

By-Law No. (85) of 2006 Regarding the Regulation of Real Estate Brokers' Register in the Emirate of Dubai

Chairman of the Lands & Property Department

After perusal of Law No. (7) of 2006 Regarding Real Estate Registration in the Emirate of Dubai, and pursuant to Articles (6) paragraph (6), and (28) of the said law and according to the proposal by the Department's General Director, We issued the following By-Law:

Chapter (1) Definitions & General Provisions

First: Definitions

Article (1)

This By-Law is called "By-Law No. (85) of 2006 Regarding the Regulation of Real Estate Brokers' Register in the Emirate of Dubai".

Article (2)

The words and phrases contained in this By-Law shall have the meanings shown against each of them unless the context requires otherwise:

Emirate: Emirate of Dubai

Department: Lands & Property Department

Director: Department's General Director

Committee: Permanent Committee of the Real Estate Brokerage

Council: The competent Arbitration Council to settle brokerage disputes

Division: Division of the Real Estate Brokerage in the Department

Authorities: The competent licensing governmental and semi governmental authorities

Real Property: Anything immovable fixed within its boundaries which cannot be moved without damaging or changing its features

Register: The Electronic or Documentary Register of the Real Estate Brokers

List: The list of the certified Brokers from Class (A) prepared by the Committee

Broker: It also means 'bidder', the person who carries on the Brokerage activities as per the provisions of this By-Law

Brokerage: a contract by which a Broker undertakes to another person to look for a second party to enter into a certain contract through mediation in the contracting negotiations in consideration of a fee.

Person: A natural or legal person.

Second: General Provisions

Article (3)

A Person may not carry on the Brokerage activity in the Emirate unless he is licensed by the competent authorities and registered in the Register.

Article (4)

A Register of Brokers who are licensed to carry on the Brokerage activity in the Emirate shall be established and every change or amendment made on this information shall be recorded therein.

Article (5)

Brokers shall be in two classes:

Class (A): The people of expertise who are registered in the List, unlicensed by the competent authorities and certified by the Chairman as exempted from the registration requirements.

Class (B): The people who carry on the Brokerage activity under a license issued by the competent authorities.

Chapter (2) Conditions of Registration in the Brokers' Register

Article (6)

Subject to what is provided in Article (5-A) the people from Class (B) who wish to carry on the Brokerage activity in the Emirate shall submit to the Division an application on the prescribed form to be registered in the Register. The application shall include the following documents:

- 1- A valid trade license issued by the competent authorities.
- 2- A membership certificate in the Dubai Chamber of Commerce & Industry.
- 3- A copy of the applicant's license/applicants' passport with regard to the sole proprietorships or companies.
- 4- An exact copy of the ownership certificate of the Brokerage shop or its lease contract.
- 5- A certificate of good conduct for the establishment's owner and the senior manager or senior managers of the company.
- 6- None of the company's directors or the partners authorised to run the company shall previously have been declared bankrupt or convicted of a crime violating honour or trust.
- 7- Obtaining certificates in courses specialized in the real estate field from educational institutions accredited by the Department.
- 8- Passing the Brokerage profession test prepared by the Department.

Article (7)

The Division shall examine the application. Within seven days from submitting the application, the Division shall request the applicant in writing to complete the documents or information it deems necessary.

Article (8)

The Division shall take all the procedures to verify that the applications for registration, updating or cancellation meet the requirements of the By-Law provisions and decisions issued in accordance therewith.

Article (9)

The Division shall present applications for registration to the Committee within seven business days from the date of submitting the application or completing the documents and information required by the Department, as the case may be.

Article (10)

The Committee shall have the right to approve an application for registration or reject the same.
The applicant shall be informed of the decision in this regard. A decision to reject an application for registration shall be justified.

Article (11)

If the Committee rejects an application for registration, the concerned person may resubmit his application, after providing all the required conditions, within fourteen days of being informed of the refusal decision.

Article (12)

The Division shall issue a Broker with a card bearing his name and address, in addition to his registration number. The Broker shall include his name and registration number in the Register in all correspondence and reports issued by him.

Article (13)

Every Broker registered in the Register shall apply to the Division for annual renewal of his registration in the Register. The renewal application shall be submitted to the Division on the prescribed form at least thirty days prior to the expiry date of the registration certificate. The Division shall renew the Broker's registration in the Register after verifying compliance with the renewal conditions.

Chapter (3) Brokers' Obligations

Article (14)

All registered Brokers must comply with professional ethics according to the Code of Ethics prepared by the Committee in consultation with Brokers with expertise and opinion.

Article (15)

A Broker must record in his special register all transactions made by him and keep the relevant documents and papers. He shall also submit an identical copy of the same to any of the contracting parties who ask for it.

In case of selling by map or form (off- plan), he must keep the map or form until the transaction is completed.

Article (16)

A Broker shall submit all information, data and statistics related to the Brokerage activity which are requested by the Department.

Article (17)

A Broker must inform his client of all details of negotiations, stages of mediation he is conducting and any information that is considered necessary to enable him to take the decision whether to enter into an agreement with the other contracting party. A Broker must also inform the other contracting party of all substantial issues that are related to the subject of agreement and which are necessary in order to avoid any doubt in the agreement.

Article (18)

A Broker shall not mediate to enter into a transaction which is in violation of the laws and regulations applicable in the Emirate.

Article (19)

A Broker shall, even if he is only authorised by one party to the transaction, give them a faithful offer and inform them of all the circumstances he knows. He shall be responsible before them for any deception or mistake he makes.

Article (20)

A Broker may not establish himself as a second party in the contract in which he mediates to sign unless the contracting party allows him to do so and in this case the Broker shall not be entitled to a fee.

Article (21)

A Broker shall be the guardian of any monetary amounts, securities, debentures or things given to him by any of the parties to keep or to deliver to one of the parties. He must give or deliver the same according to what is agreed upon. Trust rules shall apply to the Broker with regard to these matters.

Article (22)

A Broker shall be responsible for any losses or damages inflicted on any of the contracting parties as a result of his acts through deception, fraud or non-observance of the principles to be followed as per the provisions of this By-Law or in accordance with the requirements of the Code of Ethics.

Article (23)

A Broker's right to fees or claim to be reimbursed for expenses he incurs, shall terminate if he works in favour of the other contracting party thereby violating his obligations towards the party he is representing, or if he accepts from the other party a promise to obtain a benefit when such promise is prohibited by the rules of good faith and the Code of Ethics.

Article (24)

If many Brokers were authorized to work on one contract, they shall be jointly responsible for the work delegated to them, unless they were authorised to work severally.

Article (25)

If many persons authorise one Broker in a joint act, they shall be jointly responsible towards him for carrying out this authorisation, unless they agree otherwise.

Chapter (4) Broker's fees

Article (26)

The Brokerage contract shall be in writing and shall state the names of the contracting parties, specifications of the Real Property and the Brokerage conditions. The contract shall be registered in the real estate register.

Article (27)

A Broker's fee shall be determined by agreement. If there is no agreement the fees shall be determined according to the prevailing practice.

Article (28)

1- A Broker shall not be entitled to a fee for his Brokerage unless this Brokerage resulted in a contract to be entered between the two parties. The contract shall be considered as entered when the parties agree on all the conditions provided in the brokerage agreement.

2- A Broker shall be entitled to his fee upon signing the sale contract and registration of it in the Department, unless the brokerage agreement stipulates otherwise.

3- If the sale contract is pending on a condition agreed on pursuant to the Brokerage contract, the Broker shall not be entitled to his fee unless this condition is met.

Article (29)

If the Brokerage contract is revoked, the Broker may claim his fees pursuant to the agreement stipulated in the Brokerage contract, unless deception or grave mistake was proved on his part.

Article (30)

If a Broker's instructions or negotiations did not lead to signing a contract between the two parties, the Broker shall not be entitled, in consideration of his endeavour, to claim any compensation, expenses or costs he incurred unless the Brokerage contract provides otherwise.

Article (31)

If more than one Broker participated in the mediation or negotiation for one party in order to reach an agreement and this led to the completion of the agreement, all of them will be entitled to the fees as if they were one Broker and the fee shall be divided between them as per the conditions of the contract entered between them.

Article (32)

Subject to Article (30), if a party contracted with many Brokers independently and with regard to one subject in order to mediate for him and negotiate on his behalf in an agreement and one of them succeeded in completing the transaction, he alone shall be entitled to the full compensation.

Article (33)

A Broker shall be entitled to compensation only from the party to the transaction who authorizes him to mediate in the transaction. If the authorisation was issued by both parties, each one shall be severally responsible towards the Broker for paying the fee due from him, even if they agreed that one of them shall pay the full fee to the Broker.

Chapter (5) Settlement of Disputes

Article (34)

The Department shall have a Council composed of four persons, in addition to the legal consultant of the Department . They shall be appointed by a decision issued by the Director. The Council shall have competency to settle disputes related to Brokerage.

Article (35)

The Council shall not consider disputes of real estate Brokerage unless the Brokerage contract contains the condition for amicable dispute settlement by the Department, or the adversaries agree subsequently to refer their dispute to the Council for arbitration. The agreement on arbitration shall only be established in writing and it shall specify the subject of the dispute in the dispute settlement document.

Article (36)

The Council shall commence its duties according to simplified procedures that seek to resolve disputes and establish justice between adversaries, by following the general principles of the law. The Council's decision shall be in accordance with the rules of the law, unless the Council was authorised to conciliate. In this case the Council shall not comply with these rules except with the rules related to the public order.

Article (37)

The Council shall have a secretariat to be in charge of receiving applications, opening files, writing proceedings and correspondence, serving notices upon the adversaries, maintaining files and generally to do all the administrative tasks assisting the Council. The secretariat shall be appointed by a decision from the Director.

Article (38)

1- The amicable disputes settlement application shall be submitted to the Committee by the party requesting settlement according to the form prepared for this purpose. Supporting documents and sufficient copies according to the number of the disputing parties shall be enclosed with the application.

2- The chairman shall order that the application is registered after the applicable fee is paid. The secretariat shall serve a notice upon the adversary (the respondent) in the application.

3- The respondent shall respond in writing to the application statement and the incidents and requests therein. He shall lodge this response and any supporting documents thereof with the secretariat within a week from notifying him.

4- The Council shall decide in the dispute within a maximum period of thirty days from the date of referring the case. This period may not be extended unless there are reasons justifying this.

Chapter (6) Disciplinary Penalties and the Cancellation of the Brokerage Capacity

Article (39)

Without prejudice to any penalty set by the applicable laws, the Committee shall have the right to impose any of the following penalties on a Broker who violates any of the provisions of this By-

Law, the decisions or instruction issued thereunder:

- 1- Warning
- 2- Notice
- 3- Suspension from work for a period not exceeding six months.
- 4- Listing the Broker's name on the black list.

Article (40)

A Broker's registration shall be cancelled if he breaches the Code of Ethics or if he commits a substantial violation of the applicable laws, regulations and instructions in the Emirate, or accumulates three points in the black list, and the cancellation shall be based on a decision issued by the Director according to a recommendation from the Committee, stating the reasons for cancellation. The Broker may file a grievance against the decision of cancellation with the chairman within fifteen days of being informed of it. The decision of the chairman shall be final.

Article (41)

The Brokerage capacity shall be lost by the Broker and his registration with the Department shall be cancelled in the following events:

- 1- The Broker leaves the Brokerage business permanently and informs the Department accordingly.
- 2- The Broker leaves the Brokerage business for a period exceeding twelve consecutive months without a legitimate excuse acceptable to the Committee.
- 3- He loses any of the conditions which should be met as per the provisions of this By-Law or any decisions or instructions issued thereunder.
- 4- If it becomes clear that his registration was based on false information that he submitted to the Division.
- 5- The chairman issues a decision cancelling the registration as per the provisions of Article (40) of this By-Law.

Article (42)

The Division shall notify the competent authorities of the decision issued to discontinue a Broker's activity or cancel his registration.

Chapter (7) Final Provisions

Article (43)

Brokers practicing when this By-Law is issued shall conform their status with its provisions within six months from the day it was issued. The Chairman may extend this period for a further period not exceeding three months if there are reasons justifying this.

Article (44)

The Committee shall be entitled, through consultation with the competent authorities, to classify the Brokers according to their area of specialisation and to determine their number according to the need.

Article (45)

The Department shall receive fees for the services provided pursuant to this By-Law which shall be determined by a decision issued by the Chairman.

Article (46)

The Chairman shall issue the orders, decisions and instructions necessary to implement the provisions of this By-Law.

Article (47)

The provisions of this By-Law shall be valid from the date it is signed.

Issued by us on 30/05/2006
Mohammad Bin Khalifa Al Maktoum
Chairman of the Lands & Property Department
Dubai