate Development Project and the percentages of completion through regular reports sent to the Purchaser by the Developer, or which the Purchaser might request from the Department.

Article (51)

Purchaser's Right to Change its Mind

- a- The Purchaser may within fifteen (15) days of its receipt of the Reservation Instrument change its mind and decide not to conclude the contract for whatever reason, and redeem the reservation amount.
- b- The Purchaser shall notify the Developer, in writing, of the change of its mind, and the Developer shall refund the reservation amount within fifteen (15) days as of the date of the notice.

Article (52)

Purchaser's Right of Disposition

- a-** Unless the Real Estate Unit is mortgaged, the Owner of the Real Estate Unit, registered in the Initial Real Estate Register, may dispose of the Real Estate Unit by sale, mortgage or any kind of disposition that shall transfer or restrict the title of the Real Estate Unit.
- b-** The next Purchaser of the Real Estate Unit shall be required to pay the remaining price of the same according to the agreed upon payments in the Sale Contract concluded by and between the Developer and the First Purchaser, unless it has been agreed otherwise by the Developer and the new Purchaser.

Article (53)
Purchaser's Right to Withhold Due Payments

Notwithstanding the fact that such right may not be arbitrarily used, if the agreed upon payments were related to the percentages of completion of the Real Estate Development Project, the Purchaser may withhold the payment due in the Payment Schedule, if the Developer failed to abide by the completion of the Real Estate Development Project in a percentage that is equivalent to such payment in the Payments Schedule, provided that the Developer and the Guarantee Account Trustee shall be informed of the same before the due date of the payment.

Article (54)
Purchaser's Right to Receive Real Estate Unit

- a- The Developer may not prevent the Purchaser who paid the full amount of the Real Estate Unit from occupying the Real Estate Unit.
- b- The Developer may abstain from delivering the sold Real Estate Unit if the full amount of the same was not deposited in the Guarantee Account, unless it has been agreed by the Developer and the Purchaser to delay the payment of the price of the Real Estate Unit until after the delivery of such Unit. In which case, the Developer may not insist on the right to withhold the Real Estate Unit.
- c- In the event that the Developer fails to deliver the Real Estate Unit to the Purchaser, the Department shall issue an executive instrument to the Purchaser in order to be able to receive the Real Estate Unit by submitting an application to the Execution Department in the court of jurisdiction.

Article (55)
Purchaser's Right to Terminate Sale Contract and in Compensation

The Purchaser may resort to the court of jurisdiction to claim for the termination of the Real Estate Unit and the redemption of the entire amount paid by it while reserving its right to claim for compensation, if necessary, in the event that:

- 1- The Developer delayed the delivery of the Real Estate Development Project and delayed the issuance of the Certificate of Final Completion for more than one (1) year after the time specified for the delivery of the Real Estate Development Project.
- 2- There are substantial differences in the specifications of the Real Estate Unit compared to the specifications offered by the Developer upon promoting the Real Estate Development Project as stated in the Sale Contract.
- 3- The area of the sold Real Estate Unit is 20% less than the net area.
- 4- There is material cheating in the Real Estate Project Development including the Real Estate Units, Common Areas, Common Facilities and Services.
- 5- The Developer amended the approved engineering plans without the consent of the Concerned Authority and the Department.

Article (56)

Purchaser's Right in Compensation without Termination of Sale Contract

The Purchaser may resort to the court of jurisdiction to claim for compensation without having the right to terminate the Real Estate Unit Sale Contract in the event that:

- 1- The Developer delayed the delivery of the Real Estate Development Project and delayed the issuance of the Certificate of Final Completion for no less than six (6) months and no more than one (1) year following the date specified for the delivery of the Real Estate Project Development.
- 2- There are inherent defects in the Real Estate Unit that do not substantially affect the use and benefit of the same.

- 3- There are unsubstantial differences in the specifications of the Real Estate Unit compared to the specifications stated in the Sale Contract.

Article (57)

Developer's Liability for Defects

- a- Without prejudice to the provisions of the Contracting Agreement stipulated in the Civil Transactions Law, the Developer shall continue to be liable in any of the following two conditions:
 - 1- The full or partial collapse of the building, and shall be responsible for any defects in the structural parts of the Real Estate Development Project for ten (10) years starting as of the date the Certificate of Final Completion is obtained for the Real Estate Development Project.
 - 2- The repair or replacement of the defective installations in the Real Estate Development Project for one (1) year as of the delivery of the Unit to the Owner. Such installations shall include the mechanic, electrical, sanitary fittings and sanitary discharge and the like. In the event that the Owner abstains from the delivery of his/ her unit for whatever reason, such period shall be calculated as of the date of the issuance of the Certificate of Completion of the Real Estate Development Project.
- b- Any agreement contrary to the provisions of para. (a) hereof shall be null and void.

Article (58)

Purchaser's Violation of Payments

- a- In the event that the Purchaser has violated the provisions of Para. (a) of Article (43) hereof, and the Developer has not agreed to reschedule the delayed payment/s, a notice shall be served to the Purchaser by the Developer through a Notary Public,

and the Purchaser shall be given a deadline of ninety (90) days for paying the delayed payment/s.

- b-** In the event that the deadline stated in para. (a) hereof has ended, and the Purchaser was unable to pay the delayed payments, while the Developer has abided by the timetable approved by the Department for the completion of the Real Estate Development Project, the Department may, upon the Developer's request, cancel the Certificate of Initial Registration of the sold Real Estate Unit, and re-register the same as "**unoccupied**" in the following cases:
- 1-** The Developer's Completion of at least 20% of the Real Estate Development Project construction works, and the Purchaser's failure to pay a percentage of at least 20% of the value of the Real Estate Unit.
 - 2-** The Developer's Completion of at least 40% of the Real Estate Development Project construction works, and the Purchaser's failure to pay a percentage of at least 40% of the value of the Real Estate Unit.
 - 3-** The Developer's Completion of at least 60% of the Real Estate Development Project construction works, and the Purchaser's failure to pay a percentage of at least 60% of the value of the Real Estate Unit.
 - 4-** The Developer's completion of at least 80% of the Real Estate Development Project Construction works, and the Purchaser's failure to pay a percentage of at least 80% of the value of the Real Estate Unit.
 - 5-** The Developer's Completion of at least 90% of the Real Estate Development Project construction works, and the Purchaser's failure to pay a percentage of at least 90% of the value of the Real Estate Unit.
 - 6-** The Developer's Completion of 100 % of the Real Estate Development Project construction works, and the Purchaser's failure to pay a percentage of at least 100% of the value of the Real Estate Unit.

Article (59)

Refund of Payments to the Purchaser

- a-** Without prejudice to the provisions of Article (58) hereof, the Department shall issue a payment order to the Guarantee Account Trustee to return the percentage of payment which the Purchaser has paid as a price for the Real Estate Unit that has been re-registered as occupied from the Guarantee Account according to the following percentages, unless the Developer and Purchaser agree on the refund of higher percentages.
- 1-** 10% of the total payments paid if the percentage of such payments is more than 20% and less than 30% of the value of the sold Real Estate Unit.
 - 2-** 15% of the total payments paid if the percentage of such payments is more than 30% and less than 40% of the value of the sold Real Estate Unit.
 - 3-** 20% of the total payments paid if the percentage of such payments is more than 40% and less than 50% of the value of the sold Real Estate Unit.
 - 4-** 25% of the total payments paid if the percentage of such payments is more than 50% and less than 60% of the value of the sold Real Estate Unit.
 - 5-** 30% of the total payments paid if the percentage of such payments is more than 60% and less than 70% of the value of the sold Real Estate Unit.
 - 6-** 35% of the total payments paid if the percentage of such payments is more than 70% and less than 80% of the value of the sold Real Estate Unit.
 - 7-** 40% of the total payments paid if the percentage of such payments is more than 80% and less than 90% of the value of the sold Real Estate Unit.
 - 8-** 50% of the total payments paid if the percentage of such payments is more than 90% of the value of the sold Real Estate Unit.
- b-** No amounts shall be refunded to the Purchaser if the percentage of the payments made is no more than 20% of the value of the sold Real Estate Unit.

Chapter VII

Final Provisions

Article (60)

Auditing Real Estate Development Projects

- a-** The Department shall, at the expense of the Developers, appoint engineering and accounting auditors chartered by the Concerned Authority to audit, under its full control, the Real Estate Development Project and all the financial, accounting and technical statements related thereto, as well as the Guarantee Accounts.
- b-** The remuneration of the engineering and accounting auditors to be appointed by the Department shall be specified by the General Director resolution.

Article (61)

Attachment or Execution on Real Estate Development Projects and Guarantee Accounts

- a-** No provisional or executive attachment may be imposed on the Real Estate Development Projects nor the amounts deposited in the Guarantee Account by any judicial or non-judicial authority in any case whatsoever.
- b-** Neither the Real Estate Development Projects nor the amounts deposited in the Guarantee Account shall be included in the Guarantee Account in favor of the Real Estate Development Project in the General Guarantee to the Developer's Creditors.

Article (62)

Access to Registers

The data and information registered in the Department and the Registers of the Guarantee Account Trustee or the Developer may be accessed and a copy of the same may be requested by each of:

- 1- The Purchasers within the limit of the data and information related to their own Real Estate Units.
- 2- The judicial authority or the arbitration tribunal in case of a dispute raised before it.
- 3- The concerned official authorities in the State.

Article (63)

Suspended Real Estate Development Projects

In the event that it has been established that the Real Estate Project has been suspended according to engineering and accounting reports, and no amicable settlement is reached between the Developer and the Real Estate Units Purchasers; the Department may refer the file of the Real Estate Development Project to the concerned judicial authorities in the Emirate to settle the same.

Article (64)

Fees, Penalties and Fines

- a- Without prejudice to the applicable laws and legislation in the Emirate, the Crown Prince shall issue an Emiri Decree on the fees of services provided by the Department, as well as penalties and fines imposed in case of the violation to the provisions of this Law.
- b- The rules, regulations and decisions applicable in the Department shall continue to be valid and in full force and effect so long as they do not conflict with the provisions hereof, until the issuance of other rules, regulations and decisions in place thereof.

Article (65)

Capacity of Judicial Police Officers

The Department officers who are named by the resolution of the Minister of Justice, upon the request of the Chairman, shall have the capacity of the Judicial Police Officers in proving the acts committed in violation of the provisions of this Law, and the rules and regulations issued accordingly. Such officers shall have access to the places and shall be entitled to inspect places and to execute the necessary seizure reports.

Article (66)
Grievances

- a-** Any interested party may file a written grievance to the Department against the penalties, decisions and measures issued against it according to the provisions of this Law within thirty (30) days as of the date of being notified of the penalty, decision or measure against which it is filing a grievance. Such grievance shall be settled within a period of no more than thirty (30) days as of the date it is submitted.
- b-** The grievance shall be considered by the Grievances Committee to be comprised by the Chairman for this purpose and its recommendations shall be filed to the Chairman. The decision issued by the Chairman in this respect shall be final.

Article (67)
Regulatory Decisions

The Chairman and the General Director shall issue the necessary regulatory decisions, each in his own part, to execute the provisions hereof.

Article (68)
Reconciliation of Situation

The current Real Estate Development Projects shall, at the time this Law comes into effect, be given six (6) months to reconcile their situations in accordance to the provisions hereof. Such deadline may be extended for a similar period by virtue of the Chairman's decision.

Article (69)
Cancellations

Any provisions or decision contrary to the provisions hereof shall be null and void.

Article (70)
Publication and Validity

This Law shall come into effect thirty (30) days after it is published in the official gazette.

Issued on Wednesday, the 20th of Ramadan, 1441 AH corresponding to the 13th of May, 2020 AD.

Humaid Bin Rashid Al Nuaimi
Ruler of Ajman

United Arab Emirates
Ajman Ruler's Court