

Upcoming Deadline to register as a Developer in Abu Dhabi

David Bowman - Senior Counsel - Real Estate

d.bowman@tamimi.com - Abu Dhabi

February 2016

This article discusses the new requirements for licensing as a developer in Abu Dhabi, including the conditions, procedures, deadlines and penalties set out by the Law and its implementing regulations.

Deadline

Developers operating in Abu Dhabi must apply for a licence and register on the Real Estate Development Register at the relevant Municipality no later than 31 March 2016.

Penalties

The Law provides that no person may engage in real estate development in Abu Dhabi unless they have been registered in the Real Estate Development Register and licensed as either a master developer or a sub-developer. Developers who fail to apply for a licence and register by 31 March 2016 risk penalties of between AED 100,000 and AED 2,000,000. In addition, the Law provides that developers who are not licensed and registered will not be entitled to any fees, profits or rewards in return for the activities they undertake. If any fees, profits or rewards are received by a developer that is not licensed and registered, those fees, profits or rewards must be returned to the purchaser or, if it is not possible to return them, the developer must suitably compensate the purchaser.

Licensing requirements

The registration of developers in the Emirate of Abu Dhabi is regulated by the Department of Municipal Affairs ("DMA"). Only companies with real estate development activities permitted by their trade licence and registered with Abu Dhabi Chamber of Commerce and Industry may apply to the DMA for a licence to be recognised as a developer in Abu Dhabi.

The following documents must be submitted to the relevant municipality in the Emirate in order to apply to be registered as a developer:

- the prescribed application form
- the developer's trade licence or initial approval from the Department of Economic Development for licensing to carry out real estate development projects
- Abu Dhabi Chamber of Commerce and Industry membership certificate
- directors or board of directors list
- copy of the developer's headquarters offices rental agreement or title deed
- audited financial report
- details of the developer's real estate development projects, whether existing or proposed
- master plans and construction designs of the projects
- a title deed of the lands to be developed
- a project feasibility study issued by an auditor approved by the DMA
- for master developers, the sale and purchase agreements with their sub-developers

- for sub-developers, the unit sale and purchase agreement template for each project if the unit sales are made directly by the sub-developer
- any project marketing agreement with real estate brokers
- any other documents and information that may be required by the DMA.

A licensed developer may open one or more branch offices, in addition to its head office, to carry out any of its licensed activities provided it gives prior notification to the DMA. A developer's licence will be valid for one year from the date of issue and must be renewed annually.

Conclusion

As it could take some time for developers to comply with the requirements for obtaining a licence and registering on the Real Estate Development Register, developers need to act quickly to avoid incurring a penalty after 31 March 2016.