

# THE ONUS LIES WITH THE LANDLORD IF A DEFECT AFFECTS THE USE OF A PROPERTY

■ IT IS IMPORTANT TO BE AWARE OF THE UAE CIVIL CODE ARTICLES RELATED TO TENANTS' RIGHTS



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A TENANT'S rights and obligations have been the subject of much discussion in Dubai over the past few years. Steadily increasing rents and the new Decree of January 1, 2007 limiting the maximum increase in rent for residential, retail and commercial properties in Dubai to 7 per cent of the existing annual rent have only served to increase such discussion.

Generally, a tenant's rights and obligations in Dubai are governed by Articles 742 to 848 of the UAE Civil Code (Federal Law No. 5 of 1985, as amended); the new 7 per cent rent cap Decree; and the tenant's lease agreement.

## UAE Civil Code

The UAE Civil Code's Articles 742 to 848 relate to contracts of hire, which include leases of property. These provisions address:

■ The necessary elements to make a lease contract. For example that the rent must be specified and the parties to the contract must have legal capacity to enter into the contract.

■ The consequences of entering into a lease agreement. For instance, the landlord must deliver the property for use to the tenant, and the tenant must

■ Premium apartments in Bur Dubai: The three things that govern a tenant's rights in Dubai are the UAE Civil Code, the recent rent cap decree and the lease contract



Photo: Shireh Baran

pay the rent. In maintaining the property that is being leased, for example that the landlord has the obligation to repair any defect in the property which affects the enjoyment of the prop-

erty. If the landlord does not do so, the tenant may cancel the contract.

■ Liability. The landlord shall be liable to the tenant for any defects in the property which prevent or sub-

stantially diminish the use of the property. However, that the landlord shall not be liable for any defect if the tenant was made aware of it at the time the contract was made, or if the

tenant could easily gain knowledge of such defect thereafter.

■ Obligations of the tenant. The tenant must exercise reasonable care in preserving the property; and that the tenant shall not alter or renovate the property without the consent of the landlord.

■ Termination of the lease. If the tenant uses the property after expiration of the lease, the tenant shall be bound to pay a fair rent for such use.

## The 7 per cent rent cap decree

The Decree states in Article 1 that with respect to any lease agreement for property that is renewable in 2007, any rent increase shall not exceed 7 per cent of the existing annual rent for such property, provided that the rent was not increased in 2006.

The Decree also states in Article 2 that rent may not be increased in 2007 for properties in respect of which the lease agreement was entered into in 2006.

## Tenant's lease agreement

Although tenant lease agreements vary in form and substance, especially for commercial and retail properties, many residential leases in Dubai tend to use a more or less standard form which is 1 to 1.5 pages long. Such lease agreements generally include provisions stating that the tenant shall not

transfer the tenancy to anyone else; the tenant shall pay all electricity, water and other utility charges; and that the tenant shall hand over the property to the landlord upon the expiry of the lease in the same condition as received.

Also, generally by custom, one or two other provisions can be handwritten and agreed to in such standard form agreements.

## Resolution of disputes

The resolution of disputes relating to the rights and obligations of tenancies in Dubai has been delegated by the Government of Dubai to the Dubai Rent Committee.

The Rent Committee is the official entity empowered and authorized to adjudicate lease disputes upon application by a tenant or landlord.

Therefore, if a tenant has a complaint with respect to the leased property or actions of the landlord related to such property and such complaint is based on a provision of the UAE Civil Code, the Decree or the lease agreement, then the tenant can file a case with the Dubai Rent Committee.

We shall review the procedures for making a complaint to the Dubai Rent Committee and related matters in next week's article.

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