

Date: 25/11/2021

DLD/OUT/2021/0010456

Jointly Owned Properties Management Companies,
Respected

Circular No. (3) 2021

Mechanism of collecting service fees and procedures preceding resorting to Rental Dispute Center

In accordance with Law No. (6) of 2019 regarding jointly owned properties in Dubai, the Real Estate Regulatory Agency issues this Mechanism of collecting service fees and procedures preceding resorting to Rental Dispute Resolution Center as follows:

1. The developer is obligated to deliver the documents related to the delivery and handover of units to the buyers. These documents are considered records of the property, and service fees are calculated based upon them.
2. The management company is obligated to send invoices service fees or usage fees to the units for jointly owned properties on the specified dates without delay.
3. In the event that real estate unit owners fail to pay their due amounts the specified times, the management company has the right to issue notices of payment, whereby the owners have 30 days from the date of the notification to settle the due amount.
4. The management company shall be responsible for the correctness of all data and information contained in the notification (the owner's address, email, financial data, etc.).
5. In the event that the management company is late in submitting the budget and having it approved by the Real Estate Regulatory Agency, it must provide installment payment plans for service fees to the owners and not ask them to pay these dues via one payment.
6. In the event that the owners fail to pay the due service fees and usage fees, the management company has the right to register a claim with the Rental Dispute Center.
7. Before registering the case with the Rental Dispute Center, the management company must fulfill all the necessary steps and requirements to verify the correctness of the amounts owed by the owners and their breach of payment by checking the amounts of fees dues by one of the auditing offices approved by the Real Estate Regulatory Agency in accordance with the scope of the audit and the fees approved by the Real Estate Regulatory Agency (attached to this Circular), where the auditor accurately states the result of the audit and the amounts owed by the owners. The audit office shall issue a clear and stamped report that will be attached to the case file.

Attachments

- Scope of audit to check the balance of units

Yours sincerely...

Eng. Marwan bin Ghalita
CEO-RERA

Date: 25/11/2021

Circular No. (2021/03)

Circular with regards to Legal Notice - Verification of Owner Balance

In accordance with Law no. (6) of 2019 concerning Ownership of Jointly Owned Real Property in Dubai and in reference to Article 32 (b) concerning Collection of Service Charges and Usage Charges. RERA requires Auditors to verify owners' balances, against which Legal Cases are issued by the Management Entity at the Rental Dispute Centre (RDC), the scope of work of which is as follows:

1. Obtain payment notice issued by Management Company through Mollak. Ensure any subsequent transactions are updated and the balance as per the payment notice matches and is reconciled with the balance as per SOA and Mollak.
2. Obtain the title deed from the land department records.
3. Obtain the latest audited financial statements with receivables annexures, and check whether the year-end closing balance matches with the SOA.
4. Verify all outstanding invoices in the SOA, including the below:
 - a. Ensure budget is approved by RERA;
 - b. Verify any partial payments made and enquire for any unidentified payments;
 - c. Disclose the classification/breakdown of the outstanding balances (service charges due, chiller charges, penalties, etc.);
 - d. Disclose if any amount due from the previous owner/developer.
5. Verify the Handover Notice date for the initial sale of the unit & Transfer of Ownership date for any subsequent sales.
6. Obtain and check any correspondence with the unit owner and any adjustments made to the SOA in Mollak.
7. Report any discrepancies observed during the process.
8. The fees index for this service is as follows:

Period (scope)	Fees amount (AED)
5 years and above	25 per unit
Less than 5 years	20 unit
The period after the issuance of Law No. 6 of 2019	15 per unit