

thelegal problempage

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What does the new Dubai law mean for agents?

Law Number 8 requires developers to apply for an escrow account. What does this mean for agents?

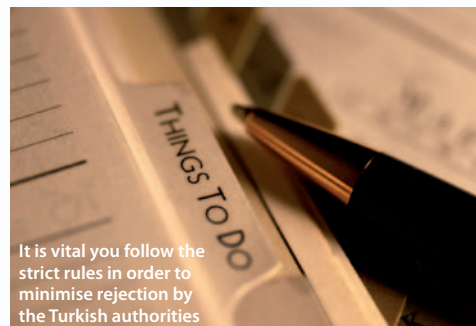
Q: What does Law Number 8 concerning Guarantee Accounts of Real Estate Development mean for agents promoting in Dubai?

A: Agents promoting property in Dubai in recent years may have borne the brunt of buyers' anger with late project starts or an absence of physical progress on their projects. Thus Law Number 8 concerning Guarantee Accounts of Real Estate Development may come as a welcome development for agents with a long term commitment to the Emirate.

Under Law 8, developers launching new complexes will now have to apply to the Dubai Land Department to open a 'guarantee' or 'escrow' account. To do this they have to submit certain documents, including the title deed of the plot being developed, a letter of approval from a master developer and a trade licence. If these papers are in order, the account will be opened according to a written agreement between a developer and the Land Department. Money paid by buyers towards properties will then be deposited in a special account opened under the name of the property development in an approved bank.

Q: I know an agent using pictures of a development in his advertisements that he has no rights to sell. As the agent legitimately selling this development, what rights do I have to get the agent to stop using the photographs?

A: To stop another agent from marketing the same development you need an exclusivity agreement with the developer. I suggest you first check the agreement you have and then, if you do have exclusivity, you can approach the developer and ask it to take actions against the agent, who you think is selling without the right to do so. In addition, you can inform the developer



There are still questions over whether the law will apply only to developments started after the law was passed. Overall, though, this is a much awaited and positive development. However, one conclusion is that it is likely to dampen new project launches, and there have been so many over the past year that this may well mean an end to new projects for a while, at least from smaller developers. But a slowdown in the supply of new projects is unlikely to deter agents in it for the long haul. In fact, Law 8 should give further confidence to promote investment in an active market with increased protection for their buyers.

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that if it fails to take the necessary action, you will enforce the exclusivity agreement. In the absence of an exclusivity agreement there will be nothing to stop another agent from entering into an agreement with the developer and then marketing the same development.

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Q: Is it possible to prepare a Turkish Powers of Attorney in the UK?

A: British buyers don't need to fly to Turkey to attend legal proceedings such as signing the title into their name at the Land Registry. All buyers need to do is grant Power of Attorney to someone they trust and we advise that this be a lawyer.

In contrast to common understanding, foreigners cannot use the services of the Turkish Notary of the Turkish Consulate for granting a Turkish Power of Attorney, even if the grantee is a Turkish citizen. This has frustrated those who had been sending their potential buyers to the Turkish Consulate. The easiest route to follow is signing a bilingual document before the British Notary, who will witness the grantor's signature and notarise the document. This seal or signature on the document will then need to be confirmed as genuine ("apostille") by the Foreign and Commonwealth Office in the UK. This is crucial for the document to be recognised by the Turkish authorities, since Turkey is party to the Hague Convention of 5 October 1961.

Turkish authorities are meticulous when it comes to Powers of Attorney, so it is vital you have the correct wording in the document and follow the strict rules to minimise the risk of rejection by the authorities. I strongly advise developers and estate agents to refer potential buyers to a law firm which knows these details thoroughly.

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