

Trust account a must



By Anjana Kumar on Saturday, November 15, 2008

It will be mandatory for real estate brokers in Dubai to open trust accounts by early next year under a new regulation that the Real Estate Regulatory Agency (Rera) plans to issue, **Emirates Business** can reveal.

The real estate broker trust account law will be issued under the By-Law No85 of 2006 regarding the Regulation of Real Estate Brokers Register.

The move is part of Rera's initiative to boost confidence and bring transparency to the brokerage industry.

"We are in the final stages of setting this real estate broker trust account," said Rera Chief Executive Marwan bin Ghalita.

The trust account will ensure that all the money that is received or transferred under a deal between the seller and the buyer such as the down payment or commission will go into the trust account only. Currently, the practice in the market is that all money-related transactions between a real estate broker and his client is done in the name of the broker. "But now all [money] will go into the trust account," bin Ghalita said.

However, the real estate trust account model will not be similar to the developer trust account model. Every real estate broker and brokerage company will have to open an account with a Rera-authorized bank. However, the agency has not yet finalised the bank or banks. "Only when the transaction between the broker and his client is concluded will the money from the trust account be transferred to the brokerage," bin Ghalita said.

By-Law No85 ensured that the Brokers Law is applicable to all real estate brokers who deal in the sale and purchase of property that is registered with the Dubai Lands Department. In addition to the requirement to obtain and maintain a trade licence from the Dubai Department of Economic Development, a regulated broker is required to apply for registration in the brokers register maintained by the Land Department. Rera has so far registered 6,180 real estate brokers and 1,859 brokerages.

Around 4,500 brokers have been trained by the agency and around Dh7 billion has been received into the developer escrow account.

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