

New law will offer grounds to cancel property contract

By

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The real estate investor protection law, under consideration at the Land Department of Dubai, will detail grounds upon which a property buyer may demand cancellation of a contract, Al Tamimi and Co said in its newsletter released yesterday.

The new law will address grounds for cancellation such as a developer's refusal to link payments to construction milestones, or if he makes material changes to specifications. It will also deal with refund or replacement issues in the event of a material defect and financial penalties for delay in delivery.

Until now, there is no recourse for investors seeking cancellation of a contract even in cases where construction has not commenced even after years.

Investors have filed petitions with the Land Department and Real Estate Regulatory Agency. Most have been told to approach the courts.

In May 2009, Emiratess Business reported that the Land Department had set up a committee to decide on cancellation of "unviable" projects. However, till date no official announcement has been made of any cancellation.

Emad Eldin Farouq, Senior Legal Adviser, Land Department, was quoted in the newsletter as saying: "There are lessons to be learned from the crisis and we are emerging with a new legal regime."