

Federal Law No. 14 of 2021
on the Creation and Regulation of Owners Association

We Khalifah Bin Zayed Al Nahyan

UAE President,

- Upon reviewing the Constitution;
- Federal Law No. (1) of 1972 concerning the Competences of Ministries and the Powers of Ministers, and any amendments thereto;
- Federal Law No. (5) of 1985 Issuing the Civil Transactions Law, as amended;
- Federal Law No. (3) of 1987 Issuing the Penal Code, as amended;
- Federal Law No. (11) of 1992 Issuing the Civil Procedure Law, as amended;
- Federal Law No. (35) of 1992 Promulgating the Criminal Procedure Code, and as amended;
- Federal Law No. (2) of 2015 on Commercial Companies, as amended;
- Federal Law No. (14) of 2016 on Administrative Violations and Penalties in the Federal Government;
- Upon the proposal of the Minister of Energy and Infrastructure as approved by the Cabinet and the Federal National BOD, and as ratified by the Federal Supreme BOD,

Promulgated the following Law:

Chapter One

Definitions and General Provisions

Article (1)

Definitions

In application of the provisions of this Law, the following words and phrases shall have the meanings assigned to each of them, unless the context requires otherwise:

State : United Arab Emirates

Ministry : Ministry of Energy & Infrastructure.

Minister	: :Minister of Energy & Infrastructure
Competent Authority	: The Local Government Agency for Registering Real Estate Transactions
Owners Association	: An entity consisting of Real Estate Owners in accordance with the provisions of this law, and referred to by the phrase (Owners Association) or by the word (Association) in this law
General Assembly of the Association	: An entity consisting of members joining the Association who own Real Estate Units in the same property, and in the event of multiple Owners of one Real Estate Unit, they shall have one representative in this Association
Articles of Association	: Articles of Association of Owners Association
Common Parts Management System (CPMS)	: A set of rules decided by the General Assembly of the Owners Association for the purpose of managing, developing, investing, maintaining and preserving the Common Parts
The Board of Directors (BOD)	: Owners Association BOD.
Chairman of the BOD	: Chairman of the Owners Association BOD
Director	: Director of the Owners Association
Real Estate	: Residential Neighbourhood or building
Residential Neighbourhood Building	: A group of Real Estate Units owned by several people with common services and facilities
Real Estate Unit	: One independent building with accompanying and common services. It consists of a number of Real Estate Units and is owned by several people
Person	: Villas, apartments, floors, parking lots, shops, or any part of the building can be detached
Owner	: Natural or legal person
	: A person who owns a Real Estate Unit, whether it is one or more.

- Common Parts** : All parts of the property intended for common use, whether attached or separate, or any other part whose nature requires it to be joint.
- Detached Parts** : All built and non-built parts (dividable) and owned by a specific person or persons for the purpose of benefiting from them, as determined by the CPMS
- Maintenance** : The works necessary to preserve the property or the benefit, whether it is for an independent Real Estate Unit, for Common Parts, or for Detached Parts.

Article (2)

Objectives of the Law

This Law aims at the following:

1. Establish a legal entity that includes property owners for the purpose of managing, developing, investing, maintaining and preserving Real Estate Units and the common and Detached Parts; and
2. Enhance social responsibility, provide a safe and positive environment, open channels of communication between Owners, and strengthening the bonds between them.

Article (3)

Scope of Application

1. The provisions of this law shall be applied to every Real Estate established by the Federal Authorities in any region of the State territory, including the free zones, the Ownership of which, is jointly held by a number of persons..
2. The provisions of this law may be applied to Real Estate that is established by non-Federal Authorities after the approval of the Concerned Emirate.

Article (4)

Common Parts

The following shall be deemed Common Parts:

1. Real Estate land in buildings;
2. The masonry structure, foundations, pillars, columns and walls in buildings, which bear the masonry or bear the roofs;
3. The shared walls separating the units, and the walls of the chimney;
4. Warehouses used as service rooms, and Waste Disposals;
5. Chimneys and ventilation shafts for bathrooms, kitchens, drains and sewers;
6. Entrances, facades, stairs, cages, corridors, pathway, basements, elevators, and fire exits;
7. The guards rooms and their places and other workers in the construction service;
8. Cooling devices and all other types of pipes, fixtures and common extensions such as lighting fixtures, water, drainage, natural gas, internet, Satellite dishes and their accessories, except inside the Real Estate Unit, and its benefit is limited to the Owner of the Real Estate Unit;
9. Sports Facilities and facilities for rest and recreation and the like;
10. Equipment and devices that provide common services and the places where they are located;
11. Courtyards, outdoor driveways, walkways, gardens, parking lots, parks, and gathering places; and
12. The last surfaces in the buildings pursuant to the provisions of the building codes..

The Ministry and the Competent Authority may issue decisions to add any other Common Parts.

Article (5)

Cooperation and coordination between the Ministry and the Competent Authority

The Executive Regulations shall specify the controls and procedures that:

1. Achieve compatibility between the Ministry and the Competent Authority for the purposes of cooperation and coordination to provide facilities services, development, preservation and good investment of Real Estate covered by the provisions of this law, and all parts of these Real Estate; and
2. Determine the mechanisms for developing a guiding model for managing the Common Parts, and a guiding model for the Articles of Association of the Association.

Article (6)

Common Parts Ownership

1. Owners of Real Estate Units shall be partners in the Common Parts unless otherwise agreed upon;
2. The Common Parts whose benefit is limited to some Owners shall be the common property between them unless otherwise agreed upon;

Article (7)

Non-divisible Common Parts

1. The share of each Owner in the Common Parts that are not divisible is owned in common, and their share shall be estimated in proportion to the value of the area he owns in relation to the rest of the Real Estate Units;
2. The Non-divisible Common Parts of the Real Estate Unit shall be fully attached to all dispositions, unless otherwise agreed. Their share in the ownership of these areas shall be assessed as determined by the CPMS;
3. The Non-divisible Common Parts of the Real Estate Unit shall be fully attached to all dispositions, unless otherwise agreed..

Article (8)

Divisible Common Parts

1. The Common Parts that are divisible or may be disposed of or some of them by all kinds of actions may not be divided independently of the Detached Parts or related to them;

2. Save the provisions of Clause (1) of this Article, the Association may allocate a portion of the unconstructed Real Estate and dispose of it independently in accordance with the provisions of the CPMS.
3. No Owner may dispose of the areas attached to their unit other than the Owners of the same property, save cases stipulated in the CPMS..

Article (9)

Common Parts Management System (CPMS)

The Common Parts shall be managed pursuant to a law that shall be suitable with the type of property (Residential Neighbourhood - Building). The following provisions shall be among the provisions of this law:

1. Determine the Common Parts of the property, and each Real Estate Unit;
2. Controls for the use of the common and Detached Parts, and for making modifications thereto;
3. The management of the Common Parts by the Association BOD
4. Methods and controls for investing Common Parts and Owners Association funds;
5. Develop integrated financial governance mechanisms for the Association, to ensure (as the case may be) the following Clauses:
 - A. Independent accounts for investment, general reserves, and operations, and continuous monitoring of these accounts;
 - B. Timely collection of dues, with urgent and effective legal procedures;
 - C. Auditing the disbursement of Association funds in accordance with approved accounting standards;
6. Establish controls and procedures for hiring specialised companies to do some work necessary for the property;
7. Any other issues for which a decision is issued by the Minister or stipulated by the guidelines stipulated in Article (5) of this Law.

Article (10)

Improvement of Common Parts by one of the Owners

The Owner may, as determined by the CPMS, improve at their own expense those areas, or part of them or their utility, without, in any case, changing their allocation, provided that such improvement shall not cause harm to others.

Chapter Two

Creation and Regulation of the Association

Article (11)

Establishment of the Owners Association in Residential Neighbourhoods

1. Owners Association may be established in Residential Neighbourhoods where the number of Owners of Real Estate Units is five or more, pursuant to the following procedures:
 - A. Invite all Owners of Real Estate Units in the Residential Neighbourhood from the entity that created it, the Ministry, the Competent Authority, or one of the Owners of Real Estate Units in the same neighbourhood, for the purpose of meeting to establish the Association.
 - B. Five Owners agree to the creation of the Association, the selection of a Founding Committee to complete the procedures, and propose the Articles of Association of the Association for approval of its General Assembly.
 - C. The Association shall be registered with both the Ministry and the Competent Authority, and the Ministry shall issue a decision to declare it.
2. Whoever agrees to its creation shall become a member of the Association, and the rest of the Unit Owners in the Residential Neighbourhood may join the Association whenever they express their desire to do so;
3. The Association shall have a General Assembly upon its creation that includes all the Association Members in the Residential Neighbourhood, and in the event of multiple Owners of one unit, they shall have one representative in this Association.
4. The Executive Regulation shall determine the procedures for implementing the

provisions of this Article.

Article (12)

Creation of Owners Association in Buildings

1. Owners Association may be established in Buildings where the number of Owners of Real Estate Units is five or more, pursuant to the following procedures:
 - A. Invite all Owners of Real Estate Units in the Buildings from the entity that created it, the Ministry, the Competent Authority, or one of the Owners of Real Estate Units in the same Building, for the purpose of meeting to establish the Association.
 - B. Owners agree to the creation of the Association, the selection of a Founding Committee to complete the procedures, and propose the Articles of Association of the Association for approval of its General Assembly.
 - C. In the event of disagreement between the Owners on the creation of the Association, any of them may request the Plenary Court in whose district the property is located to authorise completing these procedures. The Court shall determine the Founding Committee that completes the registration procedures in the event that the Association authorises.
 - D. The Association shall be registered with both the Ministry and the Competent Authority, and the Ministry shall issue a decision to declare it;
2. All Owners of Real Estate Units in the building shall be members in the Association Owners;
3. The Association shall have a General Assembly upon its creation that includes all the Association Members in the Residential Neighbourhood, and in the event of multiple Owners of one unit, they shall have one representative in this Association;
4. The Ministry may make an exception from the requirement for the number of Owners of Real Estate Units, set forth in Clause (1) of this Article, for the purposes of creating the Association; and
5. The Executive Regulation shall determine the procedures for implementing the provisions of this Article.

Article (13)

Legal Personality of the Owners Association

The Owners Association shall enjoy an independent legal personality and legal capacity within the limits of the purpose for which it was created. It has an independent financial liability immediately upon its registration with the Ministry and the Competent Authority together.

Article (14)

Owners Association Competencies

The Owners Association shall :

1. Management, development, investment, maintenance and preservation of the Common Parts. It may provide collective services to the Owners related to the affairs of the common property;
2. Any other competencies specified by the Executive Regulations, the Articles of Association of the Association, or the CPMS.

Article (15)

Financial Resources of Neighbourhood Owners Association

The financial resources of the Residential Neighbourhood Owners Association shall consist of the following::

1. Return on investment of Common Parts in viable Real Estate;
2. The return on their investment;
3. subscriptions made voluntarily by Association Members;
4. Gifts, donations and the like that are consistent with its purposes.
5. Any other resources approved by the Association General Assembly

Article (16)

Financial Resources of Building Owners Association

The financial resources of the Residential Building Owners Association shall consist of the

following::

1. subscriptions of the Association Members;
2. Return on investment of Common Parts in viable Real Estate;
3. The return on their investment;
4. Gifts, donations and the like that are consistent with its purposes; and
5. Any other resources approved by the Association General Assembly

Article (17)

Association Ownership of a Real Estate Unit

The Owners Association may, after the approval of the General Assembly and in accordance with the legal regulations in force at the Competent Authority, own one or more Real Estate Units in the same property in which it manages its affairs, without having a counted vote in the General Assembly..

Article (18)

A joint Owners Association among a group of Associations

1. Associations Owners that exist, including parts of the establishment of a joint Association Owners to manage these areas;
2. The Owners Association shall enjoy an independent legal personality and legal capacity within the limits of the purpose for which it was created, and it has an independent financial liability immediately upon its registration with the Ministry and the Competent Authority together..
3. The joint Association shall have one BOD and a General Assembly in accordance with the rules and procedures stipulated in the Executive Regulations, and the competencies and powers specified for it.

Article (19)

Owners Association Responsibility

The Owners Association shall be liable towards the Owners and towards third parties for

damages incurred by them or resulting from a mistake in managing or maintaining the Common Parts, without prejudice to its right of recourse against third parties..

Article (20)

The termination of the owners Association

1. The Owners Association terminates in any of the following cases:
 - A. If the number of Owners is less than the number needed to create it;
 - B. Property Loss Case;
 - C. Members agree to dissolve the Association in Residential Neighbourhoods;
2. In the event of the expiration of the Association, its General Assembly and its BOD shall lapse;
3. In all cases of the Association termination, the legal measures stipulated in the Executive Regulations shall be taken to liquidate its rights and obligations.

Article (21)

Functions of the General Assembly of the Owners Association

The Associations General Assembly shall:

1. Approve the Articles of Association of the Association.
2. Elect BOD Members
3. Approval of the common Parts Management System (CPMS)
4. Appointment of External Auditor;
5. Report on the disbursement of financial rewards to the Chairman and BOD Members;
6. Approval of the Association estimated budget;
7. Approval of the final accounts and audited budget of the Association.
8. Discharge of the BOD and the Auditor.
9. Determining the share of each Owner in the subscriptions and maintenance expenses of the Common Parts of the buildings.
10. Any other competencies specified by the Executive Regulations, the Articles of Association of the Association, or the CPMS.

Chapter Three
Creation and Regulation of the Association

Article (22)

The Association BOD

1. The members of the Owners Association General Assembly shall elect a BOD for the Association from among its members as follows:
 - A. A BOD of three to five members if the number of Real Estate Units does not exceed thirty Real Estate Units.
 - B. A BOD of five to eleven members if the number of Real Estate Units does not exceed thirty Real Estate Units.
2. The BOD term shall be three years, renewable for one or more other terms.
3. Each BOD shall select its own Chairman, Vice-Chairman, and Treasurer from among its members.
4. The Ministry and the Competent Authority may appoint a representative for each of them in the BOD to attend the sessions and participate in the discussions, and the representative shall not have a counted vote in the decisions of the BOD.
5. The Ministry shall supervise the procedures for electing the Association BOD stipulated in this Article.

Article (23)

Competencies of the BOD

1. The BOD shall be responsible for all that is necessary to manage the Common Parts and to invest the funds of the Association, and in particular it has the right to exercise the following competencies:
 - A. Propose to amend the Articles of Association of the Owners Association, and its approval by the Association General Assembly;
 - B. Develop a draft CPMS, and approve it by the Association General Assembly;
 - C. Implement the tasks, assignments and decisions issued by the Association General Assembly, and submit reports to it in this regard;

- D. Receive complaints and consider appeals submitted by Owners regarding the use of Common Parts and decide thereon;
 - E. Present the final accounts and audited budgets to the General Assembly for approval;
 - F. Appoint the Association Director;
 - G. Direct the call for the convening of meetings of the General Assembly;
 - H. Keep records of financial statements, audit documents, bank statements, and any other data;
 - I. Prepare a draft budget estimate and submitting it to the General Assembly for approval;
 - J. Communicate and coordinate with any Governmental or Non-Governmental entity within the State to carry out its tasks;
 - K. Form committees that carry out the tasks determined by the BOD; and
 - L. Any other competencies specified by the Executive Regulations, the Articles of Association of the Association, or the CPMS.
2. In all cases of the absence of the BOD for their dismissal or resignation, the Ministry, in coordination with the Competent Authority, shall form a temporary committee from the Association Members to exercise the BOD functions, until the General Assembly elects a new BOD within three months from the date of the dismissal or resignation.

Article (24)

Preserve the Association interests

1. The BOD shall preserve the Association interests, exercise the care of a prudent person, and carry out all actions in accordance with the provisions of this law and the decisions issued for its implementation, the goals and objectives of the Association and the powers granted thereto;
2. The BOD Member may not enter into contract under the name of the Association without having the BOD written authorisation;
3. The Chairman or the BOD Member, his spouse, or any of his relatives up to the fourth degree, may not enter into any commercial transactions with the Association..

Article (25)

Responsibilities of the Chairman of the Association BOD

The Chairman of the Association BOD shall represent the Association before the judiciary and in front of others, chair the meetings of the BOD, follow up the implementation of its decisions, and any other competencies stipulated in the Articles of Association of the Association or in CPMS, or assigned to them by the General Assembly of the Association, and the Vice-Chairman shall replace him in his absence..

Article (26)

Functions of the Association Treasurer

The Association Treasurer shall have the following functions::

1. Collect financial resources and deposit them in the bank account that the BOD decides to open in the name of the Owners Association with one of the national banks in the State;
2. Prepare regular accounts on the financial situation of the Association, and that its preparation of budgets shall be in accordance with the applicable accounting standards;
3. Prepare a draft budget estimate, final accounts and a draft audited balance sheet;
4. Any other competencies stipulated in the Articles of Association of the Association or in the CPMS, or assigned to them by the BOD.

Article (27)

Dismissal of BOD Members

1. The General Assembly may dismiss the BOD or any of its members, and open for candidacy in accordance with the provisions of this law, to elect new members in their place..
2. The Ministry, in coordination with the Competent Authority, may set up a mechanism to follow up on the Association Members BOD carrying out their duties in accordance with the applicable legal systems, and it may take any legal measures against the members, including the dismissal of the BOD or any of its members..

Article (28)

Director of Owners Association

1. The Association BOD shall appoint a Director of Owners Association to exercise the powers determined by the Association Articles of Association and CPMS. The Director shall exercise his work under the supervision, responsibility, follow-up and direction of the Association BOD.
2. The Articles of Association shall define the method of appointment, termination and accountability of the Director.

Chapter Four

Rights and obligations of Association Owners and Members

Article (29)

View Documents and Records

Every member of the Owners Association has the right to view the final reports and accounts of the Association.

Article (30)

Obligation to pay subscriptions and maintenance expenses for the building

Each member of the Building Owners Association shall pay the subscriptions and maintenance expenses prescribed to him for the preservation, maintenance and management of the Common Parts in accordance with the CPMS.

Article (31)

Real Estate Unit maintenance

1. The Owner shall be responsible for the maintenance of his Real Estate Unit and its Detached Parts;
2. The Owner shall carry out internal repairs to the Real Estate Unit he owns, whenever failure to do so would harm others.

Article (32)

Obligation not to prevent the completion of work in the Common Parts

The Owner, or whoever occupies a Real Estate Unit, may not prevent the completion of the works related to the Common Parts decided by the General Assembly, or decided by the BOD, even if they are within the part allocated to him, provided that he is informed of these works in accordance with the CPMS.

Article (33)

The Aggrieved Party right to claim compensation

The Aggrieved Party due to the completion of the works as stipulated in Article (32) of this law has the right to claim fair compensation from the Owners Association.

Article (34)

Creation of a Solidarity Fund

The Owners Association may create and regulate a solidarity fund and disbursement thereof, in the manner provided for in the Association Articles of Associations.

Article (35)

Claiming the Payment of Dues in the Buildings

The BOD of the Building Owners Association may take the necessary measures, as stipulated in the Executive Regulations and the CPMS, to ensure payment of the dues required from each Member of the Association..

Article (36)

Disposal of Real Estate Units by Transferring their Ownership

1. Subject to the provisions of Article (8 Clause 3) of this law, the Association Member, in the event of disposal of Real Estate Units by transferring their ownership, shall notify the Association BOD in writing.
2. The transfer of Ownership in the assets of the Association or the parts designated for

investment may not be disposed of without the approval of two-thirds of the members of the General Assembly registered in the Association.

3. In all cases of disposal of Ownership transfer, the controls and procedures stipulated in the CPMS shall be applied, along with the controls prescribed in Clauses (1 and 2) of this Article.

Chapter Five

Penalties

Article (37)

The application of the penalties stipulated in this Law shall not in prejudice of any more severe penalty provided by any other law.

Article (38)

Whoever commits any of the following actions shall be punished with imprisonment for a period that is not more than one year and a fine that is not less than (AED 500.000) fifty thousand Dirhams and is not exceeding (AED 1.000.000) one million Dirhams, or one of these two penalties:

1. Deal with others in the name of the Owners Association before registering it with the Ministry or the Competent Authority;
2. Impersonate a Chairman, Board Member, or Director of Owners Association;

Article (39)

Whoever commits any of the following actions shall be punished with imprisonment for a period that is not more than one year and a fine that is not less than (AED 100.000) one thousand Dirhams and is not exceeding (AED 500.000) five hundred thousand Dirhams, or one of these two penalties:

1. The Chairman, the BOD Member, or the Director of the Association, knowingly submitted incorrect budgets or contracts.

2. Every person knowingly certified incorrect documents relating to the Owners Association.

Article (40)

Whoever commits any of the following actions shall be punished with imprisonment for a period that is not more than one year and a fine that is not less than (AED 500.000) fifty thousand Dirhams and is not exceeding (AED 2.000.000) two million Dirhams, or one of these two penalties, Whoever embezzles or squanders money from the Association funds, or facilitates for others to seize it.

Article (41)

In addition to the fines imposed in accordance with Articles (38), (39) and (40) of this law, the Court shall obligate the convict to return to the Association an amount equal to the value of the money that is the subject of the crime if it results in the loss of any funds to the Association.

Article (42)

The Minister, after coordination with the Competent Authority, may submit to the BOD of Ministers a decision violations and administrative fines to be imposed on the Chairman and BOD Members and the Director of the Association in the event of a violation by any of them not provided for in this law.

Chapter Six

Final Provisions

Article (43)

Auditing the Association Records and Documents

The Minister, in coordination with the Competent Authority, shall issue a decision specifying the names of the employees who have the authority to review the documents and records of the Association, record any violations therein, and submit a report thereon to the Ministry to

take the appropriate action. The Executive Regulations shall specify the controls and procedures for carrying out this work..

Article (44)

Regularisation

The present Associations Owners shall apply the provisions of this law, and regularise accordance with the provisions of this law within a period not exceeding one year from the date of its provisions.

Article (45)

The Executive Regulation

The Cabinet shall issue the Executive Regulation of this Law upon a proposal from the Minister within six months from the date it is published.

Article (46)

Repeals

Any provision that violates or contradicts the provisions of this Law shall be repealed.

Article (47)

Law Publication and Enforcement

This Law shall be published in the Official Gazette and shall come into force six months following the date of its publication.

Khalifah Bin Zayed Al Nahyn

UAE President

Issued by Us at the Palace of the Presidency in Abu Dhabi:

On: 03 Jumada al-Awwal 1443 H.

Corresponding to: December 08, 2021

