

April 04 2010 | Last updated 3 minutes ago

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## Developers get more power

New decree gives them right to terminate contracts if certain conditions are not met

By Aya Lowe, Staff Reporter

Published: 00:00 April 2, 2010

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The decree attempts to clarify the legal rights of investors and developers and provides greater powers to the Dubai Land Department [to cancel projects].

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Dubai: Real Estate Decree Number 6 grants a developer the right to unilaterally terminate a purchase contract if the investor does not meet certain obligations. The decree, issued by the Dubai Executive Council last month, awaits formal publication in the official gazette.

However, in an effort towards even-handedness, developers and investors both have the right to ask the Dubai Land Department to terminate a property purchase contract if certain conditions are met. Components of the decree have been welcomed by industry players as potentially helpful in defusing unresolved conflict and clearing a path to resolution.

"The decree attempts to clarify the legal rights of investors and developers and provides greater powers to the Dubai Land Department [to cancel projects]. These will help increase transparency," said Craig Plumb, head of research at Jones Lang Lasalle.

The decree empowers the developer to terminate a purchase agreement by directly sending a termination notice to a purchaser who is in breach of the contract, without the

Land Department's approval or involvement. A purchaser can terminate a contract for a number of reasons, including the developer's failure to deliver the unit without justifiable cause or the payment schedule not being in line with the Real Estate Regulatory Authority's guidelines.

"The decree tries to do a balancing act, giving the developer prime mover advantage.

"Because it tries to do something for everyone, it creates the groundwork for a lot of litigation. However, it will resolve festering problems, which is good," Shahram Safai, partner and head of the real estate department at Afridi and Angell, told Gulf News.

Decree No 6 sets out the guidelines for an investor to take petition the courts in case of a complaint.