

Law No. 20 of 2006 Concerning the Leasing of Spaces and Regulating the Leasing Relations between Landlords and Tenants in the Emirate of Abu Dhabi.

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Decisions of the Crown Prince – Chairman of the Executive Council

- Decision of the Chairman of the Executive Council No. (41) of 2006 Concerning the Rental Disputes Committee & the Appeal Committee, and the procedures to be followed before these committees.
- Decision of the Chairman of the Executive Council No. (42) of 2006 Concerning on forming the Rental Dispute Committee.
- Decision of the Chairman of the Executive Council No. (43) of 2006 Concerning the Appeal Committee.

We, Khalifa Bin Zayed Al Nahyan, Ruler of Abu Dhabi,

Having reviewed Law No (1) of 1974 reorganizing the Abu Dhabi government body as amended; and Law No (2) of 1971 concerning the national consultative council as amended; and

Law No (2) of 1994 concerning the rent of places and regulation of the Lessor-tenant relations and the amendments thereto; and

Law No (6) of 2004 reorganizing the financial control agency; Law No (3) of 2005 regulating the land registration in the Emirate of Abu Dhabi; and

Law No (19) of 2005 concerning the property ownership; and

Federal Law No (5) of 1985 promulgating the civil transactions law of the United Arab Emirates and the amendments thereto; and

Federal Law No (11) of 1992 promulgating the civil procedure law and the amendments thereto; and

Pursuant to the proposals laid before and approved by the Executive Council;

Have promulgated the following law:

Part One Definitions

Article (1)

In applying the provisions of this law, the following words and expressions shall have the meanings respectively assigned to them, unless otherwise required by the context:

Emirate: Abu Dhabi

Executive Council: The Emirate Executive Council

Relevant Municipality: The Municipalities and Agriculture Department and its dependant municipalities or any other future municipality that may be formed in the emirate.

Leasehold: The rented residence, rested unit, rented place or any other property rented in utility according to the provisions hereof.

Necessary repairs: Urgent repairs necessary for protecting the leasehold from destruction and repairs necessary for the tenant to utilize the leasehold that the Lessor undertakes to carry out.

Rental repairs: Minor repairs the tenant undertakes to carry out customarily.

Committee: The rental disputes committee formed pursuant to the present law.

Appeal Committee: The appeal committee formed pursuant to the present law.

Rent: The consideration for utilizing the leasehold including the charges for utilizing the services of the leasehold.

Part Two General Provisions

Article (2)

The provisions of this law shall be applicable to real estate, premises and parts thereof of all types - rented for habitation or for industrial, commercial, professional or vocational purposes in the Emirate, as well as to existing rental relations or those arising after the date of its implementation - the following shall be exempt from the application of the provisions of this Law:

1. Agricultural land and affiliated buildings.
2. Land and property owned by the government leased for residential purposes.
3. Land and property allocated to ADNOC which is being leased for the purposes specifically related to services to the petroleum industry.
4. Real estate leased to the hotel and tourism industry, including furnished apartments.
5. Housing occupied for working conditions.

Regulations governing cases mentioned in items 1, 2, 3 and 4 above shall be set by resolution issued by the Executive Council.

Article (3)

As of the effective date of the provisions hereof, tenancy contracts shall be concluded in writing. Contracts shall also be concluded concerning the rentals existing on the date of application hereof if they have not been executed.

The tenant may prove the rental fact and all the contract conditions by any means of proof.

Article (4)

If the contracting parties do not agree on the rental charge or a method for estimation or fail to prove the rental amount, a similar rental shall apply.

The similar rental shall be determined by the committee competent to determine the dispute in accordance with the provisions hereof.

Part Three Effect of Tenancy Contracts

Article (5)

The Lessor shall hand over the leasehold and its additions in a suitable condition to fulfill the utility for which it has been prepared as agreed or according to the nature of the leasehold.

Article (6)

If the leasehold and its additions are handed over to the tenant in a such bad condition that it does not fulfill the utility for which it has been prepared or such utility falls significantly, the tenant may ask the committee to rescind the contract refund or reduce the rental charge to the extent of the fall in utility as appropriate.

Article (7)

The Lessor shall maintain the leasehold to keep it fit for utility and carry out all necessary repairs excluding rental repairs during the rental period unless otherwise agreed.

Article (8)

If after being notified the Lessor delays performing the obligations set forth in the above article or can not be contacted, the tenant may obtain permission from the committee to carry out the same himself and deduct the expenses he spends from the rental charge, without prejudice to his right to ask for rescinding the contract or reducing the rental charge to the extent to the fall in utility.

Article (9)

The tenant may not prevent the Lessor from carrying out any urgent repairs necessary for conserving the leasehold. If such repairs result in total or partial breach of the leasehold utility, the tenant may, as appropriate, rescind the tenancy contract or reduce or drop the rental charge for the periods of lost utility or extend the rental period to the extent of lost utility period.

However, if the tenant continues to occupy the leasehold for not less than one month from the date of lost utility without resorting to the committee, he shall forfeit his right to ask for rescinding the contract, reducing or dropping the rental charge or extending the rental period unless he gives an acceptable excuse to the committee.

Article (10)

The Lessor may increase the number of units in, make additions to or elevate the rented building, provided however that the tenant may ask for rescinding the contract or reducing the rental charge if such works reduce the leasehold utility.

Article (11)

The tenant shall pay the agreed rental charge to the Lessor as follows:

- Within a period not exceeding twenty one days from the due date agreed in writing if the leasehold is rented is for residential purposes unless otherwise agreed.
- Within thirty days from the due date agreed in writing if the leasehold is rented for a commercial, industrial or vocational purpose against a receipt indicating payment unless otherwise agreed.

Payment of the rental charge due for a specific period against a receipt showing the rental value shall serve as a presumption of payment of the rental for the periods preceding such period unless the contrary is proved.

If no written agreement exists, the due date shall fall at the beginning of each month.

If the Lessor abstains from receiving the rental charge or fails to appoint a place for payment, the tenant may deposit the rental charge in the name of the committee with a national bank. The deposit receipt shall be considered a release for the tenant to the extent of the deposited amount. The tenant shall notify the committee of the deposit, without being permitted to withdraw such deposit without the consent of the Lessor or the decision of the committee.

The Lessor may at his own request and subject to the consent of the committee chairman without the amount deposited in his favor.

Article (12)

The tenant shall use the leasehold as agreed. If no agreement exists, he shall use the leasehold for the purposes for which it has been prepared or according to common practice.

Article (13)

The tenant may not make any change to the leasehold without written permission from the Lessor except if such change does not cause any damage to the leasehold.

If the tenant makes a change to the leasehold beyond the limits of the obligation in the above article, the Lessor shall have the right to compel him to reinstate the leasehold and pay compensation if required.

If the tenant cultivates plants or makes improvements in leasehold, he shall abandon the same when the rent expires unless otherwise agreed in writing.

Article (14)

The tenant shall carry out any custom-required or agreed rental repairs.

Article (15)

The tenant shall pay for the consumption of water, electricity, telephone of the leasehold, any damages he may cause to the leasehold and any other fees he is legally required to pay as of the date he takes over the leasehold till the date of surrender to the Lessor unless otherwise agreed.

Article (16)

1. Without prejudice to the landlord's right to claim the annual increment prescribed by the law, the rent agreed upon in the lease shall bind the contractors for the duration of the period of lease as specified in the contract.

2. The landlord may not increase the rent specified in the contract except once each year by no more than five percent (5%) of said rent. It is permissible, by decision of the Chairman of the Executive Council, to increase, to decrease or cancel this percentage as deemed appropriate, and individuals concerned may resort to the committee if the landlord has exceeded the defined percentage.

3. The previous provision shall apply to leases which are current at the time that the provisions of this law came into force, applying to current tenants upon renewal of the lease, or to new tenants upon signing the lease with them.

4. The calculation of the term for the annual increase in rent referred to begins from the date of the last lease or the date of the last increase, whichever is sooner.

5. The Committee has the right to reduce the rate of increase to the legal limit and to impose a fine of no more than the one year's rent on the landlord in the event he exceeded the set percentage increase, or in the event of non-compliance with the Committee's resolution to rectify this breach. The Committee may impose this fine of its own accord even if this is not requested by the stakeholder.

Part Four Assignment of Rent and Subrent

Article (17)

The tenant may not assign or subrent the leasehold in whole or in part without written permission of the Lessor.

The permission subsequent to the disposal, whether explicit or implicit, shall have the same effect as the written permission prior thereto.

The Lessor may entitle the tenant in the tenancy contract to assign or subrent all or some of the leasehold. In case of subrent, the conditions of the contract between the tenant and the subtenant may differ from the conditions of the original tenancy contract provided that they are not contrary to them or violative of the provisions of the second paragraph of Article (16) hereof and that the subrent contract period does not exceed the period specified in the original contract.

If the tenant subrents the leasehold, the subrent contract shall govern the tenant-subtenant relation without affecting the rights or obligations of the tenant towards the Lessor under the original tenancy contract unless otherwise agreed.

Part Five Transfer of title to the leasehold

Article (18)

If the title to the leasehold transfers to another person, the tenancy contract shall be effective in respect of the new Lessor.

Article (19)

The new Lessor may not claim from the tenant any advance rental paid to the former Lessor except if he proves at time of payment that the tenant was aware of the transfer of title, failing which he shall make such claim against the former Lessor only.

Part Six Expiry of Tenancy Contracts

Article (20)

1. A lease shall be valid until the end of the specified term, which may be renewed for another term or other terms subject to the mutual agreement of both parties.

2. In the event the lease term expires and the tenant remains in the property with the landlord's knowledge and without any objection by the landlord, the lease shall be renewed for a similar term and under the same conditions.

3. In the event that either party does not wish to renew the lease, or wishes to amend the conditions of the lease, that party shall notify the other party in writing two months prior to the date of the lease's expiry in the case of residential properties; and three months prior to the to the date of the lease's expiry in the case of properties for commercial, industrial or professional purposes or for the purpose of practising a free trade therein.

4. Subject to the above provisions of this Article, the landlord may not request the tenant to evacuate the leased property before 9 November 2010. This date may, by virtue of a decision by the Chairman of the Executive Council, be extended as may be deemed appropriate by the Chairman.

5. The Committee may decide to order evacuation of the leased property before the date specified in [sub-article \(4\) of this Article](#), if the tenant's continued occupation of the leased property would cause serious harm to the landlord, provided that the tenant has taken the benefit of the lease for at least two years. In this case, the tenant

shall have a maximum grace period of six months to evacuate the leased property as of the date of the Committee's decision.

6. The rules and procedures relating to the registration of lease contracts of properties in the Emirate shall be issued pursuant to a decision to be adopted by the Chairman of the Executive Council.

Article (21)

The tenancy contract shall remain valid till expiry of its period after the death of the tenant or the Lessor. The tenant's heirs may however ask for terminating the contract.

If tenant dies after concluding the tenancy contract only for his trade or personal considerations, the tenant's heirs or the Lessor may ask for terminating the contract.

In all cases, the periods set for the evacuation notice in the above article shall be observed.

Article (22)

The tenant shall turn over the leasehold upon expiry of the tenancy contract. If he fails to complete the surrender procedures as agreed, he shall fulfill all the obligations stipulated in Article (15) hereof and pay the rental charge from the contract expiry date till the actual surrender date of the leasehold to the Lessor.

Part Seven Grounds for Evacuation

Article (23)

Subject to Article (20) hereof, the Lessor may ask the tenant to evacuate the leasehold only for the following reasons:

1. If the tenant fails to pay the due rental within the periods fixed in Article (11) hereof. However, no evacuation may be awarded if the tenant, before determining the dispute, pays the due rental wills all litigation costs incurred by the Lessor. If the tenant delays again in paying the rental without acceptable excuse, evacuation may be awarded.
2. If the tenant assigns or subrents all or some of the leasehold in any way with the exception of the permission or authorization in Article (17) hereof.
3. If the tenant or the subtenant occupies the leasehold with more than the number generally accepted for occupancy.
4. If the tenant uses or permits the leasehold to be used in a manner contrary to the tenancy contract conditions or impairing the Lessor's interest or uses the leasehold for other purposes than those for which it is rented.
5. If the tenant uses or permits the rented place to be used in a way detrimental to health, rest-disturbing or contrary to public order or manners.
6. If the Lessor desires to demolish the rented property for rebuilding, elevation, additions or alteration, subject to the following:
 - That, in case of demolition for rebuilding and alteration, the property has been built for more than fifteen years at least.
 - That the Lessor must obtain the necessary permits from competent authorities.
 - That the elevation or addition cannot be made if the tenant stays in the leasehold, and that the elevation or the addition is made after a decision concerning such condition is passed by the committee that may engage an appropriate expert to determine the presence of such condition.
 - That the alteration is not confined to the leasehold, but to the whole building.

- The tenant is given a respite for evacuation equivalent to six months from the date necessary permits are issued by competent authorities.

- The former tenant shall have the priority to lease the property after it is rebuilt, elevated or expanded or altered.

If the Lessor fails to rebuild, expand or alter the property after obtaining necessary permits and evacuation, a ruling for re-occupation and /or compensation may be awarded for the tenant. The committee may determine the appropriate compensation, provided that it does not exceed one year's rental.

7. If the Lessor desires to occupy the leasehold for his own habitation, provided that he does not own another habitable property within the jurisdiction of the municipality in which the leasehold is located, subject however in such condition to:

- Serving the tenant a notice six months prior to the expiry date of the tenancy contract.

- That the Lessor occupies the leasehold actually for one uninterrupted year after being evacuated by the tenant.

If the Lessor fails to occupy the leasehold actually without acceptable excuse within three months from the evacuation date or occupies it for less than one year or rents it to another tenant after being evacuated by the former tenant, a ruling for re-occupation and /or compensation may be awarded for the tenant. The committee may determine the appropriate compensation, provided that it does not exceed one year's rental.

In all cases, the committee may give the tenant a suitable respite for evacuation, provided that it does not exceed six months.

Part Eight Committee and Powers

Article (24)

One or more local committees shall be created with the name "**Lease Disputes Resolution Committee(s)**" and shall form part of the Judiciary Department in Abu Dhabi, and chaired by a Judge. The Committee shall be formed and its premises shall be determined, and its members' remunerations shall be fixed by virtue of a decision to be adopted by the Judiciary Department Head.

Article (25)

The committee shall have the power to expeditiously determine the disputes arising out of the Lessor-Tenant relation pursuant to the provisions hereof, the civil transactions law of the United Arab Emirates and the amendments thereto in respect of any matter not stipulated herein, call for taking provisional measures applied for by either party to the contract. The committee shall also have the power to supervise the implementation of the provisions hereof and prosecute any party of the rental relation if they contravene the provisions hereof at the request of any party or the secretariat general of the Executive Council.

Article (26)

1. One or more local committees by the name of "**Appeal Committee(s)**" shall be created and shall be under the Judiciary Department in Abu Dhabi, and chaired by an Appeal Judge. The Committee shall be formed and its premises shall be determined and its members' remunerations shall be fixed by virtue of a decision to be adopted by the Judiciary Department Head.

2. The Appeal Committees shall promptly hear and settle appeals against decisions passed by the Lease Disputes Resolution Committee, subject to [Article No. \(28\) of this Law](#).

3. A supreme committee by the name of "**Cassation Committee**" shall be created and shall be under the Judiciary Department in Abu Dhabi. It shall be situated in Abu Dhabi City; and chaired by one of the Court of Cassation Judges. The Committee shall be formed and its members' remunerations shall be fixed by virtue of a decision to be adopted by the Judiciary Department Head.

4. The Cassation Committee shall promptly hear settle appeals of decisions issued by the Appeal Committee, subject to [Article No. \(28\) of this Law](#).

5. The above committees shall seek the assistance of a consultative committee of experts and specialists in the field of properties and property leasing. The said committees shall be constituted, and the cases in which the assistance of the said committees shall be sought will be determined by a decision to be passed by the Judiciary Department Head.

Article (27)

1. A decision shall be adopted by the Judiciary Department Head, upon a suggestion from the Judiciary Council, stipulating the laws, by-laws and administrative, functional and financial structure, of the Lease Disputes Resolution Committees, Appeal Committees and Cassation Committee, together with the procedures to be observed before the said committees, the way of enforcing their judgments, and the fees to be collected on account of the applications submitted before the said committees.

2. All fees shall be paid to the Financial Department in Abu Dhabi Government.

3. Government bodies shall be excluded from payment of application fees.

4. The Judiciary Department Deputy shall submit the annual budget of the Lease Disputes Resolution Committee, the Appeal Committee and the Cassation Committee to the Judiciary Department Head for approval.

Article (28)

1. The judgment delivered by the Committee shall be final if the dispute's value does not exceed fifty thousand dirhams.

2. The Committee's judgment in the disputes whose value exceeds same shall be appealable before the Appeal Committee within fifteen days from the day following the date whereon the judgment is delivered in presence of the defendants and from the day following the date whereon the person against whom the judgment is delivered in absentia is notified of the judgment.

3. The judgment delivered by the Appeal Committee may be challenged, if the dispute's value exceeds three hundred thousand dirhams, within thirty days from the day following the date of delivering the appealed judgment in presence of the defendants and from the day following the date whereon the person against whom the judgment is delivered in absentia is notified or informed of same.

Part Nine Rent of Furnished Apartments

Article (29)

The Executive Council shall issue special rules and regulations concerning the furnished apartments, their controls and licenses. The special rules and regulations issued under Law No 2 of 1994, its amendments and any other related laws or regulations shall remain effective pending promulgation of the new rules and regulations.

Part Ten Final Provisions

Article (30)

The proceedings before the Lease Disputes Committees, Appeal Committees, and Cassation Committee, shall be subject to the procedures applicable at the time of enacting this Law, until a decision is issued in this respect by the Judiciary Department Head.

Article (31)

1. All lease disputes currently being heard shall be transferred to the committees established by this Law, unless the same have been reserved for final judgment.

2. The Court of Cassation Lease Committee shall hear Lease Disputes which were appealed to it before enacting this Law.

Article (32)

The Executive Council may issue any appropriate decisions or instructions it determines to regulate the Lessor-tenant contractual relation in conformity with this law.

Article (33)

This law shall supersede Law No (2) of 1994 concerning the rent of places and regulation of the Lessor-tenant relation. Any provision contrary or repugnant to the provisions hereof shall also be repealed.

Article 33 Repeated 1

All employees and personnel of the Lease Disputes Resolution Committee shall be transferred to the Judiciary Department without prejudice to their rights and privileges, and all financial allowances necessary for them shall be transferred to the Judiciary Department.

Article 33 Repeated 2

All deposits and funds of the Lease Disputes Resolution Committees shall be transferred from the Executive Council General Secretariat to the Judiciary Department.

Article (34)

This law shall be published in the official gazette and applied from the date of publication.

[Signed]

Khalifa Bin Zayed Al Nahyan

Ruler of Abu Dhabi

Promulgated in Abu Dhabi

On 30/October/ 2006

Corresponding to 8/Shawwal/1427 A.H.