

Mortgage Law No. (14) of 2008 of the Emirate of Dubai

Government of Dubai HH the Ruler's Court

Mortgage Law No. (14) of 2008 of the Emirate of Dubai

We, Mohammed Bin Rashid Al Maktoum, Ruler of Dubai;

Having perused:

Federal Law No. (5) of 1985 on Civil Transactions and the amendments thereto;

Law No. (8) of 2004 regarding Free Financial Zones;

Law No. (7) of 2006 on Property Registration in the Emirate of Dubai;

Regulation No. 3 of 2006 on Designating Property Ownership Areas for Non-UAE Nationals in the Emirate of Dubai;

Law No. (8) of 2007 on Real Estate Development Guarantee Accounts in the Emirate of Dubai;

Law No. (27) of 2007 on Joint Ownership of Properties in the Emirate of Dubai; and

Law No. (13) of 2008 Regulating the initial property Register in the Emirate of Dubai;

Hereby promulgate the following Law:

**Chapter (I)
Definitions & General Provisions
Article (1)**

This Law shall be entitled "Mortgage Law No. (14) of 2008 of the Emirate of Dubai".

**Definitions
Article (2)**

Unless the context otherwise requires, the following words and phrases shall have the meanings respectively assigned thereto:

Emirate:	The Emirate of Dubai;
Department:	Land & Property Department
Chairman:	Department Chairman
Director:	Director General of the Department;

- Property:** A land and the immovable facilities thereon that cannot be moved from one place to another without damage or a change in their shape.
- Property Unit:** An apportioned part of the property, including any part on the plan;
- Register:** A set documents executed or saved in writing or in an electronic form with the Department, recording all property rights and any changes thereto;
- Initial Property Register:** A set of documents executed or saved in writing or electronically with the Department recording property sale contracts and other legal disposals on the plan before they are recorded in the property register.
- Mortgage:** A contract that grants the creditor, in respect of a real property or a property unit, an in rem right to discharge his debt and entitles him to have priority over ordinary creditors and credits next in rank to recover his debt from the price of the property from any possessor thereof;
- Mortgager:** the owner of property or an in rem right or the holder of a personal right by virtue of the contract of sale signed by the owner of the property sold on plan and entered in the property register or the initial property register;
- Mortgagee:** A creditor who grants the Mortgager a loan secured by a property that is actually or virtually existing.

Article (3)

The Provisions of this Law shall apply to the Mortgage of property or property units as security for a debt whether the debt is secured by the whole property sold on plan, common part thereof, or real or personal right thereof.

Article (4)

The Mortgagee shall be a bank or a financing company or institution duly authorized and registered with the Central Bank of the United Arab Emirates for practicing property financing activities in the State.

Article (5)

1. The Mortgager must be the owner of the mortgaged property/property unit and have the right to dispose thereof;
2. The Mortgager may be the debtor or a real guarantor providing a Mortgage in favor of the debtor; and
3. Subject to Articles 22, 23, and 24 hereof, the mortgaged property/property unit must exist actually or virtually on the plan when the Mortgage is effected;
4. The Mortgage must be created only in respect of a property/property unit with which dealing is permissible.

Article (6)

The Mortgage shall include the annexes of the property/property unit including any premises, plants and destination realties and any facilities that may be created after the date of conclusion of the Mortgage contract.

Article (7)

1. The Mortgage shall accrue only when it is registered with the department, with any agreement to the contrary to be deemed invalid.
2. The Mortgager shall incur the contract fees unless otherwise agreed by the parties.

Article (8)

1. Any Mortgage application shall be made to the Department signed by the Mortgager and the Mortgagee/real guarantor, if any, and containing the following particulars:
 - a. all the information related to the property;
 - b. the value of the property;
 - c. the amount of debt;
 - d. the Mortgage period; and
 - e. the particulars, domiciles and residences of the Mortgager and the Mortgagee/real guarantor.
2. The Mortgage contract shall be signed according to the department form and an annotation to that effect shall be made in the property register/initial property register as the case may be, with the Mortgage degree to be determined according to Mortgage annotation precedence.
3. The Mortgage instrument shall be delivered to the contracting parties under the official's signature, and the seal of the Department.

4. The Mortgage instrument may be in an electronic form; in which case, it shall have the evidentiary effect of a written Mortgage instrument.

Article (9)

There must be concluded against a fixed or promised debt.

Chapter II Legal Effects of Security Mortgage

Article (10)

The Mortgager may not dispose of the Mortgaged property unit or property by sale, grant or otherwise or create any real or personal right there on without the approval of the Mortgagee, and provided that assignee accepts to replace the Mortgager in the obligations arising under the Mortgage contract. The Mortgagee may stipulate in the Mortgage contract that the Mortgager shall act as a guarantor to the assignee in the performance of all such obligations.

Article (11)

If it is stipulated in the Mortgage contract that the Mortgagee shall own the Mortgaged property for its debt if the Mortgager fails to pay its debt on the appointed date, or that the property shall be sold without regarding legal procedures, the Mortgage shall be valid but the condition shall be void in both cases, even if it is agreed subsequently.

Article (12)

The Mortgager shall have the right to manage its property and receive its revenues till the date it is forcedly misappropriated by public auction for failure to discharge the debt.

Article (13)

If the property is damaged or becomes defective, the Mortgage shall transfer to the property in its place, and the Mortgagee shall have the right to recover its debt from such property based on its rank.

Article (14)

The debt shall be settled only from the Mortgaged property, without the real guarantor having any right to claim settlement from the Mortgager's property before execution on the property.

Article (15)

1. The Mortgagee may assign its right to a third party provided that the debtor shall approve such assignment and the deed of assignment shall be registered at the Department.
2. The Mortgagee may assign its Mortgage rank proportionally to the amount of its debt to another Mortgagee in respect of the same Mortgaged property.

Article (16)

The effect of the Mortgage shall be limited to the amount stipulated in the contract of Mortgage unless otherwise provided by Law or agreed.

Article (17)

The Mortgage rank shall be determined by the registration sequent number with the department. Should many persons apply at the same time to register Mortgages against the same debtor and for the same property, the registration of such Mortgages shall be made under one number and said creditors shall, on allocation of the auction amount, rank equally.

Article (18)

The Mortgagee may trace the Mortgaged property with any possessor to recover its debt on due date as per its rank. A possessor of the property shall be any person who acquires the title to the property or a real or personal right accruing from such property after the Mortgage.

Article (19)

The Mortgager shall secure the property by a Mortgage and shall be responsible for its integrity till the date of discharge of its debt. Meanwhile, the Mortgagee may object to any shortage in security and take any legal procedures to protect its right, and claim any relevant expenses from the Mortgager.

Article (20)

The Mortgage shall terminate upon full discharge of the Mortgaged debt.

Chapter (III)
Special Mortgages
Article (21)

A person having the right of musataha may create Mortgage the facilities and plantations for the period of musataha, but he may Mortgage the land forming the subject of musataha, unless otherwise agreed.

Article (22)

A person having the right of usufruct or long-term lease for a period not less than (10) years and not exceeding (99) years may Mortgage the usufruct of the utilized property or property unit for the period of utilization or long-term lease.

Article (23)

The rights of musataha, usufruct and long term lease shall terminate and the relevant entries shall be deleted from the register upon discharge of the debt secured by Mortgage or upon expiry of the musataha/usufruct/long term lease period.

Article (24)

A purchaser of a property unit sold on the plan or under-construction may Mortgage the same as security for the debt amount, provided that such units or properties are entered in the initial property register with the department.

Chapter (IV)
Procedures for Attachment of Mortgaged Property
Article (25)

The Mortgagee and its universal and private successors may commence procedures to expropriate and sell the Mortgaged property in case the debt is not settled on date, or if a condition that the due date shall fall prior to the elapse of this period accrues, provided that the debtor or the possessor of the Mortgaged property/unit is served a notarial notice within a period not exceeding thirty (30) days.

Article (26)

In the event that the Mortgager or its universal or private successor or the real guarantor fails to discharge the said debt within the period mentioned in the preceding Article, the execution judge shall at the request of the Mortgagee issue a decision for attaching the Mortgaged property in preparation of selling the same by public auction pursuant to the department procedures.

Article (27)

Without prejudice to the preceding Article, in the event that the debtor or its real guarantor petitions the execution judge to delay the public auction, the execution judge may delay the sale for not more than (60) days for only one time, in case the judge is convinced that:

- a. the debtor can discharge its debt if given this respite; and
- b. the sale of the Mortgaged property/unit may cause serious damage to the debtor.

Article (28)

Without prejudice to Article (25, 26 and 27) hereof, in the event that the debt is not settled within the fixed respite, the Mortgaged property shall be sold by public auction in accordance with the procedures applicable at the Department not later than thirty (30) days as from the date of expiry of the term referred to in such articles, as the case may be.

Article (29)

The Mortgager of its real guarantor may discharge the debt secured by Mortgage before the due date.

Article (30)

The debts of Mortgagees shall be settled from the price of Mortgaged property or property unit or from the funds replacing the property according to their respective ranks, even if they may have effected registration on the same date. If the price of sale is insufficient to settle the debt, the Mortgagee shall be entitled to claim the balance of its debt from the Mortgager.

Chapter (V)

Concluding Provisions

Article (31)

The provisions of the Federal Civil Transactions Law No. (5) of 1985 and the amendments thereto, as well as the Federal Civil Procedure Law No. (11) of 1992 shall apply to any matters not specifically provided for in this Law.

Article (32)

The lands granted by the government to UAE nationals and similar persons for commercial or residential purposes shall be exempted from the provisions of this Law and shall be subject to the Ruler's instructions and the resolutions issued for their implementation.

Article (33)

Any Mortgage deed registered in accordance with the provisions of this Law shall constitute evidence against third parties in all matters therein.

Article(34)

The Department Chairman shall issue the necessary resolutions for the implementation of the provisions of this Law.

Article(35)

This Law shall be published in the Official Gazette and shall come into force 60 days after the date of publishing.

**Mohammed Bin Rashid Al Maktoum
Ruler of Dubai**

Issued in Dubai 14 August 2008
 13 Shaban 1429 A.H.