



Implementation of the new Standard Tenancy Contract in the Emirate of Dubai - Why the Conclusion of Additional Terms remains indispensable

From 01.03.2017 onwards, the standardized tenancy contract drafted by the Dubai Land Department ("DLD") must exclusively be used when leasing any residential, commercial or industrial properties located in the Emirate of Dubai. During the summer of 2017, the DLD has enforced this obligation to such an extent that the failure to comply results in any other tenancy contract format being rejected for registration with the EJARI system, which - in turn - renders the subsequent registration of utility services or the application of residence visas impossible.

The standardized tenancy contract can be downloaded from the website www.ejari.ae. The contract shall unify tenancies, clarify the obligations of the involved parties and, thus, strengthen the rights of both the landlord and the tenant.

But can the new standard tenancy contract actually reduce disputes between the parties and contribute to a tension-free tenancy? In the course of this article, we illustrate what you need to know about the new regulations and the accompanying administrative practice as well as how you can best safeguard your rights as a tenant or landlord, respectively.

1. Practical Impact

By now, the new standardized tenancy contract has gained high practical relevance. Its utilization is mandatory. Deviating contract templates cannot be used any longer - even if they contain the minimum content asked for in the standard tenancy contract. This rule also applies to the renewal of existing tenancies. The typing offices responsible for the registration of tenancy contracts in the EJARI system only accept the standard contract. Consequently, the Dubai Electricity and Water Authority (DEWA) solely considers the standardized tenancy contract when processing applications for the connection of electricity and water supply.

Generally, the usage of the standard tenancy contract should at the very least result in the disclosure of the minimum information, such as the contact details of the parties and a description of the subject of tenancy. This will simplify the registration of the contract with EJARI as well as the communication between the parties during the validity of the lease.

It should be noted that when registering the tenancy contract for the first time and subsequently renewing the same with EJARI, only original contracts will be accepted for this purpose by the competent registration offices. Particularly in such instances in which the landlord does not live in the United Arab Emirates and contracts have therefore been exchanged by eMail in the past, the transmission of the originals to Dubai is now essential. When scheduling the needful, this fact should be considered in order to avoid delays at a later stage.

Another reform concerns the eligibility of persons signing and registering the standard tenancy contract. Individuals that are employed as real estate brokers in the United Arab Emirates are no longer permitted to represent either contractual party and may neither sign a tenancy contract nor register the same with EJARI. Thus, conflicts of interest of real estate brokers shall be avoided. In cases where a landlord's only personal acquaintance

in the United Arab Emirates is his real estate broker whom he has therefore entrusted with exercising his interests, this new rule constitutes a significant problem. Hence, landlords must appoint different, suitable persons as their representatives should they not wish to or be unable to participate in the lease of their properties personally.

2. Content of the Standard Tenancy Contract

In contrast to the previously very frequently used tenancy contract templates which contained numerous clauses contradicting the governing laws in the Emirate of Dubai, the new standard tenancy contract strictly complies with the applicable rules and regulations and only comprises of legally effective provisions.

However, the fourteen articles of the standardized tenancy contract fail to establish clarity on such issues that are typically extremely prone to disputes, particularly in view of the fact that the law is silent on such situations as well and as a result, the need for regulation actually exists. The standard tenancy contract neither covers provisions regarding the termination of the tenancy with nor without notice by the tenant. In addition, no adequate clauses referring to the maintenance of the subject of tenancy are included in the standard tenancy contract. The contract merely obliges the landlord to "do the regular maintenance as intended" without providing sufficient details. Ultimately, the standard tenancy contract remains silent about practically highly important topics, in particular the payment of the security deposit as well as the terms of its refund.

Thus, it remains imperative to make use of the option provided by the standardized tenancy contract and to conclude additional terms. Such supplementary provisions should expressly be referenced under section "Additional Terms" in order to ensure that the same will become an integral part of the standard tenancy contract and consequently take effect.



ANDERS LEGAL CONSULTANCY gladly assists you with the wording of lawful tenancy contract clauses and additional terms that are advantageous to your particular case.

Do you have questions? - We would be glad to answer them!

From our office located in the heart of Dubai, our team of German attorneys has been advising small and medium-sized companies, corporations and individuals on the laws of the United Arab Emirates for more than a decade. Our areas of expertise include corporate and commercial law (in particular business set ups), commercial agency law, employment law as well as tenancy and real estate law. We would be happy to attend to your questions as well. Contact us!

ANDERS LEGAL CONSULTANCY
Sama Tower, Office 806
Sheikh Zayed Road
PO Box 333 558, Dubai, UAE

Telephone: +971 4 327 5888
Telefax: +971 4 327 5999
eMail: info@anders.ae
Web: www.anders.ae

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