

## **Ajman Real Estate Regulatory Agency**

### ***Regulations and guidelines concerning contract termination and settlement of real estate disputes***

#### **Article (1)**

These regulations and guidelines are applied to the residential and / or commercial units in the real estate projects located within the Emirate of Ajman and, are registered or under the registration process with Ajman Real Estate Regulatory Agency.

#### **Article (2)**

For the application purposes of these Regulations and guidelines, the words and meanings contained in these Regulations shall have the similar definitions and expressions specified in the Amiri Decree No. 8 of 2008. And unless the context otherwise requires, the following words and phrases shall have the meaning attributed to them herein below as follows:

#### **Project where construction work does not commence:**

It means the real estate project, where the land is not delivered to the developer or not handed over to the contractor to start construction work or, related- approvals and necessary permits are not obtained to start construction work on it.

#### **Project under construction:**

Is the real estate project where excavation and foundation works are completed, and that the contractor received the site of the real estate project and embarked on the construction works in accordance with the designs approved by the concerned authorities and according to the construction schedule approved by ARRA and, work on the project is in progress.

**Stopped Project:** Is the real estate project, where construction works stopped at certain stage for more than six months without a satisfactory excuse, as per the approved schedule, however, total of stop periods shall not exceed two years from the scheduled completion date, with the exception of projects for which written approval from ARRS to extend the project's date of completion is obtained.

#### **Article (3)**

(A) In case a dispute between the developer and buyer arises, ARRA may conduct reconciliation endeavors to maintain the contractual relationship between both parties, and suggest what may deem appropriate solutions for this purpose. If amicable settlement is reached, a written agreement signed by them or by their representatives shall be substantiated.

(B) For the application purposes of Article 3 / A, the buyer and developer are required to sign an undertaking in which both parties are committed to authenticate the settlement and that they are committed to ARRA's decision as well as the amicable settlement of the dispute before a formal complaint at ARRA is filed.

#### **Article (4)**

4 / 1 the purposes of applying the provisions of Article (3) above, to decide on the applications requests concerning *termination* of contract, termination or stopping the payment prescribed in the sale and purchase agreements, whether submitted by the buyer of real estate units or the developer, ARRA shall consider the ratios and tables described below

4 / 2 for application purposes of the tables shown above, completion percentages are the ones approved by Ajman Real Estate Regulatory Agency, and ARRA may seek outsource Services and expertise, whether technical or engineering to authenticate the correctness and accuracy of the reports and documents submitted by any party or, substantiate the reports of external experts.

4 / 3 for the purposes of the application of Article (4) 1 and (4) 2 of this guideline, the followings are to be considered:

1. Seriousness of the developer in the development of the real estate project.
2. The financial status of the developer and the projects he developed in the real estate market.
3. Escrow account deposits.
4. Project stall for reasons beyond the developer's control.
5. Collections from the project investors shall not exceed 30% over the project's completion percentage.

4 / 4 Upon the developer's request and after a comprehensive study for the real estate project ARRA shall issue a certificate of the settlement presented by the stressed developer and / or **No Objection Certificate (NOC)** to transfer the investors to other real estate projects registered with ARRA in the Emirate of Ajman without prejudice to the contractual rights of the parties and within the conditions and instructions specified by ARRA for each project separately.

<b>Proposed recommendations when a developer submits contract Termination request</b>	<b>Proposed recommendations when a buyer submits contract Termination request</b>	<b>The Percentage of Total Payments in the Real Estate Unit</b>	<b>Ratio of Construction Progress in the Project</b>
termination request shall be null and void	termination request shall be null and void	Up To 30%	From 1% to 10%
1- The developer is required to reschedule payments until Completion date 2- Payments shall not exceed 30% over the ratio of the construction achievement in the Project. 3- the developer has the right for immediate payment	1- The developer is required to reschedule payments until completion date 2- Payments shall not exceed 30% over the ratio of the construction achievement in the Project. 3- the developer has the right for immediate payment	From 30.1% up to 50%	
1- The developer is not entitled to claim any payments unless construction achievement reaches no less than 30% against the payments 2 The developer is required to reschedule the payments until completion date	1- The Buyer is entitled to stop the payment until construction achievement reaches no less than 30% against the payments 2-The developer is required to reschedule the payments until completion date	From 50.1 % up to 70%	

3- the developer has no right for immediate payment	3- The developer has no right for immediate payment		
1- The developer is not entitled to claim any payments unless construction achievement equals payments ratio 2- 2- The developer is not entitled for immediate payment.	1- The Buyer is entitled to stop the payment until construction achievement equals payments ratio. 2- The developer is not entitled for immediate payment.	From 70.1% up to 90%	
Termination	Termination with compensation	90% and above	
Contract-Termination request approved	Contract-Termination request disapproved	Up to 30%	
Implementation of the contract articles according to the payment schedule	Contract-Termination request disapproved	From 30.1% up to 50%	
The developer shall be required to: 1- stop the payments 2- reschedule payments until the completion date 3- Payments shall not exceed 30% over the ratio of the construction achievement in the Project. 4- the developer shall not be entitled for a payment before at least 3 months from the date ARRA approves the conditional achievement ratios	1- The developer shall be required to stop the payments 2- The developer shall be required to reschedule payments until the completion date 3- it is required that the payments shall not exceed 30% over the ratio of the construction achievement in the Project. 4- the developer shall not be entitled for a payment before at least 3 months from the date ARRA approves the conditional achievement ratios	From 50.1 % up to 70%	From 10.1% to 30%
1- The developer shall be required to stop the buyer's payments until the construction achievement becomes equivalent to the payments percentages. 2- the developer shall not be entitled for a payment before at least 6 months from the date ARRA approves the conditional achievement ratios	1- The buyer is entitled to stop the payments until the construction achievement is equivalent to the payments percentages. 2- the developer shall not be entitled for a payment before at least 6 months from the date ARRA approves the conditional achievement ratios	From 70.1 % up to 90%	
Request Approved	Request Approved	90% and above	
Contract-Termination request approved	Contract-Termination request disapproved	Up to 30%	
Implementation of the contract articles according to the payment schedule and imposition of delay penalties	Contract-Termination request disapproved	From 30.1 % up to 50%	From 30.1 % up to 50%

Implementation of the contract articles according to the payment schedule and imposition of delay penalties The developer is entitled for immediate payment	Contract-Termination request disapproved	From 50.1% up to 70%	
1- The developer shall be required to reschedule payments until the completion date 2- it is provided that the payments shall not exceed 30% over the Project's achievement ratio. 3- the developer shall be entitled for immediate payment	1- The developer shall be required to reschedule payments until the completion date 2- it is required that the payments shall not exceed 30% over the project's achievement ratio. 3- the developer shall be entitled for immediate payment	From 70.1% up to 90%.	
1- The developer shall not be entitled to claim any payments until the achievement becomes equivalent to the payments percentages. 2- the developer shall not be entitled for a payment before at least 3 months from the date ARRA approves the conditional achievement ratios	1- The buyer shall be entitled to stop the payments until the construction achievement becomes equivalent to the payments percentages. 2- the developer shall not be entitled for a payment before at least 3 months from the date ARRA approves the conditional achievement ratios	90% and above	

<b>Proposed recommendations when the developer submits the contract termination request</b>	<b>Proposed recommendations when the buyer submits the contract termination request</b>	<b>The Percentage of Total Payments made in the Real Estate Unit</b>	<b>Ratio of Construction Progress in the Project</b>
<b>contract termination request approved</b>	<b>contract termination request disapproved</b>	Up to 30%	From 50.1% up to 70%
Implementation of the contract articles according to the payment schedule and imposition of delay penalties	<b>contract termination request disapproved</b>	From 30.1 % up to 50%	
Implementation of the contract articles according to the payment schedule and imposition of penalties for delivery delay The developer is entitled for	<b>contract termination request disapproved</b>	From 50.1% up to 70%	

<p>immediate payment</p> <p>1- The developer shall be required to reschedule payments until the completion date</p> <p>2- it is required that the payments shall not exceed 30% over the Project's achievement ratio.</p> <p>3- the developer shall not be entitled for a payment before at least 3 months from the date ARRA approves the conditional achievement ratios</p>	<p>1- The developer shall be required to reschedule payments until the completion date</p> <p>2- it is required that the payments shall not exceed 30% over the Project's achievement ratio.</p> <p>3- the developer shall not be entitled for a payment before at least 3 months from the date ARRA approves the conditional achievement ratios</p>	<p>From 70.1% up to 90%.</p>	
<p>1- The developer shall not be entitled to claim any payments until the achievement becomes equivalent to the payments percentages.</p> <p>2- the developer shall not be entitled for a payment before at least 6 months from the date ARRA approves the conditional achievement ratios</p>	<p>1- The buyer is entitled to stop the payments until the construction achievement becomes equivalent to the payments percentages.</p> <p>2- the developer shall not be entitled for a payment before at least 6 months from the date ARRA approves the conditional achievement ratios</p>	<p>90% and above</p>	
<p>contract Termination request approved</p>	<p>contract Termination request disapproved</p>	<p>Up to 30%</p>	
<p>contract Termination request approved</p>	<p>contract Termination request disapproved</p>	<p>From 30.1 % up to 50%</p>	
<p>One Month grace period – and then contract Termination request approved</p>	<p>contract Termination request disapproved</p>	<p>From 50.1% up to 70%</p>	
<p>Three Months grace period- and then contract Termination request approved</p>	<p>contract Termination request disapproved</p>	<p>From 70.1% up to 90%.</p>	
<p>1- The developer shall not be entitled to claim any payments until the achievement becomes equivalent to the payments percentages.</p> <p>2- the developer shall not be entitled for a payment before at least 3 months from the date ARRA approves the conditional achievement ratios</p>	<p>1- The buyer is entitled to stop the payments until the construction achievement becomes equivalent to the payments percentages.</p> <p>2- the developer shall not be entitled for a payment before at least 3 months from the date ARRA approves the conditional achievement ratios</p>	<p>90% and above</p>	<p>70.1 % and above</p>